

January to March 2015

Interim Report



**YEARS OF
INNOVATING RETAIL**
1990 – 2015

Summary of Consolidated Results

	31.3.2015	31.3.2014	Change (2015/2014)
Sales (EUR K)	12,984	9,332	39.1%
Operating performance (EUR K)	13,140	9,386	40.0%
Total operating revenues (EUR K)	13,666	9,964	37.2%
EBIT (EUR K)	(878)	(1,083)	(18,9)%
EBIT margin (on sales)	(6.8)%	(11,6)%	
EBIT margin (on total operating revenue)	(6.4)%	(10,9)%	
EBT (EUR K)	(879)	(1,061)	(17,1)%
Net Loss for the period (EUR K)	(1,272)	(1,449)	(12,4)%
Earnings per share (weighted) (EUR) ¹	(0.67)	0.34	
Earnings per share (diluted) (EUR) ²	(0.67)	0.33	
Equity ratio	49.2%	68.4%	
Net debt (EUR K)	(8,093)	9,041	(189,5)%

1 – The calculations are based on the average number of shares (1,890,000) entitled to share in the profits on 31 March 2015.

2 – A Group share action program had issued preemptive rights to 24,675 shares in all to Group employees by 31 December 2014.

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To the shareholders

Letter from the Management Board

Dear shareholders,

We are pleased to present you with the report on GK Software¹ for the first three months of the 2015 financial year. During the first quarter we have been able to considerably increase sales in comparison to the previous year and with EUR 12.98 million during the report period we have achieved a figure which was 39.1 percent (corresponding to EUR 3.65 million) above the previous year. The total operating revenues also significantly exceeded the figures for the previous year and amounted to EUR 13.66 million following EUR 9.96 million during the first quarter of the previous year (+37.2 percent). With EUR (0.88) million, the EBIT lay above the previous year's figure of EUR (1.08) million and marginally exceeds our expectations for the first quarter.

We started the first sales quarter with two sales successes and were able to win new customers in the USA. In this way, we have been able to continue with our successful expansion into the most important retail market in the world. These clients include a leading sportswear manufacturer and a major pharmaceutical company with its own pharmacy chains. We are currently very well positioned in a number of sales situations and expect that we will be able to acquire further clients over the course of the current financial year.

In the area of existing business, the first three months were characterised by continued rollouts as well as two pilot projects. We achieved important milestones in several existing projects – for instance, the initial phase was completed in two large projects following the rollout of the final country versions. We are currently overseeing a total of 202,000 active installations, which represents an increase of 9.2 percent compared with the previous year's figure. With a market share well above 25 percent, we are the undisputed market leader in Germany in the field of POS systems and are also continuously expanding our installed base in the other markets in which we operate.

In the area of software development, our agenda during the first quarter of the financial year was dominated by the onward development of our standard solutions in line with the road map, in addition to our new omni-channel and cloud-optimised product line OmniPOS. This new product line went through SAP's Premium Qualification programme for the first time and passed the qualification together with our other solutions. In this way we are even better equipped for the future customer requirements and are significantly strengthening our competitive standing in comparison to international providers. We presented our new solution for the first time and with great success to clients and prospective customers at the industry's leading trade fairs, the NRF in New York City and EuroCIS in Düsseldorf, and we expect further

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.

boosts to our ongoing sales activities as a result. With our new solutions we are lastingly emphasising our claim, as one of the industry's innovators, of recognising trends at an early stage and on this basis being the first to offer appropriate solutions for our customers.

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 in comparison to the 2014 financial year. We are looking to achieve a target margin of 15 percent for the entire business incorporating all 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.

Schönebeck, 27 May 2015

The Management Board



Rainer Gläß
CEO



André Hergert
CFO

GK Software AG Shares

Summary

Basic Data

T.01

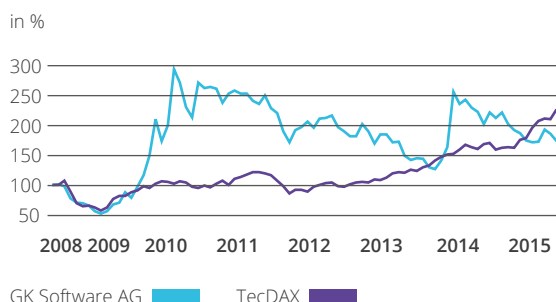
Securities Identification Number (WKN)	757142
ISIN	DE0007571424
Trading symbol	GKS
GK Software AG IPO	19 June 2008
Type of shares	Ordinary stock in the name of the holder without any nominal value (individual share certificates)
Trading markets	Frankfurt and XETRA
Market segment	Regulated Market (Prime 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 32.80 (25 February 2015)

Summary/Share Performance

The value of the GK Software AG shares listed on the Prime Standard section of the Frankfurt Stock Exchange increased slightly during the first three months of 2015. After they had started the year at EUR 34.60 and reached EUR 38.84 at one stage, the shares were worth EUR 37.50 at the end of the reporting period. This represented a market capitalisation of approx. EUR 70.9 million on 31 March 2015.

Share price development (indexed)

F.01



Shareholder Structure

The shareholder structure on the reporting date (31 March 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 31 March 2015

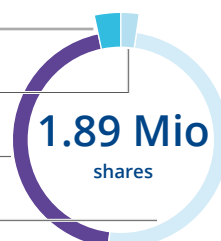
F.02

Rainer Gläß – 3.32%

Stephan Kronmüller – 2.33%

Freefloat – 44.79%

GK Software Holding GmbH – 49.56%



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 2014

There were no directors dealings during the reporting period.

Brief Interim Group Management Report

Economic Report

Business and General Conditions of 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 to a large extent 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.

In March, turnover in the retail sector in Germany rose in real terms by 3.5 percent over the figure for the previous year (3.2 percent in nominal terms)¹. According to the 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 466.2 billion – this would amount to

growth in nominal terms of 1.5 percent². The “IFO” business climate index for the retail sector, which reached a new high in March and has continued to be much more positive during the last 12 months³, also highlights this positive trend. The overall economic forecast for the coming year is also positive, as the “economic wise men” have increased their first forecast for 2015 from 1.0 percent to 1.8 percent, following GDP growth of just 1.9 percent in 2014. This is the result of better macroeconomic conditions, including the drop in the price of oil and strong exports arising from the weakening of the euro, which has also helped to lift the forecast for the Eurozone (from 1.0 percent to 1.3 percent)⁴.

Interactive goods trading (e-commerce and mail order business) achieved sales of EUR 12.1 billion during the first quarter of 2015, which corresponds to growth of 9.0 percent (2014: EUR 11.1 billion). 84.5 percent (EUR 10.2 billion) of these sales were generated online, 1.5 percent more than in the same period in the previous year (2014: EUR 9.3 billion). The German E-Commerce and Distance Selling Trade Association (bevh) is predicting total annual sales of EUR 51.6 billion, which corresponds to growth of 5.1 percent (2014: EUR 49.1 billion)⁵. As a result, this trading sector could account for ten percent of the retail trade this year.

The potential trend towards increasing numbers of multi-channel traders to the detriment of pure online marketplaces has further stabilised. During the first quarter of 2015, traders with both brick and mortar and online operations increased

1 – https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2015/04/PD15_158_45212.html

2 – <http://www.einzelhandel.de/index.php/presse/aktuelle-meldungen/item/125104-umsatz-im-einzelhandel-w%C3%A4chst-2015-um-1,5-prozent>

3 – <http://de.statista.com/statistik/daten/studie/155602/umfrage/ifo-geschaeftsklima-fuer-den-einzelhandel/>

4 – http://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/download/pressemitteilungen/PM_Prognose_2014.pdf

5 – <https://www.bevh.org/presse/pressemitteilungen/details/datum/2015/maerz/artikel/bewegtes-jahr-2014-fuer-online-und-versandhandel/>

their online sales by 27.2 percent compared to the previous year's figure (EUR 5.05 million following EUR 3.97 million in the first quarter of 2014). As a result, they further increased their market share in interactive trading, which currently stands at 33 percent compared with only 29 percent in the first quarter of 2014¹. If this trend were to persist, this would suggest that brick and mortar retailers are successfully tapping into their advantages over pure online retailers, including brand strength, advice, goods presentation 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. Notwithstanding the shifts within the segments, interactive trading is expected to grow stronger than traditional brick and mortar business again this year. Accordingly, growth in online trading was approx. 10 percent during the first quarter of 2015.

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 of food retailers in the total online market is only 1.55 percent in Germany², while it is already 5 percent in Great Britain, with other sources also reporting substantially higher figures.³ By 2020, however, this share is expected to increase to 10 percent in Germany, too.⁴ This will be helped by fresh attempts by brick and mortar retailers, online dispatchers and logistics companies to overcome the "last mile".

Based on stable turnover during the current year and good prospects for 2015, 88 percent of retailers expect the IT investment volumes for their stores to remain constant or increase. The EHI Retail Institute study "IT-Trends im Handel 2015"

("IT Trends in Retailing 2015"), for instance, shows that further investment should be made particularly in the omni-channel but also POS and mobile segments.⁵ As far as business developments at GK Software are concerned, it is important to determine to what degree this trend also leads to concrete investments. However, the signals coming from GK Software's market environment indicate that the logjam in investments in this field during the last few years is beginning to break up.

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. In securing its first major omni-channel project at Migros as well as further related projects, good references in this segment will, however, increase the competitive chances of GK Software in the medium term.

The President of the German Retail Federation, Josef Sanktjohanser, has commented, in relation to the German government's Digital Agenda, that "the retail sector requires a stable operating environment" and "the need for investment is correspondingly high"⁶. 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 2016.⁷ The main focus is on issues such as omni-channel retailing, new payment systems and the use of mobile devices. Studies by the EHI show that the replacement investments are increasingly being stifled by these new issues.⁸ These points are described as the greatest challenges at the

1 – <https://www.bevh.org/presse/pressemitteilungen/details/datum/2015/mai/artikel/interaktiver-handel-startet-mit-deutlichem-plus-ins-neue-jahr/>

2 – [http://www.bevh.org/markt-statistik/zahlen-fakten/-Volumina-nach-Warengruppen-\(volumes-according-to-product-groups\)](http://www.bevh.org/markt-statistik/zahlen-fakten/-Volumina-nach-Warengruppen-(volumes-according-to-product-groups))

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

4 – Ibid., p. 10

5 – <http://www.ehi.org/presse/lifeehi/detailanzeige/article/handel-erhoeht-ladenbauinvestitionen-1.html>

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

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

8 – EHI Retail Institute, IT-Trends im Handel 2013. Investitionen, Projekte und Technologien (IT Trends in Retailing – Investments, Projects and Technologies), Cologne, 2013.

moment and they are only surpassed by the introduction of new merchandise management solutions in their strategic importance.

Overall, the conditions for the business performance of GK Software remain positive in 2015. And this is all the more so, because the company is assuming, on the basis of its partnership with SAP and the acquisition of DBS Data Business Systems Inc., 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.

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 in Germany and in the other markets that are being actively processed. There is also an expectation that the partnership with SAP in particular will create further success stories in the international marketplace 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.

Customer Projects

GK Software was able to land two new customers in the USA during the first three months of 2015. These include a leading North American sportswear manufacturer and a major pharmaceutical company with its own pharmacy chains. Additional projects are currently in the final phase of decision-making and GK Software expects to win further customers this year. From a medium-term perspective, the sales pipeline is also very well filled and the prerequisite for continued growth.

As part of introducing our existing projects, the first quarter has so far been dominated by two productive pilot starts and rollouts in several projects. The initial phase of two large international projects was completed following rollout to the final countries. We have continued our range of innovation workshops with existing customers and discovery workshops with potential customers in order to exploit further cross-selling potential and unlock new sales opportunities.

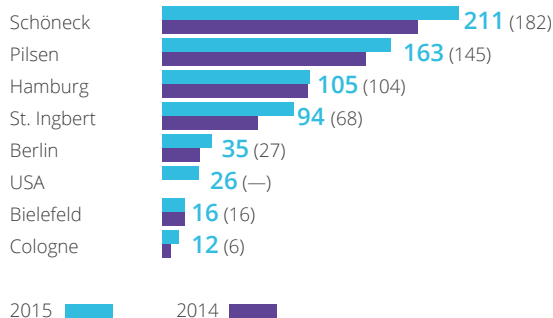
There is further evidence that the partnership with SAP is thriving; there are now 18 joint customer projects where GK solutions have been sold by SAP and they are either being introduced directly by GK Software or through implementation partners.

Human Resources

GK Software currently employs 670 members of staff (figure on 31 March 2015; the previous year's figure was 554), which means that this number has grown by 115 in comparison with the same period in the previous year. Employee numbers have therefore risen considerably (20.9 percent). Around a third of members of staff are employed at corporate headquarters in Schöneck – 211 persons, in comparison with the previous year's figure of 182. There are 35 employees working at the branch in Berlin, mainly in the sales & marketing, project management and partner management or the hotline departments (27 employees on the reporting date in the previous year). The Czech subsidiary EUROSOFTWARE s.r.o. current employs 163 people (145 in the previous year). There were 94 employees working at St. Ingbert on 31 March 2015 (68 in the previous year). Twelve employees

Distribution of employees at group business locations (5 and more employees) as on 31 March

F.03



were working in the Cologne office on the reporting date (6 employees on the reporting date in the previous year). Following the acquisition of the retail segment of DBS Data Business Systems, Inc., there are now 26 employees working at GK Software US, Inc. GK Software Africa (Pty) Ltd., founded at the start of the year, had two employees on the reporting date. OOO GK SOFTWARE (RUS) has two permanent employees and StoreWeaver GmbH in Dübendorf/Switzerland four employees. GK Software also employed three trainees on the reporting date. There are 105 (104) AWEK Group employees in Hamburg and 16 in Bielefeld as in the previous year.

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

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

GK Software generated significant sales growth in the first quarter. Therefore, during the first three months of the 2015 financial year sales were increased to EUR 12.98 million following EUR 9.33 during the previous year. The earnings before taxes and interest amounted to EUR (0.88) million following EUR (1.08) million during the same quarter of the previous year. The balance of cash and cash equivalents amounted to EUR 6.10 million on the reporting date and was therefore EUR 4.07 million below the balance on 31 December 2014. This was due to the acquisition of the retail segment of DBS Data Business Solutions, Inc. The equity ratio amounted to 49.2 percent.

Earnings Situation

Fortunately, the Group sales have increased by 39.1 percent to EUR 12.98 million compared to the period of the previous year. We would like to particularly point out the development of our core business segment, GK/Retail, whose EUR 10.33 million contribution to these sales has grown by more than half (57.3 percent) compared to the previous year. While the business segment SQRS was fortunately slightly above the previous year's

Quarterly sales development compared to previous years in EUR K

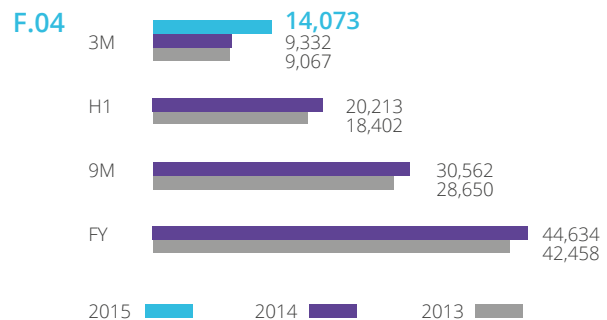


figure at EUR 0.26 million and thus performed better than expected, we were disappointed to find a value in the business segment IT Services (EUR 2.39 million) that could not quite match the previous year's figure of EUR 2.51 million.

If we examine the make-up of the revenue according to types of work, then it appears that growth in the business segment GK/Retail was underpinned by all types of work with the exception of other revenues in the overall context. With EUR 1.61 million, the licence sales have shown particularly strong growth due to several new projects and are four times greater than the previous year's figure. With EUR 1.68 million the absolute growth in the services segment was even stronger and amounted to a total of EUR 5.81 million (40.5 percent). The number of maintenance contracts in the GK/Retail sector has considerably increased with a EUR 0.83 million (41.5 percent) growth. At EUR 0.03 million, other revenues in this business segment were slightly below the previous year's level of EUR 0.04 million.

The SQRS business segment is distinguished by the maturity level of its solutions. As a result, customers rarely request adjustments or expansions to their existing solutions, which is why very little service income was reported in this segment. We therefore assumed that the revenue in this business segment would continue to have a general tendency to decline. Fortunately, this tendency is not reported in the reporting quarter, meaning that the revenue in this business segment was able to be maintained compared to the same quarter of the previous year. Thus in the first quarter of 2015, maintenance revenues remained at the previous year's level of EUR 0.25 million while the service revenues increased to EUR 9 k follow-

ing EUR 4 k during the previous year. In total, the revenues were therefore 3.2 percent above the previous year's figure.

tion of EUR 0.44 million as service revenues. If you compare the figures based on the previous year, the other revenues would total EUR 0.66 million.

Sales by segments

T.03

	3M 2015		3M 2014		Change		FY 2014	
	EUR K	in %	EUR K	in %	EUR K	in %	EUR K	in %
Sales with								
GK/Retail	10,334	79.6	6,571	70.4	3,763	57.3	31,660	70.9
SQRS	257	2.0	249	2.7	8	3.2	1,053	2.4
IT services	2,393	18.4	2,512	26.9	(119)	(4.7)	11,921	26.7
Total	12,984	100.0	9,332	100.0	3,652	39.1	44,634	100.0
Licences	1,671	12.9	395	4.2	1,276	323.0	4,391	9.8
GK/Retail	1,614	12.4	392	4.2	1,222	311.7	4,223	9.5
SQRS	—	—	—	—	—	—	—	—
IT services	57	0.4	3	0.0	54	1,800.0	168	0.4
Maintenance	4,736	36.5	4,131	44.3	605	14.6	17,022	38.1
GK/Retail	2,839	21.9	2,006	21.5	833	41.5	8,478	19.0
SQRS	247	1.9	245	2.6	2	0.8	934	2.1
IT services	1,650	12.7	1,880	20.1	(230)	(12.2)	7,610	17.0
Services	6,298	48.5	4,217	45.2	2,081	49.3	22,504	50.4
GK/Retail	5,811	44.8	4,135	44.3	1,676	40.5	18,599	41.7
SQRS	9	0.1	4	0.0	5	125.0	119	0.3
IT services	478	3.7	78	0.8	400	512.8	3,786	8.5
Other Business	242	1.9	589	6.3	(347)	(58.9)	673	1.5
GK/Retail	33	0.3	38	0.4	(5)	(13.2)	23,292	52.2
SQRS	1	0.0	—	—	1	—	1,053	2.4
IT services	208	1.6	551	5.9	(343)	(62.3)	357	0.8
GK Academy	37	0.3	—	—	37	—	—	—
GK/Retail	37	0.3	—	—	37	—	—	—
SQRS	1	0.0	—	—	1	—	—	—
IT Services	—	—	—	—	—	—	—	—

The IT services business segment did not quite meet sales expectations. At EUR 2.39 million it failed to achieve the previous year's figure of EUR 2.51 million. While income from the licensing business (EUR 0.06 million) considerably exceeded the previous year's result, maintenance revenues dropped from EUR 1.88 million to EUR 1.65 million (-12.2 percent). Other revenues posted a significant decline, achieving just EUR 0.21 million compared to the previous year's figure of EUR 0.55 million. The decline of the maintenance revenues is attributed to significantly delayed investments from some customers, who spread out new hardware procurements over longer periods of time than planned. And thus the number of systems to be maintained is reduced. However, the other revenues declined because a more accurate differentiation of the issues made possible a reclassifica-

The relatively strong impact of licence revenues on total revenue for the first quarter becomes evident when comparing the various types of sales. These revenues amount to 12.9 percent during the report period compared to 4.2 percent during the same quarter of the previous year. The strong performance in this form of sale and the even stronger performance in services have caused a slight reduction in the significance of the maintenance service type which, at EUR 4.74 million has now fallen below the provision of services which amounts to EUR 6.30 million and is the most important service type. Maintenance therefore makes a 36.5 percent contribution (this stood at 44.3 percent during the same quarter of the previous year) and services make a 48.5 percent contribution to the total sales just as during the same quarter of the previous year.

We invested further in our own software products in the first quarter of 2015, which resulted in a rise in capitalised personal contributions compared to the previous year from EUR 0.05 million to EUR 0.16 million. Other operating income amounted to EUR 0.53 million following EUR 0.58 million during the same quarter of the previous year.

This resulted in an increase in the total operating revenues to EUR 13.67 million in comparison with EUR 9.96 million during the previous year.

Development of Total Output

T.04	31.3.2015		31.3.2014		Change	
	EUR K	in %	EUR K	in %	EUR K	in %
Sales revenues	12,984	95.0	9,332	93.7	3,652	39.1
Own work capitalised	156	1.1	54	0.5	101	186.1
Operating revenues	13,140	96.2	9,386	94.2	3,754	40.0
Other operating revenues	526	3.8	578	5.8	(52)	(9.0)
Total operating revenues	13,666	100.0	9,964	100.0	3,702	37.2

Currently at EUR 1.37 million, combined costs for purchased services, raw materials and supplies as well as purchased goods were EUR 0.65 million higher in the reporting period compared to the same period of the previous year. Expenditure for raw materials and supplies (predominantly spare parts) and goods were EUR 0.20 million higher than in the same quarter of the previous year, while purchased services exceeded the previous year's figure by EUR 0.44 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. This method was chosen for the first time at the end of the second quarter of 2014, meaning that there was increased cost reporting in the first quarter of 2015 compared to the previous year.

Personnel costs now amount to EUR 8.76 million, compared to EUR 6.69 million for the same period in 2014. The increase thus amounted to EUR 2.07 million or 30.9 percent. This rise is recorded par-

ticularly in the business area GK/Retail, whose personnel costs increased by EUR 1.94 million. The causes of this lie in the development and expansion of international presences in the USA and the expansion of advisory and pre-sales capacities during the second half of 2014.

The depreciations and amortisations increased from EUR 0.51 million to EUR 0.68 million. The increase is almost entirely attributable to the assets identified as part of the provisional purchase price allocation (EUR 0.15 million).

Other operating expenditures rose by EUR 0.60 million from EUR 3.13 million to EUR 3.73 million. This increase is primarily attributable to the GK/Retail business segment. The other operating expenditures rose by EUR 0.83 million in this area. Other operating expenditures in the IT Services business segment, on the other hand, declined with 0.23 million.

The additional expenditures in the GK/Retail environment are primarily associated with the now operative foreign companies in the USA and South Africa as well as the consulting expenses when purchasing the operative "Retail Software and Programming" of the Data Business Systems, Inc. (hereinafter referred to as "LEO acquisition").

Financial result

T.05	31.3.2015		31.3.2014		Change	
	in % of EUR K revenue		in % of EUR K revenue		EUR K	in %
EBIT	(878)	(6.8)	(1,083)	(11.6)	205	(18.9)
EBT	(879)	(6.8)	(1,061)	(11.4)	181	(17.1)
Consolidated earnings	(1,272)	(9.8)	(1,449)	(15.5)	177	(12.2)

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 result amounted to EUR (1) k compared to the previous year's profit of EUR +0.02 million.

Income taxes amounted to EUR 0.39 million just as during same quarter of the previous year, so that there is a loss for the period amounting to EUR

(1.27) million following EUR (1.45) million during the previous year.

Assets Situation

The balance sheet total increased by 33.0 percent or EUR 14.74 million to a figure of EUR 59.41 million in comparison with the 2014 balance sheet date. The reason can be found in the LEO acquisition in March 2015. On the assets side, the non-current assets thus particularly increased in comparison to the end of 2014. On the capital side of the balance sheet, the non-current bank liabilities increased considerably due to the previously mentioned acquisition.

Assets situation

T.06	31.3.2015 (not audited)		31.12.2014 (audited)		Change	
	EUR K	in %	EUR K	in %	EUR K	in %
Non-current assets	32,130	54.1	15,972	35.8	16,158	101.2
Current assets or cash and cash equivalents	21,179	35.7	18,528	41.5	2,651	14.3
Cash and cash equivalents	6,100	10.3	10,173	22.8	(4,073)	(40.0)
Assets	59,409	100.0	44,673	100.0	14,736	33.0
Equity	29,228	49.2	30,555	68.4	(1,328)	(4.3)
Non-current liabilities	15,126	25.5	4,865	10.9	10,261	210.9
Current liabilities	15,055	25.3	9,252	20.7	5,803	62.7
Liabilities	59,409	100.0	44,673	100.0	14,736	33.0

The non-current assets have significantly increased by a total of EUR 16.16 million to EUR 32.13 million. The intangible assets, which now amount to EUR 24.55 million, continue to represent the largest share of the non-current assets. This is particularly reflected in the increase in goodwill by EUR 3.45 million to EUR 9.23 million, the increase in customer relations by EUR 8.99 million to EUR 9.44 million as well as the acquired intangible assets which increased by EUR 2.71 million to EUR 3.48 million. Apart from the planned depreciations of these assets, these changes are attributable to the accruals from the LEO acquisition. The portfolio of software which we have created ourselves has grown by EUR 0.94 million to EUR 1.17 million.

The change in property, plant, and equipment is solely shaped by the planned depreciations

whereby the accruals here have largely compensated for the write-downs of the existing equipment so that the figure of EUR 5.00 million despite a small accrual of EUR 0.03 million has largely remained unchanged with respect to the book value on 31 December 2014.

The current assets are mainly characterised by the increase in trade receivables from EUR 9.19 million to EUR 10.72 million. This increase is attributable to the strong revenue in March. At the same time, the first quarter of this financial year has continued to be characterised by the growth in receivables due to progress in performance and which now amounts to EUR 3.59 million after a figure of EUR 3.18 on the 31 December 2014 reporting date. The current financial year is characterised by a series of wide-ranging project milestones, for which services will be rendered and accrued.

As a result of this growth, the balances of cash and cash equivalents have fallen by EUR 4.07 million to EUR 6.10 million. In turn, one of the major reasons is of course the LEO acquisition. We will address the causes of this development in our description of the financial situation.

The increase in non-current liabilities is predominantly the result of the growth in non-current bank liabilities by EUR 9.95 million from EUR 0.81 million to EUR 10.76 million due to the acquisition of DBS. The deferred tax liabilities recorded a growth of EUR 0.27 million to a present figure of EUR 1.65 million for the same reason.

Current liabilities increased by EUR 5.80 million to a figure of EUR 15.05 million. The main drivers of this were the EUR 3.11 million increase in current bank liabilities to a figure of EUR 3.43 million and the increase in other current liabilities. Those increased because of the accruals and deferrals for the maintenance contracts by EUR 1.80 million to EUR 6.12 million in comparison with 31 December 2014. The advance payments received from customers increased by EUR 0.58 million to EUR 1.08 million. The other liabilities increased by EUR 0.11 million to EUR 0.93 million. Warranty provi-

sions rose by EUR 0.24 million to a figure of EUR 1.90 million.

Financial Situation

The negative result for the period led to a EUR 0.24 million outflow for the operative cash flow in the narrow sense (so essentially plus depreciation) after a cash outflow amounting to EUR 0.63 million had been established during the previous year. The EUR 0.29 million change in the net current assets which has reduced the operative cash flow has resulted in a EUR 0.05 million cash inflow due to operating activities, after this had amounted to EUR 5.11 million during the same quarter of the previous year.

The payments or the costs of income tax and interest resulted in outflows amounting to EUR 0.27 million during the reporting quarter. During the reference period for the previous year the net cash inflow from operating activities amounted to EUR 5.09 million whilst an outflow of EUR 0.24 million was recorded during the report period.

The cash flow due to investment recorded outflows amounting to a total of EUR 16.90 million following a figure of EUR 0.18 million during the previous year. The reason for this is largely due to the outflow of funds in connection with the acquisition of the DBS Data Business Systems, Inc retail segment.

The financing activities amounted to a total of EUR 13.51 million largely due to the credit obtained, including non-current credit for the LEO acquisition of EUR 10.00 million and claimed current account lines and payments using credit cards. These were offset by outflows used to repay loans. A total of EUR 13.06 was accrued in this manner. The settlement amount for the period of the previous year amounted to EUR (0.04) million.

The cash and cash equivalents fell by a total of EUR 4.07 million to a figure of EUR 6.10 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 financial 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 Dollar 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 it does 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 over recent years. This can however only be achieved over a long-term period which we have scheduled as three years.

Generally, GK Software AG plans to return to the known profit margins of over 15 percent (EBIT margin on revenue) for its core business. With this, the expenses from expansion 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 slightly 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 of EUR 1.05 million at present 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. Nonetheless we anticipate that, in the medium term (three to four years) our old target margin level (EBIT margin on revenue) for results before tax and interest of over 15 percent will be achieved again. For 2015 it is however quite conceivable that the result will be slightly negative as the further development of the newly opened target markets is of high priority for the Group and could be linked to considerable costs.

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 as dividends following extraordinarily positive business developments.

Consolidated Balance Sheet

on 31 March 2015

Assets

T.07

EUR	31.3.2015 (not audited)	31.12.2014 (audited)
Property, plant and equipment	4,997,112.55	4,969,827.38
Intangible assets	24,548,305.88	8,473,749.85
Financial assets	1,660.00	1,660.00
Active deferred taxes	2,582,492.85	2,526,269.83
Total non-current assets	32,129,571.28	15,971,507.06
Raw materials and supplies	1,281,545.84	1,159,437.47
Initial payments made	14,251.54	24,981.23
Trade receivables	10,719,734.40	9,193,926.55
Income tax assets	3,590,473.31	3,181,396.36
Income tax assets	578,565.28	369,573.22
Accounts receivable from associated companies	13,778.69	36,211.23
Other accounts receivable and assets	4,981,008.83	4,562,595.79
Cash and cash equivalents	6,099,773.13	10,172,931.90
Total current assets	27,279,131.02	28,701,053.75
Balance sheet total	59,408,702.30	44,672,560.81

Liabilities

T.08

EUR	31.3.2015 (not audited)	31.12.2014 (audited)
Subscribed capital	1,890,000.00	1,890,000.00
Capital reserves	18,236,821.63	18,197,887.67
Retained earnings	31,095.02	31,095.02
Other reserves from other earnings	(330,330.67)	(236,194.75)
Accumulated profit	10,672,457.83	12,542,553.44
Net loss for the period (previous year.: accumulated loss)	(1,272,317.66)	(1,870,095.61)
Total equity	29,227,726.15	30,555,245.77
Provisions for pensions	1,717,762.25	1,664,451.00
Non-current bank liabilities	10,760,500.00	812,750.00
Deferred government grants	997,963.62	1,008,439.48
Deferred tax liabilities	1,650,224.51	1,379,763.95
Total non-current liabilities	15,126,450.38	4,865,404.43
Current provisions	1,903,510.42	1,656,578.33
Current bank liabilities	3,431,813.15	318,783.28
Liabilities from trade payables	1,591,654.01	1,633,957.62
Initial payments received	1,078,332.60	503,071.57
Income tax liabilities	932,612.30	816,068.93
Other current liabilities	6,116,603.29	4,323,450.88
Total current liabilities	15,054,525.77	9,251,910.61
Balance sheet total	59,408,702.30	44,672,560.81

Consolidated income statement and other results

on 31 March 2015

Consolidated Income Statement

T.09

EUR	31.3.2015 (not audited)	31.3.2014 (not audited)	31.12.2014 (audited)
Ongoing business divisions			
Sales revenues	12,984,238.86	9,331,854.82	44,633,997.10
Own work capitalised	155,643.51	54,392.52	511,545.52
Other operating revenues	526,012.84	577,763.73	2,187,859.68
Sales revenues and other revenues	13,665,895.21	9,964,011.07	47,333,402.30
Cost of materials	(1,368,690.37)	(717,582.86)	(5,151,058.67)
Personnel expenses	(8,761,416.91)	(6,693,220.69)	(28,748,609.09)
Depreciation and amortization	(681,927.03)	(505,553.98)	(3,051,762.33)
Other operating expenditure	(3,731,734.28)	(3,130,281.65)	(13,397,229.22)
Total operating expenses	(14,543,768.59)	(11,046,639.18)	(50,348,659.31)
Operating result	(877,873.38)	(1,082,628.11)	(3,015,257.01)
Financial income	34,193.15	29,232.30	154,152.05
Financial expenses	(35,497.28)	(7,217.23)	(125,916.37)
Financial result	(1,304.13)	22,015.07	28,235.68
Income tax results	(879,177.51)	(1,060,613.04)	(2,987,021.33)
Income taxes	(393,140.15)	(388,687.71)	1,116,925.72
Consolidated loss for the period (previous year. deficit)	(1,272,317.66)	(1,449,300.75)	(1,870,095.61)
Other results after income taxes			
In equity capital recorded gains / losses from the currency conversion	(94,135.92)	—	—
Actuarial gains/ losses from defined benefit pension plans	—	—	(439,357.45)
Other results after tax	(94,135.92)	0.00	(439,357.45)
Overall result	(1,366,453.58)	(1,449,300.75)	(2,309,453.06)
Thereof attributable to the owners of the parent company	(1,366,453.58)	(1,449,300.75)	(2,309,453.06)
Earnings per share (EUR/share)			
from consolidated profit - non-diluted	(0.67)	(0.77)	(0.99)
Earnings per share (EUR/share)			
from consolidated profit - diluted	(0.67)	(0.76)	(0.99)

Development of consolidated equity capital

on 31 March 2015

Group statement of changes in equity

T.10

EUR	Subscribed capital	Capital reserve	Retained earnings	Other reserves	Consolidated balance sheet profit	Total
As of 1 January 2014	1,890,000.00	18,042,151.84	31,095.02	203,162.70	12,990,053.44	33,156,463.00
Capital increase	0.00	0.00	0.00	0.00	0.00	0.00
Stock option programme	0.00	35,877.65	0.00	0.00	0.00	35,877.65
Consolidated loss for the period	0.00	0.00	0.00	0.00	(1,449,300.75)	(1,449,300.75)
Figures on 31 March 2014	1,890,000.00	18,078,029.49	31,095.02	203,162.70	11,540,752.69	31,743,039.90
Stock option programme	0.00	119,858.18	0.00	0.00	0.00	119,858.18
Accruals based on IAS 19	0.00	0.00	0.00	(439,357.45)	0.00	(439,357.45)
Dividend payments	0.00	0.00	0.00	0.00	(447,500.00)	(447,500.00)
Consolidated loss for the period	0.00	0.00	0.00	0.00	(420,794.86)	(420,794.86)
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
Stock option programme	0.00	38,933.96	0.00	0.00	0.00	38,933.96
Accruals based on IAS 19	0.00	0.00	0.00	0.00	0.00	0.00
Gains/losses from currency conversion incl. taxes	0.00	0.00	0.00	(94,135.92)	0.00	(94,135.92)
Dividend payments	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated loss for the period	0.00	0.00	0.00	0.00	(1,272,317.66)	(1,272,317.66)
Figures on 31 March 2015	1,890,000.00	18,236,821.63	31,095.02	(330,330.67)	9,400,140.17	29,227,726.15

Consolidated cash flow statement

on 31 March 2015

Cash flows from operating business

T.11

EUR K	31.3.2015 (not audited)	31.3.2014 (not audited)
Cash flows from operating business		
Consolidated earnings for the period	(1,272)	(1,449)
Share option programme (non-cash expenditure)	39	36
Income taxes affecting results	393	389
Interest expenditure affecting operating results	35	7
Interest income affecting operating results	(34)	(29)
Profit/loss from the sale or disposal of property, plant and equipment	(2)	—
Reversals of deferred public sector subsidies	10	(10)
Write-downs recognised for receivables	5	20
Write-ups recognised for receivables	—	(95)
Depreciation and amortization	682	506
Profit / loss due to exchange rate variations including tax effects	(94)	—
Actuarial gains / losses	—	—
Other cash revenues and expenditure	1	(1)
Cash flows from operating business	(237)	(626)
Changes in the current assets		
Changes in trade receivables and other receivables	(2,319)	4,340
Changes in Inventories	(111)	(194)
Changes in trade accounts payable and other liabilities	1,850	1,199
Changes in initial payments received	575	522
Tax effects from recognised equity capital procurement costs	—	—
Changes in Provisions	292	(129)
Inflow of funds from operating activities	50	5,112
Interest payments received	9	7
Interest paid	(24)	(3)
Income taxes paid	(271)	(26)
Net inflow of funds from operating activities	(236)	5,090
Carryover		

Cash flows from investment activities and financing activities, credits and means of payment

T.12

EUR K	31.3.2015 (not audited)	31.3.2014 (not audited)
Carryover		
Net inflow of funds from operating activities	(236)	5,090
Cash flow from investment activities		
Payments for property, plant and equipment and non-current assets	(16,784)	(232)
Proceeds from disposals of fixed assets	2	—
Investment subsidies used	(21)	—
Disbursed loans	(95)	(8)
Proceeds from the repayment of loans	—	61
Net cash outflow for investment activities	(16,898)	(179)
Cash flow from financing activities		
Dividend payments	—	—
Acquisition of new equity capital	—	—
Loans taken out	13,505	271
Repayment instalments for loans	(444)	(309)
Net inflow (previous year: net outflow) in cash from financing activities	13,061	(38)
Net outflow (previous year: Net income) of cash and cash equivalents	(4,073)	4,873
Cash and cash equivalents at the beginning of the financial year	10,173	13,742
Impact of changes in exchange rates on cash and cash equivalents	—	3
Cash and cash equivalents at the end of the accounting year	6,100	18,617
Limited available funds	11	10

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 31 March 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.

The following new and altered standards and interpretations were published within the 2014 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 if 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

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.

1.2. 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 also include two domestic companies which are 1 Waldstraße GmbH, Schönebeck/V. and AWEK GmbH, Barsbüttel with its two subsidiaries (AWEK C-POS GmbH and AWEK microdata GmbH) and also four companies based abroad (EUROSOFTWARE s.r.o., Pilsen/Czech Republic, OOO GK Software RUS, Moscow/Russia, GK Software USA Inc., Cape Coral/USA and StoreWeaver GmbH, Dübendorf/Switzerland with a German subsidiary in St. Ingbert). AWEK Hong Kong Ltd. for which GK Software AG indirectly holds the major-

ity of voting rights was not included in the consolidated companies as it had not yet started its business activities. In addition to this, GK Software Africa (Pty) Ltd which was set up on 30 January 2015 and is based in Bedfordview was included amongst the consolidated companies for the first time on 31 March.

1.3. Implementation

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

During the report period, sales revenues amounting to EUR 615 K were reported and these were recognised according to IAS 18.20 and IAS 11 (custom software). Sales revenues amounting to EUR 830 K were achieved for sales which are recognised according to IAS 18.27 during the report 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.

Please refer to paragraph 1.7 entitled "Segment Reporting" regarding the make-up of the significant categories of income. Warranty provisions amounting to EUR 502 K were created for these revenues.

1.4. Earnings per share

The earnings per share are determined as a quotient from the total result and the weighted average of the number of shares in circulation during the business year. The average number of shares issued during the 2015 financial year amounts to 1,890,000 (Q1 2014: 1,890,000). The consolidated net loss amounts to EUR 1,272 K. As a result, the earnings per share amount to EUR (0.67) (Q1 2014: EUR (0.77)).

The calculation for the diluted earnings per share takes into account the number of shares where the share price on average lay above the exercise thresholds during the year.

When calculating the diluted, weighted average price for the ordinary shares on 31 March 2015, 62,325 options were not taken into account.

The company's equity price for 24,675 share options lay above the exercise thresholds in the annual average. These were taken into account when calculating the diluted, weighted average prices for the ordinary shares on 31 March 2015. The diluted earnings per share amounted to EUR (0.67).

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

The decision to no longer sell SQRS solutions has been supported. 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.

Sales to customers whose central administration is located outside of Germany amounted to EUR 2,820 K during the report period. Sales amounting to EUR 1,591 K were made to customers whose share of sales were more than 10 percent of the total revenue during the report period.

Sales by segments

T.13	GK/Retail		SQRS		IT services		Eliminations		Group	
	3M 2015	3M 2014	3M 2015	3M 2014	3M 2015	3M 2014	3M 2015	3M 2014	3M 2015	3M 2014
EUR K										
Sales with third parties	10,334	6,571	257	249	2,393	2,512	—	—	12,984	9,332
Licences	1,614	392	—	—	57	3	—	—	1,671	395
Maintenance	2,839	2,006	247	245	1,650	1,880	—	—	4,736	4,131
Services	5,811	4,135	9	4	478	78	—	—	6,298	4,217
GK Academy	37	—	—	—	—	—	—	—	37	—
Other business	38	41	—	—	225	571	—	—	263	612
Revenue reductions	(5)	(3)	1	—	(17)	(20)	—	—	(21)	(23)
Revenues with other segments	123	155	—	—	—	123	(123)	(278)	—	—
EBIT segment	(733)	(1,246)	75	42	(221)	121	—	—	(878)	(1,083)
Assets	55,151	41,843	2,206	2,331	6,752	6,344	(4,700)	(2,326)	59,409	48,192
Debts	27,517	11,532	511	791	6,075	5,675	(3,922)	(1,548)	30,183	16,449
Cash and cash equivalents	3,306	15,144	625	1,885	2,169	1,588	—	—	6,100	18,617

1.6. 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. There were commercial relationships as part of an agency agreement until 31 March 2015. The EUR 1 K income from this is included under the other operating income.

Two loans were granted to closely related companies. One loan approval amounting to EUR 2,000 K has been granted for an indefinite period and can be terminated at the end of any year with a period of notice of three months. The interest payable amounts to 4% p.a.. This is worth EUR 1,995 K on the balance sheet reporting date, additional interest receivables amounting to EUR 19 K still exists. 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%. The current balance amounts to EUR 0 K.

In addition, there are tenancy arrangements with another closely related company. Lease expenses amounting to EUR 13 K were incurred during the financial year.

Expenses for outside services were also incurred from closely related companies and these amounted to EUR 64 K. In addition to this, EUR 4 K of income was generated from closely related companies in connection with providing vehicles and other services as well as expenses for additional services amounting to EUR 75 K. There was also income amounting to EUR 39 K from retirement benefits together with expenses amounting to EUR 30 K which were incurred by providing support for the marketing services. The outstanding accounts receivable with this company are worth EUR 178 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.

1.7. Report on Key Events

The reports on the significant events in the first quarter are as follows.

On 19 March 2015, GK Software acquired the "retail segment" of the US company DBS Data Business Systems, Inc. as part of an asset deal. As a result, the Company gained 21 employees in the USA as well as several complimentary software solutions for the previous GK Software range. The purchase price was USD 17,500 K.

The interim consolidated balance sheet on 31 March 2015 is shaped by the provisional purchase price. The following overview provides a provisional representation of the acquired assets and debts at the time of the acquisition.

Acquired assets and debts

T.14

USD K	Fair value
Non-current assets	
Property, plant and equipment	24
Third-party licences	16
Acquired technology (software development)	2,917
Customer relationships	9,759
Orders on hand	1,079
Account balance (=Goodwill)	3,705

There were no key events to report after 31 March 2015.

1.8. Approval of the financial statement

The condensed interim statement was approved by the Management Board and released for publication on 27 May 2015.

Schöneck, 27 May 2015

The Management Board



Rainer Gläß
CEO



André Hergert
CFO

Financial Calendar

29 June 2015

Annual Shareholders' Meeting 2015
in Schöneck/V.

27 August 2015

Interim report as of 30 June 2015

23–25 November 2015

Analyst Conference in Frankfurt/M

26 November 2015

Interim report as of 30 September 2015

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

Imprint/Notes

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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

This report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of GK Software AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the retail and IT market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of GK Software AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

