

GROUP

HALF-YEAR-REPORT



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KPS GROUP

TO THE SHAREHOLDERS



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**Ladies and Gentlemen, Dear Shareholders,**

in the first half of business year 2021/2022, KPS was largely able to weather the negative effects of the corona pandemic and return to a growth path with gratifying growth in revenues of 12.5%. Our e-commerce and ERP services in particular contributed to this growth. This underlines KPS's immense importance to our customers, both at the front end in our customers' relationships with their end customers and at the back end in central ERP systems and IT landscapes.

In the area of e-commerce, for example, we assist our customers in significantly improving their front end performance to achieve broader reach, more leads, increased customer conversion and ultimately higher revenues.

In addition, the first six months of the current business year have shown KPS's strength in its bread and butter business – the digital transformation of ERP systems. Demand for digital transformation projects has recovered strongly. In the area of digital transformation, we help our customers to update their IT and software systems with our expertise and technologies so that they can be operated more efficiently.

In accordance with our expectations, the growth in revenues was not reflected one-to-one in our operational development. We have increased the capacities of our IT and project specialists in response to the positive development of demand and, in addition to hiring new staff, made greater use of external service providers. Furthermore, compared to the same period last year, the project mix has shifted somewhat more towards the domestic business. After all, the main emphasis in the first half of the year was on revenue growth.

Uncertainties and risks have increased again due to the war in Ukraine. However, we do not currently see any substantial negative effects on current projects or new projects planned for this year. Therefore, we confirm our forecast from January 2022 that we will be able to increase revenues in the mid to high single-digit percentage range in business year 2021/2022 compared to business year 2020/2021. In addition, we plan to achieve EBITDA at least at the level of business year 2020/2021. This planning is based on the fact that the projects envisaged can actually be completed.

Munich, May 2022

The Executive Board

**Leonardo Musso**

## KPS ON THE CAPITAL MARKET IN THE FIRST HALF OF BUSINESS YEAR 2021/2022

### **Share price development in the reporting period (1 October 2021 to 31 March 2022)**

The KPS AG share dropped by 7.0% in the first half of business year 2021/2022. On 16 December 2021, the share reached its absolute low for the period under review at 4.00 euros. The share reached its high of 4.85 euros for the observation period on 20 January 2022. The closing price on 31 March 2022 was 4.51 euros.

The average daily trading volume of the KPS share on all German trading venues in the reporting period was around 11,496 shares (previous year: 51,657 shares). The market capitalisation of KPS AG on 31 March 2022 was 168.7 million euros on the basis of 37,412,100 shares in circulation.



#### 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	37.412.100 registered no-par value ordinary shares (no-par shares)
Capital stock	37,412,100,00 euros
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 2021)	4,85 euros
High (08 October 2021)	4,90 euros
low (16 December 2021)	4,00 euros
Closing price (31 March 2022)	4,51 euros
Trading volume (01 October 2021 bis 31 March 2022, average trading volume)	11.496
Market capitalization (31 March 2022)	168,7 million euros

### 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 of 31 March 2022, the shareholder structure of KPS AG is as follows: Michael Tsifidaris, Chairman of the Supervisory Board, holds 24.3% of the company's shares. Supervisory Board member Uwe Grünewald holds 10.8% of the share capital entitled to voting rights. Leonardo Musso, member of the Executive Board of KPS AG, holds 11.0% of the shares in the company. This means that 46.1% 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.

Former Executive Board member Dietmar Müller currently still holds 10.2% of the voting rights. Allianz I.A.R.D. S.A., which currently holds 6.7%, is another investor with shares exceeding 5.0%. The free float amounts to 37.0%. KPS AG is in constant contact with current and potential investors and strives to expand its shareholder base in a targeted manner.

### Financial calendar

16 May 2022	Publication of the figures for the half-year 2021/2022
18 May 2022	Ordinary Annual General Meeting in Munich
21 July 2022	Publication of the figures for the third quarter of 2021/2022

### Analysts' research

The performance of the KPS share is constantly analysed and evaluated by the highly regarded banks M.M.Warburg, Berenberg and Hauck & Aufhäuser.

In its research published on 11 February 2022, Warburg issued a price target of 8.40 euros (rating: buy) in its commentary on KPS. In its latest publication (21 January 2022), Berenberg Bank rates the share as a hold with a target price of 5.00 euros. Hauck & Aufhäuser published a price target of 8.60 euros (rating: buy) in their commentary on KPS on 11 February 2022.

## Investor Relations

In the reporting year 2020/2021 and in the first half of business year 2021/2022, 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://www.kps.com/de/investor-relations.html>.



KPS GROUP

INTERIM MANAGEMENT REPORT

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22

## 1. ECONOMIC REPORT

### 1.1 Macroeconomic development

#### Development of the global economy

Following the severe disruptions caused by the COVID-19 pandemic, the recovery of the global economy that began in 2021 has been slowed down by the war in Ukraine since the end of February 2022.<sup>1</sup>

After two pandemic years and the recent steady recovery of the global economy, the International Monetary Fund's forecasts published in March show a significant slowdown in the positive development. Thus, the growth of the global economy is now expected to decline from 6.1% in 2021 to 3.6% in 2022 and 2023. This represents a reduction in the growth forecasts of 0.8% for 2022 and 0.2% in 2023 compared to the original forecasts issued this January.<sup>2</sup>

On the one hand, the war in Ukraine is burdening the global economy by increasing general inflation and, at the same time, it is slowing down the previously positive development of world trade. This had overcome the weakness recorded in the summer of 2021 in the final months of 2021 and most recently pointed to a clearly upward economic trend.<sup>3</sup>

#### Development in Europe

According to the Kiel Institute for the World Economy, economic output in the eurozone now exceeds pre-corona levels, while consumer price inflation has also accelerated sharply here. Macroeconomic output recorded strong gains in the second and third quarters of 2021, but increased only slightly by 0.3% in the fourth quarter of 2021.<sup>4</sup>

In Sweden, Denmark, Poland and Hungary, the pre-crisis level has recently been clearly exceeded, while Croatia, Bulgaria and Romania have also reached it. The Czech Republic's economic performance, on the other hand, remains below the pre-corona level. The Central and Eastern European EU states in particular are clearly affected by the consequences of the Ukraine war, also due to their geographical proximity and intensive trade links with Russia and Ukraine. Bringing up the rear in terms of GDP development for 2021 are Germany with a rise of 2.9% in 2021 as well as the Czech Republic (+3.3%), Slovakia (+3.0%) and Finland (+3.3%). Ireland had the highest GDP growth in the EU at 13.4%.<sup>5</sup>

#### Development in Germany

In the second year of the COVID-19 pandemic, industrial development in Germany was significantly affected by serious supply bottlenecks and the resulting disruption of industrial production. General contact restrictions and an increased number of sickness and quarantine-related absences from work also had a dampening effect on economic development.<sup>6</sup>

Private consumer spending recorded a small increase of 0.1% compared to the previous year, according to the Kiel Economic Reports. Due to a decline in the pandemic and the resulting loosening of infection protection measures, private consumer spending was able to recover strongly at times. In the fourth quarter of 2021, this recovery was strongly clouded by a renewed increase in the number of cases. Overall, however, the pandemic-related burdens, especially in contact-intensive services, decreased.<sup>7</sup>

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<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

<sup>2</sup> Ebd.

<sup>3</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB\\_87\\_2022-Q1\\_Welt\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_87_2022-Q1_Welt_DE.pdf)

<sup>4</sup> Ebd.

<sup>5</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB\\_87\\_2022-Q1\\_Welt\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_87_2022-Q1_Welt_DE.pdf)

<sup>6</sup> [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB\\_89\\_2022-Q1\\_Deutschland\\_DE.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_89_2022-Q1_Deutschland_DE.pdf)

<sup>7</sup> Ebd.

An increase of +2.2% was recorded in the German gross domestic product in the second quarter of 2021. Growth of +1.7% was also recorded in the third quarter of 2021, whereby the fourth quarter of 2021 ended with a slump of -0.3%.<sup>8</sup>

Unemployment figures in Germany fell by 0.2% to 5.7% in 2021.<sup>9</sup>

## 1.2 Sector-related framework conditions

In 2021, the total revenue of the consulting industry increased from EUR 34.6 billion in 2020 to EUR 38.1 billion, according to the German Association of Management Consultants (BDU).

The highest growth rates were recorded in organisation and process consulting with an increase in revenue of 11.0% and in HR consulting with an increase of 11.5%. Projects in the areas of sales (+15.0%), procurement and supply chain management (+13.5%) as well as management development (+14.0%) and employer branding (12.5%) contributed significantly to this positive development.

The share of female employees in the consulting industry has increased by 4 percentage points to 39% in the course of more flexible forms of work and remote work due to the corona pandemic.

## 1.3 Course of business

In the first half of 2021/2022, KPS recorded a positive business performance overall.

Demand for ERP transformation projects recovered significantly in Germany, KPS's domestic market. In addition, KPS's customers' demand for e-commerce projects remained at a high level.

Consequently, KPS was able to return to solid revenue growth compared to the business year 2020/2021. In the first six months of business year 2021/2022, KPS increased its revenues by 12.5% to EUR 86.6 million compared to the same period of the previous year. The start of new projects as well as the ramp-up of existing projects, some of which had been paused because of the effects of the COVID-19 Pandemic on individual customers, contributed to the growth in revenues.

EBITDA in the first half of 2021/2022 fell slightly by 2.8% from EUR 11.4 million in the same period of the previous year to EUR 11.1 million in the reporting period, in line with expectations. The EBITDA margin decreased accordingly by two percentage points from 14.8% to 12.8%.

The significant increase in demand required a rapid ramp-up of resources, especially IT and project specialists. Cost of materials, which mainly includes expenses for external services (freelancers), rose by 23.8% to EUR 30.3 million and the cost of materials ratio increased from 31.8% to 35.0%.

At EUR 7.5 million, EBIT was at the same level as in the same period of the previous year and KPS generated an EBIT margin of 8.6% (previous year: 9.7%).

## 1.4 Impact of the COVID-19 pandemic

KPS managed to overcome the negative effects of the COVID-19 pandemic and return to its growth path in the first half of 2021/2022. KPS employees continue to have the option of working from home as long as client projects and needs permit.

In addition, it is an integral part of the KPS strategy to carry out transformation projects increasingly through remote solutions or through a combined delivery model consisting of on-site consulting and tLab, i.e. delivering services independent of location. The delivery model supports hybrid working, i.e. having

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<sup>8</sup> Ebd.

<sup>9</sup> Ebd.

employees work remotely and from home offices, from the sites or, if desired by the customer, at the project site.

Finally, the trend towards remote delivery models is to be strengthened with the further development of the Rapid Transformation Method to the Instant Platforms products, thus making hybrid working models more sustainable over time.

### 1.4.1 Results of operations for the KPS Group

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

in KEUR	2021/2022	2020/2021
Revenues	86,566	76,941
Own work capitalized	44	403
Other operating income	382	499
Cost of materials	-30,300	-24,476
Personnel expenses	-37,503	-34,934
Other operating expenses	-8,111	-7,036
Operating result before depreciation and amortization (EBITDA)	11,078	11,397
Depreciation and amortization (M&A adjusted)	-3,229	-3,465
Operating result (EBIT) adjusted	7,849	7,931
Amortization and depreciation (M&A related)	-385	-449
Operating result (EBIT)	7,464	7,483
Financial result	-234	-276
Earnings before income taxes*	7,231	7,207
Income tax	-2,155	-1,825
Earnings after income taxes	5,076	5,382

\* corresponds to the result from ordinary activities

#### Revenues

KPS achieved robust revenue growth of 12.5% in the first half of business year 2021/2022. This brought revenues to EUR 86.6 million, compared to EUR 76.9 million in the first half of 2020/2021. Strong demand for ERP projects and continued high demand for e-commerce services contributed to revenue growth.

In the reporting period, revenues in Germany increased by 5,1 % to EUR 36.0 million. This means 41.6% of the Group's revenues were generated in Germany. Revenues recorded abroad increased by 18.4% to EUR 50.6 million.

#### Own work capitalised

In the first half of business year 2021/2022, own work capitalised amounted to EUR 0.04 million (previous year: EUR 0.4 million). Compared to the same period of the previous year, this represents a decrease of 89.1%.

#### 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 recharges and income from the reversal of provisions. Overall, other operating income remained more or less unchanged compared to the same period of the previous year at EUR 0.4 million (previous year: EUR 0.5 million).

**Cost of materials**

In the reporting period, cost of materials increased by 23.8% or EUR 5.8 million to EUR 30.3 million (previous year: EUR 24.5 million). Accordingly, the cost of materials ratio increased in the reporting period compared to the previous year from 31.8% to 35.0%.

The increase is mainly due to the increased use of external consultants as a result of the significantly higher demand for project services. Expenses for external services rose by 26.1% to EUR 29.5 million in the reporting period (same period of the previous year: EUR 23.4 million).

**Personnel expenses**

Personnel expenses increased by 7.4% to EUR 37.5 million in the reporting period (same period of the previous year: EUR 34.9 million). The personnel expense ratio fell from 45.4% to 43.3% in the reporting period, as the increase was below the growth in revenues.

As of 31 March 2022, the KPS Group employed 668 people (31 March 2021: 613). The higher number of employees is due to increased demand as well as preparation for further expected growth. On the one hand, KPS increased the number of employees in order to be able to meet the significantly greater demand for project services. On the other hand, KPS created capacity in order to be prepared for potential projects.

**Other operating expenses**

Other operating expenses rose by 15.3% to EUR 8.1 million (previous year: EUR 7.0 million). They mainly include travel and vehicle costs, non-project-related external services and operating costs.

**Depreciation and amortisation**

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to EUR 3.6 million, slightly below the figure for the same period in the previous year (EUR 3.9 million).

Depreciation and amortisation includes IFRS16 ("Leasing") related depreciation and amortisation of EUR 2.4 million (previous year: EUR 2.6 million) and M&A-related depreciation and amortisation of EUR 0.4 million (previous year: EUR 0.4 million).

**Financial result**

The financial result of the Group in the first half of business year 2021/2022 was EUR - 0.2 million (previous year: EUR - 0.3 million).

**Earnings after income taxes**

KPS achieved earnings after taxes of EUR 5.1 million compared to EUR 5.4 million in the same period of the previous year. The tax rate in the reporting period was 29.8% and thus above the tax rate of 25.3% in the same period of the previous year.



**EBIT**

KPS generated EBIT of EUR 7.5 million in the reporting period. EBIT was thus at the same level as in the same period of the previous year (previous year: EUR 7.5 million). The EBIT margin was 8.6% compared to 9.7% in the first half of 2020/2021.

**Earnings per share**

Diluted as well as undiluted earnings per share amounted to EUR 0.14 in the first half of business year 2021/2022 compared to EUR 0.14 the previous year. The average number of shares has not changed compared to the previous year and remains at 37,412,100.

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

in KEUR	31.03.2022	30.09.2021
Non-current assets	106,246	108,845
Current assets	56,008	51,563
<b>Total assets</b>	<b>162,255</b>	<b>160,408</b>
Shareholders equity	74,095	69,019
Non-current liabilities	27,720	29,827
Current liabilities	60,440	61,562
<b>Total liabilities</b>	<b>88,160</b>	<b>91,389</b>
<b>Total shareholders equity and liabilities</b>	<b>162,255</b>	<b>160,408</b>

**Value-based Group controlling**

The KPS Group has a control and management system that is aimed at increasing the value of the Group as a whole. The objectives for the individual segments and Group companies are derived from this. Control is based within the Group, via the segments down to the individual profit centre levels. Periodic management is carried out taking the accounting and valuation rules defined by international accounting standards into account. In addition to revenue and EBITDA, certain segment- and profit centre-related indicators are used as key figures for controlling purposes.

**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 2022, we have succeeded in providing sufficient liquid funds for the continued operation of KPS.

As at the reporting date of 31 March 2022, cash and cash equivalents amounted to EUR 8.1 million, unchanged from the reporting date of 30 September 2021 (EUR 8.1 million). There were bank liabilities of EUR 25.6 million (30 September 2021: EUR 21.3 million). This results in direct net financial debt, calculated on the basis of cash and cash equivalents less liabilities to banks, of EUR 17.5 million as at the reporting date 31 March 2021 (30 September 2021: EUR 13.2 million).

Cash flow from operating activities in the first half of business year 2021/2022 was EUR 2.9 million compared to EUR 3.9 million the previous year.

Cash flow from investing activities in the reporting period 2020/2021 amounted to EUR -4.5 million (previous year: EUR -5.3 million). The reduced cash outflows from investing activities are mainly due to the lower cash outflows for investments in intangible assets and for purchase price payments.

Cash flow from financing activities amounted to EUR + 1.7 million in the first half of the year (same period of the previous year: EUR -9.6 million).

Cash and cash equivalents amounted to EUR 8.1 million as of the reporting date 31 March 2022, compared to EUR 9.0 million as of the reporting date of the same period of the previous year (31 March 2021).

### **Asset position**

The KPS Group has a balance sheet structure with matching maturities.

Total assets at the end of the reporting period 31 March 2022 amounted to EUR 162.3 million, which represents a slight increase of 1.2% compared to the reporting date 30 September 2021 (EUR 160.4 million).

### **Development of assets**

Non-current assets amounted to EUR 106.2 million as at the reporting date of 31 March 2022 (reporting date 30 September 2021: EUR 108.8 million). The rights of use from the capitalisation of leases included in this total amounted to EUR 25.1 million (30 September 2021: EUR 26.7 million). In addition, non-current assets include goodwill from company acquisitions of KPS in the amount of EUR 62.5 million (30 September 2021: EUR 62.5 million). Non-current assets accounted for 65.5% of total assets at the end of the reporting period (30 September 2021: 67.9%).

Current assets of EUR 56.0 million as at the reporting date 31 March 2022 consisted primarily of trade receivables of EUR 35.9 million (30 September 2021: EUR 34.5 million), contract assets of EUR 8.9 million (30 September 2021: EUR 6.0 million) and cash and cash equivalents of EUR 8.1 million (30 September 2021: EUR 8.1 million). Trade receivables together with contract assets increased by EUR 4.3 million or 10.5% compared to the reporting date of 30 September 2021. The increase is due to the expansion of the business volume.

### **Development of equity**

The equity of the KPS Group increased by EUR 5.1 million compared to the reporting date 30 September 2021 and shows a value of EUR 74.1 million as at 31 March 2022 (30 September 2021: EUR 69.0 million). The equity ratio was 45.7% at the end of the reporting period 31 March 2022 compared to 43.0% as at the reporting date 30 September 2021.

### **Development of liabilities**

As of the reporting date 31 March 2022, non-current liabilities decreased by 7.1% or EUR 2.1 million to EUR 27.7 million compared to the reporting date 30 September 2021. At EUR 20.3 million (30 September 2021: EUR 21.7 million), the largest item within non-current liabilities was non-current lease liabilities. In addition to long-term lease liabilities, non-current liabilities include a bank loan of EUR 3.3 million (30 September 2021: EUR 4.0 million) and liabilities for earn-out payments.

Current liabilities decreased slightly by 1.8% to EUR 60.4 million (30 September 2021: EUR 61.6 million) compared to the reporting date 30 September 2021.

Trade payables amounted to EUR 9.5 million as at the reporting date (30 September 2021: EUR 7.6 million). Current financial liabilities increased by 28.9% to EUR 22.3 million.

The increase is mainly the result of earn-out payments of EUR 4.5 million.

## 1.6 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 [www.kps.com/de/investor-relations.html](http://www.kps.com/de/investor-relations.html).

## 1.7 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 2022, the KPS Group employed 668 people. As at the reporting date 30 September 2021, the number of employees was 647 and as at the reporting date 31 March 2021, 613. The number of consultants amounted to 550 as at the reporting date 31 March 2022 (30 September 2021: 529).

In Germany, KPS employed 466 people (30/09/2021: 459). This represents a share of 69.8% (30.09.2021 70.9%) in the overall Group.

Personnel expenses in the reporting period were EUR 37.5 million, 7.4% higher than in the same period of the previous year.

## Employees at the KPS Group

	31.03.2022	30.09.2021	Change
<b>Employees by region</b>			
Germany	466	459	7
Spain	91	75	16
Great Britain	68	75	-7
Denmark	21	18	3
Switzerland	6	5	1
Austria	4	5	-1
Sweden	6	4	2
Norway	3	3	0
Netherlands	3	3	0
<b>Total</b>	<b>668</b>	<b>647</b>	<b>21</b>
<b>Employees by function</b>			
Executive Board	1	1	0
Managing Directions	12	12	0
Consultants	549	529	20
Administration	101	101	0
Apprentices	5	4	1
<b>Total</b>	<b>668</b>	<b>647</b>	<b>21</b>

Besides the Managing Directors mentioned in the table above, the Executive Board member of KPS AG, Leonardo Musso, has also been appointed Managing Director (intotal of fifteen companies). Thus, thirteen persons are active as Managing Directors in the KPS Group as at 31 March 2022.

### 1.8 Supplementary Report

#### Reportable events

Overall, no reportable events or changes have occurred up to the date of preparation of this Group Management Report that affect the picture of the Group's situation conveyed in these Consolidated Financial Statements for the reporting period 1 October 2021 to 31 March 2022.

#### Changes in the asset, financial and earnings position

Since 31 March 2022, no events of particular significance have occurred that are expected to have an impact on the asset, financial and earnings position of the company as presented in the Consolidated Financial Statements for the reporting period 1 October 2021 to 31 March 2022.

#### Assessment of current development by the Executive Board

The KPS Group was able to achieve the company's goals set by the Supervisory Board and the Executive Board for the first half of business year 2021/2022.

KPS succeeded in returning to its growth path in the first six months, as expected. The main drivers of this gratifying development included a significant increase in demand for ERP transformation projects in Germany as well as continued high demand for e-commerce projects.

KPS faces competition for the best IT talent. In order to be able to meet the significantly higher demand for projects and to prepare for further growth, the Executive Board has increased the number of in-house and external consultants, with the corresponding effects on personnel and material costs. Increased costs can only be passed on to customers with a time lag.

The war in Ukraine did not have an impact on the business situation in the reporting period. The effects of the conflict cannot be reliably estimated at present. At the time of preparing this report, however, the Executive Board assumes that it will be able to achieve the goals for the business year.

The liquidity position remains good and the balance sheet ratios are solid. The business model is flexible and can be adapted to new conditions very quickly. KPS has excellent platform and product solutions to support companies with their digital transformation.

## 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 significant influence on the financial and earnings position as well as the asset position of the KPS Group. As part of our research activities, we regularly evaluate studies and forecasts from economic institutes in order to obtain the necessary overview of the likely development of the economy in the markets of importance to us.

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.

## 3. OUTLOOK REPORT

### 3.1 Macroeconomic forecast

#### **Macroeconomic global economy**

After a strong increase in global production of 5.8% in 2021, positive growth of 3.5% is also expected in 2022, according to the joint diagnosis of the leading economic research institutes.

World trade was able to record an increase of 10.3% in the past year 2021. In the current year 2022, less dynamic growth of 3.1% is expected. For 2023, growth is again forecast to be positive at 2.6%. According to the joint forecast, the main drivers of the declining growth dynamics include, on the one hand, the difficult balancing act of the central banks between inflation prevention and investment incentives through low interest rates and, on the other hand, the disruption of the global economy by the Ukraine war.

Rising inflation led many central banks to raise key interest rates last winter. Since the beginning of the Russia-Ukraine war in February 2022, however, international monetary policy has found itself in a conflict of objectives between price and production stabilisation, as occurred in a similar way in the course of the

two oil shocks in 1973 and 1979. The war in Ukraine also affects the global economy in that Russia and Ukraine, as important exporters of raw materials, will export less because of the war. The loss of exports to Russia, Belarus and Ukraine, on the other hand, will have only a minor impact on the global economy, according to economists.

### **Forecast for the European economy**

The general recovery of the eurozone is being slowed down by the war in Ukraine. The increases in general economic activity that are foreseeable and have already occurred are now increasingly threatened by the rise in oil and gas prices, the collapse in trade with Russia, Belarus and Ukraine, as well as general uncertainty.

However, as the inflationary commodity price shock is counterbalanced by significant driving forces from private consumption, consumption in the eurozone is expected to grow strongly, with only a slightly dampened GDP development in 2022. Production growth is expected to be 3.3% in 2022. Growth of 2.7% is expected for 2023.

Due to the general relaxation of infection control measures, short-time work programmes will also continue to be scaled back. The unemployment rate in the eurozone is expected to fall further in 2022 from 7.7% in 2021 to 6.6% now, and to fall further to 6.3% in 2023.

### **Forecast for the German economy**

For the current year 2022, the leading economic research institutes expect a positive increase in gross domestic product of 2.7% and growth of 3.1% in 2023. Accordingly, the recovery boost from the abolition of pandemic restrictions, the effects of the corona crisis as well as the war in Ukraine are causing partly opposing economic currents with a price-driving effect. The Ukraine crisis is having less of an impact on the German economy through the effects of lost exports to the war-torn countries, but is weakening domestic production and demand primarily through uncertainty and rising energy import costs.

Furthermore, a declining unemployment rate of 5.0% is forecast in 2022, which is expected to stagnate at this level in 2023. According to the Joint Economic Forecast, the public budget deficit for 2022 will be significantly lower than in the previous year (2021: EUR 132 billion) at EUR 52 billion, which is largely due to a lower increase in government spending in the wake of the expiry of pandemic-related corporate aid and, at the same time, rising government revenues in the wake of the economic recovery. Overall, the Ukraine war is by far the biggest risk factor for the forecast of the coming quarters, as its further course and political as well as economic consequences are unclear. The development of commodity prices, the extent of any supply bottlenecks and flight movements in particular depend on the outcome and duration of the conflict.

## **3.2 Sector-specific forecast**

Due to the Russia-Ukraine conflict, the medium- and long-term effects on the consulting industry in the current year are difficult to assess. Nevertheless, the Federal Association of German Management Consultants still expects growth of +10.5% for the consulting industry in 2022.

The effects of the war in Ukraine are exacerbating the already tense situation on the global procurement market. The initial effects on certain customer sectors, such as IT and services or agriculture, are already becoming apparent.



### 3.3 Forecast for business year 2021/2022

The KPS Group is well positioned for the challenges of the future and the opportunities in the digitalisation of business processes. In particular, additional opportunities should arise from the Instant Platforms product families developed by KPS. Furthermore, KPS has a very solid financial structure and earnings position.

In business year 2021/2022, the Executive Board and management will focus in particular on the marketing of the newly developed Instant Platforms product families. Based on the information and data available at the time of preparing this report, the Executive Board confirms its estimate issued in January 2022 that the company will be able to increase revenue in the mid to high single-digit percentage range compared to business year 2020/2021. Furthermore, it plans to achieve EBITDA that is at least at the level of business year 2020/2021. This planning is based on the fact that the projects planned can be completed.

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, May 2022  
The Executive Board

KPS GROUP

INTERIM FINANCIAL STATEMENTS

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**KPS AG Group Interim Financial Statements in accordance with IFRS**  
**INCOME STATEMENT**  
**For the period from 1 October 2021 to 31 March 2022**

in KEUR		2021/2022	2020/2021
1	Revenues	86,566	76,941
2	Own work capitalized	44	403
3	Other operating income	382	499
4	Cost of materials	-30,300	-24,476
5	Personnel expenses	-37,503	-34,934
6	Other operating expenses	-8,111	-7,036
<b>7</b>	<b>Operating result before depreciation and amortization (EBITDA)</b>	<b>11,078</b>	<b>11,397</b>
8	Depreciation and amortization (M&A adjusted) *	-3,229	-3,465
<b>9</b>	<b>Operating result (EBIT) adjusted *</b>	<b>7,849</b>	<b>7,931</b>
10	Depreciation and amortization (M&A related)	-385	-449
<b>11</b>	<b>Operating result (EBIT)</b>	<b>7,464</b>	<b>7,483</b>
12	Financial income	0	0
13	Financial expenses	-234	-276
<b>14</b>	<b>Financial result</b>	<b>-234</b>	<b>-276</b>
<b>15</b>	<b>Earnings before income taxes **</b>	<b>7,231</b>	<b>7,207</b>
16	Income tax	-2,155	-1,825
<b>17</b>	<b>Earnings after income taxes</b>	<b>5,076</b>	<b>5,382</b>
	Number of shares in thousands - basic/diluted weighted average	37,412	37,412
<b>in euros</b>			
<b>Earnings per share</b>			
	– basic	0.14	0.14
	– diluted	0.14	0.14

\* 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 2021 to 31 March 2022**

in KEUR	31.03.2022	31.03.2021
Earnings after income taxes	5,076	5,382
Actuarial gains and losses arising from defined benefit pension commitments and similar obligations	0	0
Foreign currency translation adjustment for foreign subsidiary companies	0	60
<b>Comprehensive income</b>	<b>5,076</b>	<b>5,442</b>

**INDICATORS FOR THE INCOME STATEMENT**

in KEUR	31.03.2022	31.03.2021
Revenues	86,566	76,941
EBITDA	11,078	11,397
EBITDA margin	12.8%	14.8%
EBIT	7,464	7,483
EBIT margin	8.6%	9.7%

**KPS AG Consolidated Financial Statements in accordance with IFRS**  
**GROUP BALANCE SHEET**  
**zum 31. März 2022**

**ASSETS**

in KEUR	31.03.2022	30.09.2021
<b>ASSETS</b>		
<b>A. NON-CURRENT ASSETS</b>		
I. Property, plant and equipment	2,251	2,406
II. Goodwill	62,546	62,546
III. Other intangible assets	11,694	12,627
IV. Rights of use from leasing contracts	25,143	26,666
V. Deferred tax assets	4,612	4,601
	106,246	108,845
<b>B. CURRENT ASSETS</b>		
I. Contractual assets	8,891	6,036
II. Trade receivables	35,911	34,500
III. Other receivables and financial assets	2,025	1,840
IV. Entitlements to income tax rebates	1,052	1,127
V. Cash and cash equivalents	8,129	8,060
	56,008	51,563
<b>Total assets</b>	<b>162,255</b>	<b>160,408</b>

**KPS AG Consolidated Financial Statements in accordance with IFRS**  
**GROUP BALANCE SHEET**  
**zum 31. März 2022**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

in KEUR	31.03.2022	30.09.2021
<b>A. SHAREHOLDERS EQUITY</b>		
<b>Share in equity attributable to shareholders of KPS AG</b>		
I. Subscribed capital	37,412	37,412
II. Capital reserve	-10,222	-10,222
III. Retained earnings	663	663
IV. Other comprehensive income	264	264
V. Group net profit	45,977	40,902
<b>Total equity</b>	<b>74,095</b>	<b>69,019</b>
<b>LIABILITIES</b>		
<b>B. NON-CURRENT LIABILITIES</b>		
I. Non-current provisions	2,069	1,925
II. Other non-current liabilities	282	295
III. Non-current financial liabilities	3,250	4,000
IV. Non-current leasing liabilities	20,259	21,747
V. Deferred tax liabilities	1,860	1,860
	<b>27,720</b>	<b>29,827</b>
<b>C. CURRENT LIABILITIES</b>		
I. Trade liabilities	9,464	7,639
II. Financial liabilities	22,300	17,300
III. Contract liabilities	384	196
IV. Other provisions	13,203	13,821
V. Other liabilities	8,287	14,987
VI. Current leasing liabilities	4,508	4,620
VII. Income tax liabilities	2,294	3,000
	<b>60,440</b>	<b>61,562</b>
<b>Total liabilities</b>	<b>88,160</b>	<b>91,389</b>
<b>Total shareholders equity and liabilities</b>	<b>162,255</b>	<b>160,408</b>
<b>Equity ratio</b>	<b>45.7%</b>	<b>43.0%</b>



**KPS AG Group Interim Financial statements in accordance with IFRS**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the period from 1 October 2021 bis 31 March 2022**

in KEUR	31.03.2022	31.03.2021
<b>A. Current business operations</b>		
Earnings before interest and income tax (EBIT)	7,464	7,483
Depreciation of fixed assets	3,614	3,914
Change in current assets	-4,452	-1,592
Change in provisions	-735	-1,492
Other non-cash expenses and income	105	310
Change in other liabilities	-347	-2,938
Losses from asset disposals	1	0
Taxes paid	-2,786	-1,832
Interest received	0	0
<b>Cash inflow/outflow from current business operations</b>	<b>2,865</b>	<b>3,853</b>
<b>B. Investment activities</b>		
Investments in property, plant and equipment	-63	-82
Investments in intangible assets	-47	-485
Investments in the acquisition of KPS Business and Digital Transformation S.L.U.	-2,329	-2,000
Investments in the acquisition of Infront Consulting & Management GmbH	-1,018	-1,484
Investments in the acquisition of KPS digital Ltd.	-1,005	-1,231
Cash receipts from asset sales	0	0
<b>Cash inflow/outflow from investment activities</b>	<b>-4,462</b>	<b>-5,282</b>
<b>C. Financial activities</b>		
Interest paid	9	-224
Interest paid leasing liabilities	-78	-78
Cash receipts from taking out loans	17,000	0
Payments for the settlement of loans	-12,750	-6,750
Payments for the settlement of leasing liabilities	-2,515	-2,586
Dividend payout	0	0
<b>Cash inflow/outflow from financial activities</b>	<b>1,666</b>	<b>-9,638</b>
<b>D. Net change in cash funds</b>	<b>69</b>	<b>-11,067</b>
<b>E. Cash funds at the beginning of the period</b>	<b>8,060</b>	<b>20,116</b>
<b>F. Consolidation-related change in cash funds</b>	<b>0</b>	<b>0</b>
<b>G. Cash funds at the end of the period</b>	<b>8,129</b>	<b>9,049</b>

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

in KEUR	31.03.2022	31.03.2021
Cash in hand and bank balances	8,129	9,049
Cash funds	8,129	9,049

**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	
<b>30.09.2020</b>	<b>37,412</b>	<b>0</b>	<b>37,412</b>	<b>-10,222</b>	<b>663</b>	<b>-38</b>	<b>-73</b>	<b>38,535</b>	<b>66,277</b>
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	60	0	0	60
Group earnings	0	0	0	0	0	0	0	5,382	5,382
<b>31.03.2021</b>	<b>37,412</b>	<b>0</b>	<b>37,412</b>	<b>-10,222</b>	<b>663</b>	<b>22</b>	<b>-73</b>	<b>43,917</b>	<b>71,718</b>
Disposal of treasury shares	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0	0	-6,360	-6,360
Changes recognized without affecting income	0	0	0	0	0	50	265	0	315
Group earnings	0	0	0	0	0	0	0	3,345	3,345
<b>30.09.2021</b>	<b>37,412</b>	<b>0</b>	<b>37,412</b>	<b>-10,222</b>	<b>663</b>	<b>72</b>	<b>192</b>	<b>40,902</b>	<b>69,019</b>
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	0	0	0	0
Group earnings	0	0	0	0	0	0	0	5,076	5,076
<b>31.03.2022</b>	<b>37,412</b>	<b>0</b>	<b>37,412</b>	<b>-10,222</b>	<b>663</b>	<b>72</b>	<b>192</b>	<b>45,978</b>	<b>74,095</b>

KPS GROUP

SELECTED EXPLANATORY NOTES



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## 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 2021 to 31 March 2022 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 2021.

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 2021/2022 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	
		31.03.2022 in %	30.09.2021 in %
KPS Business Transformation GmbH (1)	Unterföhring	100	100
KPS Services GmbH (2)	Unterföhring	100	100
KPS Consulting Verwaltungs GmbH (2)	Unterföhring	100	100
KPS Consulting GmbH & Co. KG (2)	Unterföhring	100	100
KPS Consulting AG	Zürich/Switzerland	100	100
KPS Solutions GmbH (1)	Unterföhring	100	100
KPS digital GmbH (1)	Dortmund	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 (3)	Hamburg	100	100
KPS Digital Ltd.	London/England	100	100
KPS Consulting AS	Lysaker/Norwegen	100	100
KPS Sweden AB	Stockholm/Schweden	100	100

KPS's Group structure will be reorganised in the course of business year 2021/2022. The number of German companies will be reduced to the extent legally and economically feasible. The reorganisation will simplify the Group structure, resulting in cost savings among other benefits. The restructuring was approved by the Supervisory Board at its meeting on 18 March 2022.

More specifically, the following measures are being prepared and will be implemented in the course of the second half of the business year:

- (1) Merger of KPS digital GmbH and KPS Business Transformation GmbH into KPS Solutions GmbH
- (2) Merger of KPS Consulting Verwaltungs GmbH into KPS Services GmbH and the associated accrual of the assets of KPS Consulting GmbH & Co. KG with KPS Services GmbH
- (3) Control and Profit and Loss Transfer Agreement between KPS AG ("controlling company") and INFRONT Consulting & Management GmbH ("controlled company"). This agreement requires the approval of the Annual General Meeting of the controlling company and the shareholders' meeting of the controlled company in order to become effective under civil law. The Annual General Meeting of the controlling company will be asked for its approval on 18 May 2022. The shareholders' meeting of the controlled company will most likely also be asked for its approval on 18 May 2022.

#### 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 2020/2021.

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 2021 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 2021. These can also be accessed on the Internet at [www.kps.com](http://www.kps.com) 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 for KPS AG amounted to EUR 37,412,100 on the balance sheet date (previous year: EUR 37,412,100) and was distributed over a total of 37,412,100 no-par value shares (previous year: 37,412,100 no-par value shares), each with a nominal value of EUR 1. The share capital is fully paid in.

During the course of the current business year, no own shares were purchased or sold. No treasury shares were held (previous year: 0 shares) on the balance sheet date.

### 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/ Transformations-beratung		System Integration		Products/ Licenses		Other		Total	
	31.03.2022	Prev. year	31.03.2022	Prev. year	31.03.2022	Prev. year	31.03.2022	Prev. year	31.03.2022	Prev. year
Earnings position										
Sales	82,000	73,236	660	527	3,906	3,177	0	0	86,566	76,941
Production costs	-58,304	-51,036	-369	-351	-2,551	-2,258	0	0	-61,224	-53,646
Business development	-3,127	-2,191	0	0	-83	-89	0	0	-3,211	-2,280
Operating costs	-7,285	-6,714	-112	-23	-627	-257	-3,029	-2,624	-11,053	-9,618
EBITDA	13,284	13,295	179	153	644	572	-3,029	-2,624	11,078	11,397
Depreciation and amortization	-2,720	-3,247	-5	-5	-40	-49	-849	-613	-3,614	-3,914
EBIT	10,564	10,048	174	148	605	523	-3,879	-3,237	7,464	7,483
Interest	-41	-40	0	0	0	0	-193	-235	-234	-276
Income tax	-3,050	-2,141	-50	-32	-175	-111	1,120	690	-2,155	-1,595

## 7. OTHER NOTES AND DISCLOSURES

### 7.1 Contingent liabilities

The subordination between KPS AG and KPS Strategie- Prozess- und IT-Consulting GmbH, Austria, in the amount of EUR 100 thousand continues to exist.

The subordination between KPS Business Transformation GmbH and KPS Strategie- Prozess- und IT-Consulting GmbH, Austria, in the amount of EUR 300 thousand continues to exist.

The subordination between KPS Consulting GmbH & Co. KG and KPS Strategie- Prozess- und IT-Consulting GmbH, Austria, in the amount of EUR 50 thousand continues to exist.

The subordination between KPS AG and KPS Sweden AB in the amount of EUR 400 thousand continues to exist.

The subordination between KPS AG and KPS Solutions GmbH in the amount of EUR 6,000 thousand continues to exist.

KPS Services GmbH has issued a maximum amount guarantee of EUR 30,000 thousand (previous year: EUR 30,000 thousand) to secure current account and money market credit lines. As of the balance sheet date, there were current account and money market liabilities of EUR 17,000 thousand (previous year: EUR 12,000 thousand).

KPS AG made a commitment for KPS Business Transformation GmbH, KPS digital GmbH, KPS Solutions GmbH, KPS Services GmbH and Infront Consulting & Management GmbH in the context of the exemption in accordance with Section 264 paragraph 3 of the German Commercial Code (HGB) to guarantee all the

existing obligations of these companies up to 30 September 2021 in respect of their creditors. This duty to assume liability is valid up to and including 30 September 2022.

#### **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**

No significant events occurred after the end of the interim reporting period that would 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 2021. As at 31 March 2022, 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 ([www.kps.com](http://www.kps.com)).

#### **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 2022

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	
	01.10.2021	Additions	Disposals	Transfers	31.03.2022	01.10.2021	Additions	Disposals	Transfers	31.03.2022	31.03.2022	30.09.2021
<b>I.) INTANGIBLE ASSETS</b>												
1. Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets												
a.) if acquired	13,806	47	0	0	13,853	11,577	838	0	0	12,415	1,438	2,229
b.) if internally generated	15,831	0	1	0	15,830	5,433	141	0	0	5,574	10,256	10,398
2. Advance payments made	0	0	0	0	0	0	0	0	0	0	0	0
3. Goodwill	77,561	0	0	0	77,561	15,016	0	0	0	15,016	62,545	62,545
<b>Intangible assets</b>	<b>107,198</b>	<b>47</b>	<b>1</b>	<b>0</b>	<b>107,244</b>	<b>32,026</b>	<b>979</b>	<b>0</b>	<b>0</b>	<b>33,005</b>	<b>74,239</b>	<b>75,172</b>
<b>II.) PROPERTY, PLANT AND EQUIPMENT</b>												
1. Business and office equipment	3,818	63	0	0	3,881	1,510	194	24	0	1,728	2,153	2,308
2. Low-value assets	151	0	0	0	151	53	0	0	0	53	98	98
3. Advance payments received	0	0	0	0	0	0	0	0	0	0	0	0
<b>Property, plant and equipment</b>	<b>3,969</b>	<b>63</b>	<b>0</b>	<b>0</b>	<b>4,032</b>	<b>1,563</b>	<b>194</b>	<b>24</b>	<b>0</b>	<b>1,781</b>	<b>2,251</b>	<b>2,406</b>
<b>Total fixed assets</b>	<b>111,167</b>	<b>110</b>	<b>1</b>	<b>0</b>	<b>111,276</b>	<b>33,589</b>	<b>1,173</b>	<b>24</b>	<b>0</b>	<b>34,786</b>	<b>76,490</b>	<b>77,578</b>



IMPRINT

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