

GROUP

QUARTERLY RELEASE
AS AT 31 DECEMBER 2023

23/24



KPS

KPS – QUARTERLY RELEASE AS AT 31 DECEMBER 2023

KPS publishes figures for the 1st quarter of 2023/2024.

OVERVIEW OF INDICATORS IN ACCORDANCE WITH IFRS (UNAUDITED)

in KEUR	first quarter 2023/2024	first quarter 2022/2023	+/-
Group sales	38,875	48,835	-20.4%
EBITDA	-938	4,882	-119.2%
Operating result - EBIT	-2,812	3,212	-187.5%
Financial result	-610	-125	388.0%
Earnings before income tax	-3,422	3,087	-210.9%
Income taxes (*)	715	-871	-182.1%
Earnings after income tax	-2,707	2,216	-222.2%
Earnings per share (in euro)	-0.07	0.06	-216.7%

(*) The tax rate determined for the annual financial statement 30.09.2023 was used to calculate the tax charge for the 1st quarter 2023/2024

BUSINESS PERFORMANCE

In the first quarter of financial year 2023/2024, KPS Group recorded a 20.5% decline in sales compared to the previous year to EUR 38.9 million. KPS continued to record subdued demand in the reporting period.

As a result of the insolvency of The KaDeWe Group GmbH, the results for the first quarter of 2023/2024 were negatively impacted by impairments of trade receivables in the amount of EUR 1.4 million and contract assets in the amount of EUR 0.4 million. Adjusted for non-recurring effects, adjusted EBITDA amounted to EUR 0.9 million.

KPS expects to have hit the low point in terms of the development of sales in the first quarter of 2023/2024. The business situation is therefore expected to stabilise over the remainder of the financial year.

EARNINGS, FINANCIAL AND ASSET POSITION

Earnings position

Decline in sales compared to the first quarter of 2023/2024

Based on the unaudited IFRS consolidated figures for the first quarter of 2023/2024, sales in the reporting period amounted to EUR 38.9 million, which represents a year-on-year decline of 20.4%. The sales trend reflects the already projected reluctance of customers to place orders for larger projects due to the inflation-driven and geopolitically uncertain economic situation.

EBITDA and EBIT influenced by non-recurring effects

KPS achieved EBITDA of EUR -0.9 million in the reporting period. In light of the decline in sales, personnel expenses remained at the previous year's level of EUR 20.0 million due to salary increases with a declining headcount. The write-downs on trade receivables and contract assets from the insolvent client KaDeWe was the main driver of the decline in EBITDA in the past quarter.

Cost of materials declined by 24% to EUR 14.0 million compared to the same period of last year. Depreciation and amortisation remained at the previous year's level and EBIT decreased to EUR -2.8 million overall.

KPS generated earnings before taxes of EUR -3.4 million (previous year: EUR 3.2 million) and earnings after income taxes of EUR -2.7 million (Q1 2022/2023: EUR 2.2 million).

Asset position

Total assets declined by 4.0% from EUR 162.7 million compared to the reporting date of 30 September 2023 to EUR 156.2 million.

Non-current assets amounted to EUR 110.6 million as of the reporting date of 31 December 2023 and were therefore virtually unchanged compared to the balance sheet date of 30 September 2023 (EUR 112.0 million). The share of total assets was 70.8% (30 September 2023: 68.8%).

Current assets fell by 10.0% to EUR 45.6 million compared to the reporting date 30 September 2023 and corresponded to 29.2% of total assets (September 30, 2023: € 50.7 million, 31.2%). The decrease in current assets is mainly driven by declining trade receivables as a result of the decline in sales in the reporting period.

Financial position

As of the reporting date 31 December 2023, equity fell from EUR 67.2 million (30 September 2023) to EUR 64.5 million. At 41.3%, the equity ratio is unchanged from the reporting date of September 30, 2023 (41.3%).

At EUR 67.5 million as of the reporting date, current liabilities were below the level as of 30 September 2023 (EUR 70.3 million).

Non-current liabilities stood at EUR 24.1 million as of the balance sheet date of 31 December 2023, slightly below the figure of EUR 25.2 million as of 30 September 2023.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No events occurred after the end of the reporting period that would have had a substantial impact on the earnings, asset or financial position.

OPPORTUNITY AND RISK REPORT

The opportunity and risk situation has not changed significantly compared to the description in the 2022/2023 Annual Report. Detailed information on the Risk Management System and the risk situation of the KPS Group are available in the 2022/2023 Annual Report.

OUTLOOK FOR FINANCIAL YEAR 2023/2024

Expected business performance of the Group in financial year 2023/2024

KPS assumes that demand for transformation projects will remain at a low level due to geopolitical uncertainties and the tense economic situation. In addition, the insolvencies of the KaDeWe Group in Germany and The Body Shop in the UK will have a negative impact on KPS's earnings in financial year 2023/2024 in the single-digit million range. The Executive Board expects to be able to partially offset the negative effects of the two insolvencies through the positive effects of the cost-cutting measures.

The Executive Board of KPS forecasts that sales will fall to a corridor of EUR 164 million to 167 million compared to financial year 2023/2024 (EUR 177.8 million). In terms of EBITDA, the Executive Board expects to be able to increase EBITDA from EUR 7.8 million in the previous year to between EUR 11.5 million and EUR 13.0 million. The forecast takes extraordinary value adjustments due to the effects of the insolvencies (KaDeWe and The Body Shop) in the single-digit million range into account.

Due to the measures introduced in the business year 2022/2023, KPS assumes that it will be able to stabilize the business situation in the business year 2023/2024 and put the Group on course for growth in the future.

Unterföhring, 7 March 2024

KPS AG

The Executive Board

INVESTOR RELATIONS CONTACT

KPS AG

Beta-Strasse 10H, 85774 Unterföhring, Germany

Phone: +49 (0) 89 356 31-0, Fax: +49 (0) 89 356 31-3300, e-mail: ir@kps.com

About KPS AG

KPS successfully guides companies on their paths to digitalisation, from strategy to customer interaction to the operational core business. As a leading transformation partner for the retail industry, KPS is the first choice for companies that rely on a state-of-the-art customer experience platform architecture. The industry-specific KPS Instant Platforms unify all processes in a single business platform – end-to-end from customer interaction to operations to finance, implemented with best-in-class technology components in a future-proof high-performance design and flexible infrastructure. They are modular, scalable, and greatly increase the speed of process-driven transformation programmes. With ready-to-use products and innovative solutions, market-leading technologies and a strong partner network, we create sustainable added value for our customers. **Platformise your transformation.** www.kps.com