



KPS with comparatively robust EBITDA in the third quarter of 2019/2020

- » In the third quarter of 2019/2020, robust EBITDA of 4.7 million euros achieved – nine-month EBITDA at 17.7 million euros
- » As a result of the Covid-19 crisis, postponements and breaks in some projects
- » Outstanding position for the digital era

Unterföhring/Munich, 24 July 2020 - For KPS (WKN: A1A6V4 / ISIN: DE000A1A6V48) the third quarter of 2019/2020 was defined by the global Covid-19 crisis and the associated lockdown and social distancing measures. The consulting sector was significantly affected by the impacts because the coronavirus pandemic led to a decrease in demand for consultancy services in many sectors. In this challenging environment, KPS succeeded in performing relatively well and generated robust EBITDA amounting to 4.7 million euros in the past third quarter of 2019/2020 and EBITDA of 17.7 million euros for first nine months of 2019/2020.

Factors such as the strategic alignment of the KPS Group, its flexible cost structures and the early response by the management of KPS to the pandemic played an important role in generating the robust and comparatively good result during the reporting period under review. The business model of KPS has been directed toward increasing remote delivery of digitalization solutions and significantly reducing the number of consultants operating on site. KPS was therefore in a position to adapt processes very quickly and redeploy the consultancy team to work from their home offices. Existing projects were transferred seamlessly to an operational remote mode. Furthermore, the digitalization solutions supplied by KPS are in many cases of such high strategic relevance for its customers that transformation projects already commenced were continued even in the challenging circumstances presented by the Covid-19 pandemic.

Covid-19 pandemic leads to temporary project breaks with some customers

The impacts of the Covid-19 pandemic felt by customers of KPS are extremely varied depending on their particular sector. In spite of the high level of relevance of KPS for customers' businesses, the demand for the digitalization solutions supplied by KPS did not emerge from the crisis entirely unscathed. In some cases, customers operating in sectors severely affected by the crisis requested project postponements or project breaks. Furthermore, the coronavirus pandemic delayed the launch of a number of new projects. As a result of this, sales during the reporting period Q3 2019/2020 fell back by 20.3 % to 35.7 million euros compared with the year-earlier period.

PRESS RELEASE

Award conferred by SAP as a focus partner in the Diamond Initiative

Once again, KPS earned numerous awards in the third quarter of 2019/2020 and these highlight its power of innovation in digitalization.

Over the course of the third quarter, the SAP Partner Advisory Council recognized KPS as a focus partner delivering particularly significant services in the sectors “Customer” and “Intelligent Spend Management”. Partners are only elected to the Advisory Council if they have provided outstanding services in the categories of “Innovation”, “Expertise”, “Solutions”, “Demand Generation” and “Joint Partner Revenue”. At the latest SAP Pinnacle Awards, KPS succeeded in being selected as a TOP 3 Partner out of 20,000 partners worldwide for the strategically important category “Digital Customer Experience”. KPS also has a long track record as an SAP Gold Partner, SAP Service and Channel Partner and as one of the few Centers of Expertise Partners for SAP Commerce worldwide.

For the seventh time in succession, KPS also succeeded in reaching the Top 10 German management consultancies. KPS was ranked in 8th place in the prestigious Lünendonk List drawn up by the market researcher. Finally, the TOP 100 contest awarded the most innovative small and mid-sized companies in Germany in June 2020. KPS AG was ranked among these innovation leaders for the third year in succession.

Excellent position for the challenges of the future

Owing to the continuing uncertainties due to the coronavirus in regard to the demand-related behavior of existing and potential new customers for services provided by KPS, the Executive Board and the Supervisory Board are continuing to refrain from issuing a forecast for the current business year.

The Executive Board and the Supervisory Board believe that the KPS Group is in an excellent position to meet the challenges of the future. Driving forces for this outstanding position include in particular the continuing internationalization of the group of companies, the increased innovative power of digitalization solutions, the high level of relevance of KPS for the transformation of companies enabling them to enter the digital age, the outstanding qualification of its employees and the robust financial and earning power of the KPS Group.

PRESS RELEASE

Overview of indicators in accordance with IFRS (unaudited)

In million euros	3rd quarter 2019/2020	3rd quarter 2018/2019	+/-
Revenues	35.7	44.8	-20.3 %
EBITDA (*)	4.7	5.4	-13.0 %
Operating result (EBIT)	2.5	4.5	-44.4 %

(*) EBITDA in the 3rd quarter of 2019/2020 includes a positive effect of 1.4 million euros as a result of first-time application of IFRS 16 ("Leasing"). The impact of IFRS 16 is effectively neutralized in EBIT.

The detailed quarterly release is available for download with immediate effect at www.kps.com.

24 July 2020

KPS AG

The Executive Board

About KPS

KPS is Europe's leading partner for companies who require a radical realignment of their business model to fulfil their customer requirements and simultaneously wish to implement innovative digital processes and technologies in their business. KPS provides everything, from strategy consulting to industry-specific process chains and the implementation of the latest technology. KPS's team advises companies end-to-end and integrates merchandise management, B2B and B2C e-commerce with marketing and sales processes. In a digital world with the customer in focus, the ability to implement projects rapidly is a significant competitive advantage. The KPS Rapid-Transformation® method accelerates projects by up to 50 percent. The experience and industry knowledge KPS consultants possess ensures the success of every project. With around 1,100 consultants in 9 countries, KPS is continuously expanding its global market position via cutting edge projects in digital and technological change.

Reshape and transform rapidly. Your business in a digital world. www.kps.com

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