

GROUP

QUARTERLY RELEASE
AS AT 30 JUNE 2022

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22

KPS – QUARTERLY RELEASE AS AT 30 JUNE 2022

KPS publishes Q3 2021/2022 results and achieves revenue growth of 9.5%.

OVERVIEW OF KEY FIGURES IN ACCORDANCE WITH IFRS (UNAUDITED)

in EUR thous.	3rd quarter 2021/2022	3rd quarter 2020/2021	+/-
Group sales	44,942	41,045	9.5%
EBITDA	4,662	6,412	-27.3%
Operating result - EBIT	2,907	4,601	-36.8%
Financial result	-142	-97	-46.4%
Earnings before income tax	2,765	4,504	-38.6%
Income taxes (*)	-824	-1,140	27.7%
Earnings after income tax	1,941	3,364	-42.3%
Earnings per share (in euros)	0.05	0.09	-0.04

(*) The tax rate determined for the annual financial statements 30.09.2021 was used to calculate the tax charge for the 3rd quarter 2021/2022

BUSINESS PERFORMANCE

The recovery in demand for ERP projects continued in the third quarter of 2021/2022. Accordingly, KPS was able to increase sales in the ERP segment by 11.4 % to 27.4 million euros compared to the same period last year. In addition, revenues on the German market developed very positively driven by both ERP and e-commerce. Accordingly, KPS achieved revenue growth in Germany of 35.3 %.

Overall, KPS was able to generate a 9.5% growth in consolidated revenue in the third quarter of 2021/2022. Consolidated revenue thus amounted to 44.9 million euros (previous year: 41.0 million euros).

EBITDA was influenced by several factors in the past quarter. As in the previous quarters, the increased demand for projects was partly met by KPS using service providers and external consulting capacity. As a result, the use of external consultants and external service providers increased disproportionately. At the same time, the costs per consultant increased due to the current scarce availability of IT and software specialists. In addition, the regional revenue mix shifted in the third quarter compared to the same period last year. Due to intense competition the profitability of ERP projects on the German market is generally below the level of projects in other European countries. In the third quarter of 2021/2022, the revenue contributions from ERP projects in Germany were higher compared to the same period of the previous year, with corresponding effects on profit development.

Due to the aforementioned effects, EBITDA declined by 27.3% to €4.7 million in the third quarter of 2021/2022 (previous year: €6.4 million).

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Results of operations

On the basis of the unaudited IFRS key figures, KPS achieved revenues of 44.9 million euros in the third quarter of 2021/2022 (previous year: 41.0 million euros). Compared to the third quarter of the previous year, KPS was thus able to increase its revenue by 9.5%. The main drivers of the increase in revenue were a revival in demand for ERP projects, a significant upturn in business in the German market and a sustained high level of orders in the e-commerce segment.

However, the encouraging revenue development is not reflected at the EBITDA and EBIT level due to various factors. As already explained, KPS increased the use of service providers. Shortages of IT and software specialists additionally led to higher expenses for third-party services.

Last but not least, the project and regional mix changed in the third quarter of 2021/2022 compared to the same period of the previous year, with a corresponding impact on profit development.

EBITDA declined by 27.3% to €4.7 million and EBIT by 36.8% to €2.9 million in the third quarter of 2021/2022 driven by the negative factors outlined above.

Earnings after taxes in the third quarter of 2021/2022 were 1.9 million euros (previous year: 3.4 million euros).

Net Assets

As at the reporting date 30 June 2022, total assets and thus total assets increased slightly by 1.2% to Euro 162.4 million (30 September 2021: Euro 160.4 million).

Non-current assets corresponded to 64.5% of total assets as of the reporting date and amounted to 104.7 million euros (30.09.2021: 108.8 million euros). Correspondingly, the value of current assets was 57.6 million euros or 35.5% of total assets.

Financial position

As of the reporting date 30.06.2022, equity was at 68.9 million euros and thus at the same level as the reporting date 30.09.2021 (69.0 million euros). This results in an equity ratio of 42.5 % as of the reporting date 30.06.2022 (30.09.2021: 43.0 %). Current liabilities increased compared to the reporting date 30.09.2021 from 61.6 million euros to 67.0 million euros. Current liabilities thus corresponded to 41.2 % of the balance sheet total. Non-current liabilities decreased from 29.8 million euros (30.09.2021) to 26.5 million euros as of the balance sheet date 30.06.2022.

At the end of the quarter, non-current and current financial liabilities amounted to 31.3 million euros. It is contractually agreed that part of the current financial liabilities will be repaid during the fourth quarter.

As of 30 June 2022, KPS had cash and cash equivalents of €8.9 million.

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, assets or financial position.

OPPORTUNITY AND RISK REPORT

With the outbreak of the war in Ukraine on 24 February 2022, the risks for the German and European economy have increased significantly. It cannot be ruled out that a possible significant economic slowdown could have negative effects on the economic and financial situation of KPS. At the time of preparing this report, no significant changes in the demand behaviour of customers were discernible. As the duration of the conflict increases, the risks to clients' demand behaviour for projects could rise.

We refer readers to the detailed report in the 2020/2021 Annual Report for a presentation and assessment of other individual risks.

OUTLOOK 2020/2021

Revenue and EBITDA forecast

The Executive Board confirms its forecast given in January 2022 that it will be able to increase revenue in the 2021/2022 financial year by a mid to high single-digit percentage compared to the 2020/2021 financial year. Furthermore, it is planned to achieve an EBITDA at least at the level of the 2020/2021 financial year. This planning is based on the fact that the planned projects can be carried out.

The forecast is based on the facts and predictions known today about future economic and cyclical developments. Changes in the anticipated economic conditions that cannot be foreseen from today's perspective, in particular effects from the further course of the COVID-19 pandemic and the war in Ukraine on current projects, the current order backlog and other external or internal factors, could have significant negative effects on our revenues and earnings expectations, so that the estimates made in this report cannot be achieved.

Unterföhring, 21 July 2022

KPS AG

The Board of Directors

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About KPS AG

KPS successfully accompanies companies on the path to digitalisation, from strategy to customer interaction to the operational core business. As a leading transformation partner for the retail industry, KPS is also the first choice for all those companies that rely on a state-of-the-art customer experience platform architecture. The industry-specific KPS Instant Platforms unify all processes on a single business platform - end-to-end from customer interaction to operations to finance, implemented with the best 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