



Quarterly Statement

January – March 2023

Summary of Consolidated Results

		31.03.2023	31.03.2022	31.12.2022	2023/2022 changes
					in %
Turnover	EUR K	38,178	39,815	152,054	(4.1)
Operating income	EUR K	38,178	39,815	152,054	(4.1)
Overall revenue	EUR K	39,347	41,112	158,220	(4.3)
EBIT	EUR K	(15,659)	8,130	16,779	<(250)
EBIT margin (on turnover)	%	(41.0)	20.4	11.0	-
EBITDA	EUR K	(13,784)	9,857	24,764	(239.8)
EBITDA margin (on turnover)	%	(36.1)	24.8	16.3	-
EBT	EUR K	(15,603)	7,869	16,911	<(250)
Annual net profit/loss	EUR K	(14,667)	7,645	11,359	<(250)
Earnings per share (weighted)	EUR K	(6.48)	3.39	4.99	<(250)
Earnings per share (diluted)	EUR K	(6.48)	3.22	4.84	<(250)
Equity ratio	%	47.8	58.2	57.8	-
Employees		1,234	1,090	1168	13.2








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Growth trend continues

Operational growth largely offsets the loss of classical income from licences

Dear shareholders,

The first quarter of 2023 was shaped by two substantial factors. On the one hand, we were able to continue our growth pattern according to plan even without strong income from licences, while on the other hand the result was significantly impacted by costs relating to Fujitsu's offer to the Company shareholders. This meant that, with a **revenue from turnover** of EUR 38.18 million, we were not quite able to reach the previous year's figure of EUR 39.82 million; however, 2022 was marked by the conclusion of a major classical licence agreement, which made up more than 15 percent of the revenue for the quarter alone. A comparison of both quarters, leaving out the licensing business from the previous year, clearly shows that we have achieved a growth of 15.5 percent in the area of recurring and repeatable turnover, placing us within the corridor of our growth forecast.

On the earnings side, the result was strongly influenced by the costs from the Fujitsu transaction. Overall, provisions of EUR 16.70 million were set aside for consultancy services relating to the transaction and other associated costs, which were reflected accordingly in the result. Due to these costs and the lack of licence income compared to the previous year, the **EBITDA** lay at EUR (13.78) million in the first quarter, significantly lower than the previous year's figure of EUR 9.86 million. The **operating result (EBIT)** thus amounted to EUR

(15.66) million. (Q1 2022: EUR 8.13 million). The EBIT margin on turnover thus lay at (41.0) percent. Without the one-off impact of the Fujitsu transaction, the EBIT margin would have been 2.7 percent.

For the rest of the year, we hope to be able to compensate even better for the transaction-related impact as we still have a very well-filled sales pipeline with interesting opportunities, which affords us a great deal of confidence with regard to the further sales of our range of solutions.

To further support our globally-aligned sales and delivery strategy, we have opened new branches and offices in Poland and Romania over the last few months and expect this to improve our chances of attracting qualified specialists, especially in the area of consulting and development. The development of our Singapore subsidiary, which already has a significant sales pipeline, was encouraging. We expect the rapid development of the strategic partnership with Fujitsu to provide further impetus in this area in the future.

In the area of corporate development, the first quarter was largely shaped by the voluntary public offer made by Fujitsu ND Solutions AG, a fully-owned subsidiary of Fujitsu Ltd. On 18 May 2023, the offeror announced that, after the extended offer phase, it holds 68.03 percent of GK Software shares. In addition, on 17 May 2023, it published the offer document for a public delisting offer,

under which it offered all shareholders EUR 190.00 per share in cash. This offer is valid until 14 June 2023. In connection with this, GK Software SE entered into a delisting agreement with Fujitsu Ltd. and its fully-owned subsidiary Fujitsu ND Solutions AG, on the basis of which the Company is going to submit an application for the revocation of the listing of the GK shares on the regulated market. At the same time, it was agreed to take economically reasonable measures, which are necessary and possible for the Company, to terminate the inclusion of the GK shares in trading on the open market.

We included a medium-term forecast in the Annual Report for 2023, according to which we expect turnover to be within a corridor of EUR 193 to 205 million by the end of 2025, with a target EBIT margin of 15 percent at the end of this period. In this context, we are assuming that the EBIT margin will be slightly above 15 percent by 2025. Based on the assumptions and influencing factors described in the last Annual Report, we expect the GK Software Group to achieve in the current fiscal year a further increase in revenue from turnover in the lower double-digit percentage range and a further improvement in EBIT towards achieving the medium-term target for 2023 (with a EBIT target margin on turnover of 15 percent). We are referring to the operational results only in this context. The corporate transaction burdens GK Software with substantial, one-off costs, which will

be significantly visible in the 2023 annual result for both the Group and the Company.

Market environment

As in the previous year, the **prospects for the retail industry** in 2023 are to be evaluated differently according to sector. The German Trade Association (Handelsverband Deutschland, HDE) anticipates a nominal increase in turnover of around 2 percent in the retail sector.¹ This year again, supply difficulties, which have been exacerbated by the war in Ukraine, a lack of skilled employees and high raw material prices will have an impact on retailers' business.² High inflation is affecting consumer sentiment among the general population. Nevertheless, according to the Chamber of Industry and Commerce, food retailers, clothing retailers, DIY stores, and retailers of sports goods and stationery, in particular, have a positive outlook for 2023.³ In addition, the HDE highlights the opportunities for the retail sector in the area of digitalisation. Online retail is still considered a growth driver in 2023.⁴ The HDE expects a nominal increase in online retail sales for the whole of 2023 of around 8 percent compared with the previous year.

1 <https://einzelhandel.de/presse/aktuellemeldungen/14050-hde-prognose-fuer-2023-preisbereinigt-gehen-die-umsaetze-im-einzelhandel-um-drei-prozent-zurueck>
2 <https://www.tagesschau.de/wirtschaft/konjunktur/einzelhandel-umsatzeinbruch-konsum-101.html>
3 <https://www.ihk.de/blueprint/servlet/resource/blob/5029530/1a92a405c11ecd0fb-b5ca5b72b3970bc/flyer-wirtschaftslagebericht-der-ihk-heilbronn-franken-1-quartal-2023-data.pdf>
4 <https://einzelhandel.de/presse/aktuellemeldungen/14050-hde-prognose-fuer-2023-preisbereinigt-gehen-die-umsaetze-im-einzelhandel-um-drei-prozent-zurueck>

The HDE also anticipates that there will be further need for investment by the retail sector this year.⁵ Generally speaking, we still believe that new possibilities will open up for GK Software as digitalisation and omni-channel retailing have experienced a renewed surge.

Human resources

At the end of 2022, GK Software had 1,168 **employees** on its payroll and currently has **1,234** employees (as of 31 March 2023). As such, the overall figure for the Group has increased by 13.2 percent compared to the previous year's figure (Q1 2022 = 1,090)

Segment reporting

Of the main types of revenue, software-related sales were (23.1) percent lower in the first quarter than in the same period of the previous year. This was due to the sharp drop in licence revenue as there was no outstanding individual financial statement comparable with the previous year. In contrast, all other software-related types of revenue (subscriptions, platform extensions and smart extensions) showed a significant increase. Maintenance revenues rose by 14.8 percent and sales from retail consulting increased by 14.0 percent. Other revenues lay at 26.1 percent above the previous year.

5 <https://einzelhandel.de/presse/aktuellemeldungen/14050-hde-prognose-fuer-2023-preisbereinigt-gehen-die-umsaetze-im-einzelhandel-um-drei-prozent-zurueck>

Differentiated between the two geographical segments, Europe recorded a (9.8) percent drop. Yet, with the exception of the licence platform, nearly all types of revenue experienced double-digit growth here too. The development in the Americas, where turnover increased by 24.9 percent, was again encouraging.

Assets and financial situation

Compared to the year end for 2022, the Group's liquid funds increased by EUR 6.09 million and now amount to EUR 43.74 million. This does not include additional short-term securities in the amount of EUR 24.86 million. The total amount of current and non-current bank liabilities decreased slightly by EUR 0.19 million.

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 2023 fiscal year so far shows that, in terms of turnover and operating results, the Company is on track to achieve its forecast for 2023, 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 fiscal year. This forecast therefore remains unchanged.

Schöneck, 30 May 2023

The Management Board



Rainer Gläss

Chief Executive Officer



André Hergert

Chief Financial Officer

Consolidated Balance Sheet

as of 31 March 2023

T.01 Assets

EUR K	31.3.2023	31.12.2022
Tangible assets	23,688	21,302
Rights-of-use assets within the meaning of IFRS16	9,016	8,844
Intangible assets	22,245	22,829
Financial assets	17	6
Deferred tax assets	286	200
Total non-current assets	55,252	53,182
Real estate held for sale	2,550	2,550
Goods	101	81
Down payments made	21	22
Receivables from deliveries and services	21,159	24,571
Contract generated current assets	12,031	12,837
Income-tax claims	989	998
Receivables from companies with which a shareholding relationship exists	60	61
Other receivable and assets	12,477	9,778
Securities	24,862	24,916
Cash and cash equivalents	43,743	37,654
Total current assets	117,995	113,468
Balance sheet total	173,247	166,649

T.02 Liabilities

EUR K	31.3.2023	31.12.2022
Subscribed capital	2,273	2,258
Capital reserves	51,004	49,788
Retained profits	31	31
Other reserves	(1,017)	(819)
Profit carried forward	44,171	32,912
Consolidated surplus/shortfall before non-controlling shares	(14,697)	11,259
Equity attributable to GK Software SE stockholders	81,766	95,430
Non-controlling shares	996	967
Total equity	82,763	96,396
Provisions for pensions	71	115
Non-current bank liabilities	12,650	12,725
Non-current lease liabilities	6,248	6,392
Deferred public-sector subsidies	2,727	2,738
Deferred tax liabilities	5,556	5,535
Total non-current liabilities	27,252	27,505
Current provisions	932	847
Current bank liabilities	2,910	3,029
Current lease liabilities	2,833	2,603
Trade liabilities	13,874	5,169
Contractual liabilities	14,063	9,754
Income-tax liabilities	4,034	5,551
Other current liabilities	24,587	15,797
Total current liabilities	63,232	42,749
Balance sheet total	173,247	166,649

Consolidated statement of income and accumulated earnings

for the period from 1 January to 31 March 2023

T.03 Consolidated statement of income and accumulated earnings

EUR K	3M 2023	3M 2022	FY 2022
Revenue from turnover	38,178	39,815	152,054
Other earnings	1,169	1,297	6,166
of which exchange-rate earnings	426	873	3,403
Revenue from turnover and other earnings	39,347	41,112	158,220
Materials expenditure	(3,973)	(3,907)	(13,646)
Personnel expenditure	(32,226)	(21,841)	(89,562)
Depreciation and amortisation on non-financial assets	(1,875)	(1,727)	(7,985)
Losses from derecognition of financial assets	–	–	(89)
Other expenditure	(16,932)	(5,508)	(30,159)
of which exchange-rate expenditure	(288)	(270)	(2,304)
Total operating expenses	(55,006)	(32,982)	(141,441)
Operating results	(15,659)	8,130	16,779
Financial earnings	262	123	429
Negative interest on bank balances/deposit rates	–	(74)	(129)
Financial expenditure	(206)	(310)	(168)
Financial result	56	(262)	132
Earnings before income taxes	(15,603)	7,869	16,911
Income taxes	936	(224)	(5,553)
Consolidated surplus/shortfall for the period	(14,667)	7,645	11,359
of which attributable to non-controlling shares	30	(4)	100
of which attributable to GK Software SE stockholders	(14,697)	7,649	11,259

T.04 Other earnings after income taxes

EUR K	3M 2023	3M 2022	FY 2022
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	(290)	726	(89)
Deferred taxes from differences in exchange rates when recalculating foreign business operations	92	(152)	(77)
Items that will not be reclassified in the consolidated profit and loss statement in future			
Actuarial profits/losses from defined-benefit pension plans	–	–	1,541
Deferred taxes on actuarial profits/losses from defined-benefit pension plans	–	–	(452)
Overall result	(14,864)	8,219	12,281
of which attributable to non-controlling shares	30	(4)	100
of which attributable to GK Software SE stockholders	(14,894)	8,223	12,182
Earnings per share (EUR/share) from consolidated surplus for the period – undiluted	(6.48)	3.39	4.99
Earnings per share (EUR/share) from consolidated surplus for the period – diluted	(6.48)	3.22	4.84

Consolidated Cash-Flow Statement

for the period from 1 January to 31 March 2023

T.05 Cash flows from operating activities

EUR K	3M 2023	3M 2022
Cash flow from operating activities		
Surplus/shortfall for the period	(14,667)	7,645
Income taxes affecting results	(936)	224
Interest expenditure affecting results	206	310
Interest income affecting results	(262)	(123)
EBIT	(15,659)	8,056
Depreciation and amortisation	1,875	1,727
EBITDA	(13,784)	9,783
Share-option scheme (non-cash expenditure)	133	91
Profit/loss from the sale or disposal of tangible assets	0	(7)
Reversals of deferred public-sector subsidies	(20)	40
Write-downs recognised for receivables (including losses from receivables)	(78)	10
Reversals of impairment losses recognized for receivables	(24)	(209)
Other non-cash earnings and expenditure	244	574
Cash flow from operating business before the change in working capital	(13,529)	10,280
Changes in net current assets		
Changes in trade receivables and other receivables	1,842	(2,242)
Changes in inventories	(19)	(216)
Changes in trade liabilities and other liabilities	17,489	3,669
Changes in contractual liabilities	4,309	4,259
Changes in provisions	(636)	116
Cash flow from ongoing business activities before taxes	9,456	15,867
Income taxes paid	(198)	(120)
Cash flow from ongoing business activities	9,258	15,746

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

EUR K	3M 2023	3M 2022
Cash flow from ongoing business activities	9,258	15,746
Cash flow from investment activities		
Payments for tangible assets and non-current assets	(3,090)	(795)
Proceeds from disposals of assets	0	7
Proceeds from other securities	53	–
Interest payments received	41	28
Funding received	10	–
Flow of funds from investment activities	(2,986)	(760)
Cash flow from financing activities		
Taking out equity	1,097	–
Interest paid	(186)	(109)
Repayment of loans	(106)	(2,075)
Repayment of leasing liabilities	(900)	(610)
Net inflow (previous year: net outflow) in cash from financing activities	(96)	(2,794)
Net cash inflow	6,177	12,193
Cash and cash equivalents at the start of the reporting period	37,568	46,884
Cash and cash equivalents at the end of the reporting period	43,664	59,153
Impact of changes in exchange rates on cash and cash equivalents	(80)	76
T.07 Summary of cash and cash equivalents		
EUR K	3M 2023	3M 2022
Cash and cash equivalents	43,743	59,137
Utilisation of current-account credit / credit card and exchange-rate effects	(79)	16
Cash and cash equivalents at the end of the fiscal year	43,664	59,153

Financial Calendar

28.06.2023

Annual General Meeting 2023

29 August 2023

Interim Report as of 30 June 2023

27 – 29 November 2023

Equity Forum in Frankfurt/M.

28 November 2023

Quarterly Statement as of 30 September 2023

29 April 2024

Annual Report as of 31 December 2023

29 May 2024

Quarterly Statement as of 31 March 2024

20.06.2024

Annual General Meeting 2024

29 August 2024

Interim Report as of 30 June 2024

November 2024

Equity Forum in Frankfurt/M.

28 November 2024

Quarterly Statement as of 30 September 2024

Legal notice

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