

## Fairness Opinion – Hybrid Software



Prepared for Global Graphics in November 2020

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- II. Company
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# Introduction

## Transaction Background

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### Transaction Background

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#### Global Graphics to acquire Hybrid Software

- Listed on Euronext Brussels, Global Graphics develops software and hardware technology solutions for digital inkjet printing, and type design and development in the UK, rest of Europe, North America, and Asia. The company sells its products to original equipment manufacturers (OEMs), distributors, and system integrators. Global Graphics PLC, founded in 1986, is headquartered in Cambridge, UK. The company had revenues of EUR 22.5 mn in the financial year 2019
- Hybrid Software, headquartered in Luxembourg, develops software tools for the entire labels and packaging pre-press value chain, from design to production. The company serves customers through a network of distributors worldwide. The company had revenues of EUR 18.2 mn in the financial year 2019
- Congra Software is a consolidated holding company for both Hybrid Software and Global Graphics with 100.00% and 50.09% ownership, respectively

#### Transaction Opportunity – To create a pre-press & print software major

- Acquire a technology company possessing an integrated and advanced technology stack with regard to labels & packaging pre-press software solutions globally
  - Gain a strong entrant competitive advantage in the markets served through the assembly of both the broadest and most technologically advanced product portfolio, backed by one operating organization
  - Create a world-leading software and solutions company for both the digital printing sector and the labels & packaging market
  - Be a prominent player in the global market in high-end Digital Front Ends (DFEs)
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# Introduction

## Evaluation Procedure

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### Evaluation Procedure

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- The underlying object of assessment is Hybrid Software
  - Arrowhead has analyzed various valuation criteria and methods to identify the suitable methodology as applicable to Hybrid Software
  - Arrowhead has conducted comprehensive analysis on Hybrid Software with an objective to assess the valuation of Hybrid Software
  - The valuation date is November 11, 2020
  - The valuation analysis has resulted in a range of values for the equity value of Hybrid Software
  - The valuation has been carried out on a stand-alone basis and does not include any synergies generated from the acquisition of Hybrid Software by Global Graphics
  - The valuation does not include any consideration of possible effects at the individual shareholder level, such as tax implications
  - The equity value range for Hybrid Software has been calculated by assigning weightage to discounted cashflow (DCF) analysis, analysis of comparable companies and analysis of precedent transactions
  - Sensitivity analysis has also been carried out as part of the DCF by varying the major value drivers and on analysis of trading comparables and precedent transactions by varying multiples
  - The valuation takes into account the assumptions of the business plan for Hybrid Software (prepared by the company's management). Technical assumptions for valuation purposes (e.g. cost of capital) are not part of the provided business plan
  - The business plan received and the underlying drivers have been discussed with the management team on a conference call
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# Introduction

## Information Basis

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### Information Basis

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**Arrowhead has made use of the following for its assessment :**

- Information on Hybrid Software’s website as per relevance to the analysis. Also, includes the historical financial statements for the financial years 2015 to 2019, financials for 2020 from January to July, and other relevant information in the company presentation shared by the management of Hybrid Software
- Internal company information about Hybrid Software, shared by its management, which includes the long-term plan for the financial years 2021 to 2025, in addition to the expectation for the financial year 2020
- Conference call with Hybrid Software’s management focusing on the company’s financial situation and business performance, its value drivers and underlying assumptions made in the long-term plan
- Documents on description of strategy, details on the planning assumptions for long term plan
- Projection of debt and cash including other balance sheet positions
- Capital market and financial data for Hybrid Software and selected comparable companies (sources: CapIQ, Bloomberg)
- Data from precedent transactions in the sector (sources: CapIQ, company reports)

**In preparing this fairness opinion, Arrowhead has :**

- Assumed that the financial information and other data on Hybrid Software are accurate and complete
  - Relied on the information provided by Hybrid Software without accepting any responsibility for independent verification thereof
  - Not carried out any physical inspection of any building and / or sites of Hybrid Software
  - Utilized information and criteria based on the prevailing market, corporate and economic conditions on November 11, 2020
  - No obligation to update, verify or confirm any information contained in this document based on change in circumstances after the valuation date
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# Introduction

## Deal Rationale & Synergies

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### Deal Rationale & Synergies

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#### Deal Rationale

- Commercial and operational synergies
- Acquisition of Hybrid Software technology for deployment into OEM & Digital Printing markets
- New joint customers in the growing area of DFEs
- Exponential increase in network effects and switching costs

#### Commercial Synergies

- Already a complementary product offering with common technology base – more value if offered together
- Strengthen products and product portfolios with each other's technology – create more extensive and compelling offerings for all players throughout the value chain
- Common customers & prospects – more commercial opportunities because of more extensive joint product portfolio, more cross-selling & add-on opportunities
- OEM supplier of choice – full-spectrum technological offering; more valuable if also a supplier to OEM's customers; lowering of threshold to adopt technology

#### Operational Synergies

- Current management organizations and operating structures to remain intact
  - Additional global reach by platform sharing – complementary geography of operating locations
  - Product development – joint product development; resource & intelligence sharing
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# Company

## General Information

### Company Description

- HYBRID Software develops software tools for the entire labels and packaging pre-press value chain, from design to production, with focus on innovative productivity tools for the graphic arts industry
- The company's product offerings include: PACKZ & STEPZ and CLOUDFLOW
  - PACKZ offers a complete set of pre-press, editing and quality assurance functions, such as asset structuring, trapping, warping and 3D and colour management tasks
  - Stepz is an interactive software package that allows the preparation and execution of Step-and-Repeat and Variable Data Printing (VDP) tasks for digital printing of labels and folding cartons
  - CLOUDFLOW is a single application server-based platform for file and asset management, soft proofing and workflow automation
- Caters to a wide range of customers worldwide in all areas of pre-press and print, including labels and packaging, folding cartons, corrugated, wide format and digital printing

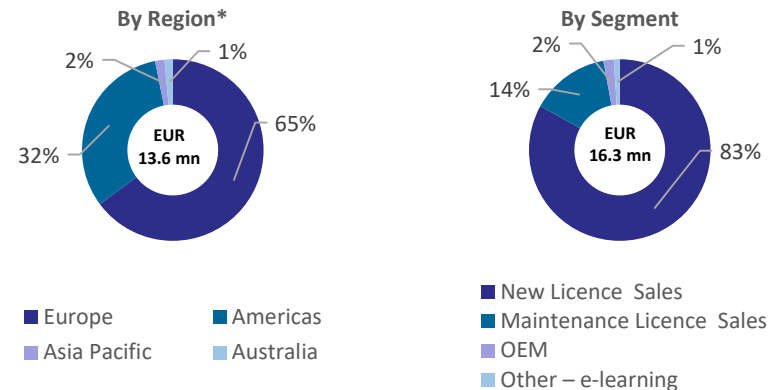
### Key Facts

<p>Founded in 2007</p> 	<p>Headquartered at Luxembourg</p> 	<p>Employees 110+</p> 
<p>Development teams in Belgium, Germany &amp; US</p> 	<p>Sales offices in US, Belgium, Germany, France, Italy &amp; China</p> 	<p>Caters to over 1,000 customers</p> 

### Selected Customers



### Revenue Breakdown (FY 2019)



Note: \* Revenue from regions based on New Licence Sales only

Sources: Company Presentations



# Company

## Products & Services

### Software

## PACKSTEP

Graphic pre-press software – Handles all label creation and editing tasks such as asset structuring, trapping, warping and 3D, colour management, step & repeat

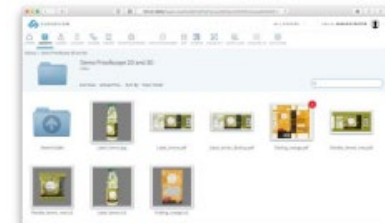
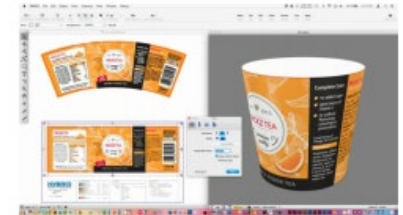
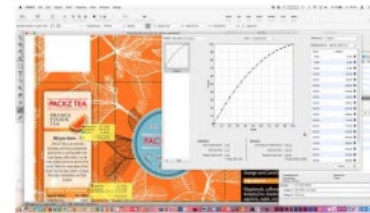
- Professional PDF Editor for Labels & Packaging
- PDF is the industry standard. It is universal, secure and self-contained
- Has a versatile set of dedicated pre-press functions to make designs ready for any printing process
- Multi-platform Solution for OS X and Windows
- 64-bit multi-processing and multi-threading

## CLOUDFLOW®

Enterprise workflow software – Manages entire pre-press production workflow

- Modular production workflow suite for file processing, asset management, soft proofing, workflow automation
- Web-based application platform specifically tailored for packaging graphics with support for PDF, colour separation, trapping, screening, proofing and much more

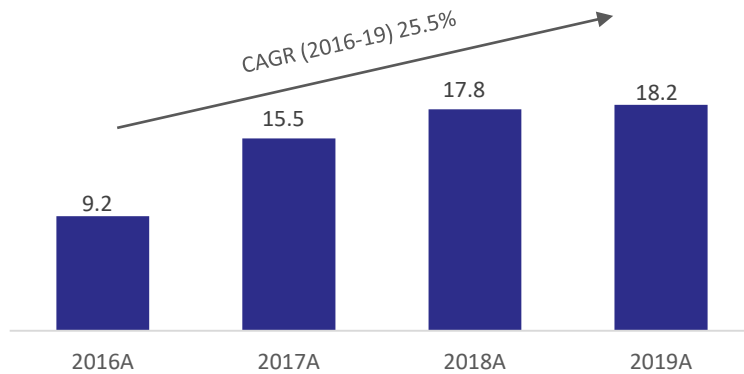
### Screenshots of the Software



# Company

## Historical Key Financials

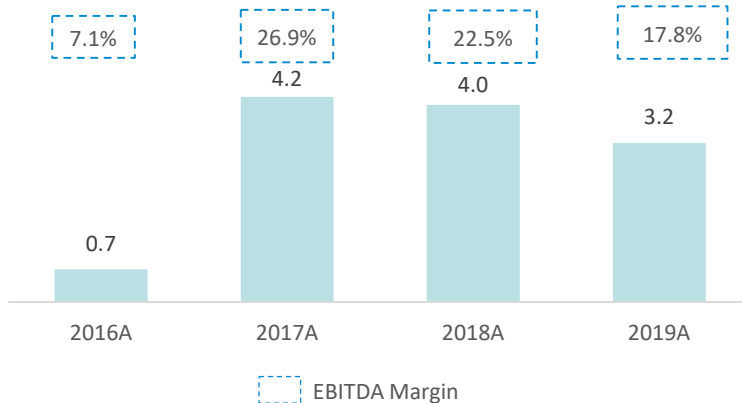
### Revenue Trend (EUR mn)



### Commentary

- **Steady topline Growth:** Hybrid Software’s revenue saw a jump of 68% in FY 2017 over FY 2016. It has shown steady revenue growth in the last three years at a CAGR of 8.4% (2017-2019)
- The revenue in the last few years grew mainly due to an increase in maintenance and support income driven by installed base and related additional services

### EBITDA Trend (EUR mn)



### Commentary

- **Fluctuating EBITDA margin:** The margin improved significantly to 26.9% in FY 2017 compared with 7.1% in FY 2016 due to an increase in the topline
- However, EBITDA margin showed a declining trend from FY 2017 to FY 2019 due to an increase in operating expenses, mainly driven by staff expenses

# Company

## Strategic Planning

### Future Outlook

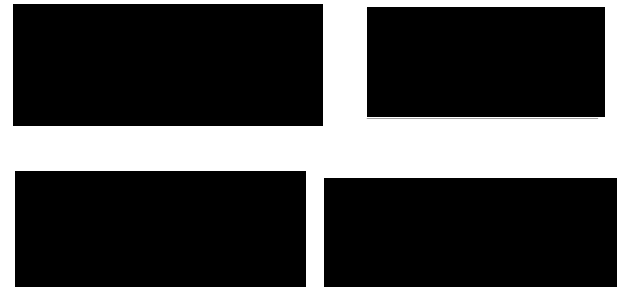
Opportunity for 'Global Graphics' and 'Hybrid Software' to establish a dominant position in profitable, high-growth business segments

- **Expansion of Raster Image Processor (RIP) market by offering turnkey products as well as software development kits (SDKs):** Fewer OEMs are left with the skills to develop their own DFE using the SDK. Global Graphics group, along with Hybrid Software, can create a fully functional DFE with greater value to OEMs and with higher revenue contribution to Global Graphics
- **Labels & Packaging is the highest-value segment for workflow:** Hybrid Software has a strong customer base in this segment already. Editors such as PACKZ & Stepz are great door-openers for workflow sales
- **Enhancement of Global Graphics' product offerings:** Such as colour management technology, screening technology for flexo, press control, inspection, & quality assurance tools; end-user sales, distribution, and support networks; enterprise production workflow technology & domain expertise and upstream link to content creators & graphic design applications
- **Opening of major new strategic opportunities at group level based on Hybrid Software acquisition:** [REDACTED]
- **Increase in headcount:** Hybrid Software plans to almost double the headcount by 2027 from a current base of over 110 people, driven by geographical expansion globally

### Selected Partnerships



### Selected Competition



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# Valuation Consideration

## Methodology

### Methodology

#### Discounted cashflow method

- For the purpose of DCF analysis, the business plan of Hybrid Software for the projection period FY 2021 to 2025 was used

#### Calculation of Free cashflow to firm (FCFF)

EBIT

Less: Tax

= **NOPAT**

Add: D&A

Add: Changes in working capital

= **Net cashflow from operating activities**

Less: Capex

= **FCFF**

- The free cashflow achievable for FY 2021 to FY 2025 is discounted using WACC as on the valuation date to arrive at the present value of free cashflows
- WACC represents the return expectations for both debt and equity capital providers
- The firm value is the summation of present value of free cashflows for the period FY 2021 to FY 2025 and the present value of terminal value
- The equity value is derived after deduction of net debt from the firm value

#### Market-value-based valuation methods

#### Analysis of precedent transactions

- We have analyzed and selected some of the M&A transactions in the 'Enterprise Software' space globally for the last two years by referring to subscribed database, Capital IQ
- We have incorporated relevant transactions, which have either EV/Revenue or EV/EBITDA multiple with EV greater than EUR 25 mn and less than EUR 1 bn

#### Analysis of comparable companies

- The current market valuation of comparable listed companies (peers) has been analyzed based on selected trading multiples, which include EV/Revenue, EV/EBITDA, PE
- We have analyzed and shortlisted some of the leading players in the 'Enterprise Software' space globally with a criteria of EV less than 1 bn
- We have referred to various industry reports, investor presentations, company annual filings and subscribed databases

# Valuation Consideration

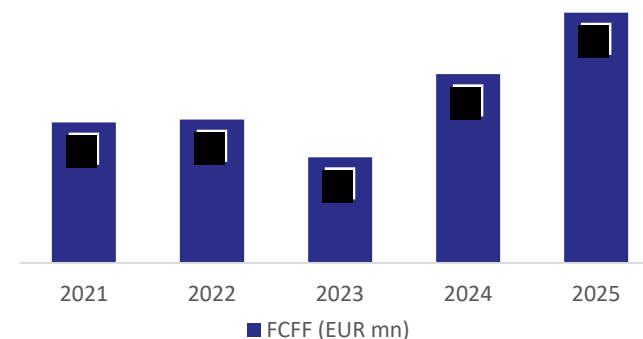
## DCF Analysis (1/2)

### DCF Framework

#### Valuation parameters at a glance

- The DCF valuation is based on the business plan provided by the management
- Revenue growth (FY 2019 to 2025) : █████% (CAGR)
- Avg. EBITDA Margin (FY 2020 to 2025) : █████%
- Avg. Operating Profit (FY 2020 to 2025) : EUR █████ mn
- Net Profit growth (FY 2019 to 2025) : █████% (CAGR)
- Avg. tax rate (FY 2020 to 2025) : 4.4%
- Capex range (FY 2020 to 2025) : EUR 219k to EUR 380k
- Avg. D&A (FY 2020 to 2025) : EUR 890.6k
- Avg. net working capital (FY 2019 to 2025) : EUR 857.7k
- Valuation date : November 11, 2020
- Cost of Equity : 9.8%, in sync with average of unlevered beta of trading peers
- As per discussions with Hybrid Software’s management, the long-term target capital structure is expected to be composed of 100% equity. Therefore, a gearing of 0% (calculated as net financial debt / (net financial debt + equity)) has been assumed which is also common for the industry
- WACC : 9.8%
- Terminal growth rate : 3%
- The DCF analysis has resulted in an enterprise value of EUR 82.9 mn as on the valuation date
- To derive Hybrid software’s equity value, enterprise value adjustments of EUR 1.3 mn have been deducted from the enterprise value. This has resulted in an equity value of EUR 81.7 mn per valuation date

### Projected Cash Flows



### Indicative Valuation

WACC	9.8%
Terminal growth rate	3.0%
<b>EUR mn (unless otherwise stated)</b>	
PV of Cash Flow	20.6
Terminal Value	100.8
PV of Terminal Value	62.3
Total Firm Value	82.9
Less: Net Debt	1.3
<b>Equity value</b>	<b>81.7</b>

# Valuation Consideration

## DCF Analysis (2/2)

### Sensitivity Analysis

#### Valuation of Hybrid Software

- The DCF analysis has been sensitized using an adjustment to WACC and Terminal growth rate
- The sensitivity analysis, applying a 5-percentage-point adjustment to terminal growth rate and WACC between 8.8% and 10.8%, has resulted in firm value of EUR 65.7 mn (lower end) to EUR 114.5 mn (upper end)
- The base case of Terminal growth rate at 3.0% and WACC at 9.8% results in a valuation of EUR 82.9 mn

		Terminal Growth Rate (%)				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC (%)	8.8%	85.8	91.3	97.7	105.3	114.5
	9.3%	79.8	84.4	89.7	96.0	103.5
	9.8%	74.5	78.4	<b>82.9</b>	88.2	94.4
	10.3%	69.8	73.3	77.1	81.6	86.8
	10.8%	65.7	68.7	72.1	75.9	80.2

## Valuation Consideration

### Analysis of Precedent Transactions (1/3)

Date	Target	Country	Bidder(s)	Bidder Country/ Countries	EV (EUR mn)	LTM EV/Revenue	LTM EV/EBITDA
Nov 13, 2018	Global Graphics	UK	Congra Software SARL	Luxembourg	44	1.9x	13.1x
Jan 23, 2019	Trendkite	US	Cision Ltd.	US	197	8.8x	-
Mar 1, 2019	Cartrack Holdings Limited	South Africa	IJ Calisto (Individual Investor)	South Africa	270	2.6x	5.9x
Apr 16, 2019	Exari Group	US	Coupa Software Incorp	US	192	7.3x	nm
May 1, 2019	Sigma Systems Canada	Canada	Hansen Technologies Ltd.	Australia	103	2.1x	8.2x
May 13, 2019	Amber Road	US	E2open, LLC	US	377	4.9x	-
Jun 6, 2019	AIM Software GmbH	Austria	SimCorp A/S	Denmark	60	3.9x	-
Jul 1, 2019	Construction Computer Software Proprietary Ltd	South Africa	RIB Ltd.	Hong Kong	39	3.2x	-
Jul 13, 2019	Web100t	France	Dedalus France S.A.	France	26	2.6x	-
Jul 18, 2019	Cartrack Holdings Limited	South Africa	IJ Calisto (Individual Investor)	South Africa	254	2.3x	5.1x
Jul 26, 2019	Monotype Imaging Holdings	US	HGGC, LLC	US	772	3.5x	14.4x
Oct 8, 2019	Astea International	US	IFS Americas, Inc.	US	69	2.9x	-



## Valuation Consideration

### Analysis of Precedent Transactions (2/3)

Date	Target	Country	Bidder(s)	Bidder Country/ Countries	EV (EUR mn)	LTM EV/Revenue	LTM EV/EBITDA
Oct 21, 2019	dataxu	US	Roku, Inc.	US	134	1.1x	-
Nov 6, 2019	Buildium	US	RealPage, Inc.	US	524	11.6x	-
Feb 10, 2020	Mobile Posse	US	Digital Turbine Media, Inc.	US	60	1.1x	5.2x
Apr 15, 2020	Qiming Information Technology Co.	China	Changchun Jingyue High-Tech Industrial Development Zone Smart City Construction Development Co., Ltd.	China	399	2.2x	24.2x
Jul 4, 2020	Digiwin Software Co.	China	Foxconn Industrial Internet Co., Ltd.	China	404	2.3x	28.1x
Jul 24, 2020	EASY SOFTWARE	Germany	Battery Ventures	US	69	1.3x	13.8x
Jul 28, 2020	Reflexis Systems	US	Zebra Technologies Corporation	US	491	8.7x	-
Aug 11, 2020	Linx	Brazil	Stne Participacoes S.A.	Brazil	938	7.2x	nm
Aug 14, 2020	Linx	Brazil	TOTVS S.A.	Brazil	897	6.8x	nm
Sep 1, 2020	24SeveOffice Scandinavia	Sweden	Undisclosed Investor	US	177	11.2x	-
					<b>Average</b>	<b>4.5x</b>	<b>13.1x</b>
					<b>Median</b>	<b>3.0x</b>	<b>13.1x</b>

# Valuation Consideration

## Analysis of Precedent Transactions (3/3)

### Sensitivity Analysis

#### Valuation of Hybrid Software

- The analysis based on precedent transactions was sensitized using an adjustment to a) EV/ EBITDA multiple and projected EBITDA for FY 2021
- The sensitivity analysis, applying one point adjustment to EV/EBITDA multiple (between [redacted] and [redacted]) and a 10-percentage adjustment to 2021E EBITDA (between EUR [redacted] mn and EUR [redacted] mn, resulted in firm value of EUR 48.7 mn (lower end) to EUR 95.0 mn (upper end)
- The base case of EV/EBITDA at [redacted] x and EBITDA at EUR [redacted] mn (FY 2021E level) results in a valuation of EUR 60.1 mn

#### EV/EBITDA (x)

EBITDA (EUR mn)	[redacted]	EV/EBITDA (x)				
		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	48.7	52.4	56.1	59.9	63.6
[redacted]	[redacted]	54.1	58.3	62.4	66.5	70.6
[redacted]	[redacted]	60.1	64.7	69.3	73.9	78.5
[redacted]	[redacted]	66.2	71.2	76.2	81.3	86.3
[redacted]	[redacted]	72.8	78.3	83.9	89.4	95.0

# Valuation Consideration

## Analysis of Comparable Companies (1/2)

Company	Country Headquarter	LTM Revenue	Market Cap.	Enterprise Value	EV/ Revenue (x)			EV/ EBITDA (x)			P/ E (x)		
					2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E
Model N, Inc.	US	138.8	1,037.4	973.2	7.5x	7.1x	6.6x	NM	59.0x	50.5x	NM	81.5x	83.6x
Linx S.A.	Brazil	131.1	1,011.9	957.4	5.5x	6.9x	6.0x	34.4x	31.3x	25.3x	NM	NM	65.8x
QAD Inc.	US	257.5	782.1	691.5	2.4x	2.5x	2.7x	54.7x	NM	37.2x	NM	NM	71.9x
Lime Technologies AB	Sweden	31.1	371.5	378.7	13.7x	11.3x	9.5x	NM	33.0x	29.0x	NM	57.3x	48.5x
Broadleaf Co., Ltd.	Japan	171.9	424.0	424.7	2.3x	2.5x	2.4x	8.1x	9.3x	8.7x	16.7x	NA	NA
Asure Software, Inc.	US	56.8	93.6	109.2	1.7x	2.0x	1.9x	NM	16.4x	15.3x	3.5x	35.8x	34.9x
System Integrator Corp.	Japan	37.6	63.6	52.3	1.6x	1.4x	NA	10.1x	7.9x	NA	14.0x	16.5x	NA
Sobal Corporation	Japan	61.9	57.6	42.7	0.7x	0.6x	NA	8.2x	7.6x	NA	17.5x	15.7x	NA
GK Software SE	Germany	121.5	167.9	191.5	1.7x	1.5x	1.3x	21.7x	10.1x	7.8x	NM	37.0x	21.0x
<b>Mean</b>					<b>4.1x</b>	<b>4.0x</b>	<b>4.3x</b>	<b>22.8x</b>	<b>21.8x</b>	<b>24.8x</b>	<b>12.9x</b>	<b>40.6x</b>	<b>54.3x</b>
<b>Maximum</b>					<b>13.7x</b>	<b>11.3x</b>	<b>9.5x</b>	<b>54.7x</b>	<b>59.0x</b>	<b>50.5x</b>	<b>17.5x</b>	<b>81.5x</b>	<b>83.6x</b>
<b>Minimum</b>					<b>0.7x</b>	<b>0.6x</b>	<b>1.3x</b>	<b>8.1x</b>	<b>7.6x</b>	<b>7.8x</b>	<b>3.5x</b>	<b>15.7x</b>	<b>21.0x</b>
<b>Median</b>					<b>2.3x</b>	<b>2.5x</b>	<b>2.7x</b>	<b>15.9x</b>	<b>13.3x</b>	<b>25.3x</b>	<b>15.3x</b>	<b>36.4x</b>	<b>57.1x</b>

# Valuation Consideration

## Analysis of Comparable Companies (2/2)

### Sensitivity Analysis

#### Valuation of Hybrid Software

- The analysis based on trading comparables was sensitized using an adjustment to EV/ EBITDA multiple and projected EBITDA for FY 2021
- The sensitivity analysis, applying 1 point adjustment to EV/EBITDA multiple (between [redacted] and [redacted]) and a 10-percentage adjustment to 2021E EBITDA (between EUR [redacted] mn and EUR [redacted] mn, resulted in firm value of EUR 79.1 mn (lower end) to EUR 140.4 mn (upper end)
- The base case of EV/EBITDA at [redacted] x and EBITDA at EUR [redacted] mn (FY 2021E level) results in a valuation of EUR 116.1 mn

		EV/EBITDA (x)				
		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBITDA (EUR mn)	[redacted]	79.1	82.9	86.6	90.3	94.0
	[redacted]	87.9	92.1	96.2	100.3	104.4
	[redacted]	97.7	102.3	106.9	111.5	116.1
	[redacted]	107.5	112.5	117.6	122.6	127.7
	[redacted]	118.2	123.8	129.3	134.9	140.4
	[redacted]					

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## Result of the Fairness Opinion

### Summary (1/2)

#### Valuation Assessment

- DCF analysis resulted in a firm value of EUR 83.0 mn and was assigned a weightage of 25.0% resulting in contribution of EUR 20.7 mn to the firm value
- Analysis of precedent transactions resulted in firm value of EUR 60.2 mn and was assigned a weightage of 20.0% resulting in contribution of EUR 12.0 mn to the firm value
- Analysis of trading comparables resulted in firm value of EUR 116.1 mn and was assigned a weightage of 55.0% resulting in contribution of EUR 63.8 mn to the firm value
- The total firm value resulted in EUR 96.6 mn. Deduction of net debt results in equity value of EUR 95.3 mn
- Given the current inflated software multiples, a higher weightage has been assigned to trading comparables based valuation methodology

Valuation Type	EV	Weightage	Contribution to Firm Value
Discounted Cash Flow	83.0	25.0%	20.7
Precedent Transactions	60.2	20.0%	12.0
Trading Comparables	116.1	55.0%	63.8

Total Firm Value	96.6
Less: Net Debt	1.3
<b>Equity value</b>	<b>95.3</b>

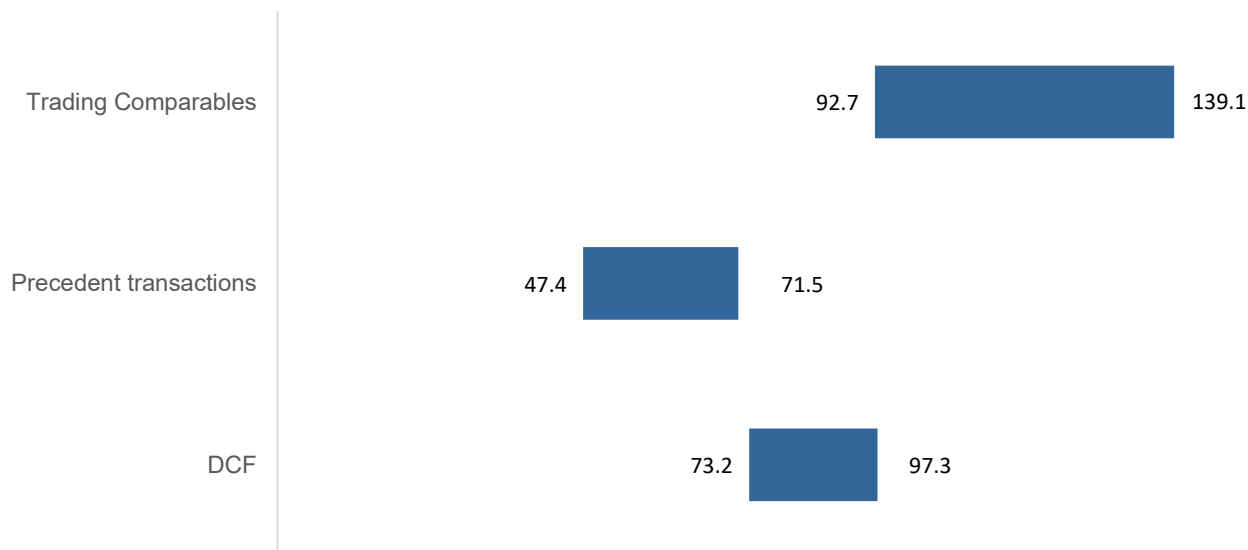
# Result of the Fairness Opinion

## Summary (2/2)

### Football field analysis

- DCF analysis resulted in equity value of EUR 73.2 mn for bear case and EUR 97.3 mn for bull case
- Analysis of precedent transactions resulted in equity value of EUR 47.4 mn for bear case and EUR 71.5 mn for bull case
- Analysis of trading comparables resulted in equity value of EUR 92.7 mn for bear case and EUR 139.1 mn for bull case

### Football Field Analysis



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## Appendix

### Income Statement

	2019A	2020E					
<b>Total Revenue</b>	<b>18.2</b>	<b>19.6</b>					
Revenue Growth (%)	2.0%	8.1%					
Costs of goods sold	0.8	0.8					
Gross Profit	17.3	18.8					
<b>Gross Profit Margin (%)</b>	<b>95.4%</b>	<b>95.9%</b>	<b>95.8%</b>	<b>95.7%</b>	<b>95.1%</b>	<b>95.2%</b>	<b>95.1%</b>
Selling, General & Administrative expenses	3.5	2.8					
Staff expenses	10.6	10.6					
Other operating charges	0.1	0.0					
Total Expenses	14.9	14.3					
EBITDA	3.2	5.4					
<b>EBITDA Margin</b>	<b>17.8%</b>	<b>27.4%</b>	<b>20.8%</b>	<b>20.7%</b>	<b>16.1%</b>	<b>21.3%</b>	<b>23.2%</b>
Depr. & amortisation on (intangible) fixed assets, (net)	1.4	1.5					
Impairments on current assets	0.0	0.0					
Provisions for risks and charges	0.1	0.0					
Operating Profit	1.8	3.9					
<b>Operating Profit Margin</b>	<b>9.7%</b>	<b>20.0%</b>	<b>14.1%</b>	<b>15.5%</b>	<b>14.9%</b>	<b>20.2%</b>	<b>22.2%</b>
Financial Income	0.2	0.0					
Financial Charges	0.3	0.0					
Profit/(Loss) before Tax	1.3	3.9					
Income taxes	0.1	0.0					
Profit/(Loss) after Tax	1.2	3.9					
<b>Net Profit Margin</b>	<b>6.6%</b>	<b>19.8%</b>	<b>14.1%</b>	<b>14.6%</b>	<b>14.6%</b>	<b>18.9%</b>	<b>20.6%</b>

## Appendix

### Balance Sheet and Cash Flow

	2019A	2020E					
ASSETS							
Total current assets	6.0	8.8					
Total Fixed assets	31.3	28.0					
<b>TOTAL ASSETS</b>	<b>37.2</b>	<b>36.8</b>					
LIABILITIES							
Total current Liabilities	4.6	2.9					
Total Non-current Liabilities	4.4	2.9					
<b>TOTAL LIABILITIES</b>	<b>11.0</b>	<b>6.6</b>					
EQUITY							
Total Equity	26.3	30.2					
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>37.2</b>	<b>36.8</b>					

	2020E					
Cash Flow from Operating Activities	3.7					
Cash Flow from Investing Activities	1.8					
Cash Flow from Financing Activities	-3.1					
Net Increase/(Decrease) in cash & cash equivalents	2.4					
Cash & Cash equivalents at the beginning of year	1.3					
Cash & Cash equivalents at the end of the year	3.6					

## Appendix

### Calculation of WACC

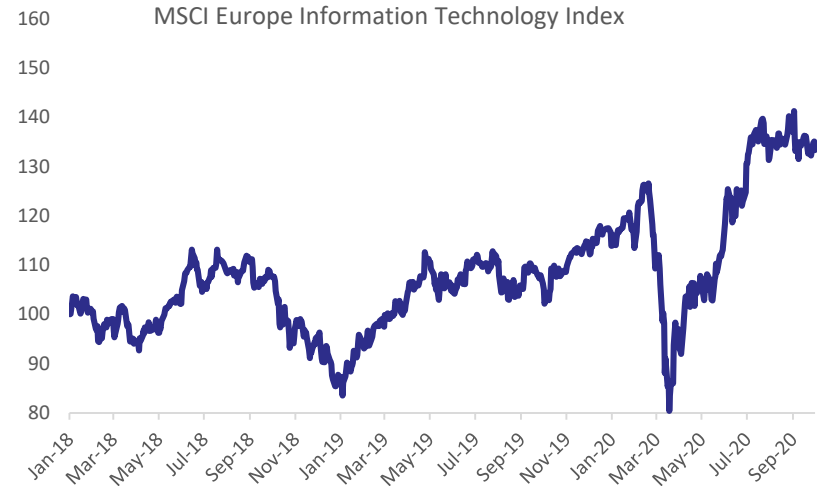
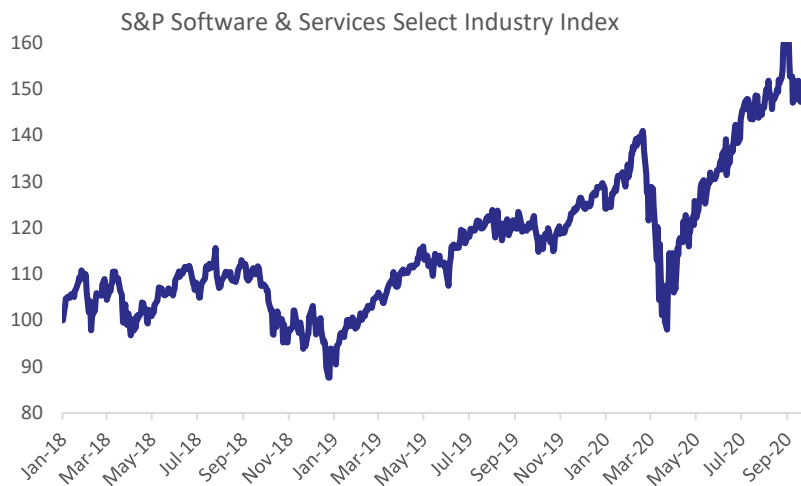
Serial No.	Company Name	Cost of Equity	Cost of debt	WACC
1	Model N, Inc.	9.5%	1.3%	8.8%
2	QAD Inc.	7.2%	0.5%	6.8%
3	Lime Technologies AB (publ)	10.4%	0.1%	9.8%
4	Broadleaf Co., Ltd.	10.7%	0.1%	10.0%
5	Asure Software, Inc.	8.8%	0.9%	7.1%
	<b>MEDIAN</b>	<b>9.5%</b>	<b>0.5%</b>	<b>8.8%</b>

Serial No.	Company Name	Levered beta	(1-Tax rate)*(D/E)	Unlevered Beta
1	Model N, Inc.	1.1	0.1	1.0
2	QAD Inc.	0.9	0.0	0.8
3	Lime Technologies AB (publ)	1.1	0.0	1.0
4	Broadleaf Co., Ltd.	0.9	0.0	0.9
5	Asure Software, Inc.	1.0	0.3	0.8
	<b>HYBRID SOFTWARE</b>	<b>1.0</b>	<b>0.2</b>	<b>0.9</b>

## Appendix

### Movement of the multiple – EV to TTM Sales

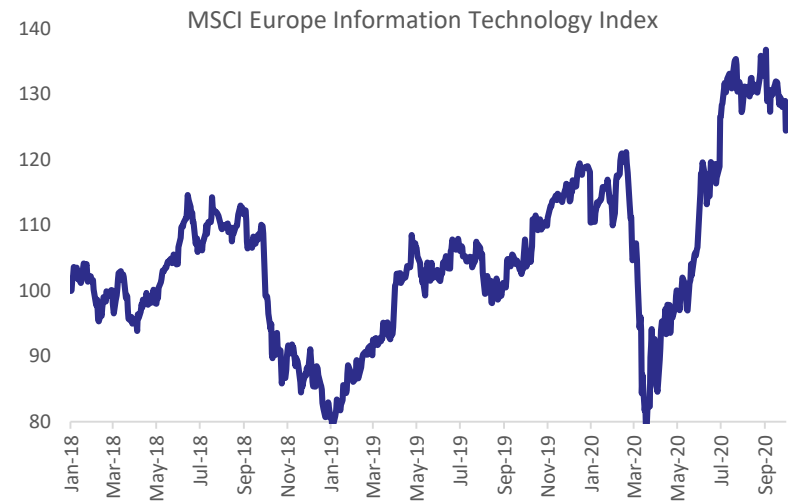
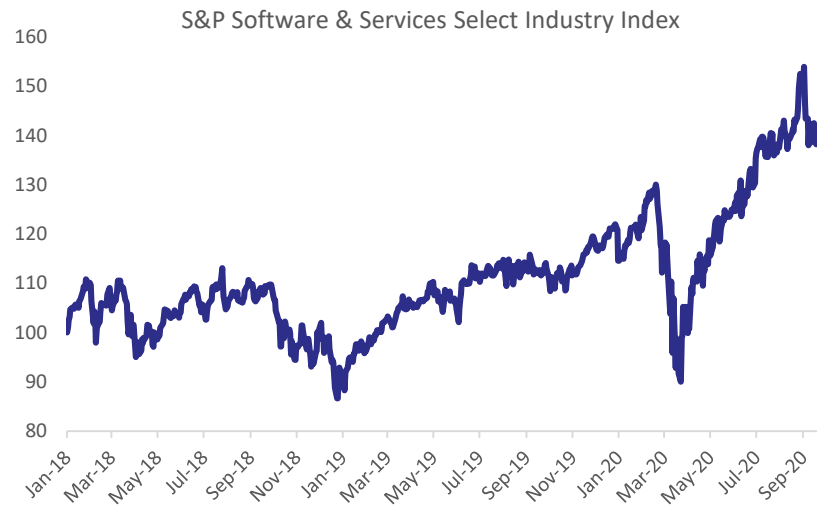
- S&P Software and Services Select Industry Index and MSCI Europe Information Technology Index registered a yoy growth of 26.3% and 25.5%, respectively, on September 30, 2020 for the multiple EV/ TTM Sales



## Appendix

### Movement of the multiple – EV to TTM EBITDA

- S&P Software and Services Select Industry Index and MSCI Europe Information Technology Index registered a yoy growth of 23.6% and 15.4%, respectively, on September 30, 2020 for the multiple EV/ TTM EBITDA



# Appendix

## Abbreviations

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D&A	Depreciation and Amortization
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
FY	Financial Year
PV	Present Value
WACC	Weighted Average Cost of Capital
TTM	Trailing 12 months

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