GROUP
Quarterly Release
KPS – Quarterly Release as at 31 December 2018

KPS publishes figures on the first quarter of 2018/2019 – Sales and EBITDA within the scope of the forecast.

KPS AG in the 1st quarter of 2018/2019

Overview of indicators in accordance with IFRS

<table>
<thead>
<tr>
<th>In million euros</th>
<th>1st quarter 2018/2019</th>
<th>1st quarter 2017/2018</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>44.4</td>
<td>38.1</td>
<td>+16.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6.6</td>
<td>3.3</td>
<td>+100.0%</td>
</tr>
<tr>
<td>Operating result (EBIT)</td>
<td>5.8</td>
<td>3.1</td>
<td>+87.1%</td>
</tr>
<tr>
<td>Financial result</td>
<td>-0.1</td>
<td>0.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>5.7</td>
<td>3.1</td>
<td>+2.6</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-0.8</td>
<td>-0.9</td>
<td>+0.1</td>
</tr>
<tr>
<td>Earnings after income taxes</td>
<td>4.9</td>
<td>2.2</td>
<td>+2.7</td>
</tr>
<tr>
<td>Earnings per share (in euros)</td>
<td>0.13</td>
<td>0.06</td>
<td>+0.07</td>
</tr>
</tbody>
</table>

Financial calendar

Dates in 2018/2019

29.03.2019: Ordinary Annual General Meeting in Munich
29.05.2019: Publication of figures for the half-year 2018/2019
09.08.2019: Publication of figures for the third quarter 2018/2019
Business performance

KPS with strong growth in the first quarter of 2018/2019

The first quarter of 2018/2019 was defined by a significant increase in sales and profitability for KPS AG. The attainment of important project milestones in existing projects was the primary contribution to this outcome, alongside acquisitions of new customers and new projects with portfolio customers. New opportunities also opened up through access to customers acquired in Spain and the United Kingdom as a result of international purchases. The operating business developed in line with the expectations of the Executive Board during the first quarter, and growth continued as planned. As a result of a consistent reduction of concentration on individual major customers and diversification of the customer base, KPS continued to reduce risks relating to profitability. On this platform, sales rose by 16.5 % to 44.4 million euros in a year-on-year quarterly comparison. A significant proportion of this came from attainment of important milestones with customers in the Scandinavian market.

The newly acquired projects gained in the first quarter of 2018/2019 included the development of a patient and clinician portal for Europe’s leading pharmaceutical distributor. Projects from a range of sectors were completed: KPS assisted a leading Scandinavian manufacturer of pumps and water technology in successfully digitalizing its travel cost system and travel management. Furthermore, a series of projects in the areas of customer loyalty, CRM and marketing were successfully concluded. The performance of KPS is also reflected in the positive perception by other organizations: The new Hamburg-based subsidiary company Infront Consulting was awarded two prizes in the “Best of Consulting” competition in the categories “Competition Strategies” and “Marketing & Communication”.

In the first quarter of 2018/2019, the development of the company was once again defined by the strategy of innovation and industrialization. In line with this approach, internal processes were digitalized in the areas of travel cost management and human resources, and migrated to more efficient paperless procedures. In addition, KPS AG launched its new corporate website, which was developed on the basis of the Enterprise solution from Adobe. It has been designed to provide even better support for integration of acquisitions within the KPS umbrella brand as a result of more efficient and faster processes. Furthermore, the topping-out ceremony for the process factory in Dortmund was held on 8 February 2019. Accommodation for a design center is planned in the new facilities. This center will provide customers with the opportunity to gain a haptic experience of the transformation offerings and products of KPS on the basis of examples. Moving into the new facility is planned for the second half of 2019.

The success of the growth strategy has been manifested in improved profitability: EBITDA increased twofold in the first quarter of 2018/2019 at 6.6 million euros by comparison with the year-earlier first quarter. This yielded an improvement in the EBITDA margin of 6.2 percentage points to 14.9 %. As a result, KPS has returned to the high level of profitability experienced prior to the negative impact on earnings caused by the M&A and due diligence one-off effects in the previous business year.

The implementation of the corporate strategy was continued as planned during the period under review. As a result of acquisitions during the past business year, KPS now has a broader geographical base and has succeeded in expanding its product portfolio by a strategic consulting component. These measures were already paying off in the first quarter of 2018/2019 so that KPS has now returned to the high level of profitability of previous years. From the Executive Board’s viewpoint, this has led to a positive business perspective.
Results of operations, financial position, and asset situation

Results of operations

Sales and EBITDA in the first quarter of 2018/2019 developed positively in line with expectations. On the basis of the unaudited IFRS Group figures, KPS increased sales by 16.5 % to 44.4 million euros (Q1 2017/2018: 38.1 million euros) compared with the first quarter of 2017/2018. EBITDA as an indicator of the operating result doubled at 6.6 million euros in the first quarter of 2018/2019 compared with the equivalent year-earlier quarter (Q1 2017/2018: 3.3 million euros). This is essentially on the back of a significant increase in revenues. By comparison, this results in an improved EBITDA margin amounting to 14.9 % (Q1 2017/2018: 8.7 %). EBIT increased in the reporting period by 87.1 % to 5.8 million euros (Q1 2017/2018: 3.1 million euros). The EBIT margin amounted to 13.1 % (Q1 2017/2018: 8.1 %). The bottom line shows earnings after income taxes increasing by 127.3 % to 4.9 million euros (Q1 2017/2018: 2.2 million euros) in the first quarter of 2018/2019. Earnings per share at 0.13 euros were also above the year-earlier quarter (Q1 2017/2018: 0.06 euros).

Asset situation

The balance sheet total increased from 139.9 million euros to 143.4 million euros as at 31 December 2018 by comparison with the balance sheet date 30 September 2018. While non-current assets only posted an increase amounting to 0.4 million euros to 85.6 million euros, the rise in current assets in the amount of 3.3 million euros to 57.9 million euros was significantly higher owing to the increase in liquid funds.

Financial position

Equity increased from 65.1 million euros as at 30 September 2018 to 70.0 million euros as at 31 December 2018. This entailed an improvement in equity ratio from 46.5 % to 48.8 %. Long-term borrowings increased from 28.0 million euros to 28.3 million euros. These include non-current financial liabilities amounting to 12.4 million euros. Short-term borrowings amounting to 45.2 million euros came down owing to earn-out payments as compared with 46.8 million euros on the balance sheet date 30 September 2018. Of these, current financial liabilities to banks amounted to 12.1 million euros. On the balance sheet date 30 September 2018, financial liabilities amounted to 8.8 million euros. Cash and cash equivalents increased from 9.1 million euros to 14.1 million euros for a number of reasons including the floating of short-term operating loans.

Events after the end of the reporting period

No events occurred after the end of the reporting period which exerted a significant influence on the results of operations, asset situation or financial position.
Opportunities and risk report

The opportunities and risk situation has not changed significantly since the presentation in the annual Report 2017/2018. Detailed information on the risk management system and the risk situation of the KPS Group is included in the Annual Report 2017/2018 from page 72.

Outlook 2018/2019

Sales and EBITDA forecast confirmed
The Executive Board of KPS AG is assuming that stable growth will continue in the current business year and confirms the forecast for the business year 2018/2019 issued in January 2019. It anticipates a slight increase in sales to between 170 million and 180 million euros and a significant increase in EBITDA to an amount within the corridor between 22 million and 27 million euros. The Supervisory Board and the Executive Board are maintaining their strategy of continuing to drive forward innovation, industrialization, and 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 interim release and does not assume any liability in this respect.

Unterföhring, 15 February 2019
KPS AG
The Executive Board

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About KPS
KPS is Europe’s leading transformation consultancy for companies who want to radically focus on the customer and realign their business processes and technologies accordingly. KPS delivers everything from a single source: strategy consulting, industry-specific process chains as well as the implementation of the latest technologies. KPS is one of the few consulting partners who advise their clients end-to-end and integrate ERP, B2B and B2C commerce with Marketing & Sales processes. Especially in a digital world, the capability to execute projects faster is a clear and significant competitive advantage: The KPS Rapid-Transformation® methodology accelerates projects by up to 50%. With 1,100 consultants at 14 locations in 9 countries, KPS keeps successfully expanding its market position by delivering successful digital and technological transformation projects.