

# GROUP

QUARTERLY RELEASE  
AS AT 30 JUNE 2023

22/23



KPS

## KPS – QUARTERLY RELEASE AS AT 30 JUNE 2023

KPS publishes Q3 2022/2023 results.

### OVERVIEW OF KEY FIGURES IN ACCORDANCE WITH IFRS (UNAUDITED)

in KEUR	3rd quarter 2022/2023	3rd quarter 2021/2022	+/-
Group sales	42,218	44,942	-6.1%
EBITDA	1,363	4,662	-70.8%
Operating result - EBIT	-566	2,907	-119.5%
Financial result	-385	-142	-171.1%
Earnings before income tax	-951	2,765	-134.4%
Income taxes (*)	268	-824	-132.5%
Earnings after income tax	-683	1,941	-135.2%
Earnings per share (in euro)	-0.02	0.05	-140.0%

(\*) The tax rate determined for the annual financial statements 30.09.2022 was used to calculate the tax charge for the 3<sup>rd</sup> quarter 2022/2023

## BUSINESS PERFORMANCE

The third quarter of the financial year 2022/2023 was characterized by a change in the project and country mix in some of the key markets. The share of domestic revenue increased to 50.7% (Q3 2021/2022: 44.5 %), reflecting robust demand in Digital Enterprise. In contrast, domestic revenue development in the Digital Strategy and Digital Customer Interaction declined. The revenue trend in the foreign markets is also characterized by a change. On the one hand significant part of the Scandinavian long-term projects have been completed, resulting in a decline in revenue in the areas of Digital Customer Interaction and Digital Enterprise. At the same time, there was a stable revenue growth in the United Kingdom due to very robust demand for Digital Customer Interaction projects in this region.

Overall, KPS recorded a decline in revenue of 6.1 %<sup>1</sup> in Q3 2022/2023 compared with Q3 2021/2022, bringing consolidated revenue to EUR 42.2 million<sup>2</sup> (previous year: EUR 44.9 million).

EBITDA was influenced by several factors in the Q3 2022/2023. As already explained, the project finalization in Scandinavia led to the corresponding decline in revenue in this market. The shift in emphasis from Scandinavian to the German market led to a decline. Profitability in the German market is generally below the level of projects in other European countries, which has a corresponding impact on profit development.

Another effect is the underutilization of consultants in the areas of Digital Strategy and Digital Customer Interaction in Germany, , which is related to declining revenue and the previous increase in staff in the area of Digital Customer Interaction. KPS reacted accordingly by reducing headcount in Q3 2022/23. The associated severance provisions amounted to EUR 1.0 million.

Due to the aforementioned effects, EBITDA declined by 70.8% to EUR 1.4 million<sup>3</sup> in the third quarter of 2022/2023 (previous year: EUR 4.7 million).

## EARNINGS, FINANCIAL AND ASSET POSITION

### Earnings position

Based on unaudited IFRS consolidated figures in the third quarter of 2022/2023, sales in the reporting period amounted EUR 42.2 million<sup>2</sup> (previous year: EUR 44.9 million), representing year-on-year decline of 6.1 %<sup>1</sup>. KPS's existing projects are developing as expected. Continuing high inflation, increased financing costs and uncertainty in geopolitical developments are curbing new customer growth in the markets and customer segments which are relevant for KPS.

Personnel expenses are a significant part of the cost base. KPS built up staff in the financial year 2021/2022 particularly in the area of Digital Customer Interaction. Inflation related wage and salary increases across the KPS Group in combination with underutilisation in Germany in Digital Strategy and Digital Customer Interaction were a significant cost driver. KPS has adjusted the number of employees according to the changed demand. This was accompanied by corresponding severance expenses. As a result, personnel expenses increased by 16.6% to EUR 21.5 million, of which EUR 1.0 million related to severance payments. However, the effect of the severance payments on the increase in personnel expenses is temporary.

EBITDA declined by 70.8% to EUR 1.4 million in the third quarter of 2022/2023 driven by the factors outlined above.

<sup>1</sup> Figure includes inorganic growth related to the acquisition of shares in Graphyte B.V. in fiscal year 2022/2023. Excluding Graphyte revenues declines by 8.8% compared to Q3 2021/2022.

<sup>2</sup> Figure includes inorganic growth related to the acquisition of shares in Graphyte B.V. in fiscal year 2022/2023. Revenue excluding Graphyte amount to 41.0 million euro.

<sup>3</sup> Figure includes inorganic growth related to the acquisition of shares in Graphyte B.V. in fiscal year 2022/2023. EBITDA excluding Graphyte amounts to 1.1 million euro.

Earnings after taxes in the third quarter of 2022/2023 were EUR -0.7 million (previous year: EUR 1.9 million).

**Asset position**

As at the reporting date 30 June 2023, total assets increased by 4.0 % to EUR 164.6 million (30 September 2022: EUR 160.1 million).

Non-current assets corresponded to 65.9 % of total assets as of the reporting date and amounted to EUR 108.4 million (30.09.2022: EUR 102.7 million). The increase is due to the acquisition of Graphyte B.V. amounting of EUR 5.6 million. The value of current assets amounted to EUR 56.2 million or 34.1 % of total assets (30.09.2022: EUR 57.4 million).

**Financial position**

As at the reporting date 30.06.2023, equity was at EUR 70.0 million (30.09.2023: EUR 71.8 million). This results in an equity ratio of 42.5 % as of the reporting date 30.06.2023 (30.09.2022: 44.9 %). Current liabilities increased compared to the reporting date 30.09.2022 from EUR 65.2 million to 69.9 million. Current liabilities thus corresponded to 42.5 % of the balance sheet total. Non-current liabilities increased from EUR 23.1 million (30.09.2022) to EUR 24.7 million as of the balance sheet date 30.06.2023.

At the end of the quarter, non-current and current financial liabilities amounted to EUR 32.4 million.

As of 30 June 2023, KPS had cash and cash equivalents of EUR 7.9 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

The opportunity and risk situation has not changed significantly compared to the description in the 2021/2022 Annual Report. Detailed information on the Risk Management System and the risk situation of the KPS Group are available in the 2021/2022 Annual Report.

## OUTLOOK FOR FINANCIAL YEAR 2022/2023

### **Expected business performance of the Group in financial year 2022/2023**

The Executive Board confirms its forecast issued in April 2023, which envisages sales revenues in the financial year 2022/2023 to be slightly below the previous year's level (FY 2021/2022: EUR 179.5 million) and Group EBITDA to be in a range between EUR 11 million and EUR 14 million.

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 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, 27 July 2023

KPS AG

The Executive Board

## INVESTOR RELATIONS CONTACT

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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](http://www.kps.com)