KPS continues successful growth in the 3rd quarter of 2016/2017 –
Sales and earnings forecast is again confirmed for the current business year

**KPS AG in the 3rd quarter of 2016/2017**

Overview of indicators in accordance with IFRS

<table>
<thead>
<tr>
<th>in million euros</th>
<th>3rd quarter 2016/2017</th>
<th>3rd quarter 2015/2016</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>39.7</td>
<td>38.4</td>
<td>3.4 %</td>
</tr>
<tr>
<td>Operating result (EBIT)</td>
<td>5.9</td>
<td>6.0</td>
<td>-1.0 %</td>
</tr>
<tr>
<td>Financial result</td>
<td>0.0</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>5.9</td>
<td>6.0</td>
<td>-1.0 %</td>
</tr>
<tr>
<td>Income tax</td>
<td>0.0</td>
<td>-0.2</td>
<td>-</td>
</tr>
<tr>
<td>Earnings after income taxes</td>
<td>5.9</td>
<td>5.7</td>
<td>3.0 %</td>
</tr>
<tr>
<td>Earnings per share (in euros)</td>
<td>0.16</td>
<td>0.15</td>
<td>3.0 %</td>
</tr>
</tbody>
</table>

**Financial calendar**

**Dates for 2017/2018**

- 29 January 2018  Publication of figures for the annual financial statements of 2016/2017
- 23 March 2018  Ordinary Annual General Meeting in Munich

**Business performance**

Continuation of growth as a result of the internationalization strategy

Business performance of KPS AG developed in the 3rd quarter of the business year from 1 April to 30 June 2017 in line with expectations. After the US subsidiary company KPS Consulting Inc. contributed one month to the sales of the Group in the previous quarter, three complete months were posted to income during the reporting period. Particularly with a view to further growth as a result of the internationalization strategy, the Group companies are now in the startup phase with several projects in Germany and abroad.

Since 1 June 2017, Leonardo Musso, co-founder of KPS AG, has held the position of sole Member of the Executive Board until further notice. At the end of 31 May 2017, Board Member Dietmar Müller stepped down from his position at his request on reaching the internal age limit defined within the company for Members of the Executive Board. As a founder member of KPS AG, Dietmar Müller played a major role in the success story of the company and established a stable foundation for the successful onward development of KPS AG. Dietmar Müller will remain closely associated with KPS AG as one of the company’s principal shareholders.

Effective 30 June 2017, the group of shareholders of KPS AG was expanded by major strategic investors as a result of the reallocation of 4,390,000 shares. This involved the four main shareholders and founders of KPS AG Michael Tsifidaris, Dietmar Müller, Leonardo Musso and Uwe Grünewald selling shares in KPS AG to the institutional investors Allianz Global Investors, DWS and Union Investment.
However, following the reallocation, the principal shareholders continue to hold a majority in KPS AG through a shareholding totaling 67.1 percent. The increase in free float has enabled KPS AG to take another large step in the direction of being included in a prime index on the German Stock Exchange (Deutsche Börse).

**Results of operations, financial position, and asset situation**

**Sales and earnings during the 3rd quarter of 2016/2017 in line with expectations**

In the 3rd quarter of 2016/2017, KPS AG once again succeeded in recording increases in sales and in earnings for the period. On the basis of the unaudited IFRS figures for the Group, KPS increased sales compared with the 3rd quarter of 2015/2016 by 3.4 percent to 39.7 million euros (Q3 2015/2016: 38.4 million euros). Over the short term, expenses rose faster than sales as the workforce was expanded to drive further growth of the company. This particularly related to personnel and the associated costs for premises rental and vehicles. As a result of this, the operating result (EBIT) declined slightly by 1.0 percent to 5.9 million euros (Q3 2015/2016: 6.0 million euros). The EBIT margin amounted to 14.9 percent (Q3 2015/2016: 15.6 percent) and was therefore in line with expectations. On the bottom line, earnings after income taxes rose by 3.0 percent to 5.9 million euros in the 3rd quarter of 2016/2017 (Q3 2015/2016: 5.7 million euros). Earnings per share increased by 3.0 percent to 0.16 euros and this was virtually in the same proportion as sales (Q3 2015/2016: EUR 0.15).

**Asset position**

The balance sheet total rose from 95.1 million euros to 99.6 million euros on 30 June 2017 by comparison with the balance sheet date of 30 September 2016. While the long-term assets posted an increase from 41.7 million euros to 48.0 million euros as a result of capitalizing intangible assets as part of provisional purchase price allocations relating to the Saphira acquisition, current assets decreased from 53.4 million euros to 51.5 million euros.

**Financial position**

Shareholders’ equity increased from 58.4 million euros on 30 September 2016 to 62.4 million euros on 30 June 2017. The equity ratio improved from 61.4 percent to 62.7 percent. Long-term borrowings increased from 2.1 million euros to 4.1 million euros. This includes liabilities based on preliminary calculations arising from the acquisition of Danish company Saphira A/S. By contrast, short-term borrowings came down slightly from 34.6 million euros to 33.0 million euros. Of this, 1.8 million euros were attributable to current financial liabilities to banks. On the balance sheet date of 30 September 2016, there were no financial liabilities. Cash and cash equivalents were reduced from 12.6 million euros to 4.7 million euros by factors including the payout of dividends in April 2017.

**Events after the end of the reporting period**

After the end of the reporting period, KPS AG concluded a contract to acquire all shares in ICE Consultants Europe SL, Barcelona, a leading SAP management consulting firm in Spain. The multidisciplinary team at ICE with some 100 consultants supports companies in consumer goods and the pharmaceuticals sector with process consulting, SAP implementations and application management services (AMS) in Spain, Germany, Switzerland, the Netherlands, and in North and South America. On 2 October 2017, ICE will become a wholly owned subsidiary of KPS AG. The takeover continues the international expansion strategy and reinforces the position of KPS as one of the leading European consulting firms for business transformation in retail.

**Opportunities and risk report**

The opportunities and risk situation has not changed significantly by comparison with the report provided in the Annual Report 2015/2016. Detailed information on the risk management system and the risk situation of the KPS Group is given in the Annual Report 2015/2016 from page 27.
Outlook 2016/2017
Sales and earnings forecast confirmed

The Executive Board and management of KPS AG once again confirm the forecast for the business year 2016/2017 of stable and profitable growth on the basis of projected sales amounting to 160 million euros and EBIT of 25 million euros. This corresponds to an increase in sales of around 10 percent and a rise in EBIT of 12.1 percent. Alongside the increase in sales as a result of the expansion of new customer business, KPS is focusing consistently on sustainable optimization of earnings margins. The Supervisory Board and Executive Board of KPS AG are maintaining the strategy of continuing to drive forward internationalization.

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

Unterföhring, 11 August 2017
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About KPS

KPS is Europe’s leading management consulting firm for business transformation and process implementation in the retail sector. The company offers end-to-end strategy and process consulting, with extensive implementation expertise in digital customer management, e-commerce and ERP. KPS customers profit from the vast project experience and deep sector knowledge of its consultants, enabling them to drive omnichannel and digital transformation projects to rapid success. With its proprietary Rapid Transformation® methodology, KPS has cut project turnaround times by up to 50 percent.

Founded in 2000, KPS employs about 800 consultants at its corporate headquarters in Munich with five additional locations throughout Germany and branch offices in Denmark, Austria, the Netherlands, Switzerland and the US. KPS plans to expand its market position in the retail and consumer goods sectors in the coming years through pioneering projects in all aspects of digital transformation.