

Press Release
Business/Companies/Stock Market

PC-Ware AG: Record quarter with exponential growth in earnings

Leipzig, 28/02/2006 - PC-WARE AG can look back on an outstanding third quarter in FY 2005/6. For the first time in its corporate history the Group breached the revenue threshold of €200 million in a single quarter. Compared with the same period a year ago, PC-WARE increased sales by 17.9% to €205.8 million. Earnings before taxes and minority interests (EBT) rose by 31.1% to €5.7 million, while net profit for the period grew by 40.8% to €3.6 million.

Key Financials

Indicators	Q III 01.10. – 31.12 2004/5	Q III 01.10. – 31.12 2005/6	+/-
Sales	€ 174.6m	€ 208.8m	+17.9%
Gross profit	€ 18.7m	€ 23.9m	+28.0%
EBT	€ 4.3 m	€ 5.7m	+ 31.1%
Net profit for period	€ 2.6 m	€ 3.6m	+ 40.8%

Facts: exponential growth

Growth in sales in the third quarter was once again driven by all three business segments. PC-WARE's core area of business – software licensing – registered an increase of close to 6% – a particularly impressive result, given the company's sizeable share of the market. Within the high-growth segment of IT Services, the company managed to exceed last year's Q3 figure by an outstanding 25.9%, while sales attributable to the system-house business, which is still in the start-up phase, grew by + 107.5%.

"In addition to the seasonal dynamics traditionally associated with the third quarter, the period under review also marked the beginning of a more buoyant phase for the IT market in general. Operating within this favourable environment, we were able to generate forward momentum both in our core market, Germany, and in almost all of the countries served by our foreign subsidiaries. We are particularly encouraged by the fact that growth within this segment was of an organic nature, i.e. not induced by acquisitions, and that it was

**PC-Ware
Information Technologies AG**
Blochstraße 1, D-04329 Leipzig
phone: +49 (0)341 25 68-000
fax: +49 (0)341 25 68-999
e-mail: office.leipzig@pc-ware.de
website: www.pc-ware.de

Management Board:
Dr. Knut Löschke, Dr. Jutta Horezky
Chairman of the Supervisory Board:
Dr. iur. Wolfgang Vehse
Amtsgericht Leipzig: HRB 15064

Banking details:
HypoVereinsbank
KTO 671 92 79 • BLZ 860 200 86
Sparkasse Leipzig
KTO 110 600 20 39 • BLZ 860 555 92

Deutsche Bank AG
KTO 117 496 000 • BLZ 860 700 00
Dresdner Bank AG
KTO 124 896 000 • BLZ 860 800 00

achieved despite the lack of external stimuli in terms of technological or product-specific innovations," said Dr. Knut Löschke, CEO of PC-WARE AG.

The exponential increase in gross profit is attributable – as was the case in the first two quarters – to the pronounced growth rates achieved in PC-WARE's higher margin segments Services and System House, as well as the significant rise (+ 76.7%) in the volume of direct Enterprise Agreements in the Microsoft domain (agreements that are not invoiced by PC-WARE but for which the company receives a consulting fee).

Despite higher charges associated with the expansion of PC-WARE's services and system-house activities, an acquisition-induced increase in the proportion of staff costs, as well as a significant decline in net financial income, the company managed to raise EBT by + 31.1% in the third quarter. Alongside a reduction in depreciation and amortisation expense, growth within this area was driven mainly by the exponential increase in gross profit in relation to revenue.

Successful foreign subsidiaries

The company's success in the third quarter was underlined by the solid performance of its foreign subsidiaries, with the majority achieving a significant increase in revenue.

"On the whole, we are very pleased with the business performance of our foreign subsidiaries. The UK was particularly successful, generating sales growth of 141.2%, followed by France with + 64.8% and the Benelux region with + 46.8%. In Austria, we augmented sales by + 976.1% as a result of our corporate acquisition," said Dr. Löschke.

Increase in staff

The number of people employed by PC-WARE increased from 698 to 860 since the beginning of the financial year. Within this context, higher staffing levels were due to the integration of senas AG following the full takeover of the enterprise effective from July 11, as well as the continued expansion of the sales force.

Outlook: the future remains bright

Following PC-WARE's very solid performance in the first three quarters, the company is expecting to see moderate growth in the fourth quarter, which is generally considered less buoyant in terms of sales.

The Software (SSL) segment is likely to produce solid single-digit growth rates. The Services (PS) segment looks set to move to the next level, buoyed by the continued expansion of the company's service portfolio. As regards Software Asset Management (SAM) and eGovernment, two highly topical issues within the IT sector, the Leipzig-based company has continued to strengthen its expertise throughout Europe and hopes to accelerate business within this area, while also raising market visibility. Within this area, the main objective is to emulate the solid performances shown in the Netherlands and the UK.

In the final quarter of 2005/6, the System House (ISS) segment is expected to benefit from the positive effects of recent measures aimed at restructuring senas AG, as well as from the expansion of the product and service portfolio associated with Austrian-based Datacontact and the two new sales units currently being introduced by BISON Systems in Switzerland.

The Management Board forecasts revenue (EUR 570 – 580 million) as well as EBITDA (EUR 10 – 12 million) for the financial year as a whole to be at the upper ends of the ranges originally targeted.

The ad hoc announcement and press release are available on the Internet at:

www.pc-ware.de

The full quarterly report can be accessed via: www.ir.pc-ware.de

Contact:

Dr. Ingmar Ackermann

Investor Relations

Phone: 0341- 2568 - 148

investor.relations@pc-ware.de

Kathrin Sieber

Communications

Phone: 0341- 2568-171

public.relations@pc-ware.de

PC-WARE AG

PC-WARE Information Technologies AG is one of the leading manufacturer independent IT enterprises in Europe, offering a comprehensive service portfolio which covers licensing of standardised software, software management, system support, proprietary software solutions and complete systemhouse services, in addition to financial services provided via its own subsidiaries. PC-WARE has emerged as the outright market leader in Europe in its core business of software licensing and licence management; as a systems house, the company is ranked third in Germany. Employing over 1,000 people, the company has subsidiaries in 14 European countries (D, GB, F, I, BE-NE-LUX, A, CZ, CH, DK, FIN, S and N) as well as in South Africa, and serves a customer base of more than 75,000 corporate clients. PC-WARE was granted European Large Account Reseller (LAR) status for the whole of Europe, the Middle East and Africa (EMEA region) by Microsoft, one of the company's key business associates.

Together with co-operation partners PC-WARE is currently targeting markets in North America and South America, Asia, Australia and Eastern Europe as well as serving global key accounts.

PC-WARE works in close cooperation with a number of global players within the IT industry, including Microsoft, Citrix, Adobe, Novell, Symantec, McAfee, Veritas, Computer Associates, Oracle, Attachmate, Borland, Fujitsu-Siemens, IBM/Lotus, and Hewlett Packard.

The company has been operating profitably since its inception in 1990. Activities within the area of software reselling commenced in 1993. In 1998, the GmbH (limited liability company) became an AG (stock corporation). PC-WARE AG has been listed on the Frankfurt Stock Exchange since 5 May 2000 and joined the Prime Standard in 2003 (WKN: 691 090, ISIN DE0006910904, Reuters Symbol "PC-WARE").

This announcement contains forward-looking statements. The forward-looking statements contained herein represent the opinion of PC-WARE at the date of publication. The forward-looking statements are not deemed to be a guarantee for future performance, and the forward-looking events discussed herein may not occur. PCWARE shall be under no obligation to update any forward-looking statements. The English document is a translation of the German original. Only the German original shall be deemed authoritative.

