

KPS GROUP
HALF-YEAR-REPORT

23/24



KPS

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KPS GROUP
TO THE SHAREHOLDERS

23/24



KPS

Ladies and Gentlemen, dear Shareholders,

The first half of financial year 2023/2024 can be characterised by several factors that we had already predicted yet have still hit us hard. In particular, non-recurring effects, such as unscheduled bad debt allowances for the insolvent clients KaDeWe and The Body Shop, as well as restructuring expenses, pose additional challenges in a tense market environment.

The demand situation in some of our key markets remained subdued. On the one hand, a number of new customers have been won and demand for new projects is increasing. On the other hand, several current projects have reached their planned maturity phase and are therefore having a negative impact on sales development, as sales typically decline during the maturity phase of a project.

Despite these challenging conditions, we are determined and committed drive the business forward. Capacities have been adjusted to reflect current project demand, we will take further steps to win new customers and improve efficiency to get revenues and earnings back on track, and I would like to thank the entire team and all stakeholders for their tireless efforts.

Unterföhring, in May 2024

The Executive Board

Leonardo Musso

KPS IN THE CAPITAL MARKET IN THE FIRST HALF OF BUSINESS YEAR 2023/2024

Share price development in the reporting period (1 October 2023 to 31 March 2024)

The KPS AG share recorded an overall decrease of 19.7 % in the first half of financial year 2023/2024. On 21 February 2024, the share reached its absolute low for the period under review at EUR 1.02. The share reached its high for the observation period of EUR 1.51 on 27 Januar 2024. The closing price on 31 March 2024 was EUR 1.20.

The average daily trading volume of the KPS share on all German trading venues was around 23,363 shares in the reporting period (previous year: 12,346 shares). The market capitalisation of KPS AG on 31 March 2024 was EUR 49.4 million based on 41,153,300 shares in circulation.

KPS AG resolved a capital increase of EUR 3,741,200.00 to EUR 41,153,300.00, the implementation of which was entered in the Commercial Register on 18 March 2024. For detailed information on the capital increase, please refer to the "Net assets and capital structure" section in the interim management report.

Key data for the share

Sector	Software (IT-Dienstleister)
ISIN	DE000A1A6V48
Securities Identification Number (WKN)	A1A6V4
Ticker symbol	KSC
First listing	14. July 1999
Number and rype of shares	41,153,300 registered no-par value ordinary shares (no-par shares)
Capital stock	41,153,300.00 Euro
Stock exchanges	Frankfurt, Stuttgart, Hamburg, Berlin-Bremen, Düsseldorf and Munich, and XETRA
Market segment	Regulated market
Transparency level	Prime Standard
Designated Sponsor	Hauck & Aufhäuser Privatbankiers

Overview of the share

Opening price (1 October 2023)	1.50 Euro
High (27 January 2024)	1.51 Euro
low (21 February 2024)	1.03 Euro
Closing price (31 March 2024)	1.20 Euro
Trading volume (01 October 2023 bis 31 March 2024, average trading volume)	23.363
Market capitalization (31 March 2024)	49,4 million Euro

Shareholder structure

Information based on voting rights notifications received in accordance with the German Securities Trading Act (WpHG) (as of 28 January 2018) and company information; free float as defined by Deutsche Börse with shares of less than 5 % of the share capital.

As at 31 March 2024, the shareholder structure of KPS AG was as follows: Michael Tsifidaris, Chairman of the Supervisory Board, holds 29.11 % of the shares in the company, while Leonardo Musso, CEO of KPS AG, holds 10.30 % of the shares. Supervisory Board member Uwe Grünewald holds 9.85 % of the voting share capital. This means that 49.26 % of the voting shares are held by the current management of KPS AG. They will remain closely associated with KPS AG in the future as anchor shareholders and members of the governance bodies.

One private investor still holds 7.58 % of the voting rights as at 31 March 2024. The free float amounts to 43.16 %. KPS AG is in constant dialogue with current and potential investors and is striving to expand its shareholder base in a targeted manner.

Financial calendar

06.05.2024	Publication of the figures for the half-year 2023/2024
10.05.2024	Ordinary Annual General Meeting in Munich
27.07.2024	Publication of the figures for the third quarter 2023/2024

Analysts' research

The performance of the KPS share is constantly analysed and evaluated by M.M.Warburg.

In its research published on 8 March 2024, Warburg issued a price target of 1.40 EUR (rating: hold) in its commentary on KPS.

Investor Relations

In the reporting year 2022/2023 and in the first half of business year 2023/2024, KPS AG fulfilled the highest legal and stock exchange disclosure and transparency standards of the Regulated Market as part of its listing in the Prime Standard on the Frankfurt Stock Exchange. The company informed institutional investors, financial analysts and private shareholders without delay about the current development of the business and events of significance to the development of the company's share price.

In addition to publishing financial reports and company announcements in German and English, KPS's capital market communications also included conference calls for analysts to announce the quarterly, half-yearly and annual figures. In addition, the management of KPS has been and continues to be in regular personal dialogue with market participants and strives to carry out further IR activities beyond its legal obligations.

Engaging in direct exchanges with investors continues to be close to the management's heart, which is why, in addition to the conference calls on financial publications, direct discussions with investors and analysts are also held on a regular basis, either virtually or by telephone.

Hauck und Aufhäuser Privatbankiers AG acts as designated sponsor in the provision of binding bid and ask prices to ensure adequate liquidity and corresponding tradability of the KPS share.

Further information is available to interested investors in the Investor Relations section of the homepage at <https://kps.com/global/en/company/investor-relations/financial-publications.html>.

KPS GROUP
INTERIM MANAGEMENT REPORT

23/24



KPS

1. ECONOMIC REPORT

1.1 Macroeconomic development¹

Development of the global economy

According to the International Monetary Fund's (IMF) economic report, the global economy has shown strong resilience as employment and incomes have remained stable despite rising central bank interest rates. Major central banks raised key interest rates to counteract rising inflation and bring them down to levels considered restrictive. As a result of these interest rate increases, the cost of mortgages rose and the general availability of credit was limited. This led to challenges for companies to restructure their debts, an increase in company insolvencies and subdued investment activity in business and residential property in several economies.

While inflation is approaching target levels and central banks are gradually easing their policies, a tighter fiscal policy stance to curb high government debt threatens to hamper growth, with geopolitical tensions also contributing to the subdued growth rate².

Development in Europe

The Kiel Institute for the World Economy (IfW) points to the phase of stagnation in the eurozone³. According to the report, economic production in the eurozone has been stagnating for over a year, with the gross domestic product remaining virtually unchanged in the fourth quarter. While it seems that private consumption increased noticeably due to improved real incomes, fixed asset investments fell significantly. There were significant differences in the economic picture between the countries in 2023, with Estonia recording the sharpest decline (-3.0 %) and Denmark the highest growth (+3.1 %). Germany recorded a slight decline of 0.2 %, while France and Italy recorded moderate growth of 0.7 % and 0.5 %, respectively.

Consumer price inflation is slowing moderately, however. Since October 2023, the year-on-year increase in prices has barely decreased, as energy prices are no longer considerably below the previous year's level. The core inflation rate in Europe fell to 3.1 % in February, but progress towards meeting the inflation target is likely to slow as prices for services continue to rise sharply, which is also due to accelerated wage increases.

Development in Germany

The German economy is currently under pressure from several factors that are having a negative impact on sentiment and economic data. Exports are suffering from a slowing global economy, while the European Central Bank's restrictive monetary policy is expected to continue into 2024. The German government's austerity measures come at an unfavourable time and further reinforce the pessimistic outlook, according to the IfW President in March 2024⁴.

After economic output fell by 0.3 % in the fourth quarter of 2023, which was weaker than forecast by the IfW, it will continue to fall slightly in the first quarter of 2024 according to the IfW forecast⁵.

¹In the section on overall economic development, information on a quarter refers to the calendar year and not to the financial year of KPS (1 October – 30 September).

²<https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>

³<https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-fruehjahr-2024-dynamik-bleibt-verhalten-32633/>

⁴<https://www.ifw-kiel.de/de/publikationen/aktuelles/erholung-verzoegert-sich/>

⁵https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/854f12d1-6d4b-4257-a39a-30120582e9ee-KKB_112_2024-Q1_Deutschland_DEV3.pdf

1.2 Industry-specific framework conditions

According to the Association of German Management Consultancies, the consulting industry in Germany continued its growth in 2023 at a slightly more moderate rate compared to the record year 2022. Sales rose by 7.2 % to EUR 46.7 billion, with innovative consulting segments such as artificial intelligence and sustainability in particular recording significant increases in revenue. Further sales growth of 9.8 % to EUR 51.5 billion is expected for 2024, underscoring the dynamism of the industry⁶.

Overall, the number of employees in the industry rose by 5.5 % to a total of 231,500, with the share of women increasing slightly to 30 %.

In an industry comparison, the energy and utilities industry recorded the strongest growth in sales with an increase of 14.1 %, followed by sectors such as healthcare, telecommunications and IT, pharmaceuticals and mechanical engineering. Among the main consulting fields, strategy consulting led sales growth by rising 10.4 %, followed by IT consulting and organisational and process consulting. Reorganisation and insolvency consulting also recorded considerable growth.

One important trend topic is the open and constructive interaction between clients and consulting firms, where clients increasingly expect comprehensive solutions and want to be more actively involved in consulting processes. Cyber security is also gaining in importance as the threat of cyber-attacks increases and stricter data protection laws apply. High competitive pressure requires consulting firms to continuously innovate and adapt to market conditions, while the search for talent remains a key challenge⁷.

1.3 Business performance

In the first six months of financial year 2023/2024, the KPS Group achieved sales of EUR 75.9 million, which represents a decline of 19.8 % compared to the first half of 2022/2023 (EUR 94.7 million). In the first half of 2023/2024, KPS recorded subdued demand for transformation projects overall in line with the forecast.

The reaction to the decline in sales was followed by appropriate measures such as reducing expenses in the area of third-party service providers, which represents the cost of materials. The cost of materials ratio (cost of materials in relation to sales) was 35.3 % after 37.9 % in the same period of the previous year, with the cost of materials falling by a total of 25.3 % compared to the same period of the previous year. Personnel expenses fell from EUR 41.1 million to EUR 38.3 million. This figure includes the provision expense from the staff reduction programme. Excluding this figure, the decrease amounts to 8.4 % compared to the same period of the previous year, although the personnel expenses ratio in the reporting period was 50.5 % (previous year: 43.4 %).

As already explained in the forecast in the 2022/2023 Group Report, the insolvencies of the customers KaDeWe Group and The Body Shop are a key driver of the bad debt allowances, which are part of other operating expenses and amount to EUR 4.2 million as a non-recurring effect. Other operating expenses thus increased by 25.4 % to EUR 13.0 million.

Unadjusted EBITDA fell in the first six months of 2023/2024 to EUR -1.7 million. EBIT was EUR -5.3 million and thus below the previous year's figure (EUR 4.0 million). Excluding the non-recurring effects of severance payments and bad debt allowances, adjusted EBITDA was EUR 3.2 million and adjusted EBIT totalled EUR -0.5 million.

⁶ <https://www.bdu.de/news/prognose-umsaetze-steigen-in-2024-auf-mehr-als-50-milliarden-euro/>

⁷ Ebd.

1.3.1 Results of operations for the KPS Group

Income statement of the KPS Group in accordance with IFRS (abbreviated version)

in KEUR	2023/2024	2022/2023
Revenues	75,892	94,683
Own work capitalized	14	0
Other operating income	522	272
Cost of materials	-26,806	-35,879
Personnel expenses	-38,327	-41,098
Other operating expenses	-12,980	-10,348
Operating result before depreciation and amortization (EBITDA)	-1,686	7,629
Depreciation and amortization (M&A adjusted)	-3,033	-3,130
Operating result (EBIT) adjusted	-4,719	4,500
Amortization and depreciation (M&A related)	-538	-497
Operating result (EBIT)	-5,257	4,003
Financial result	-1,644	-377
Earnings before income taxes*	-6,901	3,626
Income tax**	1,948	-1,023
Earnings after income taxes	-4,953	2,603

* corresponds to the result from ordinary activities

**the tax rate for the 2021/2022 financial year was used to determine the tax burden for the first quarter of 2023/2024

Revenues

In the first half of 2023/2024, KPS experienced a decline in sales of 19.8 % as projected in the forecast. Sales thus totalled EUR 75.9 million compared to EUR 94.7 million in the first half of 2022/2023.

Sales in Germany in the reporting period totalled EUR 37.0 million. This means that 48.8 % of Group sales were generated in Germany. Outside Germany, sales declined by 10.4 % to EUR 38.9 million, in particular due to the sharp decline in sales in the Scandinavian countries as a result of major projects coming to an end. Overall, demand is slowly recovering, but this is accompanied by the maturing phase of current projects, which means that the gap in sales growth compared to the previous period is not yet compensated for by new projects.

Own work capitalised

In the first half of business year 2023/2024, own work in the amount of EUR 14.0 thousand was capitalized (previous year: EUR 0.0 thousand).

Other operating income

In the reporting period, as in the same period of the previous year, other operating income includes income from ancillary operating services. This includes subletting, recharges, income from the reversal of

provisions and sales of tangible assets. Other operating income increased slightly to EUR 0.5 million (previous year: EUR 0.3 million). This effect is due to increased subletting of free working space at the Dortmund location.

Cost of materials

In the reporting period, cost of materials decreased by 25.3 % or EUR 9.1 million to EUR 26.8 million (previous year: EUR 35.9 million). Accordingly, the cost of materials ratio decreased in the reporting period compared to the previous year from 37.9 % to 35.3 %.

Expenses for external services fell by 25.6 % to EUR 26.0 million in the reporting period (previous year: EUR 34.9 million).

Personnel expenses

Personnel expenses were 6.7 % lower at EUR 38.3 million in the reporting period (previous year: EUR 41.1 million). The personnel expense ratio increased by 7.2 % to 50.5 % (previous year: 43.3 %) with a slightly stronger decline in sales. The extraordinary effect of the headcount reduction, combined with severance expenses and the personnel structure, consisting of highly qualified employees in line with our standards, contributed to the persistently high personnel expenses in the first half of 2023/2024. As at 31 March 2024, the KPS Group had 637 employees (same reporting date in the previous year: 741).

Other operating expenses

Other operating expenses increased by 25.4 % to EUR 13.0 million (previous year: EUR 10.4 million). They mainly include travel and vehicle costs, non-project-related external services and operating costs. The increase is mainly due to unscheduled bad debt allowances as a result of the insolvencies of customers KaDeWe and The Body Shop, which had a negative effect of EUR 4.2 million.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to EUR 3.6 million, on the level of the same period in the previous year (EUR 3.6 million).

Depreciation and amortisation includes IFRS16 ("Leasing") related depreciation and amortisation of EUR 2.4 million (previous year: EUR 2.4 million) and M&A-related depreciation and amortisation of EUR 0.5 million (previous year: EUR 0.5 million).

Financial result

The financial result of the Group in the first half of business year 2023/2024 was EUR – 1.6 million (previous year: EUR - 0.4 million). The main reason for this development is the rising interest rate trend, which has led to high interest charges on existing short-term money market loans.

Earnings after income taxes

KPS achieved earnings after taxes of EUR -5.0 million compared to EUR 2.6 million in the same period of the previous year. The tax rate in the reporting period was 28.2 % and thus unchanged compared to the same period of the previous year. The tax rate determined for the annual financial statement of business year 2021/2022 was used to calculate the tax charge for the first half of business year 2023/2024.

EBIT

KPS generated EBIT of EUR -5.3 million in the reporting period. EBIT was below the same period of the previous year (previous year: EUR 4.0 million). The EBIT margin was -6.9 % compared to 4.2 % in the first half of 2022/2023.

Earnings per share

Diluted as well as undiluted earnings per share amounted to EUR -0.12 in the first half of business year 2023/2024 compared to EUR 0.07 the previous year. As a result of the capital increase, the number of shares increased to 41,153,300 compared to the previous year.

1.4 Total assets and capital structure of the KPS Group (abbreviated version)

in KEUR	31.03.2024	30.09.2023
Non-current assets	107,381	112,021
Current assets	47,914	50,715
Total assets	155,294	162,736
Shareholders equity	66,572	67,184
Non-current liabilities	20,923	25,220
Current liabilities	67,800	70,331
Total liabilities	88,723	95,551
Total shareholders equity and liabilities	155,295	162,736

Value-based Group controlling

A monitoring and controlling system is in place at KPS Group that is aimed at increasing the value of the entire Group. Targets are derived from the system and defined for the individual segments and the Group company. Controlling is managed at the Group level and implemented via the segments down to the individual profit centre levels. Periodic controlling is carried out on the basis of the international accounting and valuation principles. Besides sales and EBITDA, specific segment and profit centre indicators are used as measures of performance in controlling.

Financial position and investments

Financial management at KPS is fundamentally aimed at ensuring the company's liquidity at all times. It comprises capital structure, cash and liquidity management.

With the results generated in the half year under review as well as the solid balance sheet structure as at 31 March 2024, we have succeeded in providing sufficient liquid funds for the continued operation of KPS.

As at the reporting date of 31 March 2024, cash and cash equivalents amounted to EUR 11.1 million and were thus above the figure as at 30 September 2023 (EUR 6.9 million). There were liabilities to banks in the amount of EUR 36.3 million (30 September 2023: EUR 30.4 million). This results in direct net financial debt calculated on the basis of cash and cash equivalents less liabilities to banks of EUR 25.2 million as at 31 March 2024 (30 September 2023 : EUR 23.5 million). The increase in net financial debt is due on the one hand to the increase in money market loans utilised and the raising of a shareholder loan and on the other hand to the cash inflow from the capital increase.

Cash flow from operating activities in the first half of business year 2023/2024 was EUR -1.1 million compared to EUR 6.0 million the previous year. The main reason for the decline is the negative EBIT of EUR -5.3 million.

Cash flow from investing activities in the reporting period 2023/2024 amounted to EUR -1.3 million (previous year: EUR -8.4 million). The decrease in cash outflows from investing activities is primarily due to the cash outflows for investments as part of company acquisitions (purchase price payments) in the previous period.

Cash flow from financing activities amounted to EUR 6.5 million in the first half of the year (same period of the previous year: EUR 5.4 million).

Cash and cash equivalents amounted to EUR 10.3 million as of the reporting date 31 March 2024, compared to EUR 6.1 million as of the reporting date of the previous year end (31 March 2023).

Asset position

Total assets at the end of the reporting period 31 March 2024 amounted to EUR 155.3 million, which represents a slight increase of 4.6 % (EUR -7,4 million) compared to the reporting date 30 September 2023

Development of assets

As at the reporting date of 31 March 2024, non-current assets amounted to EUR 107.4 million (reporting date 30 September 2023: EUR 112.0 million). The right-of-use assets included in this figure from the capitalisation of leases amounted to EUR 20.2 million (30 September 2023: EUR 23.4 million). Non-current assets also include goodwill from company acquisitions by KPS in the amount of EUR 69.3 million (30 September 2023: EUR 69.3 million) and intangible assets in the amount of EUR 8.7 million (September 2023: EUR 9.7 million). Non-current assets accounted for 69.1 % of total assets at the end of the reporting period (30 September 2023: 68.8 %).

Current assets in the amount of EUR 47.9 million as at the reporting date of 31 March 2024 primarily consist of trade receivables and contract assets totalling EUR 29.4 million (30 September 2023: EUR 36.6 million) and cash and cash equivalents amounting to EUR 11.1 million (30 September 2023: EUR 6.9 million). Trade receivables with contract assets fell by EUR 7.2 million or 19.7 % compared to the reporting date 30 September 2023. As already explained in the forecast in the 2022/2023 Consolidated Financial Statements and the Q1 2023/2024 Quarterly Statement, the tense economic situation, geopolitical uncertainties and the insolvencies of the KaDeWe Group and The Body Shop in the UK had a significant impact on the decline in receivables and contract assets.

Development of equity

The equity of the KPS Group fell by EUR 0.6 million compared to the reporting date 30 September 2023 and amounted to EUR 66.6 million as at 31 March 2024 (30 September 2023: EUR 67.2 million). The company's Articles of Association contain Authorised Capital 2021, which authorises the Executive Board to increase the company's share capital with the approval of the Supervisory Board by up to a nominal amount of EUR 18,706,050.00 in return for cash and/or non-cash contributions by issuing up to 18,706,050 new no-par value registered shares (no-par value shares) on one or more occasions by 20 May 2026 (Authorised Capital 2021). The Executive Board made partial use of this authorisation and, with the approval of the Supervisory Board, resolved a capital increase of EUR 3,741,200.00 to EUR 41,153,300.00, the implementation of which was entered in the Commercial Register on 18 March 2024. Following this partial utilisation, Authorised Capital 2021 currently amounts to EUR 14,964,850.00.

The equity ratio at the end of the reporting period on 31 March 2024 was 42.9 % compared to 41.3 % on 30 September 2023.

Development of liabilities

As at 31 March 2024, non-current liabilities had fallen by 17.0 % or EUR 4.3 million to EUR 20.9 million compared to 30 September 2023. At EUR 15.3 million (30 September 2023: EUR 18.2 million), the largest item within non-current liabilities was non-current lease liabilities. Besides non-current lease liabilities, non-current liabilities include bank loans in the amount of EUR 0.4 million (30 September 2023: EUR 0.9 million) and liabilities for earn-out payments.

Current liabilities increased by 3.6 % compared to the reporting date 30 September 2023 to EUR 67.8 million (30 September 2023: EUR 70.3 million) compared to 30 September 2023.

Trade payables amounted to EUR 9.4 million as at the reporting date (30 September 2023: EUR 9.6 million). Current financial liabilities increased by 21.6 % to EUR 35.9 million. The increase is mainly the result of taking out money market loans and taking out a shareholder loan.

1.5 Alternative performance measures

KPS AG uses alternative performance measures (APMs) that are not defined in accordance with IFRS as part of its regular and mandatory publications. The definitions of the alternative performance measures have been made publicly available on the website at <https://kps.com/global/en/company/investor-relations.html>.

1.6 Employees

Supplementary report on personnel

Our employees impress our clients with their in-depth specialised knowledge and outstanding commitment to performance. This requires a high level of professional qualification as well as continuous training of our employees. We also apply these standards when recruiting new staff. Our main guiding principles are the best possible customer orientation, a pronounced willingness to perform, safeguarding and improving our quality standards, and a positive working environment.

As at 31 March 2024, the KPS Group employed 637 people. As at the reporting date 30 September 2023, the number of employees was 682 and as at the reporting date 31 March 2023, 741.

In Germany, KPS employed 415 people (30 September 2023: 450). This represents a share of 65.1 % (30 September 2023: 66.0 %) in the overall Group.

Personnel expenses in the reporting period were EUR 38.3 million, 6.7 % lower than in the same period of the previous year.

Employees at the KPS Group

	31.03.2024	30.09.2023	Change
Employees by region			
Germany	415	450	-35
Spain	91	95	-4
Great Britain	87	84	3
Denmark	16	19	-3
Switzerland	3	4	-1
Austria	0	3	-3
Sweden	3	3	0
Norway	3	6	-3
Netherlands	6	4	2
Belgium	13	14	-1
Total	637	682	-45
Employees by function			
Executive Board	1	1	0
Managing Directors	9	10	-1
Consultants	516	558	-42
Administration	103	103	0
Apprentices	8	10	-2
Total	637	682	-45

Besides the Managing Directors mentioned in the table above, the Executive Board member of KPS AG, Leonardo Musso, has also been appointed Managing Director (in total of thirteen companies). Thus, eleven persons are active as Managing Directors in the KPS Group as at 31 March 2024.

1.7 Supplementary Report**Reportable events**

No reportable events or changes have occurred up until the date of preparation of this Group Management Report that affect the Group's situation as conveyed in these Consolidated Financial Statements for the reporting period 1 October 2023 to 31 March 2024.

Changes in the asset, financial and earnings positions

No events of particular significance have occurred since 31 March 2024 that are expected to have an impact on the asset, financial or earnings positions of the situation presented in the Consolidated Financial Statements for the reporting period 1 October 2023 to 31 March 2024.

Executive Board's assessment of the development in the reporting period 1 October 2023 to 31 March 2024

In the first six months of the business year 2023/2024, the KPS Group generated sales amounting to EUR 75.9 million. This corresponds to a decline of 19.8 % compared to the first half of 2022/2023 (EUR 94.7 million). In the first half of 2023/2024, KPS recorded subdued demand for transformation projects overall in line with the forecast.

Executive Board's assessment of developments for the period after 1 April 2024

Demand for new projects is increasing and several new customers have been acquired. We assume that the decline in sales from existing projects in the maturity phase will be compensated for by new projects in the future. The measures already taken in the first half of the year to increase efficiency will be continued in order to achieve a satisfactory result.

2. OPPORTUNITY AND RISK REPORT

The economic development in Germany as well as in our most important European markets and the resulting change in investment behaviour have a major impact on the financial and earnings position as well as the net assets of the KPS Group. As part of our research activities, we regularly evaluate studies and forecasts by economic institutes in order to obtain the necessary overview of the probable development of the economy in the markets relevant to us.

For the presentation and assessment of further individual risks, we refer to the detailed report in the 2022/2023 Annual Report.

3. FORECAST REPORT

3.1 Macroeconomic forecast

The global growth rate, which stood at 3.2 percent in 2023, is expected to remain at this level in 2024 and 2025. The forecast for 2024 has been revised upwards by 0.1 percentage points compared to the January 2024 World Economic Outlook (WEO) Update. This moderate growth rate is historically low due to both short-term factors such as continued high borrowing costs and withdrawal of government support, as well as the invasion of Ukraine by Russia, the escalating conflict in the Middle East, weak productivity growth and increasing geo-economic fragmentation.⁸

3.2 Forecast for the European economy

The European Central Bank (ECB) is preparing to move away from the interest rate peak after the deposit facility rate was raised to 4 % in September 2023 and has been in place for five months. Expectations of early interest rate cuts on the financial market were built up in December 2023 and January 2024, but have been partially revised. The current assessment on the financial markets suggests that there will be

⁸ <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>

an initial interest rate cut in June 2024, followed by three further steps by the end of 2025, with the key interest rate expected to fall to 2.25 % .⁹

3.3 Forecast for the German economy

A moderate recovery is not expected until early 2024, although no major leaps in development are in sight here either . Business investment activity is now expected to be significantly weaker. Despite the weak economic momentum, the job market is strong, with an expected increase in employment. The ongoing shortage of skilled workers is likely to lead to rising wages. Falling consumer price inflation will increase real disposable income and stimulate private consumption.¹⁰

Overall, the gross domestic product is expected to virtually stagnate in the current year 2024 with growth of 0.1 % and grow by 1.2 % in the coming year 2025. This growth rate for the coming year appears moderate compared to the long-term average before the recent crises.¹¹

3.4 Industry-specific forecast

The The Association of German Management Consultants (BDU) expects the consulting industry to grow by 9.8 % to € 51.5 billion in 2024. Demand for consulting services is expected to be particularly strong in the areas of sustainability, digital (strategy), artificial intelligence, change and transformation consulting as well as restructuring and insolvency consulting. According to the BDU, strong competition and pressure to innovate are an important trend in the consulting industry, making it increasingly important to develop innovative services and adapt to changing market conditions.¹²

3.5 Forecast for financial year 2023/2024

As already explained, demand in individual key markets was unsatisfactory in the first half of the 2023/2024 financial year. The current business climate in retail, the core segment of KPS, is leading to a general reluctance - particularly in the digital sector. . On the one hand, some ongoing projects have reached their planned maturity phase and are therefore having a negative impact on sales development, as sales typically decline during the maturity phase of a project. On the other hand, some new customers have been acquired and demand for new projects is increasing.

For the current business year 2023/2024, the Executive Board of KPS AG currently assumes that the forecast published in the Annual Report 2022/2023 is going to be achieved.

The forecast is based on the facts and predictions about future economic and cyclical developments known at the time of preparation. Unforeseeable changes to the anticipated economic conditions in the current order backlog and other external or internal factors could have a negative impact on sales and earnings expectations, meaning that the estimates made in this report cannot be achieved.

Unterföhring, May 2024
The Executive Board

⁹ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-fruehjahr-2024-dynamik-bleibt-verhalten-32633/>

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

KPS GROUP
INTERIM FINANCIAL STATEMENTS

23/24



KPS

KPS AG Group Interim Financial Statements in accordance with IFRS
INCOME STATEMENT
For the period from 1 October 2023 to 31 March 2024

in KEUR		2023/2024	2022/2023
1	Revenues	75,892	94,683
2	Own work capitalized	14	0
3	Other operating income	522	272
4	Cost of materials	-26,806	-35,879
5	Personnel expenses	-38,327	-41,098
6	Other operating expenses	-12,980	-10,348
7	Operating result before depreciation and amortization (EBITDA)	-1,686	7,629
8	Depreciation and amortization (M&A adjusted) *	-3,033	-3,130
9	Operating result (EBIT) adjusted *	-4,719	4,500
10	Depreciation and amortization (M&A related)	-538	-497
11	Operating result (EBIT)	-5,257	4,003
12	Financial income	18	10
13	Financial expenses	-1,662	-387
14	Financial result	-1,644	-377
15	Earnings before income taxes **	-6,901	3,626
16	Income tax	1,948	-1,023
17	Earnings after income taxes	-4,953	2,603
	Number of shares in thousands - basic/diluted weighted average	41,153	37,412
in euros			
Earnings per share			
	– basic	-0.12	0.07
	– diluted	-0.12	0.07

* adjusted by depreciation and amortization on the assets disclosed as part of company mergers and on the acquired customer relationships (M&A related)

** corresponds to earnings from ordinary activities

KPS AG Group Interim Financial Statements in accordance with IFRS
COMPREHENSIVE INCOME STATEMENT
for the period from 01 October 2023 to 31 March 2024

in KEUR	31.03.2024	31.03.2023
Earnings after income taxes	-4,953	2,603
Actuarial gains and losses arising from defined benefit pension commitments and similar obligations	0	0
Foreign currency translation adjustment for foreign subsidiary companies	110	0
Comprehensive income	-4,843	2,603

INDICATORS FOR THE INCOME STATEMENT

in KEUR	31.03.2024	31.03.2023
Revenues	75,892	94,683
EBITDA	-1,686	7,629
EBITDA margin	-2.2%	8.1%
EBIT	-5,257	4,003
EBIT margin	-6.9%	4.2%

KPS AG Consolidated Financial Statements in accordance with IFRS
GROUP BALANCE SHEET
as of 31 March 2024

ASSETS

in KEUR	31.03.2024	30.09.2023
ASSETS		
A. NON-CURRENT ASSETS		
I. Property, plant and equipment	1,639	2,048
II. Goodwill	69,266	69,266
III. Other intangible assets	8,661	9,689
IV. Rights of use from leasing contracts	20,227	23,430
V. Deferred tax assets	7,588	7,588
	107,381	112,021
B. CURRENT ASSETS		
I. Contractual assets	4,341	7,545
II. Trade receivables	25,085	29,084
III. Other receivables and financial assets	3,464	3,713
IV. Entitlements to income tax rebates	3,960	3,471
V. Cash and cash equivalents	11,064	6,900
	47,914	50,715
Total assets	155,295	162,736

KPS AG Consolidated Financial Statements in accordance with IFRS
GROUP BALANCE SHEET
as of 31 March 2024

LIABILITIES AND SHAREHOLDERS' EQUITY

in KEUR	31.03.2024	30.09.2023
A. SHAREHOLDERS EQUITY		
Share in equity attributable to shareholders of KPS AG		
I. Subscribed capital	41,153	37,412
II. Capital reserve	-8,980	-9,689
III. Retained earnings	663	663
IV. Other comprehensive income	330	440
V. Group net profit	33,405	38,358
Total equity	66,572	67,184
LIABILITIES		
B. NON-CURRENT LIABILITIES		
I. Non-current provisions	1,182	1,178
II. Other non-current liabilities	1,783	2,615
III. Non-current financial liabilities	356	895
IV. Non-current leasing liabilities	15,291	18,223
V. Deferred tax liabilities	2,310	2,309
	20,923	25,220
C. CURRENT LIABILITIES		
I. Trade liabilities	9,358	9,647
II. Financial liabilities	35,912	29,539
III. Contract liabilities	665	581
IV. Other provisions	12,002	14,939
V. Other liabilities	5,327	9,173
VI. Current leasing liabilities	4,120	4,634
VII. Income tax liabilities	417	1,818
	67,800	70,331
Total liabilities	88,723	95,552
Total shareholders equity and liabilities	155,295	162,736
Equity ratio	42.9%	41.3%

KPS AG Group Interim Financial statements in accordance with IFRS
CONSOLIDATED CASH FLOW STATEMENT
for the period from 1 October 2023 to 31 March 2024

in KEUR	31.03.2024	31.03.2023
A. Current business operations		
Earnings before interest and income tax (EBIT)	-5,257	4,003
Depreciation of fixed assets	3,571	3,627
Change in current assets	7,453	6,450
Change in provisions	-3,172	-1,539
Other non-cash expenses and income	229	305
Change in other liabilities	-4,138	-4,570
Losses from asset disposals	190	0
Taxes paid	58	-2,283
Cash inflow/outflow from current business operations	-1,066	5,993
B. Investment activities		
Investments in property, plant and equipment	-85	-55
Investments in intangible assets	-18	-36
Investments in the acquisition of Infront Consulting & Management GmbH	0	-1,058
Investments in the acquisition of KPS digital Ltd.	-1,197	-1,642
Investments in the acquisition of Graphyte B.V.	0	-5,604
Interest received	18	10
Cash inflow/outflow from investment activities	-1,282	-8,385
C. Financial activities		
Interest paid	-927	-273
Interest paid leasing liabilities	-91	-91
Cash receipts from taking out loans	34,100	28,500
Payments for the settlement of loans	-28,266	-20,280
Payments for the settlement of leasing liabilities	-2,607	-2,448
Capital increase	4,302	0
Cash inflow/outflow from financial activities	6,511	5,408
D. Net change in cash funds	4,163	3,016
E. Cash funds at the beginning of the period	6,900	6,058
F. Consolidation-related change in cash funds	0	1,177
G. Cash funds at the end of the period	11,063	10,251

Composition of Cash and Cash Equivalents in the Consolidated Cash Flow Statement

in KEUR	31.03.2024	31.03.2023
Cash in hand and bank balances	11,064	10,251
Cash funds	11,064	10,251

KPS AG CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT KPS - IFRS

in KEUR	Subscribed capital	Treasury shares	Total of subscribed capital	Capital reserve	Retained earnings OCI	Currency translation differences	Accumulated other comprehensive income		Equity
							Pension commitments	Group net profit	
30.09.2022	37,412	0	37,412	-10,001	663	-54	428	43,345	71,793
Disposal of treasury shares	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0	0	0	0
Changes recognized without affecting income	0	0	0	0	0	-73	0	0	-73
Share-based payment management	0	0	0	104	0	0	0	0	104
Group earnings	0	0	0	0	0	0	0	2,603	2,603
31.03.2023	37,412	0	37,412	-9,897	663	-127	428	45,948	74,427
Disposal of treasury shares	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0	0	-3,741	-3,741
Changes recognized without affecting income	0	0	0	0	0	-217	356	0	139
Share-based payment management	0	0	0	208	0	0	0	0	221
Group earnings	0	0	0	0	0	0	0	-3,849	-3,849
30.09.2023	37,412	0	37,412	-9,689	663	-344	784	38,358	67,184
Disposal of treasury shares	0	0	0	0	0	0	0	0	0
Capital increase	3,741	0	3,741	561	0	0	0	0	4,302
Dividend payout	0	0	0	0	0	0	0	0	0
Changes recognized without affecting income	0	0	0	0	0	-110	0	0	-110
Share-based payment management	0	0	0	148	0	0	0	0	148
Group earnings	0	0	0	0	0	0	0	-4,953	-4,953
31.03.2024	41,153	0	41,153	-8,980	663	-454	784	33,405	66,571

KPS GROUP
SELECTED EXPLANATORY NOTES

23 / 24



1. INFORMATION ON THE COMPANY AND THE GROUP

KPS AG is an internationally positioned stock corporation based in Germany with its registered office at Beta-Straße 10h, 85774 Unterföhring, Germany. The company is registered with the Munich Local Court under the registration number HRB 123013.

KPS AG is a successful company for business transformation consulting and process optimisation in the retail and consumer goods sector. We advise our customers on strategy, process and technology issues and successfully implement holistic solutions that secure their performance in the long term.

2. PRINCIPLES AND METHODS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed consolidated half-year financial statements of KPS AG for the period from 1 October 2023 to 31 March 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS), in particular IAS 34 "Interim Financial Reporting." Consequently, these financial statements do not include all the information and disclosures required by IFRS for consolidated financial statements at the end of the business year. Therefore, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2023.

The condensed consolidated interim financial statements and interim Management Report have not been audited or reviewed by the auditor. In the opinion of the Executive Board, these financial statements imply all adjustments necessary for a fair presentation of the asset and earnings position for the interim result. The results achieved in the first half of business year 2023/2024 do not necessarily allow conclusions to be drawn regarding the development of the further course of business.

3. SCOPE OF CONSOLIDATION AND SHAREHOLDINGS

Besides the legal and economic parent company of the Group, the consolidated financial statements include all domestic and foreign subsidiaries in which KPS AG has control over the financial and business policies in order to be able to derive appropriate benefits from them.

In addition to KPS AG as the legal parent company, the scope of consolidation includes the following companies in which KPS AG has a direct or indirect interest and which are included in the consolidated financial statements on the basis of full consolidation.

Shareholding	Registered office	Voting share	
		31.03.2024 in %	30.09.2023 in %
KPS Consulting GmbH	Unterföhring	100	100
KPS Consulting AG	Zürich/Switzerland	100	100
KPS Transformation GmbH	Unterföhring	100	100
KPS Consulting A/S	Virum/Denmark	100	100
KPS B.V.	Amsterdam/Netherlands	100	100
KPS Strategie-, Prozess- und IT-Consulting GmbH	Vienna/Austria	100	100
KPS Business and Digital Transformation S.L.U.	Barcelona/Spain	100	100
Infront Consulting & Management GmbH	Hamburg	100	100
KPS Digital Ltd.	London/United Kingdom	100	100
KPS Consulting AS	Lysaker/Norwegen	100	100
KPS Sweden AB	Stockholm/Schweden	100	100
KPS Transformation B.V.	Antwerp/Belgium	100	100

4. CHANGES IN ACCOUNTING AND VALUATION METHODS AND UNCERTAINTIES DUE TO ESTIMATES

At the beginning of the business year on 1 October 2021, various amendments to the accounting and valuation methods of current standards came into force, which had no significant impact on the accounting of the interim consolidated financial statements, either on their own or in combination with other standards. Consequently, these condensed interim consolidated financial statements essentially contain the consistent accounting and valuation methods of the consolidated financial statements for business year 2023/2024.

The interim consolidated financial statements require management to make certain assumptions and estimates that can have a significant effect on the presentation of the financial position and performance. Estimates are based on experience and other assumptions that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis, but can differ from the actual values.

The estimates used in the consolidated financial statements as at 30 September 2023 for the main areas of application:

- Definition of useful life for non-current assets
- Calculation of completion status of fixed-price projects
- Calculation of discounted cash flows in the context of impairment tests and conditional purchase price obligations and purchase price allocations (fair value)
- Formation and valuation of non-current provisions
- Valuation of receivables

were also made for these interim consolidated financial statements.

Additional information can be found in the consolidated financial statements as at 30 September 2023. These can also be accessed on the Internet at <https://kps.com/global/en/company/investor-relations/financial-publications.html> and form the basis for these interim financial statements.

5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

5.1 Revenues

Charges for deliveries and services – reduced by sales reductions and discounts – billed to customers are recognised in revenues.

Revenues derived from the provision of services and maintenance are recognised on a time-period basis, while the sale of software and hardware is realised at a defined point in time. Customers are generally only commercial end users and, to a limited extent, public-sector contracting authorities.

All revenues shown result exclusively from contracts with customers.

Please refer to the segment report regarding the allocation of revenues to individual segments.

5.2 Subscribed capital

The subscribed capital of KPS AG totalled EUR 41,153,300 on the reporting date (previous year: EUR 37,412,100) and was divided into a total of 41,153,300 shares (previous year: 37,412,100 shares), each with a nominal value of EUR 1. The share capital is fully paid up.

The company's Articles of Association contain Authorised Capital 2021, which authorises the Executive Board to increase the company's share capital with the approval of the Supervisory Board by up to a nominal amount of EUR 18,706,050.00 in return for cash and/or non-cash contributions by issuing up to 18,706,050 new no-par value registered shares (no-par value shares) on one or more occasions by 20 May 2026 (Authorised Capital 2021). The Executive Board made partial use of this authorisation and, with the approval of the Supervisory Board, resolved a capital increase of EUR 3,741,200.00 to EUR 41,153,300.00, the implementation of which was entered in the Commercial Register on 18 March 2024. Following this partial utilisation, Authorised Capital 2021 currently amounts to EUR 14,964,850.00.

5.3 Treasury shares

The resolution adopted by the Annual General Meeting on 21 May 2021 and the substitution of the resolution by the Annual General Meeting on 25 September 2020 provided the authorisation to acquire and dispose of its own shares with the right to exclude subscription or other option to offer shares. According to this, the Executive Board is authorised, with the approval of the Supervisory Board, to acquire and dispose of its own shares up to a total amount of 10% of the share capital existing at the time of the resolution. This resolution is effective from the Annual General Meeting and ends at the end of 20 May 2026. The conditions for acquisition, appropriation and exclusion of subscription rights were explicitly regulated.

No portfolio of treasury shares was held on the balance sheet date, and no shares were purchased or sold in the period under review.

6. EXPLANATORY NOTES TO THE SEGMENT REPORTING

The KPS consulting portfolio can be classified into the following three reportable segments, which are subject to regular assessment by the Executive Board. The segmentation is carried out exclusively on the basis of business areas in accordance with the internal alignment.

A distinction is made between the following segments:

6.1 Management consulting / Transformation consulting

This segment is concerned with “transformation consulting,” where the KPS Group occupies a leading position in the consulting market. Transformation consulting involves providing support for customers in the implementation of complex corporate initiatives and developing concepts and solutions taking into account process-related, organisational, logistical, financial and system-related framework conditions. The consulting offer closes the existing gap between traditional strategy and process consultants on the one hand and implementation partners and system integrators on the other. This consulting segment also comprises implementation consulting and the service portfolio of the KPS Group as an SAP consulting partner.

6.2 System integration

The focus of this consulting segment is on process and implementation consulting in the technology sector. The KPS Group covers both the field of non-SAP technologies as well as SAP technologies. The main focus in the SAP technology area is on the subject areas of SOA and Netweaver, and in the non-SAP area on the topics of high-availability, security and storage solutions. Since a secure and highly available system landscape forms the basis for successful companies, the KPS Group uses dedicated solutions to ensure the seamless integration of all processes in the heterogeneous system environment. The Group supports customers in analysing the actual situation and setting up an IT infrastructure where all operational function areas are transparent.

6.3 Products / Licenses

The KPS Group rounds off its spectrum of services by selling software licences, maintenance contracts and hardware components as a certified systems house or certified sales partner in certain areas. These are products from major manufacturers, in particular SAP, Spryker and OpenText. The Group has been working with these companies for many years and is linked with them through various consulting and sales partnerships.

The breakdown of the asset and income situation in accordance with IFRS 8 is shown in the following table and corresponds to the internal reporting structure:

Presentation by business areas in Keuros	Management-consulting/		System Integration		Products/ Licenses		Other		Total	
	31.03. 2024	Prev. Year (*)	31.03. 2024	Prev. Year (*)	31.03. 2024	Prev. Year (*)	31.03. 2024	Prev. Year (*)	31.03. 2024	Prev. Year (*)
Earnings position										
Sales	70,792	89,969	734	667	4,366	4,046	0	0	75,892	94,683
Production costs	-49,111	-63,152	-420	-462	-2,827	-2,839	0	0	-52,358	-66,454
Business development	-3,712	-3,285	0	0	-172	-151	0	0	-3,884	-3,435
Operating costs	-15,224	-11,169	10	65	-378	-86	-5,745	-5,974	-21,337	-17,164
EBITDA	2,746	12,364	323	270	989	970	-5,745	-5,974	-1,687	7,629
Depreciation and amortization	-2,746	-3,116	-9	-8	-40	-43	-775	-459	-3,571	-3,627
EBIT	0	9,247	314	262	949	927	-6,520	-6,434	-5,258	4,003
Interest	-114	-19	0	0	0	0	-1,531	-358	-1,644	-377
Income tax	0	-2,364	-116	-67	-352	-237	2,416	1,645	1,948	-1,023
Business area result	-114	6,865	198	195	597	690	-5,634	-5,147	-4,954	2,603

(*) - Since the 2023/2024 financial year, expenses for consultants' non-chargeable time have been reported under "Operating costs"; in previous years, these amounts were included under "Cost of sales". In order to ensure comparability with the previous period, this reclassification was also

carried out in the previous year's figures. A comparison of the previous year's figures before and after the change in presentation is shown in the following table.

Presentation by business areas in Keuros	Management-consulting/		System Integration		Products/ Licenses		Other		Total	
	31.03.2023 after adjustment	31.03.2023 before adjustment								
Earnings position										
Sales	89,969	89,969	667	667	4,046	4,046	0	0	94,683	94,683
Production costs	-63,152	-65,578	-462	-402	-2,839	-2,863	0	0	-66,454	-68,843
Business development	-3,285	-3,285	0	0	-151	-151	0	0	-3,435	-3,435
Operating costs	-11,169	-8,743	65	5	-86	-63	-5,974	-5,974	-17,164	-14,775
EBITDA	12,364	12,364	270	270	970	970	-5,974	-5,974	7,629	7,629
Depreciation and amortization	-3,116	-3,116	-8	-8	-43	-43	-459	-459	-3,627	-3,627
EBIT	9,247	9,247	262	262	927	927	-6,434	-6,434	4,003	4,003
Interest	-19	-19	0	0	0	0	-358	-358	-377	-377
Income tax	-2,364	-2,364	-67	-67	-237	-237	1,645	1,645	-1,023	-1,023
Business area result	6,865	6,865	195	195	690	690	-5,147	-5,147	2,603	2,603

7. OTHER NOTES AND DISCLOSURES

7.1 Contingent liabilities

The subordination agreed in the business year 2019/2020 and 2020/2021 with KPS Strategie- Prozess- und IT-Consulting GmbH, Vienna, Austria, in the total amount of KEUR 450 continues to exist. In addition, the subordination in favor of KPS Sweden AB, Stockholm, Sweden, amounting to KEUR 400 and the subordination agreed with KPS Transformation GmbH, Unterföhring, Germany, amounting to KEUR 6,000 in the business year 2020/2021 continue to exist. On 14 December 2023, KPS AG agreed a letter of comfort and a letter of subordination in favor of KPS Consulting A/S, Copenhagen, with a funding obligation of up to € 3,800 thousand and a time limit until 31 December 2024.

KPS Consulting GmbH has issued a maximum amount guarantee of KEUR 30,000 (previous year: KEUR 30,000) to secure current account and money market credit lines at Landesbank Baden-Württemberg. As at the balance sheet date, current account and money market liabilities at Landesbank Baden-Württemberg amounted to KEUR 28,000 (previous year: KEUR 23,000).

The company made a commitment to KPS Transformation GmbH and KPS Consulting GmbH as part of exemption in accordance with Article 264 para. 3 of the German Commercial Code (HGB) to guarantee all of the current obligations of these companies in respect of their creditors up until 30 September 2023. This duty to assume liability is valid until 30 September 2024.

A control and profit transfer agreement was concluded with Infront Consulting & Management GmbH on 22 March 2022.

There were no acquisitions or start-ups after the end of the interim reporting period.

7.2 Acquisitions and foundings after the end of the interim reporting period

There were no acquisitions and no foundings after the end of the interim reporting period.

7.3 Divestments and assets held for sale

There were no divestments and assets held for sale in the current business year.

7.4 Significant events after the end of the interim reporting period

There are no events of particular significance after the end of the interim reporting period that will have a significant impact on the business performance of the KPS Group.

7.5 Related party disclosures

For related party disclosures, please refer to the consolidated financial statements as at 30 September 2023. As at 31 March 2024, no significant changes have taken place.

7.6 Corporate Governance

The Executive Board and the Supervisory Board of KPS AG have issued the Declaration of Compliance with the German Corporate Governance Code required pursuant to Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's website (<https://kps.com/global/en/company/investor-relations/corporate-governance.html>).

7.7 Deviations

An English translation of the consolidated half-year report is also available. If any deviations are identified, the German version of the consolidated half-year report shall take precedence over the English translation.

The rounding of amounts and percentages can lead to minor deviations owing to commercial rounding.

7.8 Responsibility statement by the legal representatives

The Executive Board of KPS AG hereby declares to the best of its knowledge, and in accordance with the principles to be applied for interim financial reporting, that the interim consolidated financial statements present a true and fair view of the asset, financial and earnings position of the Group corresponding to the actual circumstances, and that the Consolidated Interim Management Report presents a true and fair view of the performance of the business including the business results and the position of the Group is presented such that an appropriate view of the actual circumstances is conveyed, and that the significant opportunities and risks of the expected development of the Group in the remaining business year are described.

Unterföhring, May 2024

KPS AG

The Executive Board

KPS AG Group

DEVELOPMENT OF THE FIXED ASSETS (GROSS PRESENTATION)

in KEUR	ACQUISITION OR PRODUCTION COSTS						ACCUMULATED DEPRECIATION					BOOK VALUE		
	01.10.2023	Additions	Additions from company merges	Disposals	Transfers	31.03.2024	01.10.2023	Additions	Additions from company merges	Disposals	Transfers	31.03.2024	31.03.2024	30.09.2023
I.) INTANGIBLE ASSETS														
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets														
a.) if acquired	15,750	3	0	0	0	15,753	13,883	555	0	0	0	14,437	1,316	1,867
b.) if internally generated	14,026	15	0	0	0	14,041	6,204	491	0	0	0	6,695	7,346	7,822
2. Advance payments made	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Goodwill	84,282	0	0	0	0	84,282	15,016	0	0	0	0	15,016	69,266	69,266
Intangible assets	114,058	18	0	0	0	114,076	35,103	1,046	0	0	0	36,148	77,928	78,955
II.) PROPERTY, PLANT AND EQUIPMENT														
1. Business and office equipment	4,050	85	0	773	151	5,059	2,041	169	0	404	110	2,724	1,638	2,009
2. Low-value assets	151	0	0	0	-151	0	110	0	0	0	-110	0	0	41
3. Advance payments received	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property, plant and equipment	4,201	85	0	773	0	5,059	2,151	169	0	404	0	2,724	1,638	2,050
Total fixed assets	118,259	103	0	773	0	119,135	37,254	1,215	0	404	0	38,872	79,566	81,005

IMPRINT
Publisher
KPS AG
Beta-Str. 10H
85774 Unterföhring
Germany

Further information
Investor Relations
Phone: +49-89 35631-0
Email: ir@kps.com

KPS AG on the Internet
kps.com

The logo for KPS AG, featuring the letters 'KPS' in a bold, blue, sans-serif font. The letter 'P' has a small orange dot above it, and the letter 'S' has a small orange dot at its top curve. The logo is positioned in the bottom right corner of the page, which has a dark blue background with a white diagonal stripe and a yellow diagonal line.