GK SOFTWARE

January to September 2015

Interim Report

Simply Retail.

Summary of Group results

	30.9.2015	30.9.2014	Change (2015/2014)
Sales (EUR K)	41,975	30,562	37.3%
Operating performance (EUR K)	42,374	30,888	37.2%
Total operating revenues (EUR K)	43,972	32,293	36.2%
EBIT (EUR K)	(3,313)	(2,226)	48.8%
EBIT margin (on sales)	(6.7)%	(6.7)%	—
EBIT margin (on total operating revenue)	(7.5)%	(6.9)%	—
EBITDA (EUR K)	(713)	(665)	7.3%
EBT (EUR K)	(3,387)	(2,170)	56.0%
Shortfall for period (EUR K)	(4,686)	(3,114)	50.8%
Earnings per share (weighted) (EUR)[1]	(2.48)	(1.65)	—
Earnings per share (diluted) (EUR)	(2.48)	(1.64)	—
Equity ratio	41.9%	68.1%	—
Net debt (EUR K)	8,983	(11,974)	(199.3)%

1 – The calculation is based on the average figure of 1,890,000 shares entitled to profit-sharing that had been issued on 30 September 2015.

Contents

To the shareholders

Letter from the Management Board

Dear shareholders,

We are pleased to be able to present you with the report from GK Software[1] covering the first nine months of the 2015 business year. GK Software was able to continue the extremely pleasing development in the turnover of the first two quarters during the third quarter of the 2015 business year too. Turnover (EUR 41.98 million) was more than one third higher than the figure for the same period in the previous year (EUR 30.56 million) for the nine months until September. The Group's total operating revenues rose by a similar amount and exceeded the previous year's figures at EUR 43.97 million, following a figure of 32.29 million in the previous year (+36.2 percent). Earnings before interest and taxes (EBIT) at EUR (3.31) million were below the previous year's figure of EUR (2.23) million because of the ancillary costs of the DBS acquisition, the associated consultancy expenditure and the scheduled amortisation on the assets purchased with the acquisition. If we exclude these factors, we are left with modified earnings before interest, taxes, depreciation and amortisation (non-IFRS) of EUR (0.44) million, following a figure of EUR (0.66) million in the previous year. Based on decisions that are pending in major projects, where GK Software is in an excellent position, we assume that our plans for the 2015 business year will continue to be achievable.

The first nine months of the business year once again demonstrated that our solutions are highly competitive on the international market. Working in conjunction with SAP, we were able to gain eleven new customers in North America, Europe and the Middle East. The customers come from the following sectors - pharmacies, fashion, sports items, food and small retail operators - and they show the operational capability of our software in very different retail segments and regions. We have an excellent position in several sales situations for the fourth quarter and we are expecting a decision to be made in some of them during this business year.

The first nine months were marked by the attainment of milestones, pilot stages or rollouts in many projects in terms of our business with existing customers. It was possible, for example, to open the first two pilot stores with our solutions in one South African project. In Germany, Parfümerie Douglas launched the mass rollout of what is known as its "beauty tab", a mobile advisory application where our till app is fully integrated. An RFID solution (RFID: radio frequency identification) was linked to our till solution for one major customers in the fashion/sports sector so that it is no longer necessary to scan the items at the point of sale. We have also been developing other country versions in our customer projects, pioneering versions for new sales channels, introducing new hardware - e.g. tunnel scanners - or launching a Payback connection. We are currently looking after 211,867 active installations in all and this represents an increase of 12.7 percent or 24,000 units compared with the

1 – The expression GK Software always refers to the corporate group in the following text. The same is true of the term "the Company". When GK Software AG is used, this exclusively refers to the individual company.

previous year's figure. With a market share of well over 25 percent, we are the undisputed market leader in Germany in the field of POS systems and are also continually expanding our installed base in the other markets in which we operate.

We have continued to invest in our range of solutions in order to expand what we can offer in omni-channel processes and create new opportunities of working with other solutions. For example, it is possible to integrate our till application in other solutions as a pure HTML application and make it available with all its features. Extensive efforts have been made in the field of software architecture in order to make the best possible use of the opportunities provided by modern cluster technology. We believe it is essential to make permanent investments in our range of software solutions in order to underline our claim to be one of the most important innovators in the sector.

Based on a very well filled pipeline both in our direct and also partner sales business, we are confident that we will continue to grow in 2015 and beyond. We are currently holding detailed talks with customers from Germany and abroad and believe that we are very well placed to win several ongoing tender procedures with our range of software solutions. We are upholding our forecast as outlined in the 2014 annual report, namely that in the medium-term, for a period of three to five years, we anticipate an increase in our revenue by one-and-a-half times the amount in comparison with the 2014 financial year. We are looking to achieve a target margin of 15 percent for the entire business incorporating all business segments. This forecast is naturally subject to the proviso that no extraordinary events take place that could have a negative impact on the general economy or the retail sector.

We are delighted that you are supporting growth at GK Software AG and we would like to thank you for the long-term confidence that you have placed in the company.

Schöneck, 26 November 2015

The Management Board

Rainer Gläß
Chief Executive Officer

André Hergert
Chief Financial Officer

GK Software AG Shares

Summary

Basic Data

T.01

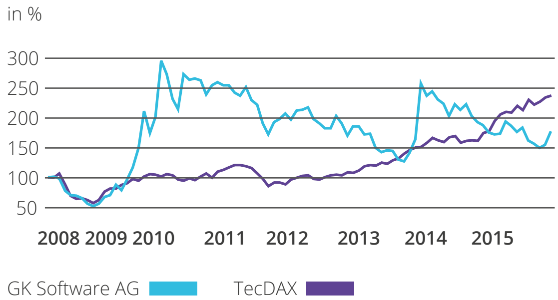
Securities Identification Number (WKN)	757142
ISIN	DE0007571424
Trading symbol	GKS
GK Software AG IPO	19 June 2008
Type of shares	Ordinary stock in the name of the holder without any nominal value (individual share certificates)
Trading markets	Frankfurt and XETRA
Market segment	Regulated Market (Prime Standard)
Designated Sponsor	ICF Kursmakler AG
Number of shares	1,890,000
Share capital	EUR 1,890,000
Free float	44.79%
Highest price in 2015	EUR 39.90 (2 April 2015)
Lowest price in 2015	EUR 29.00 (28 September 2015)

Summary/share performance

The value of the GK Software AG shares listed on the Prime Standard section of the Frankfurt Stock Exchange declined slightly during the first nine months of 2015. After they had started the year at EUR 34.60 and reached EUR 40 at one stage, the shares were worth EUR 29.50 at the end of the reporting period. This represented a market capitalisation of approx. EUR 56 million on 30 September 2015.

Share price development (indexed)

F.01

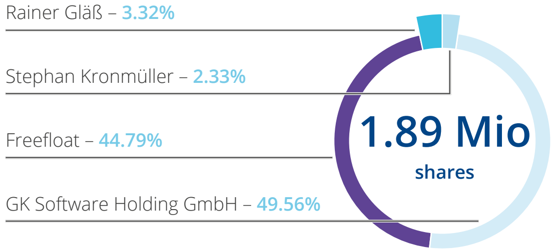


Shareholder Structure

The shareholder structure on the reporting date 30 September 2015 was as follows: Rainer Gläß directly holds 3.32 percent and Stephan Kronmüller holds 2.33 percent of the shares. GK Software Holding GmbH, which owns 49.56 percent, is also indirectly and equally shared by the partners. The free float amounts to 44.79 percent.

Shareholder structure on 30 September 2015

F.02



The Company was informed about the following holdings in GK Software AG, which exceeded the 3 percent threshold:

Threshold Value Exceedances

T.02

As of	Shareholder	Share in %
16.8.2011	Andreas Bremke GmbH, Arnsberg	3.99
6.3.2012	Scherzer & Co. AG, Cologne	5.23
19.6.2013	Deutsche Balaton Aktiengesellschaft, Heidelberg	3.18
27.12.2013	SAP AG, Walldorf	5.29

Directors dealings in 2015

There were no directors dealings during the reporting period.

Brief Interim Group Management Report

Economic Report

Business and General Conditions for GK Software

Market and competitive environment
The development of business at GK Software AG is determined by several factors and their effect in different business regions. The most important determining factors are the general economic conditions, the current situation and the expected business prospects for the retail sector. With GK Software's expansion into more and more business areas, it goes without saying that the number of factors affecting its business have increased, as the situation in some individual markets may move in different directions, in spite of global economic trends. At the same time, this provides some isolation in the Company's general operations from the developments in its original core markets – primarily in Central Europe – at least in the medium term, without these markets losing their significance for GK Software in the foreseeable future.

Regardless of the increasing significance of its international business, the developments in the German-speaking countries continue to be particularly important for GK Software's direct business. It is precisely this strong market in the German-speaking countries that is often at the forefront of new developments and the introduction of new technologies.

The overall prospects for the European retail sector indicate an ongoing upward trend. For example, turnover adjusted for inflation rose by between 2.6 and 3.5 percent from January until August in comparison with the previous year.[1] This development was not reflected in each country, however, and the crisis-hit countries in southern Europe in particular are still a long way off the significantly more positive developments.[2]

There has been a continual upwards trend in retail turnover in the USA since the middle of 2012 and this has ensured greater movement in the world's largest retail market.[3]

Turnover in the retail sector in Germany rose once again in 2015 in comparison with the previous year. Growth in the first half of the year amounted to 2.2 percent in nominal terms (2.4 percent allowing for inflation). A strong July was followed by a weaker August, but it was still significantly higher than the same month in 2014.[4] According to the very cautious forecast provided by the German Retail Federation (HDE), the German retail sector will therefore grow for the sixth year in succession and achieve record sales of around EUR 469.1 billion – this would amount to growth in nominal terms of 2.0 percent.[5] The IFO Business Climate Index for the retail sector reflects a similarly positive trend. The figure rose by 0.1 in September.[6] The overall economic forecast for this year has remained positive too. The range of forecasts lies between 1.7 percent (forecast by the German government in October 2015[7]) and 1.9 percent (forecast by the Ifo Institute for Economic Research in June 2015[8]). The situation is similar in Austria, for example. Turnover there increased by 1.2 percent in nominal terms to a figure of EUR 27.2 bil-

1 – Eurostatistics Data for Short-term Economic Analysis, Issue Number 10/2015, p. 18.

2 – http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=de&pcode=teiis200&plugin=0

3 – http://ycharts.com/indicators/retail_sales

4 – https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2015/09/PD15_363_45212.html

5 – http://www.einzelhandel.de/images/presse/Graphiken/DerEinzelhandelJan2014.pdf p.7

6 – http://www.cesifo-group.de/de/ifoHome/facts/Survey-Results/Business-Climate/Geschaeftsklima-Archiv/2015/Geschaeftsklima-20150924.html

7 – http://www.bmwi.de/DE/Themen/Wirtschaft/Konjunktur-und-Statistiken/projektionen,did=385026.html

8 – http://www.cesifo-group.de/de/ifoHome/facts/Forecasts/Ifo-Economic-Forecast/Archiv/ifo-Prognose-17-06-2015.html

lion[1] during the first six months of the year compared to the same period in the previous year, although the sales space in use fell for the second time in succession[2]. Growth in Switzerland was even stronger; turnover in the retail sector there increased by 4.9 percent in real terms (3.7 percent in nominal terms).[3]

In the interactive retail sector (e-commerce and the mail order business), remarkable developments took place during the first three quarters of the year. The first and second quarters had increases in growth of between 8 and 11 percent, for example. The growth in sales for the complete interactive retail sector was 4.0 percent in the third quarter (= EUR 12.3 billion), which is lower than the normal figures. The volume of pure online retail business grew by more than 15 percent to EUR 11.3 billion. The online business with food enjoyed the strongest growth with an increase in sales of 52.4 percent (EUR 0.29 billion) compared to the same period in the previous year. However, this figure is still way behind other groups of items like clothing (EUR 2.933 million) or electronics (EUR 1.901 million). The classic online market places increased their sales by 14.4 percent to a figure of EUR 6.03 billion during the third quarter in comparison with the previous year. In contrast, the multi-channel retailers lost ground slightly by 3.0 percent following two strong quarters and achieved turnover of EUR 4.26 billion during the third quarter.[4] Despite this decline, some elements suggest that brick and mortar retailers are increasingly tapping into their advantages over pure online retailers, which include brand strength, advice, the presentation of goods and service. To this end, brick and mortar retailers will need to upgrade the relevant technical infrastructure to an even greater extent – a trend that has had a significant influence on the majority of project decisions in GK Software's business environment since the end of 2012. Despite the shifts within the sector, the interactive retail sector will probably grow more strongly than the stationary retail sector this year too. The "bevh" has confirmed its annual forecast of EUR 51.6 billion for the interactive retail sector.[5]

These developments present huge challenges for the stationary retail sector, which is also being driven by other issues like home delivery. There is much ground to be made up in Germany in the latter sector in particular. The market share in the food retail sector in terms of the whole online market here only amounts to 1.0[6] or 1.2 percent[7], while the figure is already five percent in Great Britain; however, other sources quote significantly higher figures too.[8] By 2020, however, this share is expected to increase to 10 percent in Germany, too.[9] This will be helped by fresh attempts by brick and mortar retailers, online dispatchers and logistics companies to overcome the "last mile".

Looking at the digital agenda of the German government, the President of the German Retail Federation (HDE), Josef Sanktjohanser, stated that the "retail sector depends on reliable general conditions with a view to the ongoing process of digitisation" and "the need for investments is therefore correspondingly high"[10]. For stores, this statement is also supported by the study 'Kassensysteme 2014' ('Till Systems 2014') by the EHI Retail Institute. The age of the software in use has continued to rise and 37 percent of companies want to upgrade by 2016.[11] Based on stable turnover during the current year and good prospects for 2015, retailers expect the IT investment volumes for their stores to remain constant or increase. 88 percent of IT managers assume that their budget will remain con-

1 – http://www.kmuforschung.ac.at/images/stories/pressemitteilungen/2015/Konjunktur_im_Einzelhandel_HJI_2015.pdf, p.1,

2 – http://diepresse.com/home/wirtschaft/economist/4786215/Trotz-Haendlersterben-und-weniger-Flaeche_Einzelhandel-im-Plus?from=rss

3 – http://www.nzz.ch/detailhandel-konsum-konsumentenstimmung-1.541325

4 – https://www.bevh.org/presse/pressemitteilungen/details/datum/2015/november/artikel/zunehmendes-interesse-der-deutschen-am-lebensmittelonlinehandel-und-der-nutzung-digitaler-dienstleis/

5 – Ibid.,

6 – EHI Retail Institute, Lebensmittel E-Commerce 2015. Marktüberblick, Konzepte und Herausforderungen, p.

7 – https://www.gfk.com/de/Documents/Pressemitteilungen/2015/20150723_PM_GfK-Studie_eCommerce_dfin.pdf, p. 5

8 – EY-Studie Cross Channel – Revolution im Lebensmittelhandel (revolution in the grocery sector), p. 8

9 – Ibid., p. 10

10 – http://www.einzelhandel.de/index.php/presse/aktuellemeldungen/item/124495-digitale-agenda-schl%C3%BCsselrolle-f%C3%BCr-den-handel

11 – EHI Retail Institute, Kassensysteme 2014, Fakten, Hintergründe und Perspektiven (Till Systems 2014 – Facts, Background Information and Prospects), p. 16 et seqq.

stant or increase, according to the EHI Retail study entitled "IT Trends in the Retail Sector in 2015" and they place great importance on new technologies like cloud services and omni-channel systems.[1] The Forrester Study entitled "The Retail CIO Agenda 2015: Secure and Innovative" shows that the replacement investments are being increasingly dominated by the new issues already mentioned here. Omni-channel integration, the introduction of new merchandise management solutions and the use of analysis and business intelligence tools are viewed as the greatest challenges at the moment and are only surpassed by improvements in IT security in their strategic importance.[2]

As far as business developments at GK Software are concerned, it is important to determine to what degree this trend also covers IT investments, as the experience of the last few years indicates that an increasing readiness to invest on the part of the retail sector does not automatically include investments in this field. The strategy pursued by many retailers has obviously been to enhance their retail network during the growth phase or to expand abroad. However, the signals from the market environment covered by GK Software indicate that the logjam in investments in the last few years is starting to ease.

In general terms, new and replacement investments must be equipped to handle future issues. As the number of prime examples of genuine omni-channel integration is still very low and uncertainties about the strategy that should be pursued persist, this is currently creating a situation where greater time elapses before a decision is made to purchase software solutions. GK Software has been feeling the effects of this development in delays in sales cycles since 2012.

Overall, the prospects for the course of business at GK Software remain positive for the fourth quarter and for 2015 as a whole. And this is all the more so, because the company is assuming, on the basis of its partnership with SAP, that it will be able to expand its base of potential customers in the international arena. But these trends are subject to the proviso that the global economic is not hugely disrupted by political or economic factors, which would have a negative effect on economic developments.

1 – EHI Retail Institute, Study: IT Trends in the Retail Sector in 2015

2 – Forrester Consulting, Study: The Retail CIO Agenda 2015: Secure And Innovative, page 10

GK Software continues to assume that the necessary investments in new systems needed in the short and medium term and the introduction of new issues within the retail sector will continue to offer sales potential for the company in Germany and in the other markets that it is actively processing. There is also an expectation that the partnership with SAP in particular will create further success stories in the international market place and reinforce the company's potential in the long term.

GK Software is currently in a very good position in several current tender procedures in Germany and abroad, both in direct sales and its partner business, and has significant advantages over its rivals because of its broad portfolio of products, the internationality of its solutions and its proven ability to handle projects quickly.

New customer projects in 2015

- A major pharmaceutical dealer (more than 1,000 business sites - gained in March 2015)

- An international shoe manufacturer (approx. 50 business sites - gained in June 2015)

- A leading manufacturer of sports items (approx. 150 business sites in North and South America and Asia - gained in March 2015)

- A luxury franchise holder (30 business sites in the United Arab Emirates - gained in March 2015)

- A fashion provider (approx. 550 business sites in Poland - gained in June 2015) Supermarket operators (approx. 100 business sites in Russia - gained in June 2015)

- A fashion provider (approx. 50 business sites in Great Britain - gained in May 2015)

- Toy retailer (approx. 80 business sites in Great Britain and Ireland - gained in August 2015)

- Food retailers (approx. 130 business sites in Russia - gained in September 2015)

In terms of existing projects, the first three quarters of 2015 were characterised by successful pilot operations in several projects, rollouts and the completion of one major project. We delivered and rolled out more country-specific versions in several ongoing projects. The migration of the last major existing customers to the latest software version is currently under way so that most of our customers have either switched to this or the switching process is already at an advanced stage. This is creating the conditions for ensuring that we have been able to continue consolidating our relations with our customers, which have existed for many years. We have also been able to sign further contracts with existing customers and they cover, for example, extensions to licencing agreements or developments to software or local services.

One piece of evidence of the thriving partnership with SAP is the fact that about 30 joint customer projects exist where GK solutions have been sold by SAP and some of them have been directly introduced by GK Software or through implementation partners.

Human resources

GK Software employed 729 people (excluding the Management Board and trainees) on the reporting date of 30 September 2015; this figure is therefore 136 higher than at the end of the reporting period in 2014 (593). The number of employees has therefore increased markedly (22.9 percent). The majority of members of staff are employed at corporate headquarters in Schöneck – 225 persons, in comparison with the previous year's figure of 188. There are 43 employees working at the branch in Berlin, mainly in the sales & marketing, project management and partner management or the hotline departments (28 employees on the reporting date in the previous year). The Czech subsidiary EUROSOFTWARE s.r.o. currently employs 176 people (156 in the previous year). 111 people were employed at St. Ingbert on 30 September 2015 (80 in the previous year). 13 people were working at the Cologne office on the reporting date (ten people on the reporting date in the previous year). The company continues to employ five people in Switzerland and two in Russia. There are 106 IT Services employees in Hamburg and 16 in Bielefeld. 27 people were working for GK Software in the USA (4 in the previous year). The South African subsidiary employed five people on the reporting date.

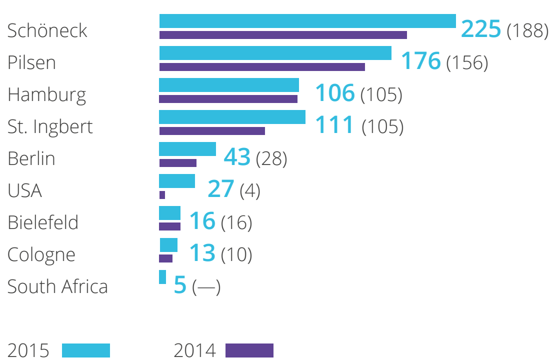
The major focus in the development of human resources continues to primarily be on integrating and providing initial training for the permanently growing number of employees. For this purpose, special familiarisation plans, trainee and mentoring programs have been developed.

The Management Board expects the growth in employee numbers to continue at a moderate pace in the future and the company will primarily continue to look for highly qualified employees.

Huge investments have been made in training and developing employees for years in order to be able to provide a foundation for and boost sales growth at GK Software AG in terms of human resources too. Four trainees are also currently employed at GK Software AG.

Distribution of employees at group business locations (5 and more employees) as on 30 September

F.03

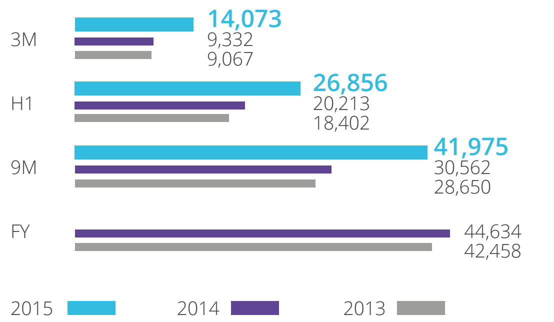


Explanation of the Business Results and an Analysis of the Assets, Financial and Earnings Situation

GK Software was able to continue the extremely pleasing development in the turnover of the first two quarters during the third quarter of the 2015 business year too. Turnover (EUR 41.98 million) was more than one third higher than the figure for the same period in the previous year (EUR 30.56 million) for the nine months until September. In this respect, the acquisition of the retail division of DBS Data Business Systems Inc. in March 2015 needs to be taken into account. This unit has been

Quartaly sales development compared to previous years in EUR K

F.04



contributing to turnover to the tune of EUR 3.74 million since that time, so that organic growth accounts for one quarter. Earnings before taxes, interest and depreciation/amortisation (EBITDA) amounted to EUR (0.76) million and therefore did not change much from the figure for the previous year (EUR (0.66) million). Because of the scheduled depreciation of the assets acquired as part of the acquisition of the retail division of DBS Data Business Systems Inc. in March 2015, earnings before taxes and interest (EBIT) are now EUR (3.13) million; the figure for the previous year was EUR (2.23) million. The acquisition is also the major reason for the reduction in the equity ratio compared with the previous year; it now amounts to 42.2 percent, below the previous year's figure of 68.1 percent. The same reason accounted for the reduction in stocks of cash and cash equivalents from EUR 10.17 million on the reporting date in the previous year to EUR 6.23 million on the reporting date this year.

Earnings situation

Fortunately, Group sales have increased by 37.3 percent to EUR 41.98 million, compared with the same period in the previous year. Developments in our core business unit GK/Retail should particularly be emphasised here; it grew by almost 80 percent at EUR 33.24 million in comparison with the previous year. The effect of the acquisition needs to be taken into account here; it contributed about 30 percentage points to this growth figure with sales of EUR 3.74 million. Organic growth therefore accounted for just over 70 percent. Figures for the SQRS business unit at EUR 0.79 million were below the previous year's figure of EUR 0.80 million in line with expectations. At EUR 7.95 million, the IT services business segment did not quite match the sales achieved in the previous year (EUR 8.84 million).

If we examine the make-up of turnover, it appears that growth in the GK/Retail core business segment was underpinned by all types of revenue. Licence revenues, for example, grew by EUR 3.25 million to a figure of EUR 4.46 million (the share of organic business development amounted to EUR 1.28 million); while the maintenance business increased by EUR 2.39 million (EUR 2.52 million of this figure was organic growth) or 38.1 percent to a figure of EUR 8.66 million, the service business increased by EUR 5.78 million (EUR 0.81 million arising from the acquisition) or 43.6 percent to a figure of EUR 19.02 million. We have had one increase in revenues that can primarily be traced back to the acquisition and is recorded under Other Revenues (normally this involves hardware purchases for customers). This figure rose from EUR 0.75 million to EUR 0.95 million; EUR 0.81 million of this figure could be traced back to the acquired unit.

The conclusion from these developments - that the market products and services provided by GK Software are well-positioned in the market place - seems completely justified.

The degree of maturity in the product is a marked feature of the SQRS business unit, as in previous years. As a result, customers rarely request adjustments or expansions to their existing solutions. In contrast to the previous year with its surprising developments, there were hardly any service revenues to record in this segment. We therefore expected turnover in this business unit to continue to decline, as a general factor. In line with this, the revenues in this business segment fell in comparison with the same quarter in the previous year. While revenues for maintenance at EUR 0.74 million during the first nine months of 2015 roughly reached the previous year's figure of EUR 0.70 million, revenues for services at EUR 48 K were significantly lower than the previous year's figure of EUR 94 K. Overall, revenues in this segment (EUR 0.79 million) remained almost the same as the figure for the previous year.

Sales by segments

T.03

	9M 2015		9M 2014		Change		FY 2014	
	EUR K	in %	EUR K	in %	EUR K	in %	EUR K	in %
Sales with								
GK Retail	33,238	79.2	20,921	68.5	12,317	58.9	31,660	70.9
SQRS	788	1.9	798	2.6	(10)	(1.3)	1,053	2.4
IT Services	7,949	18.9	8,843	28.9	(894)	(10.1)	11,921	26.7
Total	**41,975**	**100.0**	**30,562**	**100.0**	**11,413**	**37.3**	**44,634**	**100.0**
Licences	**4,697**	**11.2**	**1,290**	**4.2**	**3,407**	**264.1**	**4,391**	**9.8**
GK Retail	4,458	10.6	1,210	4.0	3,248	268.4	4,223	9.5
SQRS	—	—	—	—	—	—	—	—
IT Services	239	0.6	80	0.3	159	198.8	168	0.4
Maintenance	**14,877**	**35.4**	**12,529**	**41.0**	**2,348**	**18.7**	**17,022**	**38.1**
GK Retail	8,658	20.6	6,270	20.5	2,388	38.1	8,478	19.0
SQRS	740	1.8	704	2.3	36	5.1	934	2.1
IT Services	5,479	13.1	5,555	18.2	(76)	(1.4)	7,610	17.0
Services	**20,570**	**49.0**	**13,617**	**44.6**	**6,953**	**51.1**	**22,504**	**50.4**
GK Retail	19,016	45.3	13,241	43.3	5,775	43.6	18,599	41.7
SQRS	48	0.1	94	0.3	(46)	(48.9)	119	0.3
IT Services	1,506	3.6	282	0.9	1,224	434.0	3,786	8.5
Other business	**1,670**	**4.0**	**3,126**	**10.2**	**(1,456)**	**(46.6)**	**673**	**1.5**
GK Retail	945	2.3	200	0.7	745	372.5	316	0.7
SQRS	—	—	—	—	—	—	—	—
IT Services	725	1.7	2,926	9.6	(2,201)	(75.2)	357	0.8
GK Academy	**161**	**0.4**	**—**	**—**	**161**	**—**	**44**	**0.1**
GK Retail	161	0.4	—	—	161	—	44	0.1
SQRS	—	—	—	—	—	—	—	—
IT Services	—	—	—	—	—	—	—	—

The IT Services business unit almost met the sales expectations at EUR 7.95 million, although the previous year's fig ure of EUR 8.84 million was not matched. While the revenues from the licence business at EUR 0.24 million significantly exceeded the results for the previous year, the maintenance revenues fell slightly from EUR 5.56 million to EUR 5.48 million ((1.4) percent). Overall revenues posted a slight decline and this was solely due to Other Revenues, which only reached a figure of EUR 0.73 million compared to the previous year's figure of EUR 2.93 million during the same period. The reasons for this lay in delays to hardware projects and a reallocation of situations under services revenues.

Looking at the relation between the types of revenue, it is clearly evident that licence revenues grew significantly in terms of the overall turnover during the first nine months. Following a figure of 4.2 percent in the same period in the previous year, these revenues once again contributed 11.2 percent in the reporting period. Services continued to be the most important type of revenue at EUR 20.57 million or 49.0 percent of turnover, followed by maintenance, which contributed EUR 14.88 million or 35.4 percent to sales (41.0 percent in the same period in the previous year).

Total output

Investments continued to be made in the company's own software products during this reporting period, as a result of which own work capitalised increased from EUR 0.33 during the previous year to EUR 0.40 million now. Other operating income amounted to EUR 1.60 million, following a figure of EUR 1.40 million during the same reporting period in the previous year.

This resulted in an increase in the total operating revenues to EUR 43.97 million in comparison with EUR 32.29 million during the previous year.

T.04 Development of total output

	30.9.2015 EUR K	30.9.2015 in %	30.9.2014 EUR K	30.9.2014 in %	Change EUR K	Change in %
Sales revenues	41,975	95.5	30,562	94.6	11,413	37.3
Own work capitalised	399	0.9	326	1.0	73	22.3
Operating revenues	42,374	96.4	30,888	95.6	11,486	37.2
Other operating revenues	1,598	3.6	1,405	4.4	193	13.7
Total output	**43,972**	**100.0**	**32,293**	**100.0**	**11,679**	**36.2**

Costs

Currently at EUR 5.85 million, combined costs for purchased services, raw materials and supplies as well as purchased goods were EUR 2.66 million higher in the reporting period compared to the same period of the previous year. Expenditure on raw materials and supplies (predominantly spare parts) and goods was EUR 0.53 million higher than in the same quarter in the previous year, while purchased services exceeded the previous year's figure by EUR 2.12 million. The increase in purchased services is attributable to the involvement of freelancers in customer projects in the GK/Retail business segment, and is a deliberate part of the Group's strategy to be able to adapt its capacities more rapidly in the face of changing requirements.

Personnel costs now amount to EUR 28.65 million, compared to EUR 20.92 million for the same period in 2014. The increase thus amounted to EUR 7.74 million or 37.0 percent. This rise is recorded particularly in the business area GK/Retail, whose personnel costs increased by EUR 7.47 million. The reasons for this lie in the establishment and expansion of the company's international presence in the USA and the development of the advisory and pre-sales capacities since the second half of 2014.

Depreciation and amortisation increased from EUR 1.56 million to EUR 2.60 million. The increase by EUR 1.04 million was largely due to scheduled amortisation amounting to EUR 0.98 million on the assets identified as part of the provisional purchase price allocation for our acquisition in the USA.

Other operating expenditure amounted to EUR 10.23 million during the reporting period, following a figure of EUR 8.84 million in the previous year. This increase by EUR 1.38 million was dominated by a further rise in travel expenses by EUR 0.42 million - as in previous years - in order to keep up with global project and sales tasks. The direct sales expenditure rose by EUR 0.25 million for the same reason. The increased expenditure on consultancy services for the North American acquisition should be viewed as one-off costs. This amounted to approx. EUR 0.27 million. A further EUR 0.29 million was due to the expansion and establishment of our African and US American subsidiaries. The expenditure on gaining and tying employees to the Group increased again too. This expenditure exceeded the previous year's figure by EUR 0.25 million.

If we regard the first nine months and omit the ancillary costs of the acquisition (EUR 0.27 million), the Group's modified EBITDA amounted to EUR (0.44) million (EUR (0.66) million in the previous year). As a result, the modified EBITDA margin improved in comparison with the previous year from (2.2) percent to (1.0) percent.

T.05 Financial result

	30.9.2015 EUR K	30.9.2015 in %	30.9.2014 EUR K	30.9.2014 in %	Change EUR K	Change in %
EBITDA	(761)	(1.8)	(665)	(2.2)	(96)	14.5
EBIT	(3,361)	(8.0)	(2,226)	(7.3)	(1,135)	51.0
EBT	(3,368)	(8.0)	(2,170)	(7.1)	(1,198)	55.2
Consolidated earnings	(4,347)	(10.4)	(3,114)	(10.2)	(1,233)	39.6

Financial results und income taxes

The changes have resulted in earnings before taxes and interest amounting to EUR (0.88) million following EUR (1.08) million during the same period of the previous year. The financial results amounted to EUR (0.07) million compared to the figure of EUR 0.06 million in the same period in the previous year.

Results for the period

Income taxes amounted to EUR 0.98 million, so that the loss of the period was EUR (3.11) million, following a figure of EUR (4.35) million in the previous year.

Assets situation

The balance sheet total increased by 38.5 percent or EUR 17.19 million to a figure of EUR 61.86 million in comparison with the 2014 balance sheet date. The reason for this can be found in the North American acquisition in March 2015. On the assets side, the non-current assets therefore particularly increased in comparison with the end of 2014. On the capital side of the balance sheet, the non-current bank liabilities increased considerably due to the acquisition mentioned above.

T.06 Assets situation

	30.9.2015 (not audited)		30.9.2014 (not audited)		Change	
	EUR K	in %	EUR K	in %	EUR K	in %
Non-current assets	32,379	52.3	15,972	35.8	16,407	102.7
Current assets without cash and cash equivalents	23,252	37.6	18,528	41.4	4,724	25.5
Cash and cash equivalents	6,234	10.1	10,173	22.8	(3,939)	(38.7)
Assets	**61,864**	**100.0**	**44,673**	**100.0**	**17,192**	**38.5**
Equity	26,131	42.2	30,555	68.4	(4,425)	(14.5)
Non-current liabilities	15,418	25.0	4,865	10.9	10,553	216.9
Current liabilities	20,315	32.8	9,252	20.7	11,064	119.6
Liabilities	**61,864**	**100.0**	**44,673**	**100.0**	**17,192**	**38.5**

The non-current assets increased significantly overall by EUR 16.41 million to a figure of EUR 32.38 million. The intangible assets, which now amount to EUR 24.04 million, continue to represent the largest share of the non-current assets. This is particularly reflected in the increase in goodwill by EUR 4.11 million to EUR 9.89 million, the increase in customer relations by EUR 8.51 million to EUR 8.96 million and the acquired intangible assets, which increased by EUR 2.41 million to EUR 3.18 million. Apart from the planned amortisation on these assets, these changes are attributable to the accruals arising from the acquisition. Stocks of in-house developed software increased by EUR 0.67 million to a figure of EUR 0.90 million.

The development of property, plant and equipment was mainly due to accruals in the operating and business equipment (+EUR 0.41 million) and the facilities under construction (+EUR 0.47 million). The carrying value increased to EUR 5.73 million compared to 31 December 2014 thanks to total accruals and deferrals of EUR 0.76 million.

Current assets without cash and cash equivalents rose by EUR 4.72 million from EUR 18.53 million to a figure of EUR 23.25 million. The current financial year has therefore been characterised by a series of wide-ranging project milestones, for which services are being provided and demarcated, so that the accounts receivable from ongoing work now amount to EUR 5.19 million, following a figure of EUR 3.18 million at the end of 2014. Trade accounts receivable rose by EUR 0.70 million to a figure of EUR 9.90 million. Stocks of finished products and goods also increased. The value of these at EUR 2.33 million was EUR 1.18 million higher than on 31 December 2014. This increase was mainly due to the increased need for hardware in the IT Services business unit arising from three customer projects and one project in the GK/Retail segment.

Stocks of cash and cash equivalents declined by EUR 3.94 million to a figure of EUR 6.23 million in comparison with the end of 2014. A major reason for this was once again the acquisition. Other details will be revealed below in the comments on the financial situation.

The increase in non-current liabilities is predominantly the result of the growth in non-current bank liabilities. These increased by EUR 9.84 million from EUR 0.81 million to a figure of EUR 10.66 million because of the acquisition. The deferred tax liabilities recorded a growth of EUR 0.69 million to a current figure of EUR 2.07 million for the same reason.

Current liabilities increased by EUR 11.06 million to a figure of EUR 20.32 million. One of the main drivers for this was the EUR 4.24 million increase in current bank liabilities to a figure of EUR 4.56 million arising from taking out current account credits to provide intermediate funding for the acquisition. These current bank credit lines have now largely been replaced by a non-current bank loan. Other current liabilities also increased by EUR 2.55 million in comparison with the value on the reporting date in 2014 and now amount to EUR 6.88 million. Accruals and deferrals for maintenance contracts are mainly the reason behind this. Advanced payments received from customers also rose by

EUR 3.03 million to a figure of EUR 3.53 million. The increase in current provisions by EUR 0.45 million to a figure of EUR 2.10 million was due to the rise in provisions for variable salary components.

Financial situation

The negative result for the period led to an outflow of EUR 0.78 million for the operating cash flow in the narrower sense (i.e. mainly minus any depreciation/amortisation), after there had still been an outflow amounting to just EUR 0.29 million during the same period in the previous year. The reduction in net current assets by EUR 2.44 million provided relief for the operating cash flow and led to an increase in cash and cash equivalents from operating activities of EUR 1.71 million, after this figure had still been EUR 2.64 million during the same quarter in the previous year.

The payments or refunds in income taxes and interest led to outgoings amounting to EUR 0.65 million during the reporting period. This led to a net influx of cash and cash equivalents from operating activities of EUR 0.96 million. The net influx of cash and cash equivalents from operating activities during the comparative period in the previous year amounted to EUR 2.06 million.

The cash flow from investment activities recorded outflows amounting to total figure of EUR 18.98 million, following a figure of EUR 1.09 million during the previous year. The main reason for this was the outflow of funds in connection with the acquisition of the retail division of DBS Data Business Systems Inc.

The financing activities amounted to a total of EUR 10.85 million largely due to the credit obtained, including a non-current loan for the DBS acquisition of EUR 10.00 million, and current account lines used in the short term and payments with credit cards. These were offset by outflows used to repay loans. Overall, there was an influx of funds amounting to EUR 9.73 into the company. The comparative sum for the period of the previous year amounted to EUR (0.04) million.

The cash and cash equivalents fell by a total of EUR 10.17 million to a figure of EUR 6.23 million in comparison with the figures at the end of 2014.

Report on key events after the reporting period

No key events occurred after the end of the reporting period.

Report on Risks and Prospects at GK Software

Opportunities and risks for GK Software

No major changes to GK Software's risk situation have arisen during the course of the 2015 business year so far in terms of the remarks provided in the consolidated annual report for the 2014 financial year, which might then have a serious effect on the development of the company in the current business year. As a result, the descriptions of the potential opportunities and risks for the future development of GK Software in the consolidated annual report for the 2014 financial year remain unchanged.

However, it should also be noted that exposure to US dollars and South African rand has been accounted for. As a result, the exchange rate risk has not increased considerably at present, but this is to be expected in the future. Overall, the risk structure from exchange rate risks is becoming more complex. The Group is working on relevant tools in order to address these risks more efficiently.

Outlook

The Management Board of GK Software is confident that the Group continues to be in a good position to maintain its ground and to return to previous strengths. Based on the information available so far, we are expecting the Group's financial and earnings situation to improve once again as a result of the ongoing expansion of business in 2015 and we do not expect any developments in its financial situation, which could pose a threat to the company's existence. However, this assessment is subject to the impact of developments, regardless of whether they are expected or come as a surprise, which the Group is unable to influence and which could have a major effect on this forecast.

We remain committed to further pursuing our strategy of expanding the geographical scope of the Company through increasing our entry and further development in other geographical markets. The expansion into the North American market should increase the visibility for revenue by creating substitution options for shifting sales opportunities. At same time, the Company will continue to further penetrate the existing customer market. We want to ensure that in future, the ongoing expenses can be covered by the current sales revenues from project services, software maintenance and retail services, in order to eliminate the fluctuations in the earnings situation experienced over recent years. This can, however, only be achieved over a longer period of time, which we have set as three years.

In general terms, the following needs to be noted: GK Software AG plans to return to the familiar profit margins of more than 15 percent (EBIT margin on turnover) in its core business in the medium term. However, the expenses from expanding into new markets could hinder the development of this goal. In addition, short-term delays to customer projects could have a considerable impact on the earnings situation of the Group. It is precisely uncertainty about the realisation of individual sales prospects that, in conjunction with the size of the Group, leads to a forecast for the EBIT fraught with considerable uncertainties, as individual sales opportunities could involve a significant share of sales revenues with particularly high results margins.

It is probable that the GK/Retail's revenue will continue to grow significantly in 2015. In the medium term (three to five years) we anticipate that we will be able to increase revenue by one and a half compared with 2014 (EUR 31.66 million for the segment GK/Retail in the reporting year). This development must not necessarily be in any way linear. In the context of the 2014 financial year, we anticipate a further decline in sales revenues from the current figure of EUR 1.05 million for the SQRS business segment. In the services business segment, revenue is expected to be slightly higher than the EUR 11.92 million revenue in the 2014 financial year.

We cannot provide a forecast for profitability for individual years. However, we anticipate that we will once again achieve our old target margin level (EBIT margin on revenues) i.e. earnings before taxes and interest of more than 15 percent in the medium term (three to four years). However, for 2015, it is quite conceivable that the result will be slightly negative, as the further development of the newly opened target markets is a high priority for the company and could be linked to considerable costs. We are assuming that during the fourth quarter decisions will be made about placing orders in several sales situations, where our preparation work has lasted for some time and where GK Software is in an excellent position. These could have a significant influence on the turnover and results for the whole year.

We would like to explicitly repeat here that these estimates are subject to the absence of any external shock situations, which might occur, possibly as a result of an escalation of the events not that far away in the Russian Federation or if the euro crisis should flare up again. These kinds of problems that would affect the whole economy could lead to a curb on the readiness of the retail sector to make investments and this could logically have a negative effect on the turnover and income potential at GK Software.

As the priority remains the further growth of the Group, the Supervisory Board and the Management Board of GK Software will propose to only distribute the available finances in the form of dividends if extraordinarily positive business developments occur.

Consolidated Balance Sheet

on 30 September 2015

Assets

T.07

EUR	30.9.2015 (not audited)	31.12.2014 (audited)
Property, plant and equipment	5,733,557.54	4,969,827.38
Intangible assets	24,036,076.10	8,473,749.85
Financial assets	1,660.00	1,660.00
Active deferred taxes	2,607,357.49	2,526,269.83
Total non-current assets	**32,378,651.13**	**15,971,507.06**
Raw materials and supplies	2,335,327.57	1,159,437.47
Initial payments made	39,824.94	24,981.23
Trade accounts receivable	9,896,819.91	9,193,926.55
Income tax assets	5,194,805.15	3,181,396.36
Income tax assets	594,675.82	369,573.22
Accounts receivable from associated companies	9,340.30	36,211.23
Other accounts receivable and assets	5,181,008.58	4,562,595.79
Cash and cash equivalents	6,233,766.19	10,172,931.90
Total current assets	**29,485,568.46**	**28,701,053.75**
Balance sheet total	**61,864,219.59**	**44,672,560.81**

Liabilities

T.08

EUR	30.9.2015 (not audited)	31.12.2014 (audited)
Subscribed capital	1,890,000.00	1,890,000.00
Capital reserves	18,330,870.79	18,197,887.67
Retained earnings	31,095.02	31,095.02
Other reserves (OCI from introducing IAS 19 2011, IAS 21)	(446,952.81)	(236,194.75)
Accumulated profit	10,672,457.83	12,542,553.44
Shortfall for period	(4,346,966.40)	(1,870,095.61)
Total equity	**26,130,504.43**	**30,555,245.77**
Provisions for pensions	1,710,830.25	1,664,451.00
Non-current bank liabilities	10,656,000.00	812,750.00
Deferred government grants	977,229.93	1,008,439.48
Deferred tax liabilities	2,074,180.30	1,379,763.95
Total non-current liabilities	**15,418,240.48**	**4,865,404.43**
Current provisions	2,102,990.22	1,656,578.33
Current bank liabilities	4,560,266.82	318,783.28
Liabilities from trade payables	2,489,343.50	1,633,957.62
Initial payments received	3,534,470.45	503,071.57
Income tax liabilities	752,743.31	816,068.93
Other current liabilities	6,875,660.38	4,323,450.88
Total current liabilities	**20,315,474.68**	**9,251,910.61**
Balance sheet total	**61,864,219.59**	**44,672,560.81**

Consolidated income statement and other results

on 30 September 2015

Consolidated Income Statement

T.09

EUR	30.9.2015 (not audited)	30.9.2014 (not audited)	31.12.2014 (audited)
Ongoing Business Divisions			
Sales revenues	41,975,175.06	30,561,698.04	44,633,997.10
Own work capitalised	398,651.01	326,003.02	511,545.52
Other operating revenues	1,598,260.23	1,405,064.05	2,187,859.68
Sales revenues and other revenues	**43,972,086.30**	**32,292,765.11**	**47,333,402.30**
Cost of materials	(5,854,597.14)	(3,197,561.68)	(5,151,058.67)
Personnel expenses	(28,652,290.39)	(20,915,769.13)	(28,748,609.09)
Depreciation and amortisation	(2,599.759.50)	(1,561,177.70)	(3,051,762.33)
Other operating expenditure	(10,226.236.56)	(8,844,286.51)	(13,397,229.22)
Total operating expenses	**(47,332,883.59)**	**(34,518,795.02)**	**(50,348,659.31)**
Operating result	**(3,360,797.29)**	**(2,226,029.91)**	**(3,015,257.01)**
Financial income	226,952.08	99,988.53	154,152.05
Financial expenses	(234,495.35)	(44,335.69)	(125,916.37)
Financial results	**(7,543.27)**	**55,652.84**	**28,235.68**
Income tax results	**(3,368,340.56)**	**(2,170,377.07)**	**(2,987,021.33)**
Income taxes	(978,625.84)	(943,425.87)	1,116,925.72
Consolidated loss for the period	**(4,346,966.40)**	**(3,113,802.94)**	**(1,870,095.61)**
Other results after income taxes			
Actuarial gains/ losses from defined benefit pension plans; changes in foreign exchange rates IAS 21	(210,758.06)	140,977.00	(439,357.45)
Other results after tax	**(210,758.06)**	**140,977.00**	**(439,357.45)**
Overall result	**(4,557.724.46)**	**(2,972.825.94)**	**(2,309,453.06)**
Thereof attributable to the owners of the parent company	(4,557.724.46)	(2,972.825.94)	(2,309,453.06)
Earnings per share (EUR/share) from the consolidated shortfall - undiluted	**(2.30)**	**(1.65)**	**(0.99)**
Earnings per share (EUR/share) from the consolidated shortfall - diluted	**(2.30)**	**(1.64)**	**(0.99)**

Group statement of changes in equity

on 30 September 2015

Group statement of changes in equity

T.10

EUR	Subscribed capital	Capital reserves	Retained earnings	Other reserves	Consolidated balance sheet profit	Total
As per 1 January 2015	**1,890,000.00**	**18,042,151.84**	**31,095.02**	**203,162.70**	**12,990,053.44**	**33,156,463.00**
Share option programme	0.00	108,498.65	0.00	0.00	0.00	108,498.65
Accruals based on IAS 19	0.00	0.00	0.00	(96,043.75)	0.00	(96,043.75)
Consolidated loss for the period	0.00	0.00	0.00	0.00	(2,106,525.53)	(2,106,525.53)
Figures on 30 September 2014	**1,890,000.00**	**18,150,650.49**	**31,095.02**	**107,118.95**	**10,883,527.91**	**31,062,392.37**
Share option programme	0.00	47,237.18	0.00	0.00	0.00	47,237.18
Accruals based on IAS 19	0.00	0.00	0.00	(343,313.70)	0.00	(343,313.70)
Dividend payments	0.00	0.00	0.00	0.00	(447,500.00)	(447,500.00)
Consolidated annual net profit	0.00	0.00	0.00	0.00	236,429.92	236,429.92
Figures on 31 December 2014	**1,890,000.00**	**18,197,887.67**	**31,095.02**	**(236,194.75)**	**10,672,457.83**	**30,555,245.77**
Share option programme	0.00	132,983.12	0.00	0.00	0.00	132,983.12
Profits/losses from changes in exchange rates and pension plans	0.00	0.00	0.00	(210,758.06)	0.00	(210,758.06)
Consolidated loss for the period	0.00	0.00	0.00	0.00	(4,346,966.40)	(4,346,966.40)
Figures on 30 September 2015	**1,890,000.00**	**18,330,870.79**	**31,095.02**	**(446,952.81)**	**6,325,491.43**	**26,130,504.43**

Consolidated cash flow statement

on 30 September 2015

Cash flows from operating business

T.11

EUR K	30.9.2015 (not audited)	30.9.2014 (not audited)
Cash flows from operating business		
Shortfall for period	(4,347)	(3,114)
Share option programme (non-cash expenditure)	133	109
Income taxes affecting results	979	943
Interest income/expenses affecting results	73	(56)
Profit/loss from the sale or disposal of property, plant and equipment	(2)	(2)
Reversals of deferred public sector subsidies	(31)	22
Write-downs recognised for receivables	23	625
Write-ups recognised for receivables	0	(277)
Depreciation and amortisation	2,600	1,561
Allocation OCI IAS 19, IAS 21	(211)	(96)
Other cash revenues and expenditure	1	—
Cash flows from operating business	**(782)**	**(285)**
Changes in the current assets		
Changes in trade receivables and other receivables	(3,291)	3,384
Changes in Inventories	(1,191)	(332)
Changes in trade accounts payable and other liabilities	3,464	19
Changes in initial payments received	3,031	(246)
Changes in Provisions	476	102
Inflow of funds from operating activities	**1,707**	**2,642**
Interest payments received	106	19
Interest paid	(199)	(28)
Income taxes paid	(654)	(575)
Net inflow of funds from operating activities Amount brought forward	**960**	**2,058**

Cashflowsfrominvestmentactivitiesandfinancingactivities,credits and means of payment

T.12

EUR K	30.9.2015 (not audited)	30.9.2014 (not audited)
Carryover		
Net inflow of funds from operating activities	**960**	2,058
Cash flow from investment activities		
Payments for property, plant and equipment and non-current assets	(18,926)	(1,106)
Proceeds from disposals of fixed assets	2	2
Disbursed loans	(96)	(25)
Proceeds from the repayment of loans	36	40
Net cash outflow for investment activities	**(18,984)**	**(1,089)**
Cash flow from financing activities		
Dividend payments	—	(448)
Loans Taken Out	10,847	838
Repayment instalments for loans	(1,113)	(1,945)
Net inflow (previous year: net outflow) in cash from financing activities	**9,734**	**(1,555)**
Net outflow of cash and cash equivalents	**(8,290)**	**(586)**
Cash and cash equivalents at the beginning of the financial year	10,173	13,742
Cash and cash equivalents	1,883	13,156
Current credit line	4,351	—
Cash at the end of the accounting year	**6,234**	**13,156**
Limited available funds	11	11

On the balance sheet date EUR 11 K were pledged as collateral as part of a lease agreement for business premises for the Berlin and the Cologne GK Software AG subsidiaries.

Notes on the Consolidated Accounts

on 30 September 2015

1. Principles of reporting

1.1. General Information

The condensed interim consolidated balance sheet for GK Software AG was created according to the International Financial Reporting Standards (IFRS) for the International Accounting Standards Board (IASB) applicable on the annual accounts reporting date. Any standards or interpretations which have been published but are not yet in force have not been used as yet for the interim consolidated accounts. The new accountancy standards (IFRS) applicable to the company during the current financial year have not been published by the International Accounting Standards Board (IASB).

The consolidation, balance sheet and evaluation methods used in the condensed interim consolidated balance sheet are based on the same consolidation, balance sheet and evaluation methods that were also used during the 2014 financial year unless different practices have been specified here.

1.2. Principles of presentation

The abbreviated interim consolidated financial statement has been presented in line with the International Financial Reporting Standards (IFRS), as they are to be used in the European Union, and the commercial law regulations that also have to be taken into consideration according to Section 315 a Paragraph 1 of the German Commercial Code.

Any standards or interpretations which have been published but are not yet in force have not been used as yet for the interim consolidated accounts. The company managers assume that the effects on the annual accounts during the year that they first apply will not be major.

1.2.1. International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) used

The IFRS covers the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC). We have taken into account all the IFRS published by the International Accounting Standards Board (IASB) and adopted by the European Commission for use in the EU, if they are already mandatory and relevant for the GK Group.

1.2.2. Published, but not yet mandatory accounting regulations that need to apply

The following new and altered standards and interpretations were published within the 2015 reporting period, but have not yet come into force. GK Software declined to make any voluntary, premature use of them. These are applied to the GK Group at the required time. If not otherwise specified, the GK Group is currently checking the possible effects of the following standards and interpretations for its consolidated accounts.

IFRS 9 Financial Instruments

The regulations, which until now, had been found under IAS 39 Financial Instruments regarding recognition, assessment and derecognition as well as the hedge accounting, have been fully replaced by IFRS 9. The executive board anticipates that the future use of financial assets and liabilities could be affected. A reliable assessment of the impact caused by its adoption can only be provided when a detailed analysis has been conducted according to IFRS 14 Regulatory Deferred Accounts.

As a result of this standard, any companies using IFRS for the first time are allowed to continue to record deferral accounts, if they had already entered these in their financial statements in the past according to the accounting principles used until that time.

These amendments do not give rise to any changes in the presentation of the assets, financial and earnings situation for the GK Group.

IFRS 15 Revenue from Contracts with Customers
The International Accounting Standards Board (IASB) provisionally decided at its meeting on 28 April 2015 to postpone the time for the first mandatory use of IFRS Revenue from Contracts with Customers by one year. According to IFRS 15, it will be mandatory to enter the amount of revenue that companies have generated and the time when this occurred. This standard must be used with the exception of the following contracts: Leasing relationships, which come under IAS 17 Leases; financial instruments and other contractual rights or obligations, which come under IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Consolidated and Separate Financial Statements or IAS 28 Investments in Associates or Joint Ventures; and insurance contracts within the scope of IFRS 4 Insurance Contracts.

In this sense, the possible scope is limited within the GK Group. We are currently examining affairs on the basis of the existing state of discussions to see what possible effects this might have on the presentation of the assets, financial and earnings situation of the GK Group.

Amendments to IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets – Clarification of Permissible Depreciation/Amortisation Methods
In publishing the amendments to IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets in May 2014, the IASB circulated its clarification of acceptable depreciation/amortisation methods. The amendments concern additional guidelines in relation to permissible depreciation/amortisation methods for property, plant and equipment (IAS 16) and intangible assets (IAS 38). The amendment in IAS 16 forbids a company from registering depreciation on the basis of expected revenues. (Sales) revenues reflect the generation of the expected economic benefit arising from the business activity and not the use of the expected economic benefit of a tangible asset. As a result, any methods geared towards future expectations of revenues are not permissible according to IAS 16. In IAS 38, a relevant amendment was included as a refutable presumption. A revenue-based amortisation or depreciation method is not appropriate on a regular basis.

The GK Group does not expect any effects on the presentation of its assets, financial and earnings situation from this clarification of the permissible depreciation/amortisation methods, as it does not make any use of depreciation/amortisation based on turnover.

1.3. Consolidated companies

The consolidated accounts include GK Software AG and all the active companies in which GK Software AG has majority voting rights among the shareholders, either directly or indirectly.

In addition to the parent company, the consolidated companies include three German companies, i.e. 1. Waldstraße GmbH, both based in Schöneck/V., AWEK GmbH and AWEK microdata GmbH, Barsbüttel, and five foreign companies (EUROSOFTWARE s.r.o., Plzen, Czech Republic, OOO GK Software RUS, Moscow/Russia, GK Software USA Inc., Raleigh/USA, GK Software Africa (Pty) Ltd., StoreWeaver GmbH, Dübendorf/Switzerland with a German branch in St. Ingbert). AWEK Hong Kong Ltd. for which GK Software AG indirectly holds the majority of voting rights was not included in the consolidated companies as it had not yet started its business activities.

1.4. Principles of consolidation

The consolidated interim statement has been prepared on the basis of internal group balance sheet and assessment methods.

Internal profits and losses within the group, sales, expenditure and earnings or the accounts receivable and payable, which exist between the consolidated companies, have been eliminated. The effects of taxes on profits have been taken into account in the consolidation procedures that affect the results and deferred taxes have been taken into consideration.

1.5. Currency conversions

The interim consolidated accounts are presented in euros, the Group's functional currency and reporting currency. Each company within the Group sets its own functional currency for its individual financial statement. The items included in the annual accounts for each company are assessed using this functional currency. Monetary assets and monetary liabilities in a foreign currency are converted to the functional currency at the rate that applies on the balance sheet date. Conversion differences resulting from transactions with associated companies are entered under "Other income".

1.6. Report on key events

The following can be reported about major events until 30 September 2015.

GK Software acquired the "retail division" of the US company DBS Data Business Systems, Inc. as part of an asset deal on 19 March 2015. As a result, the Company took over 21 employees in the USA as well as several complementary software solutions for the previous GK Software range. The purchase price was USD 19,107 K.

The interim consolidated balance sheet on 30 September 2015 was dominated by the provisional purchase price. The following overview provides a provisional representation of the acquired assets and debts at the time of the acquisition.

T.13 Acquired assets and debts

USD K	Fair value PPA
Non-current assets	**13,795**
Property, plant and equipment	24
Third-party licences	16
Acquired technology (software development)	2,917
Customer relationships	9,759
Orders on hand	1,079
Current assets	**889**
Other accounts receivable	889
Account balance = goodwill	**4,423**

There were no key events to report after 30 September 2015.

1.7. Turnover realisation

The sales revenues are exclusively the result of the sale of hardware and software and the provision of services for European customers.

Turnover amounting to EUR 504 K, which were determined according to IAS 18.20, was entered during the reporting period. Turnover amounting to EUR 1.836 K was generated for sales which were determined according to IAS 18.26 during the reporting period.

Overall, all the customer orders covered in this report show an assets-side balance and are entered as one figure under the "Accounts receivable from ongoing work" item. Advance payments made from customers were depreciated as liabilities. Please refer to paragraph 1.9 entitled "Segment Reporting" regarding the make-up of the segment reporting. Warranty provisions amounting to EUR 40 K were added for these revenues overall during the reporting period and EUR 120 K were used. This was worth EUR 534 K on the balance sheet reporting date (previous year: EUR 614 K) for expected warranty expenditure.

1.8. Earnings per share

The earnings per share are determined as a quotient of the shortfall for the period within the Group and the weighted average of the shares in circulation during the reporting period. The average number of shares issued during the 2015 financial year amounted to 1,890,000 (previous year: (1,890.000). The consolidated shortfall for the period 2015 amounted to EUR (4,347) K (Q3 2014: EUR (3,113) K. As a result, the earnings per share amounted to EUR (2.30) (Q3 2014: EUR (1.65)).

There were no shares on the reporting date of 30 September 2015 where the share value on an annual average lay above the exercise threshold.

1.9. Segment reporting

The market offer provided by the Group has been extended since the acquisition of the AWEK Group. In addition to the GK/Retail and SQRS products and the associated services, the Group now also offers general IT services for the retail sector. The structure of sales revenues in both lines of business is divided according to the sale of licences and the services provided for the maintenance, introduction and customisation of products. Furthermore, a limited amount of hardware for branch IT operations is sold although this is manufactured by third parties.

The retail division of DBS has been entered in the GK/Retail segment.

The following overview shows the distribution of sales in terms of products and fields of work:

Sales to customers whose central administration offices are located outside of Germany amounted to EUR 8,682 K during the reporting period.

1.10. Details of associated persons and corporations

There was no need for any expenditure on valuation adjustments or irrecoverable debts with regard to related parties or these items did not exist.

Business transactions between GK Software AG and its consolidated subsidiaries have been eliminated as part of the consolidation process.

The direct parent company is GK Software Holding GmbH, Schöneck. Business relations existed in the form of an agency agreement up until 30 September 2015; revenues amounting to EUR 1 K resulted from this.

Sales by segments

T.14

	GK/Retail			SQRS			IT services			Eliminations			Group		
EUR K	9M 2015	9M 2014	FY 2014	9M 2015	9M 2014	FY 2014	9M 2015	9M 2014	FY 2014	9M 2015	9M 2014	FY 2014	9M 2015	9M 2014	FY 2014
Sales with third parties	**33,238**	**20,921**	**31,660**	**788**	**798**	**1,053**	**7,949**	**8,843**	**11,921**	**—**	**—**	**—**	**41,975**	**30,562**	**44,634**
Licences	4,458	1,210	4,223	—	—	—	239	80	168	—	—	—	4,697	1,290	4,391
Maintenance	8,658	6,270	8,478	740	704	934	5,479	5,555	7,610	—	—	—	14,877	12,529	17,022
Services	19,016	13,241	18,599	48	94	119	1,506	282	3,786	—	—	—	20,570	13,617	22,504
GK Academy	161	—	44	—	—	—	—	—	—	—	—	—	161	—	44
Other business	969	212	332	—	—	—	761	2,973	416	—	—	—	1,730	3,185	748
Revenue reductions	(24)	(12)	(16)	—	—	—	(36)	(47)	(59)	—	—	—	(60)	(59)	(75)
Revenues with other segments	**288**	**382**	**472**	**—**	**—**	**—**	**—**	**—**	**96**	**(288)**	**(382)**	**(568)**	**—**	**—**	**—**
EBIT segment	**(3,598)**	**(3,537)**	**(4,255)**	**335**	**253**	**159**	**(98)**	**1,074**	**1,080**	**(1)**	**(16)**	**—**	**(3,361)**	**(2,226)**	**(3,016)**
Assets	**56,809**	**36,782**	**40,664**	**2,211**	**2,070**	**1,841**	**7,585**	**6,955**	**5,932**	**(4,740)**	**(2,312)**	**(3,764)**	**61,865**	**43,495**	**44,673**
Debts	**32,560**	**9,511**	**11,970**	**284**	**382**	**232**	**6,853**	**5,528**	**4,901**	**(3,962)**	**(1,534)**	**(2,986)**	**35,733**	**13,887**	**14,117**
Cash and cash equivalents	**3,917**	**9,621**	**9,021**	**676**	**1,619**	**304**	**1,641**	**1,916**	**848**	**—**	**—**	**—**	**6,234**	**13,156**	**10,173**

The exchange of services amongst the segments is determined by servicing contracts which are geared towards the normal segment revenues in their third markets. Supply contracts are used as a basis to calculate the administrative services. The actual costs of the administrative services supplied are calculated according to the estimated time required in the light of experience.

Two loans were granted to closely related companies. The first loan worth EUR 2,000 K was granted for an unlimited period, but it can be terminated with a period of notice of three months to the end of the year and interest of 4% p.a. is being charged. This was worth EUR 1,999 K on the balance sheet reporting date. Mr Rainer Gläß and Mr Stephan Kronmüller have used their salary entitlements from GK Software AG as collateral for the loans.

The second loan was granted as an overdraft of up to EUR 20 K agreed for an indefinite period and subject to an interest rate of 6 percent. The current balance amounts to EUR 0 K.

In addition, there are tenancy arrangements with another closely related company. Lease expenses amounting to EUR 39 K were incurred during the financial year.

Expenditure for external services with closely related companies amounting to EUR 191 K was also incurred. In addition to this, income amounting to EUR 113 K was generated from closely related companies in connection with providing vehicles, other services and the sale of hardware and expenditure amounting to EUR 226 K was incurred for other services. Expenditure for the provision of project services amounting to EUR 369 K was also incurred. The outstanding accounts receivable with this company were worth EUR 254 K on the balance sheet date.

All the business transactions with closely related companies concern other related parties in line with the categorisation in IAS 24.19.

1.11. Report on key events

There were no key events to report after 30 September 2015.

1.12. Approval of the financial statement

The abbreviated interim report was approved by the Management Board on 26. November 2015 and released for publication.

Schöneck, 26 November 2015

The Management Board

Rainer Gläß
Chief Executive Officer

André Hergert
Chief Financial Officer

Financial Calendar

28 April 2016
Annual report 2015

26 May 2016
Interim report as of 31 March 2016

16 June 2016
Annual Shareholders‘ Meeting 2016
in Schöneck/V.

30 August 2016
Interim report as of 30 June 2016

November 2016
Analyst Conference in Frankfurt/M

29 November 2016
Interim report as of 30 September 2016

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Notes

Note to the Report
This Report is the English translation of the original German version. In case of deviations between these two the German version prevails. This Reports is in both languages can be downloaded at http://investor.gk-software.com.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages small deviations may occur.

Disclaimer