

Interim Statement

January – March 2022



Summary of Consolidated Results

		31.03.2022	31.03.2021	31.12.2021	2022/2021 changes
					in %
Turnover	EUR K	39,815	30,455	130,847	30.7
Operating performance	EUR K	39,815	30,455	130,847	30.7
Total operating revenue	EUR K	41,112	31,175	139,589	31.9
EBIT	EUR K	8,130	3,196	17,306	154.4
EBIT margin (on turnover)	%	20.4	10.5	13.2	—
EBITDA	EUR K	9,857	5,127	26,790	92.3
EBITDA margin (on turnover)	%	24.8	16.8	20.5	—
EBT	EUR K	7,869	2,856	16,454	175.5
Annual surplus	EUR K	7,645	2,190	13,298	249.1
Earnings per share (weighted)	EUR K	3.39	1.10	5.98	208.2
Earnings per share (diluted)	EUR K	3.22	1.07	5.66	200.9
Equity ratio	%	58.2	51.7	58.0	—
Employees		1,090	1,159	1,096	(6.0)

Table of contents


3	Growth Trend Continues
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 Interim 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 Annual 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

Growth trend continues

Another leap in turnover and income

Dear shareholders,

We are pleased to report that the first quarter of 2022 was extraordinarily successful. This development was driven by the continued and strong demand from our existing customers for platform enhancements as well as the signing of a very significant CLOUD4RETAIL contract. We were therefore not only able to seamlessly continue the growth of the previous year, but were able to again significantly increase both turnover and income. In the first quarter, **turnover** increased to EUR 39.82 million, equivalent to a growth of 30.7 percent (Q1 2021 = EUR 30.45 million). As a result, we achieved an **EBITDA** of EUR 9.86 million in the first quarter, exceeding the previous year's quarterly figure by EUR 4.73 million (Q1 2021: EUR 5.13 million). The **operating results (EBIT)** also improved significantly by EUR 4.93 million year-on-year to EUR 8.13 million (Q1 2021: EUR 3.20 million). We therefore achieved an EBIT margin on turnover of 20.4 percent.

Continuing a trend of the last two years, we were able to sign a significant contract with a customer who opted for the CLOUD4RETAIL OmniPOS as early as the 1st quarter of 2022. This means that we have once again succeeded in convincing a major customer to rely on our range of solutions following a global tender. We also have a very well-filled sales pipeline with interesting opportunities for the rest of the year, which makes us

very confident that we will continue to successfully sell our range of solutions.

Although the pandemic has still not subsided, we see little impact on our business operations, especially in the area of customer relations and sales. After having to cancel our attendance at the world's largest retail IT trade fair NRF in New York, trade fairs and events are now regularly taking place again. With Retail Tech in London and EuroCIS in Düsseldorf, which will take place from 31 May, we have been able to exhibit at major trade fairs again for the first time. We expect this to provide lasting new impetus for our sales and to further deepen the relationships with our existing customers.

We also supported our globally-oriented sales and delivery strategy by founding additional national companies. After we launched 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. We see these two companies as a base around which we can build our own sales and project capacities as a result of customer orders.

The presentation of our new scanner-less and cashier-less store solution "GK GO" was very well received and we have therefore further intensified our work in these areas. The implementation of the topic of hyper-personalisation as part of GK SPOT was also welcomed by potential customers with whom we are discussing the

topic intensively and will therefore be an important part of the further development of the solution.

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 financial year, we still expect the GK Software Group to achieve an increase in revenue from turnover similar to that in the 2021 financial year. In addition, we expect a further slight improvement in the EBIT margin towards achieving the medium-term target for 2023 (15 percent EBIT margin on turnover).

Market environment

As in the previous year, the **prospects for the retail industry** in 2022 are to be evaluated differently according to sector. The current business situation for smaller companies and inner-city clothing retailers continues to be difficult. This is all the more so because some traders are facing supply difficulties, which have been exacerbated by the war in Ukraine. This mainly concerns the areas of sporting goods, electronics, household goods, and textiles. High inflation and the war in Ukraine are also affecting consumer sentiment among the general population. Nevertheless, retail sales have increased by about two percent since the

beginning of the year.¹ Online retail is still considered a growth driver in 2022. In the first quarter of 2022, the turnover of online retailers continued to grow despite the war in Ukraine. The German Trade Association expects online retail sales to increase by 13.5 percent year-on-year in 2022 as a whole. Despite all the current adversities, the German Trade Association expects retail sales to increase by about three percent in the current financial year². Generally speaking, we still believe that the pandemic has set long-term developments in motion that will open up new possibilities for GK Software as digitalisation and omni-channel retailing have experienced a renewed surge.

Personnel

At the end of 2021, GK Software had 1,096 **employees** on its payroll and currently has **1,090** employees (as of 31 March 2022). The total number for the Group

therefore decreased by 69 compared to the same period in the previous year (Q1 2021 = 1,159).

Segment reporting

In accordance with the new segment reporting, we can report that, in the 1st quarter, all main types of turnover were in part significantly above the same period of the previous year. Software-related turnover increased by 37.3 percent for the Group compared to the same period last year. Due to a significant contract, one particular focus was on the area of licences (+179.2 percent). In addition, platform licences from subscription contracts (+68.1 percent) and licences from platform extensions (extension licences) (+39.2 percent) recorded significant increases. Maintenance income increased by 5.4 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 in the 1st quarter, meaning that turnover here was 48.2 percent above the previous year's value.

Broken down by the two geographical segments, the increase in Europe was stronger at 33.5 percent than in the Americas at 11.5 percent. The focus of growth in EMEA was on software-related sales and retail consulting. In the Americas segment, growth was

driven by 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 12.19 million and now amount to EUR 59.14 million. The total amount of current and non-current bank liabilities decreased further by EUR 2.08 million.

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

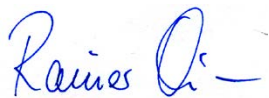
1 <https://www.tagesschau.de/wirtschaft/konjunktur/einzelhandelsumsatz-maerz-101.html>
2 <https://einzelhandel.de/presse/aktuellemeldungen/13676-prognose-fuer-2022-handel-hofft-bei-rascher-entschaerfung-der-corona-lage-auf-umsatzplus-von-drei-prozent#:~:text=Das%20Gros%20des%20Wachstums%20d%C3%BCrft,als%20600%20Milliarden%20Euro%20belaufen.>

Financial forecast and prospects

The trend for the 2022 financial 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 percent (based on turnover) for the 2023 financial year. This forecast remains unchanged.

Schöneck, 25 May 2022

The Management Board



Rainer Gläss

Chief Executive Officer



André Hergert

Chief Financial Officer

Consolidated Balance Sheet

as of 31 March 2022

T.01 Assets

EUR K	31.3.2022	31.12.2021
Property, plant and equipment	21,098	21,087
Right of use assets IFRS16	7,190	7,665
Property held as a financial investment	221	224
Intangible assets	23,698	23,999
Financial assets	6	6
Active deferred taxes	73	193
Total non-current assets	52,286	53,176
Goods	75	70
Auxiliary materials and supplies	0	0
Initial payments made	212	1
Trade accounts receivable	25,695	24,298
Trade accounts receivable from ongoing work	11,358	12,152
Income tax claims	962	997
Other accounts receivable and assets	8,379	6,542
Cash and cash equivalents	59,137	46,945
Total current assets	105,817	91,005
Balance sheet total	158,103	144,181

T.02 Liabilities

EUR K	31.3.2022	31.12.2021
Subscribed capital	2,258	2,258
Capital reserves	49,392	49,302
Retained earnings	31	31
Other reserves	(1,168)	(1,742)
Profit brought forward	32,912	19,755
Consolidated surplus before non-controlling interests	7,649	13,157
Equity attributable to GK Software SE stockholders	91,075	82,761
Equity attributable to non-controlling interest	863	867
Total equity	91,938	83,628
Provisions for pensions	1,806	1,881
Non-current bank liabilities	1,731	3,512
Non-current leasehold liabilities	4,930	5,328
Deferred public-sector subsidies	763	723
Deferred tax liabilities	3,615	4,370
Total non-current liabilities	12,845	15,814
Current provisions	655	546
Current bank liabilities	707	1,002
Current leasehold liabilities	2,385	2,457
Liabilities from trade payables	5,061	5,162
Initial payments received	9,885	5,626
Income tax liabilities	2,743	2,041
Other current liabilities	17,137	13,265
Convertible bond	14,747	14,639
Total current liabilities	53,320	44,739
Balance sheet total	158,103	144,181

Consolidated statement of income and accumulated earnings

for the period from 1 January to 31 March 2022

T.03 Consolidated statement of income and accumulated earnings

EUR K	3M 2022	3M 2021	FY 2021
Ongoing business operations			
Turnover revenues	39,815	30,455	130,847
Other operating revenues	1,297	720	8,742
Turnover and other revenues	41,112	31,175	139,589
Materials expenditure	(3,907)	(2,596)	(14,168)
Personnel expenditure	(21,841)	(19,356)	(78,740)
Depreciation and amortisation on non-financial assets	(1,727)	(1,931)	(9,484)
Losses from derecognition of financial assets	0	(4)	(153)
Other expenditure	(5,508)	(4,091)	(19,739)
Total operating expenses	(32,982)	(27,978)	(122,283)
Operating results	8,130	3,196	17,306
Financial income	123	30	575
Negative interest on bank balances/deposit rates	(74)	0	(148)
Financial expenditure	(310)	(370)	(1,279)
Financial results	(262)	(340)	(852)
Income tax results	7,869	2,856	16,454
Income taxes	(224)	(666)	(3,156)
Consolidated surplus for the period	7,645	2,190	13,298
of which attributable to non-controlling interest	(4)	76	141
of which attributable to GK Software SE stockholders	7,649	2,114	13,157

T.04 Other revenue after income taxes

EUR K	3M 2022	3M 2021	FY 2021
Items, which will be reclassified in the consolidated profit and loss statement in future under certain conditions			
Differences in exchange rates from recalculating foreign business operations	726	722	48
Deferred taxes from differences in the conversion rates for foreign business operations	(152)	(184)	(45)
Items, which will not be reclassified in the consolidated profit and loss statement in future			
Actuarial gains/ losses from defined benefit pension plans	0	0	648
Deferred taxes on actuarial gains/losses from defined benefit pension plans	0	14	141
Overall results	8,219	2,743	14,090
of which attributable to non-controlling interest	(4)	76	141
of which attributable to GK Software SE stockholders	8,223	2,667	13,949
Earnings per share (EUR/share) from consolidated surplus for the period – undiluted	3.39	1.10	5.98
Earnings per share (EUR/share) from consolidated surplus for the period – diluted	3.22	1.07	5.66

Consolidated Cash Flow Statement

for the period from 1 January to 31 March 2022

T.05 Cash flows from operating business

EUR K	3M 2022	3M 2021
Cash flows from operating business		
Surplus for period	7,645	2,190
Share option scheme (non-cash expenditure)	91	94
Income taxes affecting results	224	666
Interest expenditure affecting results	310	370
Interest income/expenses affecting results	(123)	(30)
Profit/ loss from the sale or disposal of property, plant and equipment	(7)	(23)
Reversals of deferred public sector subsidies	40	(10)
Write-downs recognised for receivables (including losses from receivables)	10	196
Write-ups recognised for receivables	(209)	82
Depreciation and amortisation	1,727	1,931
Net profits from financial tools assessed at their fair value	0	66
Other non-cash revenues and expenditure	574	(53)
Cash flow from operating business before the change in working capital	10,280	5,478
Changes in net current assets		
Changes in trade accounts receivable and other receivables	(2,242)	250
Changes in inventories	(216)	(8)
Changes in trade accounts payable and other liabilities	3,669	1,313
Changes in initial payments received	4,259	7,061
Changes in provisions	116	(72)
Income taxes paid	(120)	(53)
Cash flow from operating business	15,746	13,968

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

EUR K	3M 2022	3M 2021
Cash flow from operating business		
	15,746	13,968
Cash flow from investment activities		
Payments for property, plant and equipment and non-current assets	(795)	(339)
Proceeds from disposals of fixed assets	7	23
Interest payments received	28	25
Net cash outflow for investment activities	(760)	(290)
Cash flow from financing activities		
Taking out equity	0	882
Interest paid	(109)	(63)
Repayment of loans	(2,075)	(760)
Issue of convertible bond	(610)	(697)
Net inflow (previous year: net outflow) in cash from financing activities	(2,794)	(638)
Net cash inflow	12,193	13,040
Cash at the beginning of the financial year	46,884	5,696
Cash at the end of the financial year	59,153	18,739
Impact of changes in exchange rates on cash	76	2

T.07 Summary of cash and cash equivalents

EUR K	3M 2022	3M 2021
Cash and cash equivalents	59,137	18,806
Utilisation of current account credit / credit card and exchange rate effects	16	(67)
Cash at the end of the financial year	59,153	18,739

Financial Calendar

15 June 2022

Annual Shareholders' Meeting 2022

26 August 2022

Interim Report as of 30 June 2022

28 – 30 November 2022

Equity Quality Forum in Frankfurt/M.

28 November 2022

Quarterly Report as of 30 September 2022

24 April 2023

Annual Report as of 31 December 2022

25 May 2023

Quarterly Report as of 31 March 2023

15 June 2023

Annual Shareholders' Meeting 2023

29 August 2023

Interim Report as of 30 June 2023

November 2023

Equity Quality Forum in Frankfurt/M.

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

Commercial Register Chemnitz HRB 31501

VAT ID. DE 141 093 347

Photos

Image archive GK Software SE

Contact 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