

GROUP

QUARTERLY RELEASE
AS AT 30 JUNE 2024

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KPS

KPS – QUARTERLY RELEASE AS AT 30 JUNE 2024

KPS publishes Q3 2023/2024 results.

OVERVIEW OF KEY FIGURES IN ACCORDANCE WITH IFRS (UNAUDITED)

in KEUR	3rd quarter 2023/2024	3rd quarter 2022/2023	+/-
Group sales	35,067	42,218	-16.9%
EBITDA	5,239	1,363	284.4%
Operating result - EBIT	3,560	-566	729.0%
Financial result	-452	-385	-17.4%
Earnings before income tax	3,108	-951	426.8%
Income taxes (*)	-879	268	-428.0%
Earnings after income tax	2,229	-683	426.4%
Earnings per share (in euro)	0.05	-0.02	350.0%

(*) The tax rate determined for the annual financial statements 30.09.2022 was used to calculate the tax charge for the 3rd quarter 2023/2024

BUSINESS PERFORMANCE

In the third quarter of the financial year 2023/2024 the KPS Group recorded a year-on-year decline in sales of 16.9 % to € 35.1 million. KPS continues to see a strong trend towards more digitalization among its customers. However, the breakaway from local market anchoring, the development of new market opportunities, increased competition and location uncertainties are creating a volatile market with subdued investment behavior.

As in the previous quarters, the results for the third quarter of 2023/2024 were characterized by the successful completion of major projects, accompanied by satisfied customers and new project wins. The conversion times resulting from the life cycle of the projects naturally reduce capacities, meaning that the business result was not yet able to match previous years, due to postponed new projects.

KPS has continued to adjust its cost structure to the lower order volume through cost-cutting measures so that the KPS Group can once again be perceived as a profitable partner.

EARNINGS, FINANCIAL AND ASSET POSITION

Earnings position

Based on unaudited IFRS consolidated figures in the third quarter of 2023/2024, sales in the reporting period amounted € 35.1 million (previous year: € 42.2 million). This sales trend shows the volatility and uncertainty of the market, which is due to the reluctance of customers to take up larger projects for more digital transformation.

EBIT and EBIT influenced by exceptional effects

In the third quarter of 2023/2024, KPS achieved an EBITDA of € 5.2 million (previous year: € 1.4 million). Compared to the same period of the previous year, the cost-cutting measures led to a reduction in expenses for external service providers in the cost of materials of € 3.5 million as well as a reduction in personnel expenses by € 3.6 million and other miscellaneous expenses by € 1.0 million. In the reporting period, the revaluation of purchase price allocations from company acquisitions led to the reversal of a provision with an income effect of € 2.6 million. KPS achieved earnings before taxes of € 3.1 million (previous year: € -1.0 million) and earnings after taxes of € 2.2 million (previous year: € -0.7 million).

Asset position

As at the reporting date 30.06.2024, total assets decreased by 8.0 % to € 149.8 million (30 September 2023: EUR 162.7 million).

Non-current assets accounted for 71.6 % of total assets as at the reporting date and amounted to € 107.2 million (30.09.2023: € 112.0 million). The decline in non-current assets is mainly due to the scheduled amortization of right-of-use assets and a disposal of leases.

The value of current assets amounted to € 42.6 million or 28.4 % of total assets (30.09.2023: EUR 50.7 million). The decline in current assets is mainly due to the reduction in trade receivables. Factoring, efficient receivables management and the sales trend all contributed to the corresponding development.

Financial position

As at the reporting date 30.06.2024, equity amounted to € 68.6 million (30.09.2023: € 67.2 million). This results in an equity ratio of 45.8 % as of the reporting date 30.06.2024 (30.09.2023: 41.3 %). Non-current

liabilities decreased from € 25.2 million (30.09.2023) to € 20.3 million as of the balance sheet date 30.06.2024. The decline in non-current liabilities is due to the aforementioned reversal of the provision for earn-out obligations and the reduction in lease liabilities.

Current liabilities also decreased compared to the reporting date 30.09.2023 from € 70.3 million to 60.9 million. The main factors behind the decline are the payment of bonuses, which existed as liabilities to employees as at the reporting date of 30.09.2023, the reduction in personnel provisions and VAT liabilities. Current liabilities therefore corresponded to 40.6% of the balance sheet total.

At the end of the quarter, non-current and current financial liabilities amounted to EUR 33.5 million.

As of 30 June 2024, KPS had cash and cash equivalents of € 10.6 million which corresponds to an increase of 34.7 % or € 3.7 million respectively compared to the reporting date 30.09.2023.

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, assets 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

The market for the digitalization of business processes and the associated transformation of companies towards more growth, cost efficiency and profitability is a growing market. This overall market is currently estimated at around \$ 12 billion per year and a growth rate of +20% internationally. The local market in Germany is at a high level of € 1.7 billion, but with a stagnating or slightly declining trend.

KPS is excellently positioned in this market, both internationally and locally, and is very well recognized by the large number of satisfied customers. However, KPS is experiencing a reorganization of customer relationships in its strong local sales market. Furthermore, KPS' local customer market is struggling with home-grown political restrictions and excessive bureaucracy, which are having a negative impact on the business environment and the competitive situation.

KPS therefore remains cautious in its business outlook, but sees trends towards a positive development of the general conditions and is continuing to push ahead with its internationalization. more.

The Executive Board adjusts its forecast issued in March 2024. For the current business year 2023/2024, the Executive Board of KPS AG currently assumes that sales (group) will be in a range between € 143 million and 149 million compared to the business year 2022/2023 (€ 177 million). EBITDA (group) is expected to amount € 5.4 million to 5.7 million. EBITDA includes extraordinary adjustments of € 4.2 million due to the insolvencies of KaDeWe and The Body Shop and restructuring expenses of € 1.2 million. Without these exceptional effects, the expected EBITDA would amount between € 10.8 million and € 11.1 million.

Due to the cost-cutting measures introduced, KPS assumes that the business situation will stabilize in the business year 2023/2024 and that the Group will be back on course for growth in the next business year.

The forecast is based on the facts and predictions known today about future economic and cyclical developments. Changes in anticipated economic conditions that cannot be foreseen from today's perspective, in particular the effects of political and economic developments on current projects, the current order backlog and other external or internal factors, could have a significant impact on our sales and earnings expectations, meaning that the estimates made in this report may differ from the actual results.

Unterföhring, 25 July 2024

KPS AG

The Executive Board

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About KPS AG

KPS successfully guides companies on the paths 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