



Interim Statement 3M 2021

Simply Retail.

 **GK SOFTWARE**

Summary of Consolidated Results

		31.3.2021	31.3.2020	2021/2020 changes
				in %
Turnover	EUR K	30,455	29,023	4.9
Operating performance	EUR K	30,455	29,023	4.9
Total operating revenue	EUR K	31,175	29,801	4.6
EBIT	EUR K	3,196	1,064	200.4
EBIT margin (on turnover)	%	10.5	3.7	—
EBITDA	EUR K	5,127	3,257	57.4
EBITDA margin (on turnover)	%	16.8	11.2	—
Employees		1,159	1,165	(0.5)

Table of contents

3	First quarter 2021
6	Consolidated Balance Sheet
7	Consolidated Statement of Income and Accumulated Earnings for the period from 1 January to 31 March 2021
8	Consolidated Cash Flow Statement
9	Financial Calendar
9	Legal Notice

Dear readers,

We are presenting this Interim Statement to you in a new screen-optimised layout for the first time. 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

📅 31 Go to financial calendar

First quarter 2021

Further growth in turnover, disproportionately high growth in earnings

Dear shareholders,

We are pleased to report that we were able to continue our long-standing growth trend in the first quarter of 2021, which continues to be impacted by the pandemic, and have once again exceeded the previous year's results in terms of both sales and earnings. We have seen a particularly pleasing development with regard to earnings, which is particularly significant as the business from Deutsche Fiskal will only become visible from the 2nd quarter onwards. In the first quarter, we recorded turnover revenues of EUR 30.45 million, equivalent to a growth of 4.9 percent (Q1 2020 = EUR 29.02 million).

On the earnings front, we achieved an **EBITDA** of EUR 5.13 million in the first quarter, exceeding the previous year's quarterly figure (Q1 2020: EUR 3.26 million) by EUR 1.87 million. At EUR 3.20 million, the **operating results** (EBIT) also showed a significant improvement of EUR 2.13 million compared to the previous year's figure (Q1 2019: EUR 1.06 million).

Although the retail sector is still suffering the consequences of – or still directly influenced by – the COVID-19 crisis, we were able to acquire two new customers in the first quarter of 2021: one in Germany and one in Mexico. These customers will equip some 2400 systems with our solutions. We still have a well-filled sales pipeline and assume that, as the global

pandemic recedes, the retail sector's willingness to make investment decisions will grow.

Since 1 April 2021, the Deutsche Fiskal systems have been in full operation. However, not all systems are connected yet due to parts of the retail market still being subject to opening restrictions. This means that we expect a significant amount of cloud sales from this business in the second quarter. It is particularly encouraging to see that this completely new solution is running robustly and has already processed more than three billion real-time transactions.

Contrary to our fears at the start of the pandemic, the COVID-19 crisis continues to have only a limited impact on the business development of GK Software. We are still experiencing a high demand in the area of business concerning the expansion of our standard platforms. We are also benefitting from the fact that our customers are either only affected to a limited extent by the pandemic due to their business or are consistently pursuing strategies to digitise their business despite closures. The current situation is proving to be an accelerator particularly with regard to the digitalisation of business models. It is clearly evident that options such as click & collect, mobile payment or self-scanning have experienced a boom.

In the area of product development, we brought the CLOUD4RETAIL hospitality model to market in spring, which will also be sold by SAP. A first ramp-up

customer in Germany has already rolled out the solution. In starting to develop GK SPOT, we aim to combine the options for big data in the cloud with the specific requirements of the retail industry and reach new heights of quality in the real-time evaluation and use of data.

In March 2021 we carried out a capital increase, which was very well received by the market, generating a gross revenue of EUR 19.03 million. This further strengthened the free float, which is now at 54.8 percent.

After the end of the reporting period, GK Software SE sold AWEK microdata GmbH for a figure in the mid single-digit million range so that we could focus more strongly on the cloud business. At the end of the 2020 financial year, this company had 41 employees at the Hamburg and Bielefeld business sites and contributed less than five percent to the sales and earnings of the GK Software Group.

We included a new 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. Due to the current situation, forecasts for 2021 are only possible to a limited extent, as we are not yet able to reliably estimate what effects the global pandemic will have on the retail sector's willingness to invest. However, at the time of the forecast and as things stand currently, we

still expect business in the developed retail markets to more or less return to normal in the course of 2021. This means that we should see a greater increase in turnover compared to the previous year, accompanied by an improvement in the earnings situation compared to 2020.

Market environment

As in the previous year, the [prospects for the retail industry](#) in 2021 are to be evaluated differently according to sector. Assuming that most businesses will be able to open up again in May, the Handelsverband Deutschland (HDE) is anticipating a decline of almost 9 percent in the retail sector in 2021 compared to the previous year, which was already affected by the pandemic. This decline would not affect all retail segments, however, but mainly clothing, footwear, and electronics, etc. In the first quarter of 2021, online retail increased by 28 percent after it recorded hardly any growth in the same period in the previous year. Other markets across the globe show similar developments. The US is, however, expected to recover more quickly than Europe thanks to its speedy vaccination campaign. 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 experience a renewed surge.

Employees

At the end of the year, GK Software had 1,162 employees on its payroll; the Group currently has [1,159 employees](#) (as of 31 March 2021; previous year: 1,165), 6 less than at the end of same period in the previous year.

Segment reporting

The core business segment CLOUD4RETAIL also continued its growth in the first quarter and achieved a turnover of EUR 28.81 million (+5.6 percent), whereas the IT services business segment lagged behind the previous year's figures as expected. The new contracts in 2021 and the investments in the expansion of the CLOUD4RETAIL standard platform components initiated at existing customers led to a strong increase in general consulting services, meaning that retail consulting services contributed a total of 24 percent (EUR 6.92 million) to the turnover for CLOUD4RETAIL. The successful platform sales almost doubled its share of turnover from 5 to 8 percent and is at EUR 2.42 million in the first quarter of 2021. The development of subscription sales with our standard platforms is also extremely pleasing. At EUR 2.26 million, these are already almost level with the classic licence sales, whereby the solutions of Deutsche Fiskal will only

develop their full effect on turnover at the beginning of the second quarter and subsequently with the anticipated end of lockdown for non-food trade. In total, software and recurring or repeatable sales now amounted to EUR 21.87 million, accounting for three-quarters of the segment's total sales.

Sales in the IT services segment dropped by -6 percent to EUR 1.64 million compared to the previous year.

Assets and financial situation

Compared to the year end for 2020, the Group's liquid funds increased by EUR 9.38 million and now amount to EUR 18.81 million. The total amount of current and non-current bank liabilities decreased further by EUR 4.42 million.

The funds accrued by the company due to the capital increase at the end of March could only be booked at the beginning of April. This means that these are shown under other receivables and assets, and will only be noticeable in the liquid funds for the next quarter.

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 2021 financial year so far shows that, in terms of turnover and operating results, the company is completely on track to achieve its forecast for 2021, which predicted a slight increase in turnover and a further slight increase in profitability. The sale of AWEK microdata and the loss of turnover associated with it will not have any impact on this forecast.

Schönebeck, 27 May 2021

The Management Board



Rainer Gläss
Chief Executive Officer



André Hergert
Chief Financial Officer

Consolidated Balance Sheet

T.01 Assets

EUR K	31.3.2021	31.12.2020
Property, plant and equipment	14,417	14,675
Right of use assets IFRS16	8,909	9,246
Real estate and buildings	6,758	6,765
Intangible assets	25,429	25,412
Financial assets	6	6
Active deferred taxes	387	416
Total non-current assets	55,907	56,520
Goods	8	6
Auxiliary materials and supplies	173	167
Initial payments made	4	4
Trade accounts receivable	23,365	23,382
Trade accounts receivable from ongoing work	12,942	13,587
Income tax claims	1,088	941
Other accounts receivable and assets	25,530	6,643
Cash and cash equivalents	18,806	9,425
Total current assets	81,917	54,156
Balance sheet total	137,823	110,676

T.02 Liabilities

EUR K	31.3.2021	31.12.2020
Subscribed capital	2,246	2,051
Capital reserves	48,279	28,667
Retained earnings	31	31
Other reserves	(1,982)	(2,534)
Profit brought forward	19,755	13,545
Shortfall for period minorities interests	2,114	6,210
Equity attributable to GK Software SE stockholders	70,443	47,971
Equity attributable to non-controlling interest	802	726
Total equity	71,245	48,696
Provisions for pensions	2,727	2,730
Non-current bank liabilities	4,186	4,446
Non-current leasehold liabilities	6,414	6,731
Convertible bond	14,324	14,222
Deferred public-sector subsidies	754	764
Deferred tax liabilities	3,885	3,546
Total non-current liabilities	32,288	32,438
Current provisions	674	750
Current bank liabilities	1,064	5,223
Current leasehold liabilities	2,583	2,580
Liabilities from trade payables	3,235	3,591
Initial payments received	10,651	3,589
Income tax liabilities	1,176	784
Other current liabilities	14,908	13,025
Total current liabilities	34,290	29,541
Balance sheet total	137,823	110,676

Consolidated Statement of Income and Accumulated Earnings for the period from 1 January to 31 March 2021

T.03 Consolidated statement of income and accumulated earnings

EUR K	3M 2021	3M 2020	FY 2020
Ongoing business operations			
Turnover revenues	30,455	29,023	117,560
Own work capitalised	0	0	831
Other operating revenues	669	778	4,070
Earnings from appreciation in value on financial assets	51	0	228
Turnover and other revenues	31,175	29,801	122,688
Materials expenditure	(2,596)	(2,072)	(9,436)
Personnel expenditure	(19,356)	(19,441)	(75,640)
Depreciation and amortisation on non-financial assets	(1,931)	(2,193)	(8,543)
Losses from derecognition of financial assets	(4)	0	(612)
Other expenditure	(4,091)	(5,031)	(17,923)
Total operating expenses	(27,978)	(28,736)	(112,153)
Operating results	3,196	1,064	10,535
Financial income	30	16	192
Financial expenditure	(370)	(498)	(1,637)
Financial results	(340)	(482)	(1,445)
Income tax results	2,856	582	9,090
Income taxes	(666)	(1,127)	(2,824)
Consolidated surplus/shortfall for the period	2,190	(545)	6,266
of which attributable to non-controlling interest	76	7	55
of which attributable to GK Software SE stockholders	2,114	(553)	6,210

T.04 Other revenue after income taxes

EUR K	3M 2021	3M 2020	FY 2020
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	722	(40)	(546)
Deferred taxes from differences in the conversion rates for foreign business operations	(184)	(16)	(258)
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	(35)
Deferred taxes on actuarial gains/losses from defined benefit pension plans	14	0	(25)
Overall results	2,743	(601)	5,402
of which attributable to non-controlling interest	76	7	55
of which attributable to GK Software SE stockholders	2,667	(608)	5,347
Earnings per share (EUR/share) from the consolidated surplus/shortfall – undiluted			
	1.10	(0.27)	3.04
Earnings per share (EUR/share) from the consolidated surplus/shortfall – diluted			
	1.07	(0.27)	3.00

Consolidated Cash Flow Statement

T.05 Cash flows from operating business

EUR K	3M 2021	3M 2020
Cash flows from operating business		
Surplus/ shortfall for period	2,190	(546)
Share option scheme (non-cash expenditure)	94	96
Income taxes affecting results	666	1,127
Interest expenditure affecting results	370	498
Interest income/expenses affecting results	(30)	(16)
Profit/ loss from the sale or disposal of property, plant and equipment	(23)	(7)
Reversals of deferred public sector subsidies	(10)	(12)
Write-downs recognised for receivables (including losses from receivables)	196	6
Write-ups recognised for receivables	82	(4)
Depreciation and amortisation	1,931	2,193
Net profits from financial tools assessed at their fair value	66	84
Other non-cash revenues and expenditure	(53)	(309)
Cash flow from operating business before the change in working capital	5,478	3,110
Changes in net current assets		
Changes in trade accounts receivable and other receivables	250	3,660
Changes in inventories	(8)	81
Changes in trade accounts payable and other liabilities	1,313	1,509
Changes in initial payments received	7,061	3,573
Changes in provisions	(72)	(28)
Income taxes paid	(53)	42
Cash flow from operating business	13,968	11,947

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

EUR K	3M 2021	3M 2020
Cash flow from operating business		
	13,968	11,947
Cash flow from investment activities		
Payments for property, plant and equipment and non-current assets	(339)	(413)
Proceeds from disposals of fixed assets	23	7
Interest payments received	25	14
Net cash outflow for investment activities	(290)	(392)
Cash flow from financing activities		
Taking out equity	882	194
Interest paid	(63)	(149)
Repayment of loans	(760)	(3,395)
Issue of convertible bond	(697)	(741)
Net inflow (previous year: net outflow) in cash from financing activities	(638)	(4,091)
Net cash inflow	13,040	7,464
Cash at the beginning of the financial year	5,696	2,291
Cash at the end of the financial year	18,739	9,705
Impact of changes in exchange rates on cash	2	(50)

T.07 Summary of cash and cash equivalents

EUR K	3M 2021	3M 2020
Cash and cash equivalents	18,806	12,147
Utilisation of current account credit / credit card and exchange rate effects	(67)	(2,442)
Cash at the end of the financial year	18,739	9,705

Financial Calendar

17 June 2021

Annual Shareholders' Meeting 2021

26 August 2021

Interim Report as of 30 June 2021

22 – 24 November 2021

Equity Quality Forum in Frankfurt/M.

25 November 2021

Interim Statement as of 30 September 2021

28 April 2022

Annual Report as of 31 December 2021

Legal Notice

Publisher

GK Software SE
Waldstr. 7
08621 Schöneck
Germany
T: +49 37464 84-0
F: +49 37464 84-15

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,
Title: istockphoto

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