



Quarterly Statement

January–September 2022



The Retail Innovators

Summary of consolidated results

| | | 30.9.2022 | 30.9.2021 | 31.12.2021 | 2022/2021 changes |
|-------------------------------|-------|-----------|-----------|------------|----------------------|
| | | | | | in % |
| Turnover | EUR K | 113,039 | 95,741 | 130,847 | 18.1 |
| Operating income | EUR K | 113,039 | 95,741 | 130,847 | 18.1 |
| Overall revenue | EUR K | 118,142 | 101,370 | 139,589 | 16.6 |
| EBIT | EUR K | 17,187 | 14,233 | 17,306 | 20.8 |
| EBIT margin (on turnover) | % | 15.2 | 14.9 | 13.2 | - |
| EBITDA | EUR K | 22,236 | 19,988 | 26,790 | 11.3 |
| EBITDA margin (on turnover) | % | 19.7 | 20.9 | 20.5 | - |
| EBT | EUR K | 16,085 | 13,382 | 16,454 | 20.2 |
| Annual surplus | EUR K | 13,289 | 10,877 | 13,298 | 22.2 |
| Earnings per share (weighted) | EUR | 5.84 | 5.03 | 5.98 | - |
| Earnings per share (diluted) | EUR | 5.65 | 4.71 | 5.66 | - |
| Equity ratio | % | 60.4 | 57.1 | 58.0 | - |
| Employees | | 1,144 | 1,071 | 1,096 | 6.8 |

Table of contents








| | |
|----------|--|
| 3 | GK Software continues to grow successfully in the cloud |
| 5 | Financial forecast and prospects |
| 6 | Consolidated Balance Sheet |
| 7 | Consolidated statement of income and accumulated earnings |
| 8 | Consolidated Cash-Flow Statement |
| 9 | Financial Calendar |
| 9 | Legal notice |

Dear readers,

We are presenting this quarterly statement to you in a screen-optimised layout. The purpose of this is to adapt the document to changes in digital reading and usage habits. Our goal is to make it as simple as possible for you to navigate your way through the report.

Despite optimising the report to be read on a screen, we have, of course, made sure that the document can still be printed.

We hope that these changes make it easier for you to read our report.

-  Go to main table of contents
-  Search in document
-  Go forward a page
-  Go back a page
-  Go to previous view
-  Go to next view
-  Go to Financial Calendar

GK Software continues to grow successfully in the cloud

Further growth in turnover and earnings

Dear shareholders,

Even after nine months of the fiscal year of 2022, we are still able to report extraordinarily positive business performance. This positive trend was driven by the continuing strong demand from our existing customers for platform extensions and classic license sales, as well as the increase in SaaS sales. As a result, we were once again able to increase both turnover and earnings significantly in comparison with the previous year, and to set new records for the company.

Revenue from turnover rose to EUR 113.04 million in the first nine months of the year – an increase of 18.1% year-on-year (9M 2021: EUR 95.74 million). After the first three quarters, the **EBITDA** amounted to EUR 22.24 million, exceeding the comparative result for the previous year, adjusted for the sale of Awek, by EUR 5.00 million (9M 2021: EUR 17.24 million)¹. The **operating results (EBIT)** also improved significantly by EUR 5.70 million year-on-year to EUR 17.19 million (9M 2021: EUR 11.48 million). We therefore achieved an EBIT margin on turnover of 15.2 percent.

We managed to conclude four contracts of significant volume for the CLOUD4RETAIL platform already in the first nine months of the fiscal year of 2022. In addition

¹ The earnings from the previous year – including the one-off effect of the sale of AWEEK microdata – were as follows: EBITDA = EUR 19.99 million and EBIT = EUR 14.23 million. The one-off effect amounted to EUR 2.75 million.

to the profit for the project with Lidl reported in the first quarter – one of the world's largest in our field – we have succeeded in winning over two further significant customers in the Americas as well as a major retailer in Scandinavia with our solutions. One new customer in the Americas is in the convenience sector, which is very relevant for us here, and will also use GK Drive. Overall, the three new customers (excluding Lidl) account for almost 10,000 installations in more than 2,500 stores. The AIR division was also successful, with six new contracts signed in the first nine months of the year. Seven customers also opted for our US-specific Transaction+ solution.

As reported, we have also established additional nationally local companies to support our globally oriented sales and delivery strategy. Following the launch of GK Software Asia Pte. Ltd. in Singapore at the end of last year, GK Software Australia Pty. Ltd. was founded in Melbourne at the beginning of this year. With the support of the corporate headquarters, the employees at the Singapore site have already initiated sales activities and are starting to develop a pipeline for their region.

In addition to the further development of our new scanner-less and cashier-less GK GO store solution, we have in particular intensified our work in the field of hyper-personalisation as part of GK SPOT and will be presenting the solution at the major retail trade fairs at the beginning of next year.

After the reporting date, we repaid the convertible bond on the final maturity date of October 26, 2022. We used funds from the syndicated loan taken out at the end of 2021 to provide counter-financing.

We included a medium-term forecast in the Annual Report for 2020, according to which we expect turnover of EUR 160 to 175 million by the end of 2023, with a target EBIT margin of 15 percent. For the current fiscal year, we are still expecting the GK Software Group to achieve an increase in revenue from turnover similar to that in the 2021 fiscal year, and a further slight improvement in EBIT margin towards achieving the medium-term target for 2023 (15% EBIT margin on turnover).

Market environment

In 2022, retail trade was still dominated by the impact of the coronavirus pandemic, as well as massively by the continuing war in Ukraine and the associated negative consequences, such as high inflation, energy scarcity and supply shortages. As a result of the current challenges, the prospects for each sector of the retail industry are to be evaluated differently. Retailers in the shopping streets of the German inner cities are experiencing a decline in sales, for example. Despite the current generally difficult market environment, the food retail sector recorded sales growth of around 2.6 percent in September compared to the previous month.

Total retail sales increased by 0.9 percent in September compared with August.¹

At European level, the retail sector recorded a moderate increase in sales of 0.4 percent in September compared with the previous month of August. In addition, retail trade in the USA significantly increased its turnover in September compared to the same month last year.²

The German Trade Association (Handelsverband Deutschland, HDE) is forecasting stable Christmas trade for the fourth quarter. According to the HDE, this should lead to a significant increase in retail sales in November and December. To be precise, a nominal turnover increase of 5.4 percent is expected. For the full year of 2022, the HDE expects total turnover for the retail sector to be around EUR 120.3 billion.³ This would correspond to a nominal turnover increase of 5.4 percent compared to the previous year.

Generally speaking, we are still convinced that the pandemic has initiated long-term trends that will open up

1 https://www.destatis.de/EN/Press/2022/10/PE22_459_45212.html
2 <https://www.lebensmittelzeitung.net/handel/nachrichten/zahlen-von-eurostat-europas-einzelhandel-macht-im-september-leichtes-umsatzplus-168089> and <https://nrf.com/media-center/press-releases/year-over-year-retail-sales-growth-continues>
3 <https://einzelhandel.de/presse/aktuellmeldungen/13976-trotz-krise-und-schwieriger-rahmenbedingungen-hde-prognose-weihnachtsgeschaeft-weitgehend-stabil>

new business opportunities for GK Software in the field of digitalisation and omni-channel retailing.

Employees

Having had 1,096 employees on its payroll at the end of the year, GK Software currently has 1,144 employees (as of 30 September 2022; previous year: 1,071), i.e., 73 more than at the end of same period in the previous year.

Segment reporting

We can report that, in the first nine months of the year, all main types of turnover were greater than for the same period of the previous year, sometimes significantly. Software-related turnover increased by 18.5 percent for the Group compared to the same period last year. Due to one significant contract, turnover for the classic licensing of our standard platforms was 15.2% higher than in the previous year, despite the forced transition to SaaS contracts. As expected, increases from platform licences from subscription contracts (56.5%) and licences from platform extensions (extension licences; 61.8%) were stronger. Maintenance income increased by 9.0 percent, whereby it should be noted that in the previous year maintenance revenues were still generated by AWEK microdata GmbH, which has since been sold, and which had to be compensated for this year. We were again able to expand retail consulting for our solutions,

with sales here being 25.8 percent above the previous year's value.

Differentiated between the two geographical segments, the increase in the Americas at 37.3% (EUR 5.90 million) was greater than in EMEA at 13.5% (EUR 10.77 million). The focus of growth in EMEA was on software-related sales and retail consulting. In the Americas segment, growth was driven by standard platform licences from subscription contracts, maintenance, and retail consulting.

Assets and financial situation

Compared to the year end for 2021, the Group's liquid funds increased by EUR 3.64 million and now amount to EUR 43.30 million. However, in the fiscal year 2022, liquid funds of EUR 19.99 million were invested in securities with short maturities in order to avoid retention fees and to take advantage of market opportunities. If these are included in the liquid funds, the liquid funds available within 30 days amount to EUR 63.29 million and thus significantly exceed the previous year's value of liquid funds by around EUR 20 million.

The total amount of current and non-current bank liabilities decreased further by EUR 2.42 million.

We refer here again to the repayment of the convertible bond after the reporting date and the financing of this repayment from the drawing of a tranche of the syndicated loan taken out at the end of 2021.

There are no changes to the opportunities and risks for the company as stated in the last Annual Report.

Financial forecast and prospects

The trend for the 2022 fiscal year so far shows that, in terms of turnover and operating results, the company is completely on track to achieve its forecast for 2022, which predicted a slight increase in turnover and a further increase in profitability towards the EBIT target margin of 15% (based on turnover) for the 2023 financial year. This forecast therefore remains unchanged.

Schöneck, 28 November 2022
The Management Board



Rainer Gläss

Chief Executive Officer



André Hergert

Chief Financial Officer

Consolidated balance sheet

on 30 September 2022

T.01 Assets

| EUR K | 30.9.2022 | 31.12.2021 |
|--|----------------|----------------|
| Tangible assets | 22,966 | 21,087 |
| Rights-of-use assets within the meaning of IFRS16 | 8,884 | 7,665 |
| Real estate held as a financial investment | 215 | 224 |
| Intangible assets | 24,327 | 23,999 |
| Financial assets | 6 | 6 |
| Deferred tax assets | 159 | 193 |
| Total non-current assets | 56,557 | 53,176 |
| Goods | 89 | 70 |
| Consumables and supplies | 0 | 0 |
| Down payments made | 24 | 1 |
| Trade receivables | 22,159 | 24,298 |
| Contract-related assets | 13,918 | 12,152 |
| Income-tax claims | 771 | 997 |
| Receivables from companies with which a shareholding relationship exists | 60 | 0 |
| Other receivable and assets | 6,560 | 6,542 |
| Securities | 19,986 | 0 |
| Cash and cash equivalents | 43,303 | 46,945 |
| Total current assets | 106,870 | 91,005 |
| Balance sheet total | 163,427 | 144,181 |

T.02 Liabilities

| EUR K | 30.9.2022 | 31.12.2021 |
|--|----------------|----------------|
| Subscribed capital | 2,258 | 2,258 |
| Capital reserves | 49,573 | 49,302 |
| Retained profits | 31 | 31 |
| Other reserves | (156) | (1,742) |
| Profit carried forward | 32,912 | 19,755 |
| Consolidated surplus before non-controlling shares | 13,188 | 13,157 |
| Equity attributable to GK Software SE stockholders | 97,807 | 82,761 |
| Non-controlling shares | 968 | 867 |
| Total equity | 98,775 | 83,628 |
| Provisions for pensions | 475 | 1,881 |
| Non-current bank liabilities | 1,550 | 3,512 |
| Non-current lease liabilities | 6,354 | 5,328 |
| Deferred public-sector subsidies | 1,184 | 723 |
| Deferred tax liabilities | 4,876 | 4,370 |
| Total non-current liabilities | 14,438 | 15,814 |
| Current provisions | 543 | 546 |
| Current bank liabilities | 543 | 1,002 |
| Current lease liabilities | 2,611 | 2,457 |
| Trade liabilities | 4,411 | 5,162 |
| Contractual liabilities | 8,231 | 5,626 |
| Income-tax liabilities | 3,501 | 2,041 |
| Other current liabilities | 15,407 | 13,265 |
| Convertible bond | 14,967 | 14,639 |
| Total current liabilities | 50,214 | 44,739 |
| Balance sheet total | 163,427 | 144,181 |

Consolidated statement of income and accumulated earnings

from 1 January to 30 September 2022

T.03 Consolidated statement of income and accumulated earnings

| EUR K | | | 9M 2022 | 9M 2021 | FY 2021 |
|---|-----------------------------|---------------------------------|------------------|-----------------|------------------|
| | Ongoing business operations | Discontinued business operation | Group | Group | Group |
| Revenue from turnover | 112,551 | 488 | 113,039 | 95,741 | 130,847 |
| Other earnings | 5,027 | 77 | 5,103 | 5,629 | 8,742 |
| of which exchange-rate earnings | 3,161 | 0 | 3,161 | 694 | 2,106 |
| Revenue from turnover and other earnings | 117,577 | 565 | 118,142 | 101,370 | 139,589 |
| Materials expenditure | (9,487) | (44) | (9,531) | (10,177) | (14,168) |
| Personnel expenditure | (65,183) | (490) | (65,673) | (57,959) | (78,740) |
| Depreciation and amortisation on non-financial assets | (4,830) | (219) | (5,049) | (5,755) | (9,484) |
| Losses from derecognition of financial assets | (5) | (49) | (55) | (13) | (153) |
| Other expenditure | (20,421) | (227) | (20,648) | (13,233) | (19,739) |
| of which exchange-rate expenditure | (1,825) | 0 | (1,825) | (775) | (1,072) |
| Total operating expenses | (99,927) | (1,029) | (100,956) | (87,137) | (122,283) |
| Operating results | 17,650 | (463) | 17,187 | 14,233 | 17,306 |
| Financial earnings | 104 | 0 | 104 | 189 | 575 |
| Negative interest on bank balances / deposit fees | (128) | 0 | (128) | (47) | (148) |
| Financial expenditure | (1,032) | (45) | (1,078) | (993) | (1,279) |
| Financial result | (1,056) | (45) | (1,102) | (851) | (852) |
| Earnings before income taxes | 16,594 | (509) | 16,085 | 13,382 | 16,454 |
| Income taxes | (2,804) | 8 | (2,796) | (2,504) | -3.156 |
| Consolidated surplus for the period | 13,790 | (501) | 13,289 | 10,877 | 13,298 |
| of which attributable to non-controlling interest | 101 | 0 | 101 | 121 | 141 |
| of which attributable to GK Software SE stockholders | 13,689 | (501) | 13,188 | 10,757 | 13,157 |

T.04 Other earnings after income taxes

| EUR K | | | 9M 2022 | 9M 2021 | FY 2021 |
|---|-----------------------------|---------------------------------|---------------|---------------|---------------|
| | Ongoing business operations | Discontinued business operation | Group | Group | Group |
| Items that will be reclassified in the consolidated profit and loss statement in future under certain conditions | | | | | |
| Differences in exchange rates from recalculating foreign business operations | 771 | 0 | 770 | 811 | 48 |
| Deferred taxes from exchange-rate differences in the recalculation of foreign business operations | (179) | 0 | (179) | (183) | (45) |
| Items that will not be reclassified in the consolidated profit and loss statement in future | | | | | |
| Actuarial profits/losses from defined-benefit pension plans | 1,408 | 0 | 1,408 | 1,073 | 648 |
| Deferred taxes on actuarial profits/losses from defined-benefit pension plans | (414) | 0 | (413) | (176) | 141 |
| Overall result | 15,375 | (501) | 14,875 | 12,404 | 14,090 |
| of which attributable to non-controlling interest | 101 | 0 | 101 | 121 | 141 |
| of which attributable to GK Software SE stockholders | 15,275 | (501) | 14,774 | 12,283 | 13,949 |
| Earnings per share (EUR/share) from consolidated surplus – undiluted | | | 5.84 | 5.03 | 5.98 |
| Earnings per share (EUR/share) from consolidated surplus – diluted | | | 5.65 | 4.71 | 5.66 |

Consolidated cash-flow statement

from 1 January to 30 September 2022

T.05 Cash flows from operating activities

| EUR K | 9M 2022 | 9M 2021 |
|---|---------------|---------------|
| Cash flow from operating activities | | |
| Surplus for period | 13,289 | 10,877 |
| Income taxes affecting results | 2,796 | 2,504 |
| Interest expenditure affecting results | 1,205 | 993 |
| Interest income affecting results | (104) | (189) |
| EBIT | 17,187 | 14,186 |
| Depreciation and amortisation | 5,049 | 5,785 |
| EBITDA | 22,236 | 19,971 |
| Share-option scheme (non-cash expenditure) | 272 | 270 |
| Profit/loss from the sale or disposal of tangible assets | (10) | (86) |
| Reversals of deferred public-sector subsidies | (20) | (30) |
| Impairments recognised for receivables (including losses from receivables) | 1,212 | 324 |
| Reversals of impairment losses recognized for receivables | (297) | (7) |
| Impact on earnings from deconsolidation | – | -2,750 |
| Net loss from financial tools assessed at fair value | – | 66 |
| Other non-cash earnings and expenditure | (1,333) | 629 |
| Cash flow from operating business before the change in working capital | 22,058 | 18,388 |
| Changes in net current assets | | |
| Changes in trade receivables and other receivables | (734) | (552) |
| Changes in inventories | (43) | (40) |
| Changes in trade liabilities and other liabilities | 1,045 | (30) |
| Changes in contractual liabilities | 2,605 | 3,123 |
| Changes in provisions | (624) | (255) |
| Cash flow from ongoing business activities before taxes | 24,308 | 20,632 |
| Income taxes paid | (570) | 637 |
| Cash flow from ongoing business activities | 23,738 | 21,270 |

T.06 Cash flows from investment and financing activities, loans, cash and cash equivalents

| EUR K | 9M 2022 | 9M 2021 |
|---|-----------------|---------------|
| Cash flow from ongoing business activities | 23,738 | 21,270 |
| Cash flow from investment activities | | |
| Payments for tangible assets and non-current assets | (3,427) | (1,759) |
| Proceeds from disposals of assets | 10 | 86 |
| Proceeds from the sale of subsidiaries | – | 3,836 |
| Payment for other securities | -19,986 | – |
| Payments for the acquisition of a company minus any cash and cash equivalents | – | 171 |
| Interest payments received | 217 | 143 |
| Used investment grants | 481 | 0 |
| Flow of funds from investment activities | (22,704) | 2,477 |
| Cash flow from financing activities | | |
| Taking out equity | – | 19,538 |
| Interest paid | (397) | (147) |
| Repayment of loans | (2,502) | (1,280) |
| Repayment of leasing liabilities | (1,858) | (2,098) |
| Net flow of cash and cash equivalents from financing activities | (4,756) | 16,012 |
| Net cash inflow | (3,722) | 39,758 |
| Cash and cash equivalents at the start of the fiscal year | 46,884 | 5,696 |
| Cash and cash equivalents at the end of the fiscal year | 43,141 | 45,522 |
| Impact of changes in exchange rates on cash and cash equivalents | (20) | 68 |

T.07 Summary of cash and cash equivalents

| EUR K | 9M 2022 | 9M 2021 |
|---|---------------|---------------|
| Cash and cash equivalents | 43,303 | 45,502 |
| Utilisation of current-account credit / credit card and exchange-rate effects | (162) | 20 |
| Cash and cash equivalents at the end of the fiscal year | 43,141 | 45,522 |

Financial calendar

24 April 2023

Annual Report as of 31 December 2022

25 May 2023

Quarterly Statement as of 31 March 2023

15 June 2023

Annual General Meeting 2023

29 August 2023

Interim Report as of 30 June 2023

November 2023

Equity Forum in Frankfurt/M.

28 November 2023

Quarterly Statement as of 30 September 2023

Legal notice

Publisher

GK Software SE
Waldstr. 7
08261 Schöneck
Germany
T: +49 37464 84-0
F: +49 37464 84-15

<https://www.gk-software.com>
investorrelations@gk-software.com

Chair of the Supervisory Board

Dr Philip Reimann

Management Board

Dipl.-Ing. Rainer Gläss, CEO
Dipl.-Kfm. André Hergert, CFO

Chemnitz District Court, Commercial Register No. HRB
31501

VAT ID. DE 141 093 347

Photos/graphics

GK Software SE

Contact for Investor Relations

GK Software SE
Dr. René Schiller
Friedrichstr. 204
10117 Berlin

T: +49 37464 84-264
F: +49 37464 84-15

rschiller@gk-software.com