

KPS GROUP

QUARTERLY RELEASE AS AT 30 JUNE 2021

KPS

2021

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KPS publishes figures on the third quarter 2020/2021 and generates comparatively robust EBITDA amounting to 6.4 million euros

OVERVIEW OF INDICATORS IN ACCORDANCE WITH IFRS

in Keuros	3rd quarter 2020/2021	3rd quarter 2019/2020	+/-
Group sales	41,045	35,698	15.0%
EBITDA	6,412	4,677	37.1%
Operating result - EBIT	4,601	2,479	85.6%
Financial result	-97	-124	21.8%
Earnings before income tax	4,504	2,355	91.3%
Income taxes (*)	-1,140	-684	66.6%
Earnings after income tax	3,364	1,671	101.3%
Earnings per share (in euros)	0.09	0.04	0.05

(*) The tax rate determined for the half year report as at 31 March 2021 was used to calculate the tax charge for the third quarter of 2020/2021

BUSINESS PERFORMANCE

In the third quarter of 2020/2021 (01 April to 30 June 2021), the KPS Group achieved sales in the amount of 41.0 million euros.

Compared with the prior year third quarter (Q3 2019/2020), sales increased by 15.0 % (year-earlier period: 35.7 million euros). It should be noted here that during the year-earlier third quarter (01 April to 30 June 2020) KPS was strongly impacted for the first time by the COVID-19 pandemic.

Overall, KPS continued to experience pandemic-related reservation among a number of existing and potential new customers. In line with expectations, KPS continued to stabilise sales quarter on quarter (sales Q2 2020/2021: 40.6 million euros)

Flexible cost structures and business model take effect – EBITDA growth of +37.1 %

Despite the challenging business environment, KPS was able to achieve robust growth. During the third quarter of 2020/2021, EBITDA increased by 37.1 %, versus the prior year third quarter, to 6.4 million. The EBITDA margin improved from 13.1 % in the year-earlier period to 15.6 %.

The drivers for the encouraging EBITDA development such as flexible cost structures and the ability to respond rapidly to changing conditions in the marketplace are core elements of KPS's business model.

The effect of the COVID-19 pandemic on the business environment were noticeable throughout the first nine months of the current business year (1 October 2020 – 30 June 2021). By comparison, only three months of the comparable prior year period (1 October 2020 – 30 June 2020) were negatively impacted by the coronavirus pandemic. The decline in sales during the first nine months of the reporting period of 9.2 % to 118.0 million euros was therefore primarily due to pandemic-related uncertainties in respect of some portfolio and potential new customers.

In the first nine months of the reporting period, the flexible cost structures and the business model of KPS have also exerted an effect. EBITDA increased by 0.4 % to 17.8 million euros (year-earlier period: 17.7 million euros). Expenses declined in the first nine months of the current year by 12.8 million euros to 101.3 million euros. The EBITDA margin improved from 13.6 % to 15.1 %.

RESULTS OF OPERATIONS, FINANCIAL POSITION, AND ASSET SITUATION

Results of operations

Sales based on the unaudited IFRS consolidated figures increased by 15.0 % to 41.0 million euros in the third quarter of 2020/2021 compared with the prior year period. Key drivers are the high strategic relevance of KPS's services from a customer perspective. Furthermore, demand for e-commerce solutions continued to be encouraging. However, customers continued to be cautious during the third quarter in relation to launching new projects.

During the reporting period, KPS achieved EBITDA amounting to 6.4 million euros, which corresponds to growth of 37.1 % in a year-on-year comparison with the third quarter of 2019/2020 (Q3 2019/2020: 4.7 million euros). The EBITDA margin improved from 13.1 % to 15.6 %. In addition to the comparatively high sales growth (15%), the proportionately lower increase in expenses (11.5%) was responsible for the positive EBITDA development.

EBIT increased by 85.6 % to 4.6 million euros (prior year period: 2.5 million euros) and the EBIT margin improved from 6.9 % to 11.2 %.

Earnings before income taxes amounted to 4.5 million euros and were consequently 91.3 % higher compared with the prior year period (2.4 million euros).

Earnings after income taxes improved from 1.7 million euros by 101.3 % to 3.4 million euros.

Asset situation

Total assets declined by 6.3 % from 174.0 million euros to 163.1 million euros (30 June 2021 compared to the balance sheet date of 30 September 2020).

On the reporting date, non-current assets were 67.2 % of total assets and amounted to 109.6 million euros. Correspondingly, the value of current assets amounted to 53.5 million euros or 32.8 % of total assets.

Financial position

On the balance sheet date 30 June 2021, equity increased from 66.3 million euros (30 September 2020) to 68.2 million euros. The equity ratio improved to 41.8 % compared with 38.1 % on the balance sheet date of 30 September 2020.

Current liabilities declined from 63.9 million to 54.8 million euros, primarily as a result of a drop in financial liabilities from 23.3 million euros (30 September 2020) to 19.3 million euros (30 September 2021) and a decline in other liabilities by 8.1 million euros to 7.3 million euros (30 June 2021). This was partially offset by an increase in provisions by 2.7 million euros to 14.1 million euros.

Non-current liabilities declined by 3.9 million euros from 43.9 million euros (30 September 2020) to 40.0 million euros (reporting date 30 June 2021). One factor influencing the decline was the non-current leasing liabilities that declined by 1.8 million euros to 22.4 million euros.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No events occurred after the end of the reporting period which exerted a significant influence on the results of operations, asset situation or financial position.

OPPORTUNITIES AND RISK REPORT

The opportunities and risk situation has not changed significantly since the presentation in the Annual Report 2019/2020. Detailed information on the risk management system and the risk situation of the KPS Group have been provided in the Annual Report 2019/2020 from page 41.

OUTLOOK 2020/2021

Sales and EBITDA forecast

The Executive Board currently assumes that Group sales will be in a corridor between 5 % and 9 % and Group EBITDA will be in a corridor from 3 % to 6 % below the respective level for the previous year 2019/2020.

The pandemic-related uncertainties in the current situation continue to remain high from the perspective of the Executive Board and the Supervisory Board.

However, the Executive Board and the Supervisory Board believe that the KPS Group is well positioned to master the current challenges associated with the COVID-19 pandemic given its robust balance sheet and financial strength, its technological innovations, its high level of competence in digital transformation and its outstandingly well qualified employees.

This forecast is based on the currently known facts and assessments, and contains forward-looking statements which are based on assumptions and estimates made by the company management of KPS AG. Even if the company management is of the opinion that these assumptions and estimates are appropriate, there is a risk that the future actual development and the future actual results may deviate substantially from these assumptions and estimates on account of a variety of factors. These factors may include, for example, changes in the macroeconomic situation, exchange rates, interest rates, and changes in market development and the competitive situation. KPS AG does not guarantee that the future development and actual results achieved in future will be in accordance with the assumptions and estimates made in this release and does not assume any liability in this respect.

Unterföhring, 23 July 2021

KPS AG

The Executive Board

INVESTOR RELATIONS

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About KPS AG

KPS successfully accompanies companies on their digitisation journey, from strategy to customer interaction to core operations. As a leading transformation partner for the retail industry, KPS is also the first choice for those companies that have their sights set on a state-of-the-art customer experience platform architecture. The industry-specific KPS Instant Platforms unite 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