



KPS AG

Unterföhring

ISIN DE000A1A6V48

WKN A1A6V4

Invitation to the ordinary Annual General Meeting

We hereby issue an invitation to our shareholders to the

Ordinary Annual General Meeting

to be held at

11.00 (CET) on Friday 25 September 2020.

This Annual General Meeting will be held in the form of a virtual Annual General Meeting without the physical presence of the shareholders and their authorized proxies. The entire Annual General Meeting will be broadcast in an audiovisual transmission accessible for properly registered shareholders entered in the Share Register or their authorized proxies on the Internet page of the company at

<https://kps.com/de/de/investor-relations/general-meeting.html>

in the password-protected shareholders' portal; this transmission will not permit any participation in the Annual General Meeting pursuant to Article 118 Section 1 sentence 2 Stock Corporation Act (AktG). The place for the transmission of the virtual Annual General Meeting and hence the location of the Annual General Meeting pursuant to the Stock Corporation Act (Aktengesetz) is the Haus der Bayerischen Wirtschaft, Max-Joseph-Straße 5, 80333 Munich, Germany.

You should note that (with the exception of voting proxies designated by the company and members of the governance bodies) the shareholders and their authorized proxies do not have any right of physical presence or the possibility of attending in person at the location of the Annual General Meeting.

I.

Agenda

- 1. Submission of the adopted Annual Financial Statements and the Management Report for KPS AG including the explanatory report of the Executive Board on the information pursuant to Article 289a Section 1 German Commercial Code (HGB) on 30 September 2019 and the approved Consolidated Financial Statements and the Management Report for KPS AG and the Group at 30 September 2019 including the explanatory report of the Executive Board on the information pursuant to Article 315a Section 1 German Commercial Code (HGB) as at 30 September 2019 and submission of the Report of the Supervisory Board for the business year 2018/2019.**

At the Annual General Meeting, the documents referred to above will be the subject of explanations by the Executive Board and – as far as these relate to the Report of the Supervisory Board – the Chairman of the Supervisory Board and they will provide more detailed explanations of these documents at the meeting. In accordance with the statutory regulations, no resolution is provided on this agenda item, because the Supervisory Board already approved the annual and consolidated financial statements at its meeting on 23 January 2020 and the annual financial statements have thereby been adopted.

The documents referred to are available on our Internet page at <http://www.kps.com> (in “IR” and accessible there under “Annual General Meeting”).

- 2. Resolution on the appropriation of the net profit of KPS AG**

The Executive Board and the Supervisory Board propose that the net profit for the business year 2018/2019 of KPS AG amounting to EUR 30,804,004.88

- a) be appropriated in the amount of EUR 6,360,057.00 for the payout of a dividend of EUR 0.17 for each no-par value share entitled to receive a dividend, and
- b) that the remaining sum in the amount of EUR 24,443,947.88 be carried forward to new account.

A dividend adopted by a resolution of the Annual General Meeting only becomes due on the third business day following the Annual General meeting pursuant to Article 58 Section 4 sentence 2 Stock Corporation Act (AktG) (i.e. on Wednesday 30 September 2020) and such dividend will also only be paid out then.

- 3. Resolution on the discharge of the Members of the Executive Board for the business year 2018/2019**

The Executive Board and the Supervisory Board propose that the actions of the sole Member of the Executive Board incumbent during the business year 2018/2019 be approved for this period and that he be discharged.

- 4. Resolution on the discharge of the Members of the Supervisory Board for the business year 2018/2019**

The Executive Board and the Supervisory Board propose that the actions of the members of the Supervisory Board incumbent during the business year 2018/2019 be approved for this period and that they be discharged.

5. Resolution on the appointment of the auditor of the financial statements and the auditor of the consolidated financial statements and of the auditor for any audit inspection of interim reports for the business year 2019/2020

The Supervisory Board proposes that Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (audit firm), Munich, be appointed as the auditor of the financial statements and auditor of the consolidated financial statements for the business year 2019/2020, and as the auditor for any audit inspection of the half-year report and additional financial reports pursuant to Article 115 Securities Trading Act (WpHG) for the business year 2019/2020, insofar as such interim reports are to be subject to an audit inspection.

The Supervisory Board has declared that its proposal is free from undue influence from third parties and that it was not subject to any clause restricting potential choice pursuant to Article 16 Section 6 of Directive (EU) No. 537/2014.

6. Resolution on cancelling the existing authorized capital 2017 and on creation of a new authorized capital 2020 with the possibility of excluding subscription rights and amending the Articles of Incorporation

The Articles of Incorporation include in Article 5 Section 4 authorized capital 2017 which authorizes the Executive Board to increase the capital stock of the company with the approval of the Supervisory Board up to 6 April 2022 (inclusive) by up to a nominal amount of EUR 18,706,050.00 against cash and/or non-cash considerations by up to 18,706,050 new registered shares at no nominal value (no-par value shares) once or more than once (authorized capital 2017). The Executive Board has not made any use of this authorization granted by the Annual General Meeting held on 7 April 2017. The proposal provides for the replacement of authorized capital 2017 by a new authorized capital 2020 in order to give the Executive Board the opportunity to strengthen the capital base of the company quickly and flexibly in the future for the permissible maximum period of five years under statutory regulations.

The Executive Board and the Supervisory Board propose the following resolutions:

- a) The authorization for an authorized capital 2017 in accordance with Article 5 Section 4 of the Articles of Incorporation approved by the Annual General Meeting by resolution on 7 April 2017 shall be cancelled in full effective on the date of entry in the Commercial Register of the new authorized capital 2020 set out below under items b) and c) to be subsequently approved by resolution.
- b) The Executive Board is authorized to increase the capital stock of the company in the period up to 24 September 2025 (inclusive) with agreement of the Supervisory Board by up to a nominal amount of EUR 18,706,050.00 by issue of up to 18,706,050 new registered no-par shares against cash and/or non-cash consideration once or more than once (authorized capital 2020).

In principle, the shareholders are to be offered a subscription right. The subscription right can also be granted indirectly in that the shares are taken over by one or more than one banks or similar companies pursuant to Article 186 Section 5 sentence 1 Stock Corporation Act (AktG), with the obligation to offer them to the shareholders for subscription.

However, the Executive Board is authorized to exclude the subscription right of shareholders with the approval of the Supervisory Board in the following cases:

- aa) in order to exclude fractions from the subscription right;
- bb) in the case of capital increases for cash, insofar as the issue amount of the new shares is not significantly less than the stock market price of the shares in the company already issued on the date of the final definition of the issue amount, which should be as close to the placement of the shares as possible, and the total share in the capital stock arithmetically attributable to the issued shares with exclusion of the subscription right in accordance with Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) does not exceed 10% of the capital stock either at the time this authorization becomes effective or at the time of exercising this authorization. This limit shall include shares which are sold or issued during the period of this authorization on account of other authorizations in indirect or corresponding other application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) with exclusion of the subscription right. Furthermore, this limit shall include shares which are issued to service bonds (including participation rights) with conversion and/or option rights or a conversion and/or option obligation, insofar as the bonds or participation rights are issued during the course of this authorization with exclusion of the subscription right in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG);
- cc) in the case of capital increases for non-cash considerations, in particular in the context of company mergers, or for the purpose of (also indirect) acquisition of companies, parts of companies, shareholdings in other companies or any other assets or claims to the acquisition of assets or in the context of implementing a non-cash/optional dividend;
- dd) in the case of capital increases for cash considerations, if it is necessary to grant owners of enterprises in which the company or Group companies hold a majority shareholding directly or indirectly, issued bonds or participation rights with conversion and/or option rights or conversion and/or option obligations a subscription right to new shares in the company in the volume that would be attributable to them as a shareholder after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a substitution right of the company.

The Executive Board of the company is authorized with the consent of the Supervisory Board to define the additional details for the performance of capital increases from the authorized capital 2020. The Supervisory Board is authorized to adjust the wording of the Articles of Incorporation after complete or partial implementation of the increase in the capital stock from authorized capital 2020.

- c) Article 5 Section 4 of the Articles of Incorporation will be revised as follows:

“4. The Executive Board is authorized to increase the capital stock of the company in the period up until 24 September 2025 (inclusive) with the consent of the Supervisory Board by up to nominally EUR 18,706,050.00 through the issue of up to 18,706,050 new, registered no-par shares against

cash and/or non-cash considerations one or more times (authorized capital 2020).

In principle, the shareholders shall be granted a subscription right. The subscription right can also be granted indirectly in that the shares are taken over by one or more banks or similar companies pursuant to Article 186 Section 5 sentence 1 Stock Corporation Act (AktG), with the obligation to offer them to the shareholders for subscription.

However, the Executive Board is authorized to exclude the subscription right of shareholders with the approval of the Supervisory Board:

- a) in order to exclude fractions from the subscription right;*
- b) in the case of capital increases for cash, insofar as the issue amount of the new shares is not significantly less than the stock market price of the shares in the company already issued on the date of the final definition of the issue amount, which should be as close to the placement of the shares as possible, and the total share in the capital stock arithmetically attributable to the issued shares with the exclusion of the subscription right in accordance with Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) does not exceed 10% of the capital stock either at the time this authorization becomes effective or at the time of exercising this authorization. This limit shall include shares which are sold or issued during the period of this authorization on account of other authorizations in indirect or corresponding other application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) with exclusion of the subscription right. Furthermore, this limit shall include shares which are issued to service bonds (including participation rights) with conversion and/or option rights or a conversion and/or option obligation, insofar as the bonds or participation rights are issued during the course of this authorization with exclusion of the subscription right in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG);*
- c) in the case of capital increases for non-cash considerations, in particular in the context of company mergers, or for the purpose of (also indirect) acquisition of companies, parts of companies, shareholdings in other companies or any other assets or claims to the acquisition of assets or in the context of implementing a non-cash/optional dividend;*
- d) in the case of capital increases for cash considerations, if it is necessary to grant owners of enterprises in which the company or Group companies hold a majority shareholding directly or indirectly, issued bonds or participation rights with conversion and/or option rights a subscription right to new shares in the company in the volume that would be attributable to them as a shareholder after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a substitution right of the company.*

The Executive Board is authorized with the consent of the Supervisory Board to define the additional details of the performance of capital increases from the authorized capital of 2020. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation after complete or partial implementation of the increase in the capital stock from authorized capital 2020.”

7. Resolution on cancelling the existing authorization for issue of share options (Stock Option Program 2017) and the associated Contingent Capital 2017, a new authorization for issue of share options to Members of the Executive Board of the company, members of the Executive Management of affiliated companies and selected employees at board level of the company and selected employees below the board level of the company and below the executive management of affiliated companies through the creation of a Contingent Capital 2020 I amounting to EUR 2,000,000 for serving the share options and corresponding change in the Articles of Incorporation

At the Annual General Meeting held on 7 April 2017, the company passed a resolution on a Stock Option Program 2017, according to which the administration was authorized with the approval of the Supervisory Board to grant up to 2,000,000 subscription rights on up to 2,000,000 registered no-par shares in the company in the period up to 6 April 2022 (inclusive) in the context of the Stock Option Program. Up to now, the administration has not made use of this authorization; no share option rights have been issued from these share options. In order to enable the administration to have the opportunity in future over the maximum period of five years under statutory legislation, to offer share option rights to Members of the Executive Board of the company and the Executive Management of affiliated companies and selected employees below the board level of the company and below the Executive Management of affiliated enterprises quickly and flexibly, the Stock Option Program 2017 is to be replaced by a new Stock Option Program 2020. The content of the Stock Option Program 2020 proposed under item b) is essentially equivalent to the content of the Stock Option Program 2017 approved at the Annual General Meeting held on 7 April 2017.

The program serves to provide targeted incentivization of program participants while at the same time fostering the loyalty of the individuals for the KPS Group. The performance targets are based on an assessment structure over several years and are in harmony with the requirements of the Stock Corporation Act and the German Corporate Governance Code.

Article 5 Section 5 of the Articles of Incorporation of the Company include a Contingent Capital 2017 according to which the capital stock of the company can be conditionally increased by up to EUR 2,000,000 by issuing up to 2,000,000 no-par registered shares. The Contingent Capital 2017 serves exclusively to grant rights to owners of share option rights from the Stock Option Program 2017. Owing to the proposed cancellation of the Stock Option Program 2017 and the proposed resolution relating to a new Stock Option Program 2020, the Contingent Capital 2017 is to be replaced by a new Contingent Capital 2020 I.

The Contingent Capital 2020 I envisaged to implement the Stock Option Program 2020 and the associated exclusion of subscription rights is within the statutory limit of 10% of the capital stock on the date of the resolution and at present amounts to around 5.35 %.

The Supervisory Board and the Executive Board propose adopting the following resolution:

a) Cancellation of the Stock Option Program 2017

The authorization resolved by the Annual General Meeting held on 7 April 2017 to issue share option rights (Stock Option Program 2017) and the Contingent Capital 2017 resolved by the Annual General Meeting held on 7 April 2017 pursuant to Article 5 Section 5 of the Articles of Incorporation shall be cancelled in full effective on the date of entry in the Commercial Register of the new Contingent Capital 2020 I set out below under items c) and d) to be subsequently approved by resolution.

b) Stock Option Program 2020

The Executive Board is authorized in the period up to 24 September 2025 (inclusive) with the agreement of the Supervisory Board to grant in the context of the Stock Option Program 2020 up to 2,000,000 subscription rights ("**share option rights**") on up to 2,000,000 registered no-par shares in the company. The Supervisory Board alone is authorized to grant share option rights to Members of the Executive Board of the company on the basis of the following provisions.

The issue of share option rights and the shares to serve the share option rights in accordance with exercising the options is carried out on the basis of the following key points:

aa) Share option right

Each share option right grants the right, subject to more detailed terms of the share option conditions to acquire one registered no-par share in the company with a proportionate amount of the capital stock amounting to EUR 1.00 against payment of the definitive exercise price determined under ff).

The share option conditions can provide for the company being able optionally to grant the beneficiary own shares or a cash payment instead of new shares from contingent capital to serve the share option rights. Insofar as the beneficiary is a Member of the Executive Board of the company, the Supervisory Board shall make the decision. The acquisition of own shares for alternative implementation of the share option rights must comply with the statutory regulations; an authorization for the acquisition of own shares is not granted by this regulation. The cash payment results from the difference between the strike price and the exercise price.

The exercise price is equal to the average closing price (arithmetic mean) of the shares of the company in the electronic Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days before the day of the exercise of the share option right ("strike price").

The new shares are entitled to a share in the profit from the beginning of the business year for which at the time of the issue of the new shares a resolution on the appropriation of the net profit had not yet been adopted.

The share option rights have a maximum term of seven years from the day of their issue (“**maximum term**”) and lapse without compensation after this period.

bb) Group of beneficiaries entitled to the options and distribution of the share option rights

The Group of beneficiaries entitled to the options comprises Members of the Executive Board of the company (Group 1), members of the Executive Management of affiliated companies (Group 3) and selected employees below the board level of the company (Group 2) and below the Executive Management of the affiliated companies (Group 4). The definition of the precise group of beneficiaries entitled to the options and the scope of the share option rights granted in each case to them is the responsibility of the Executive Board with the agreement of the Supervisory Board. Insofar as the members of the Executive Board of the company are to be granted share option rights, this definition and the issue of the share option rights are the sole responsibility of the Supervisory Board.

The shareholders have no statutory subscription right to the share option rights.

The total volume of up to 2,000,000 share option rights is distributed to the beneficiary groups of people as follows:

- (i) up to 400,000 share option rights (20 %) to Members of the Executive Board of the company (Group 1),
- (ii) up to 100,000 share option rights (5 %) to employees of the company (Group 2);
- (iii) up to 400,000 share option rights (20 %) to members of the Executive Management of affiliated companies (Group 3),
- (iv) up to 1,100,000 share option rights (55 %) to employees of affiliated companies (Group 4).

Persons who come under several of the aforementioned groups of persons will only receive share option rights on account of membership of one group of persons and in each case only from the volume of share option rights which is intended for the affected group of persons; multiple issues shall not be permissible. The beneficiaries must be employees or officers of the company or an affiliated company at the time of granting the subscription rights or must be Members of the Executive Board of the company (in each case one “**employment relationship**”).

cc) Issue periods

The share option rights can be issued in one or several tranches. The issue of share option rights is only permissible with the annual issue periods set out below:

- (i) Within a period of two weeks after publication of an annual or half-year financial report or a quarterly release, and
- (ii) within a period of two weeks after an ordinary Annual General Meeting.

An issue is not permissible insofar as and to the extent that legal reasons do not permit the issue of share option rights.

The share option rights can be taken over by a bank with the obligation subject to the instructions of the company to transfer the rights to beneficiaries of the different groups who are alone entitled to exercise the subscription rights.

The issue is carried out by concluding a written issuance agreement between the company or the appointed bank and the beneficiary; the text form requirement set out above is adequate for the text form pursuant to Article 126b German Civil Code (BGB).

- dd) Waiting time, period for exercising the option rights, term of the share option rights, custodian booking

The share option rights can be exercised at the earliest four years after the day of their issue ("**waiting time**"). After expiry of the waiting time, the share option rights for which the performance targets have been achieved in accordance with ee) can be exercised at any time except during the exercise blocking periods. The exercise blocking periods relate in each case to the following time periods:

- (i) the period from expiry of that period to registration for an Annual General Meeting of the company to the end of the day of the Annual General Meeting,
- (ii) the period from the day on which the company published an offer to its shareholders for the acquisition of new shares until the end of the offer period,
- (iii) during the period of 30 calendar days before publication of an annual report or a half-year financial report or the quarterly release on the basis of the schedule in the company calendar, and
- (iv) the period of 15 December of one year to the end of 15 January of the subsequent year.

The exercise blocking periods defined above in each case include the designated beginning and end dates. Furthermore, the restrictions should be observed which arise from the general statutory regulations, in particular relating to the prohibition on insider trading (Art. 17 of the European Market Abuse Directive). Insofar as the Executive Board of the company is affected, the Supervisory Board, and insofar as the other beneficiaries are affected, the Executive Board, can in justifiable exceptional circumstances define

additional exercise blocking periods. The commencement of such additional periods must be notified in each case to the beneficiaries in advance and in good time.

The exercise of share option rights is – taking into account the waiting time, the exercise blocking periods and the performance targets – possible within the maximum period, insofar as the share option rights have not already previously lapsed.

The share option rights can only be exercised if a securities account has been designated in the corresponding subscription declaration to which the acquired shares of the company can permissibly and properly delivered and booked.

ee) Performance targets, exercise prerequisites and issue price

The share option rights can only be exercised if and insofar as the following performance targets have been achieved:

The EBIT of the company for the business year ending prior to expiry of the relevant waiting period has increased by at least 50% compared with the EBIT for the business year ending before issue of the corresponding share option rights. The basis for determining the EBIT is the audited consolidated financial statements of the company in accordance with IFRS for the relevant business year.

ff) Exercise price

The price to be paid for the acquisition of a share in the company resulting from the issue of a share option right (“**exercise price**”) is determined on the following basis, insofar as no amendments have been carried out in accordance with item gg):

The exercise price corresponds to 100% of the issue price. The issue price is equal to the closing price (arithmetic mean) of the shares of the company in the electronic Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days before the day of the exercise of the share option right (“**issue price**”).

The profit of the option holder achievable by the exercise of the share option rights in the form of the difference between the strike price and the exercise price must not exceed three times the issue price (“**cap**”). If the cap is exceeded, the issue price of the share option rights affected in each case is adjusted so that the difference between the strike price and the adjusted exercise price does not exceed three times the issue price.

gg) Protection against dilution

If the company carries out capital and structural measures within the term of the share option rights, the Executive Board of the company, or insofar as the Members of the Executive Board are affected, the Supervisory Board, are

authorized to treat the beneficiaries in the same way economically. This applies in particular, insofar as the company increases the capital stock in granting a direct or indirect subscription right to shareholders by issuing shares against cash considerations or issuing partial bonds with option or conversion rights. This equal treatment may be realized by reduction of the issue price or by adjustment of the subscription relationship, or by a combination of both. However, the beneficiaries shall have no entitlement to claim economic equal treatment or any other protection against dilution. In the case of the issue of shares, convertible bonds or option rights in the context of equity-based remuneration programs including the Stock Option Program 2020, no equal treatment or any other protection against dilution is granted.

In the case of a capital increase from company funds through the issue of new shares, the number of shares which can be subscribed for each option right increases in the same ratio as the capital stock. The exercise price falls in accordance with the ratio of the capital increase. Article 9 Section 1 Stock Corporation Act (AktG) is not affected by this. If the capital increase is financed from company funds without the issue of new shares (Article 207 Section 2 sentence 2 Stock Corporation Act (AktG)), the subscription ratio and the exercise price remain unchanged.

In the case of a capital reduction by way of merger or redemption of shares, the number of shares which can be subscribed for each share option right is reduced in the ratio which corresponds to the ratio of the reduction amount of the capital stock to the capital stock of the company before the capital reduction. The exercise price per share is increased for a nominal capital reduction by way of merger of shares according to the ratio of the capital reduction. If the capital is reduced against repayment of deposits, no adjustment of the exercise price and the subscription ratio takes place.

In the case of a share split without any change to the capital stock, the number of shares which can be subscribed for each share option increases in the ratio by which an old share is exchanged for a new share. The exercise price is reduced in the ratio by which old shares are exchanged for new shares. The number of shares which can be subscribed for each share option right in the case of merger of shares is reduced correspondingly. The exercise price is increased in the ratio in which old shares can be exchanged for new shares.

Fractions of shares are not delivered and not compensated. However, fractions of shares are merged for declaration of the exercise of several share option rights by a beneficiary.

hh) Non-transferability and forfeiture

The share option rights are granted as non-transferable subscription rights. With the exception of cases of inheritance, the share option rights are neither transferrable nor alienable, pledgeable or otherwise chargeable.

The share option rights lapse without payment of compensation if notice is served on the employment relationship between the option holder and the

company or an affiliated company, or the relationship ends. This does not apply insofar as the share option rights have become non-forfeitable in accordance with the more detailed terms of the share option conditions.

Particularly for cases in which the employment relationship is terminated by death, diminished capacity to work, retirement or other reasons not related to dismissal on account of reasons for which the beneficiary is not responsible, or in the event that the option holder enters into a new employment relationship after serving notice on his/her old employment relationship, special regulations can be provided in the share option conditions for the forfeiture of the share option rights.

In each case, all share option rights are forfeited without payment of compensation after the expiry of the maximum period.

ii) Regulation of details

The Executive Board is authorized with the agreement of the Supervisory Board to define further terms and conditions of the Stock Option Program 2020; notwithstanding this regulation the Supervisory Board of the company takes such decisions for the Members of the Executive Board of the company. The most important details relate in particular to the scope of the share option rights being granted, other details relating to the adjustment of the exercise price and/or the subscription relationship in the case of capital and structural measures for purposes of protection against dilution, special regulations on the issue of options to and the exercise of options by beneficiaries domiciled abroad taking into account the statutory capital market regulations applicable there, provisions relating to the distribution of share option rights within the authorized groups of persons, the issue day within the schedule periods, the procedure for allocations to the individually entitled persons, the procedure for exercise of the share option rights, and other procedural regulations, in particular the technical handling of the issue of corresponding shares in the company or payment of the cash consideration after the options have been exercised.

The above authorization comes into force with entry in the Commercial Register of the new Contingent Capital 2020 I to be resolved as described below under items c) and d).

c) Creation of Contingent Capital 2020 I

The capital stock is conditionally increased by up to EUR 2,000,000.00 through the issue of up to 2,000,000 registered no-par shares (Contingent Capital 2020 I). The contingent capital increase serves exclusively to grant rights to the holders of share option rights from the Stock Option Program 2020, for the issue of which the Executive Board or – in the case of the issue of options to Members of the Executive Board – the Supervisory Board was authorized in the period up to 24 September 2025 (inclusive) with the resolution adopted by the Annual General Meeting held on 25 September 2020 in accordance with the above item a). The contingent capital increase is carried out only insofar as the holders of the share option rights which were granted on account of the authorization approved by the Annual General Meeting held on 25 September 2020 exercise these share option rights and the

company does not fulfil the share option rights by delivery of its own shares or by cash payment.

The new shares are entitled to a share in the profit from the beginning of the business year for which at the time of the issue of the new shares a resolution on the appropriation of the net profit had not been adopted by the Annual General Meeting.

The Executive Board of the company is authorized with the approval of the Supervisory Board to define the additional details for the performance of the contingent capital increase, unless share option rights and shares are to be issued to the Members of the Executive Board of the company; in this event, the additional details for the performance of the contingent capital increase will be defined by the Supervisory Board. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the scope of the capital increase from the Contingent Capital 2020 I.

d) Amendment to the Articles of Incorporation

Article 5 Section 5 of the Articles of Incorporation is amended as follows:

“5. The capital stock is conditionally increased by up to EUR 2,000,000.00 through the issue of up to 2,000,000 registered no-par shares (Contingent Capital 2020 I). The contingent capital increase serves exclusively to grant rights to the holders of share option rights from the Stock Option Program 2020, for the issue of which the Executive Board – or in the case of option issue to Members of the Executive Board – the Supervisory Board was authorized in the period up to 24 September 2025 (inclusive) with the resolution adopted by the Annual General Meeting held on 25 September 2020. The contingent capital increase is carried out only insofar as the holders of the share option rights which were granted on account of the authorization approved by the Annual General held of 25 September 2020 exercise these share option rights and the company does not fulfil the share option rights by delivery of its own shares or by cash payment.

The new shares are entitled to share in the profit from the beginning of the business year for which at the time of the issue of the new shares a resolution on the appropriation of the net profit had not been adopted by the Annual General Meeting.

The Executive Board of the company is authorized with the consent of the Supervisory Board to define the additional details for the performance of the contingent capital increase, unless share option rights and shares are to be issued to the Members of the Executive Board of the company; in this event, the additional details for the performance of the contingent capital increase will be defined by the Supervisory Board. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the scope of the capital increase from the Contingent Capital 2020 I.”

8. Resolution on authorization to acquire and utilize own shares with possible exclusion of the subscription and any preemptive tender right and the possibility of redeeming own shares and reduction of the capital stock

The resolution relating to the authorization to acquire and to utilize own shares adopted by the Annual General Meeting held on 27 March 2015 expired on 26 March 2020. The company should again be authorized to acquire and utilize own shares. At the current time, the company holds no own shares (treasury shares).

The Executive Board and the Supervisory Board propose that the Annual General Meeting adopt the following resolution:

- a) The Executive Board is authorized up to 24 September 2025 (inclusive) to acquire the company's own shares with a proportionate amount of the capital stock in the amount of up to the 10% of the capital stock in existence up to the date on which the resolution is adopted or – if this value is less – of the capital stock in existence on the date of the exercise of this authorization for the permissible purpose. The shares acquired on account of this authorization together with other shares of the company which the company has already acquired and in each case still possesses or which were added to them pursuant to Article 71d and Article 71e Stock Corporation Act (AktG) may at no point exceed 10% of the capital stock of the company. Furthermore, the prerequisites of Article 71 Section 2 sentence 2 and 3 Stock Corporation Act (AktG) must be observed. The authorization must not be used for purposes of trading in the company's own shares.
- b) The acquisition is made through the stock market (in accordance with item aa)) or by way of a public tender offer addressed to all shareholders (below under item bb)). Offers under item bb) can also be made by way of a public invitation made to all shareholders to submit offers for sale.
 - aa) If the acquisition of shares is made on the stock market, the purchase price paid per share by the company (excluding ancillary acquisition costs) may not exceed or fall below the arithmetic mean of the closing price for the shares of the company in the electronic Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days before the obligation to purchase by more than 10%.
 - bb) If the acquisition is made by way of public offer tender, a specific purchase price or a purchase range can be defined. The purchase price per share paid by the company (excluding ancillary acquisition costs) may not exceed or fall below the arithmetic mean of the closing prices for the shares of the company in the electronic Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the 9th, 8th, 7th, 6th, and 5th trading day before the day for publication of the offer or the public invitation made to all shareholders to submit offers for sale by more than 10%. If after the publication of a public purchase offer no substantial deviations result compared with the defining reference price, the purchase price or the purchase price range can be adjusted. In this event, the closing price in the electronic Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last trading day before the date of the public announcement will be used to make any adjustment.

The volume of the public purchase offer can be limited. Insofar as the volume of the shares offered in a public purchase offer exceeds the available repurchase volume, the acceptance must be carried out in proportion to the shares offered in each case; the right of shareholders to tender their shares in proportion to their participation quota is insofar excluded. Furthermore, preference may be given to acceptance of a low number of shares (up to 100 tendered shares per shareholder) and a rounding rule may be applied based on commercial principles in order to avoid fractional shares under insofar partial exclusion of a potential right to offer their shares for sale. The public purchase offer can include additional conditions.

- c) The Executive Board is authorized to utilize the own shares acquired on the basis of this authorization for all legally permissible purposes, in particular also as follows:
- aa) The shares can be (i) sold on the stock market or (ii) sold by an offer addressed to all shareholders.
 - bb) The shares can also be sold in another way other than on the stock market or by an offer to shareholders, insofar as the shares are sold against a cash consideration and at a price (not including ancillary costs of sale) which is not significantly less than the stock market price of shares in the company on the date of the sale. However, this authorization only applies subject to the requirement that the total number of shares sold subject to exclusion of the subscription right in accordance with Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) must not exceed 10 % of the capital stock, neither on the date that this authorization becomes effective nor on the date of exercise of this authorization. This limit shall include shares which are issued during the term of this authorization from authorized capital subject to exclusion of the subscription right in accordance with Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). Furthermore, this limit shall include shares which are issued to service bonds (including participation rights) with conversion and/or option rights or a conversion and/or option obligation, insofar as the bonds or participation rights are issued during the course of this authorization with exclusion of the subscription right in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG).
 - cc) The shares can be offered to third parties against a non-cash consideration in particular in the context of company mergers, or for the purpose of (also indirect) acquisition of companies, parts of companies, shareholdings in other companies or any other assets or claims to the acquisition of assets or in the context of implementing a non-cash/optional dividend, and transferred to them.
 - dd) The shares can also be used to serve share option rights with own shares of the company which are issued by the company to Members of the Executive Board of the company, members of the Executive Management of affiliated companies and selected employees below the board level of the company and below the executive management of affiliated companies on the basis of the resolution on the Stock Option Program 2020 under agenda item 7 proposed to the Annual General Meeting being held on 25 September 2020. Reference is made to the disclosures pursuant to Article 193 Section. 2 No. 4 Stock Corporation Act (AktG) in this resolution proposal relating to agenda item 7.

- ee) They can be used for the fulfilment of conversion or option rights which are granted by the company or a Group company for the issue of bonds (including participation rights) in future, or for fulfilment of conversion or option obligations arising from bonds (or participation rights) issued by the company or a Group company.
- ff) They can be redeemed without the redemption or its implementation requiring a further resolution by the Annual General Meeting. The redemption leads to the reduction of the capital stock by the proportion attributable to the redeemed shares. Notwithstanding this regulation the Executive Board can determine that the capital stock remains unchanged with the redemption and instead the proportion of the unredeemed shares in the capital stock is increased accordingly; the Executive Board is empowered for this case to adjust the number of no-par shares in the Articles of Incorporation.
- d) The above authorizations under item c) also include shares which were acquired by enterprises dependent pursuant to Article 17 Stock Corporation Act (AktG) or in majority ownership pursuant to Article 16 Stock Corporation Act (AktG) of the company or by third parties acting on behalf of the company or otherwise pursuant to Article 71d sentence 5 Stock Corporation Act (AktG).
- e) The above authorizations can be utilized entirely or in parts, once or more than once, for one or more than one purpose by the company and, with the exception of the authorization under item c) ff), also by enterprises dependent pursuant to Article 17 Stock Corporation Act (AktG) or in majority ownership pursuant to Article 16 Stock Corporation Act (AktG) of the company or on their account or by third parties acting on behalf of the company.
- f) The subscription right of shareholders is excluded insofar as the shares are sold on the stock market or are utilized in accordance with the above authorizations in accordance with item c) bb) to item c) ee). Furthermore, the Executive Board can exclude the subscription right of shareholders for fractional amounts in the case of sale of the shares by offer to all shareholders.
- g) The utilization of the authorizations in accordance with item c) aa) to item c) ee) requires the consent of the Supervisory Board.

9. Resolution on the authorization for issue of option or convertible bonds, participation rights or profit-participating bonds (or a combination of these instruments) and for exclusion of the subscription right, creation of a new Contingent Capital 2020 II and amendment to the Articles of Incorporation

In order to extend the flexibility of the company in taking out low-interest debt, it is proposed that the Annual General Meeting pass a resolution on authorization for the issue of option or convertible bonds, participation bonds or profit-participating bonds (or combinations of these instruments). Furthermore, a new Contingent Capital 2020 II is to be created to serve the instruments envisaged in the authorization.

Executive Board and Supervisory Board propose that the following resolution be adopted:

a) Authorization for issue of option or convertible bonds, participation rights or profit-participating bonds (or a combination of these instruments) and for exclusion of the subscription right

aa) Authorization period, nominal amount, number of shares, currency, issue by Group companies, term, interest payable

The Executive Board is authorized with the approval of the Supervisory Board to issue in the period up to 24 September 2025 (inclusive) once or more than once in bearer or registered form option or convertible bonds, participation rights or profit participation bonds, or combinations of these instruments (together "**bonds**") with a total nominal amount of up to EUR 50,000,000.00 with or without term restriction and to grant or impose on the owners or creditors (together "**owners**") of option bonds option rights or the owners or convertible bonds conversion rights to registered no-par shares in the company with a proportionate amount of the capital stock amounting to up to a total of EUR 8,116,883.00 in accordance with the more detailed provisions defined in the conditions for these bonds defined by the Executive Board with the approval of the Supervisory Board ("**bond conditions**").

The bond conditions can also provide for (i) an option or conversion obligation at the end of the term (or at a different point in time) or (ii) the right of the company to grant no-par shares in the company or another listed company in lieu of payment of the amount of cash due when the bonds mature (this also includes maturity as a result of termination) ("**substitution right**").

Apart from euros, the bonds can also be issued in the legal currency of an OECD country – limited to the relevant equivalent value in euros.

They can also be issued by a subordinate Group company of the company. In this case, the Executive Board is authorized with the approval of the Supervisory Board to assume on behalf of the company the guarantee for the bonds and to guarantee the owners of the bond option or conversion rights for registered no-par shares in the company or to impose corresponding option or conversion obligations on them.

The bonds can be provided with fixed or with variable interest. Furthermore, the interest payable as in the case of a profit participation bond can be entirely or partly dependent on the level of the dividend of the company.

When the bonds are issued, they will be divided into partial debentures.

bb) Granting subscription right, exclusion of subscription right

The shareholders are to be granted a subscription right. The subscription right can also be granted such that the bonds are taken over by one or several bank(s), one or several companies operating in accordance with Article 53 Section 1 sentence 1 or Article 53b Section 1 sentence 1 or Section 7 of the German Banking Act, or a group or a consortium of banks and/or such companies with the obligation to offer them to the shareholders for subscription (indirect subscription right). If the bonds are issued by a

subordinate Group company, the company must ensure the grant of the statutory subscription right for the shareholders of the company in accordance with the sentences above.

However, the Executive Board is authorized with the consent of the Supervisory Board to entirely or partly exclude the statutory subscription right in the following cases:

- (i) in order to exclude fractional amounts from subscription rights;
- (ii) insofar as necessary in order grant the owners of option or conversion rights or option or conversion obligations arising from bonds, which were previously issued by the company or a Group company or are still to be issued, a subscription right in the volume that would be attributable to them as a shareholder after exercising the option or conversion rights or fulfilling the option or conversion obligations arising from bonds which were previously issued by the company or a Group company;
- (iii) insofar as bonds which were issued with option or conversion rights against a cash consideration, provided that the Executive Board after careful consideration is of the opinion that the issue price of the bonds is not significantly lower than their hypothetical market value determined in accordance with acknowledged, explicitly mathematical financial methods. However, this authorization to exclude the subscription right is only applicable for bonds with an option or conversion right or an option or conversion obligation or a substitution right of the company to shares with a proportionate amount of the capital stock which must not exceed a total of 10 % of the capital stock, and specifically neither at the time of coming into force nor – if this value is less – at the time when their authorization is exercised. This limit to 10 % of the capital stock should include shares that (a) are issued or sold during the period of this authorization with exclusion of the subscription right in direct or corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) or that (b) are issued or can be issued to serve bonds with conversion and/or option rights or conversion and/or option obligations, insofar as the bonds are issued from 25 September 2020 in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) with exclusion of the subscription right.

Insofar as participation rights or profit-participating bonds are issued without option or conversion rights or option or conversion obligations, the Executive Board is authorized with the approval of the Supervisory Board to completely exclude the subscription right, if these participation rights or profit-participating bonds have obligatory characteristics, i.e. convey no membership rights in the company, do not grant participation in liquidation proceeds and the interest payable does not have to be calculated on the basis of the level of earnings after income taxes, the net profit or the dividend. Furthermore, in this case it is necessary for the interest payable and the issue amount of participation rights or profit-participating bonds to correspond to

current market conditions for comparable borrowings on the date when the issue takes place.

cc) Option and conversion right

In the case of the issue of option bonds, each partial bond will be provided with a warrant or several warrants which entitle and/or oblige the owner subject to the bond and option conditions to be determined by the Executive Board to subscribe to registered no-par shares in the company. The subscription ratio is determined by dividing the nominal amount of a partial bond by the option price to be determined for a no-par share of the company and can be rounded up or down to a whole number. A provision can be made such that the option price can be defined within a bandwidth to be determined depending on the development of the stock market price of the shares of the company during the term of the option bond or changed as a consequence of provisions for protection against dilution. In the case of option bonds denominated in euros issued by the company, the bond or option conditions may provide for the option price also being fulfilled by transfer of partial bonds and as appropriate a cash payment. Insofar as fractions of shares result, a provision can be made such that these fractional amounts determined in accordance with the bond or option conditions, may be added up for the issue of whole shares as appropriate against payment. The same applies if warrants are attached to a participation right or a profit-participating bond.

In the case of the issue of convertible bonds, the owner receives the right and/or the obligation to convert their partial bonds into registered no-par shares of the company in accordance with the bond conditions defined by the Executive Board or to accept them. The conversion ratio is determined by dividing the nominal amount or the issue amount if less than the nominal amount of a partial bond by the conversion price determined for a no-par share in the company and can be rounded up or down to a whole number. A provision can be made such that the conversion price is variable and/or the conversion price is set within a defined bandwidth to be determined depending on the development of the stock market price of the shares in the company during the term of the convertible bond or changed as a consequence of provisions for protection against dilution. Furthermore, an additional cash payment can be made and a consolidation or a compensation for non-convertible fractions may be determined.

Article 9 Section 1 Stock Corporation Act (AktG) in conjunction with Article 199 Section 2 Stock Corporation Act (AktG) must in each case be observed.

dd) Option price, conversion price, value-preserving adjustment of the option or conversion price

In the case of the issue of bonds which grant option or conversion rights, the, option or conversion price for a no-par share in the company to be determined in each case with the exception of cases in which an option or conversion obligation or a substitution right is provided, amounts to at least 80 % of the average closing price (arithmetic mean) of the shares of the company in the electronic Xetra trading on the Frankfurt Stock Exchange or in a comparable successor system (“**average Xetra closing price**”) on the last ten trading days before the day of the resolution by the Executive Board

about the issue of bonds or – for the case of granting a subscription right – amounts to at least 80 % of the average Xetra closing price of the shares of the company during the subscription period with the exception of the days of the subscription period which are necessary so that the option or conversion price can be published in a timely manner pursuant to Article 186 Section 2 Sentence 2 Stock Corporation Act (AktG).

In the case of option or conversion rights or option or conversion obligations, the option or conversion price notwithstanding the provisions of Article 9 Section 1 Stock Corporation Act (AktG) and Article 199 Section 2 Stock Corporation Act (AktG) can be adjusted to maintain the value in the case of economic dilution of the value of the option or conversion rights or option or conversion obligations in accordance with more detailed determination of the bond conditions, insofar as the adjustment has not already been regulated in law or subscriptions rights are granted as compensation, a corresponding amount is paid or another adjustment mechanism is provided. In particular, this can be carried out by appropriate adjustment of the option or conversion price. In each case, the proportionate amount of the capital stock attributable to the shares to be issued for each partial bond must not exceed the nominal amount per partial bond or a lower issue price. Moreover, the bond conditions can provide an adjustment of the option or conversion rights or option or conversion obligations for the case of extraordinary measures or events (such as e.g. extraordinary dividends, acquisition of control by third parties). If control is acquired by third parties, an adjustment of the option or conversion price can be provided in line with market practice.

In cases of an option or conversion obligation or a substitution right, the option or conversion price subject to more detailed bond conditions can correspond at least either to the existing minimum price or the average Xetra closing price of the shares in the company during a reference period of ten trading days before the day of final maturity or the other date defined for the maturity of the option or conversion obligation even if this average closing price is below the minimum price of 80 % referred to above.

The proportionate amount of the capital stock of the no-par shares in the company to be issued must not exceed the nominal amount of partial bonds. Article 9 Section 1 Stock Corporation Act (AktG) and Article 199 Section 2 Stock Corporation Act (AktG) are not affected.

ee) Granting of new or existing shares, payment of money

The bond conditions can provide for the right of the company in the case of exercising options or conversion not to grant new no-par shares but to pay a cash amount which for the number of shares to be otherwise supplied corresponds to the average Xetra closing price of the shares in the company during the ten share trading days after declaration of the exercise of options or the conversion.

The bond conditions can also provide that the bonds in the case of conversion or exercise of options at the choice of company or of the Group company issuing the bond are instead of being served with new shares from contingent capital are served with shares from authorized capital or with

already existing or to be acquired own shares of the company or with shares of another listed company.

ff) Authorization to define additional details

The Executive Board is authorized with the approval of the Supervisory Board to determine the further details of the issue and the terms of the bonds, in particular the interest rate, the form of interest payment, issue amount, term and denomination, protection against dilution, and option or conversion period and a potential variation of the exchange ratio, or to determine with the approval of the governance bodies of the Group company of KPS AG issuing the option or convertible bond.

b) Creation of a new Contingent Capital 2020 II

The capital stock is conditionally increased by up to EUR 8,116,883.00 through the issue of up to 8,116,883 registered no-par shares (Contingent Capital 2020 II). The contingent capital increase serves exclusively to issue registered shares to the owners of option or convertible bonds, participation rights or profit-participating bonds (or combinations of these instruments) (together referred to as "bonds") in each case with option or conversion rights or option or conversion obligations which will be issued by the company or a Group company on the basis of the authorization resolution on 25 September up until 24 September 2025 (inclusive). The issue of the new shares is carried out on the basis of the authorization resolution described above in each case at an option or convertible price to be determined.

The contingent capital increase is only to be carried out in the case of the issue of bonds in accordance with the authorization resolution of the Annual General Meeting on 25 September 2020 and only insofar as use is made of option or conversion rights or in order for owners of bonds with obligation characteristics to fulfill their obligation to exercise their option or conversion rights or to the extent that the company exercises its right to choose to provide no-par shares in the company entirely or partly instead of payment of the cash amount due, to the extent that a cash compensation is not granted or own shares or shares from authorized capital or shares in another company listed on the stock exchange are not used to settle the obligation. The issued new shares participate in the profit from the beginning of the business year for which at the date of the issue of the new shares no resolution has yet been passed by the Annual General Meeting about the appropriation of the net profit.

The Executive Board of the company is authorized with the approval of the Supervisory Board to define further details for carrying out the contingent capital increase.

The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the volume of the capital increase from the Contingent Capital 2020 II (also in cases where this is not exercised after expiry of the authorization period), and carry out all other adjustments to the Articles of Incorporation in this connection which only affect the wording.

c) Amendment to the Articles of Incorporation

The Articles of Incorporation include in Article 5 a new Section 6 with the following wording:

“6. *The capital stock is conditionally increased by up to EUR 8,116,883.00 through the issue of up to 8,116,883 registered no-par shares (Contingent Capital 2020 II). The contingent capital increase is only carried out insofar as the owners of option or conversion rights or the owners subject to the obligation to exercise their options or convert their bonds from option or convertible bonds, participation rights or profit-participating bonds (or a combination of these instruments) issued by KPS AG or a Group company of KPS AG on the basis of the authorization resolved by the Annual General Meeting on 25 September 2020 until 24 September 2025 (inclusive) or guaranteed by the company, make use of their right to exercise their option rights or convert their bonds, or to the extent that they have an obligation to exercise their option rights or convert their bonds, to fulfill their obligation to exercise their option rights or convert their bonds, or to the extent that the company exercises its right to choose to provide no-par shares in the company entirely or partly instead of payment of the cash amount due, to the extent that a cash compensation is not granted or own shares or shares from authorized capital or shares in another company listed on the stock exchange are not used to settle the obligation.*

The issue of new shares is carried out at the option or conversion price to be individually determined in each case on the basis of the authorization resolution described above. The new shares participate in the profit from the beginning of the business year for which at the date of the issue of the new shares no resolution has yet been passed by the Annual General Meeting about the appropriation of the net profit.

The Executive Board of the company is authorized with the approval of the Supervisory Board to define further details for carrying out the contingent capital increase.

The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the volume of the capital increase from the Contingent Capital 2020 II, (also in cases where this is not exercised after expiry of the authorization period), and carry out all other adjustments to the Articles of Incorporation in this connection which only affect the wording.”

10. Resolution on various amendments to the Articles of Incorporation

The administration proposes various amendments to the Articles of Incorporation of the Company. These amendments are also intended to amend the arrangements for carrying out the Annual General Meetings in order to take account of the current coronavirus pandemic and give the administration more flexibility in being able to make greater use of electronic media for holding the Annual General Meetings. Other amendment proposals serve to modernize the Articles of Incorporation and the introduction of a right of appointment relating to one Member of the Supervisory Board.

A comparative version of the Articles of Incorporation is available on the Internet page of the company at <http://www.kps.com> in "IR" and there at "Annual General Meeting" in which all the following amendment proposals and the proposed amendments to the Articles of Association in agenda items 6, 7 and 9 are highlighted in comparison with the proposed amendments to the currently valid wording of the Articles of Incorporation.

The agreement of the following amendments to the Articles of Incorporation will be made by way of individual voting, separated according to the sections of the Articles of Incorporation affected by the amendments in accordance with the following breakdown under item a), b), c), etc.

The Executive Board and the Supervisory Board propose resolutions as follows:

a) Article 2 Section 1 of the Articles of Incorporation is revised as follows:

"1. The object of the company is the providing of management consulting and services for digital and business management transformations for national and international customers, starting with the strategy and process design for a digital, smart company up to the entire area of the off- and online interaction of the customer in the B2B and B2C area. This also includes the creation as well as the purchase and sale of IT tools required for the transformation (digitized consulting tools, digitalized process and software solutions) and their operation. The object of the company is further the acquisition, holding administration and sale of majority and minority shareholdings in enterprises in Germany and abroad with such or similar objects. The company is furthermore authorized to undertake all activities which appear suitable for directly or indirectly promoting the purpose of the company."

b) Article 3 of the Articles of Incorporation is revised as follows:

- "1. Announcements of the company are made in the Federal Gazette (Bundesanzeiger), insofar as they do not have to be published in other media pursuant to other mandatorily applicable regulations. Voluntary announcements can also only be made on the Internet page of the company.*
- 2. The determination of Article 43 Section 1 Securities Trading Act (WpHG) is not applied to the company.*
- 3. The company can communicate information to shareholders using the legally admissible means including the use of electronic media."*

c) Article 4 sentence 2 of the Articles of Incorporation is deleted without replacement.

d) In Article 5 Section 1 Sentence 1 of the Articles of Incorporation, the words in parentheses are revised as follows:

"(in words: thirty-seven million four hundred and twelve thousand and one hundred)"

e) Article 6 of the Articles of Incorporation includes a new Section 4 as follows:

“4. The shareholders must inform the company of the relevant details for recording in the Share Register in accordance with Article 67 Section 1 Stock Corporation Act (AktG) in the relevant valid version.”

f) Article 7 Section 1 sentence 3 has been revised as follows:

“Even if the capital stock amounts to more than EUR 3,000,000.00, the Supervisory Board can decide that the Executive Board only has one person.”

g) Article 9 of the Articles of Incorporation is revised as follows:

*“Article 9
Composition, period of office and right of appointment*

- 1. The Supervisory Board is made up of three members.*
- 2. Mr. Michael Tsifidaris is entitled to appoint one Member of the Supervisory Board. Mr. Michael Tsifidaris is only entitled to the right to appoint, as long as he holds shares with a proportionate amount of the capital stock of the company of at least 5 %. While Mr. Michael Tsifidaris has a right to appoint a Member of the Supervisory Board, the Annual General Meeting only elects two Members of the Supervisory Board.*
- 3. The election is carried out – subject to a deviating determination by the Annual General Meeting – at the longest permissible period in accordance with statutory regulations. A re-election is admissible.*
- 4. If a Member of the Supervisory Board elected by the Annual General Meeting steps down prior to the expiry of his period of office, a new election should be held for this office at the next Annual General Meeting, provided that a substitute member does not replace the departing member in accordance with Article 9 Section 4 of the Articles of Incorporation, Article 101 Section 3 Stock Corporation Act (AktG). The period of office of the newly elected member applies for the remainder of the period of office of the departing member, insofar as a deviating period of office is not determined by the Annual General Meeting.*
- 5. The Annual General Meeting can elect substitute members for the Members of the Supervisory Board to be elected by it, who become Members of the Supervisory Board in the sequence to be defined in the election, if Supervisory Board Members representing the shareholders depart before the expiry of their period of office. The period of office of the substitute member is restricted to the end of the Annual General Meeting in which an election has taken place in accordance with Article 3.*
- 6. Each Member of the Supervisory Board can step down from his office even if there is no good cause by written declaration to the chairman and giving a period of notice of one month. The period of notice in accordance with*

sentence 1 can be shortened with the approval of the chairman and the other Members of the Supervisory Board.”

h) Article 10 Section 2 of the Articles of Incorporation are revised as follows:

“2. The chairman and the chairman’s deputy are elected for the period of office defined by Article 9 Section 2.”

i) Article 11 Sections 1, 2, 6 and 7 are revised as follows:

“1. Meetings of the Supervisory Board take place twice in each calendar half-year. The meetings of the Supervisory Board are convened by the chairman with a period of notice of 14 days defining the place and time of the meeting and matters for deliberation as agenda items. When the period of notice is calculated, the day of dispatch of the invitation and the day of the meeting are not included. The invitation is generally extended in writing, by fax or by email. In urgent cases, the chairman can shorten the period of notice and convene the meeting by telephone.

2. One person who is not a Member of the Supervisory Board may attend the meetings of the Supervisory Board and its committees instead of Member of the Supervisory Board who is unable to attend, if the indisposed member has authorized the representative to attend. The chairman of the Supervisory Board or his deputy chairs the meetings of the Supervisory Board.

6. Resolutions of the Supervisory Board are passed at meetings. Passing resolutions involving written communication, by telephone, using electronic or other comparable forms of communication (including fax) are subject to a deviating arrangement in the rules of procedure of the Supervisory Board, if no member objects to the form of casting votes proposed by the chairman.

7. A record on the deliberations and resolutions of the Supervisory Board should be kept in the form of minutes, which should be signed by the chairman officiating over the process of decision-making on resolutions. The chairman should draw up minutes in relation to the resolutions passed in accordance with Section 6 sentence 2 and sign them.”

j) Article 14 Section 4 of the Articles of Incorporation will be deleted without replacement, Article 14 Section 2 of the Articles of Incorporation is revised as follows:

“2. The Annual General Meeting of the company is regularly held at the registered office of the company or as decided by the Executive Board and the Supervisory Board in the Munich District or at the registered office of a German stock exchange or in a city of the Federal Republic of Germany which has a population with more than 250,000 residents.”

k) Article 15 of the Articles of Incorporation is revised as follows:

“Article 15

Participation in the Annual General Meeting; electronic media

1. *Only those shareholders are entitled to participate in the Annual General Meeting and to exercise their right to vote if they have registered in text form for the Annual General Meeting with the company or with an office designated in the invitation at the address notified in the invitation for this purpose, and are recorded in the Share Register of the company. The registration must be received by the company at the address notified for this purpose in the letter convening the Annual General Meeting at least six days before the meeting, and the day of receipt should not be included. No changes will be carried out in the Share Register during the period from the closure of registration up to and including the day of the Annual General Meeting.*
 2. *The Executive Board is authorized to provide for shareholders being able to cast their votes in written form or by way of electronic communication without taking part in the Annual General Meeting (postal vote). The Executive Board can make the necessary arrangements for the procedure regulating the postal vote.*
 3. *The Executive Board is authorized to determine that shareholders can also take part in the Annual General Meeting even without being present at the location where it is being held and without a proxy, and that they can exercise all their rights or individual rights that shareholders have at the Annual General Meeting entirely or partially by way of electronic communication. The Executive Board will also determine the more detailed arrangements for the proceedings.*
 4. *The Executive Board is authorized to permit the complete or partial audiovisual broadcast of the Annual General Meeting. The transmission can also take place in a form whereby the general public has unrestricted access.*
 5. *The Members of the Executive Board and of the Supervisory Board should personally take part in the Annual General Meeting. If a Member of the Supervisory Board is unable to be present at the location of the Annual General Meeting, the member can take part in the Annual General Meeting by way of audiovisual broadcast*
 6. *If the Executive Board makes use of one or more authorizations in accordance with Sections 2, 3 or 4, the provisions reached on the basis of the authorization should be made public when the Annual General Meeting is convened.”*
- l) Article 16 Section 3 of the Articles of Incorporation is deleted without replacement.
- m) Article 17 Section 4 of the Articles of Incorporation is deleted without replacement. The previous Section 5 becomes Section 4.

II.

Reports on individual agenda items

1. Report of the Executive Board on agenda item 6

The Executive Board makes the following report on agenda item 6 relating to the exclusion of the subscription right pursuant to Article 203 Section 2 sentence 2 Stock Corporation Act (AktG) in conjunction with Article 186 Section 4 sentence 2 Stock Corporation Act (AktG):

According to agenda item 6, the Executive Board is to be authorized to increase the capital stock of the company up to 24 September 2025 (inclusive) with the agreement of the Supervisory Board by up to a nominal amount of EUR 18,706,050.00 by issue of up to 18,706,050 new registered no-par shares against cash and/or non-cash consideration (authorized capital 2020).

When utilizing the authorized capital 2020 the shareholders have a right of subscription. However, in certain cases, this subscription right can be excluded.

a) Exclusion of subscription right for fractional amounts

The Executive Board is to be able to exclude the subscription right for fractional amounts with the agreement of the Supervisory Board. This is intended to facilitate the handling of issues with general subscription right of the shareholders. Such fractional amounts may result from the individual issue volume and the presentation of a practical subscription ratio. Their value is generally low for the individual shareholder, whereas the expense for this issue without such exclusion is significantly higher. The exclusion therefore serves to enhance the practical feasibility and easier implementation of an issue. The new shares excluded as free fractions of the subscription right of shareholders will be exploited in the best interests of the company.

b) Exclusion of subscription right for capital increases for cash of up to 10 %

Furthermore, it is to be possible to exclude the subscription right in the case of capital increases for a cash consideration in respect of up to 10% of the capital stock which is in existence at the date of implementation or exercise of the authorization, if the new shares are issued at an amount pursuant to Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) which does not differ significantly from the stock market price (so-called simplified exclusion of subscription rights). This limit of 10% shall include shares which are sold or issued during the period of this authorization with exclusion of the subscription right in direct or corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). Furthermore, the limit shall include shares to service bonds (including participation rights) with conversion and/or option rights or a conversion and/or option obligation, insofar as the bonds or participation rights are issued during the course of this authorization with exclusion of the subscription right in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG).

This authorization places the Executive Board in the position of being able to take advantage of market opportunities quickly and flexibly. It means that we can cover a capital requirement that may arise in this connection, if necessary at very short notice, without having to engage in a subscription offer which takes at least 14 days to arrange. The placement of the new shares is carried out here at a price close to the stock market price and this is generally associated with a lower discount than in the case of subscription rights issues. In addition, this type of placement is able to

achieve strategic acquisition of new shareholder groups. The simplified subscription right exclusion generally relates to the standard case under statutory regulations whereby the subscription right of shareholders can be excluded. The limit of 10% of the capital stock which is in existence at the date of implementation or exercise of the authorization with the inclusion of other cases of direct or corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) takes account of the need to protect the shareholders in relation to a proportionate dilution of their shareholdings. Shareholders who want to retain their proportionate shareholding can prevent the reduction of their proportionate shareholding by acquisitions on the stock market. In the case of the simplified subscription right exclusion, the issue amount of the new shares must not fall significantly below the stock market price. This takes adequate account of the need to protect shareholders from dilution of the value of their shareholding. In accordance with the statutory rationale of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) and following assessment of the circumstances outlined above, exclusion of subscription rights within the circumscribed limits preserves the interests of the shareholders to a reasonable extent and is in accordance with the interests of the company, particularly in relation to safeguarding the necessary scope for taking action.

c) Exclusion of subscription right for capital increases against a non-cash consideration

The subscription right is also to be excluded in the case of capital increases against a non-cash consideration. The company should also continue to be able to acquire enterprises, parts of enterprises, shareholdings or economic assets in connection with a project, and other assets or claims, in order to strengthen its competitiveness, enhance the company's profitability and increase the value of the company. Experience shows in the case of such projects that large units are regularly involved. Very high contributions have to be paid many times in such situations. They should or can – also from the perspective of an optimum financial structure – often be provided entirely or partly as a non-cash consideration. Moreover, sellers frequently insist on acquiring shares as a consideration because this can be more cost-effective for them and sellers can in this way also indirectly have a share in the opportunities and risks of the units sold. The possibility of using own shares as an acquisition currency thereby gives the company the option of exploiting such acquisition opportunities quickly, flexibly and with the preservation of liquidity. It places the company in a position to acquire even large units in exchange for shares. Even in the case of individual economic assets, it should be possible under certain circumstances to make acquisitions either entirely or partly in exchange for shares. In all cases, it must be possible to exclude the subscription right of shareholders. Since this type of acquisition generally has to be carried out at short notice, it is not possible to achieve this for practical reasons by passing resolutions at the Annual General Meeting which only takes place once a year. This approach requires authorized capital which the Executive Board – with the agreement of the Supervisory Board – can quickly access. Using the authorized capital with exclusion of subscription rights means that a non-cash/optional dividend can be implemented in which the entitlements of the shareholders to payment of a dividend can be enabled as a contribution in kind though the issue of new shares in order to maintain liquidity levels (known as a scrip dividend). In the cases described, the company does not suffer any disadvantage as a result of this, because the issue of shares against a non-cash consideration always assumes that the value of the non-cash consideration is in a reasonable relationship with the value of the shares to be issued. The Executive Board will carefully review the valuation ratio when exercising the authorization and ensure that the interests of the company and its shareholders are

appropriately safeguarded and that a reasonable issue price is obtained for the new shares.

- d) Exclusion of subscription rights for capital increases for cash in order to issue shares to holders of financial instruments with conversion and/or option rights or conversion and/or option obligations

Furthermore, the subscription right is also to be excluded in the case of capital increases for cash if in future it is necessary to grant owners of enterprises in which the company or Group companies hold a majority shareholding directly or indirectly on the basis of an authorization granted separately by a resolution passed by the Annual General Meeting in respect of issued bonds or subscription rights with conversion and/or option rights or conversion and/or option obligations a subscription right to new shares in the company in the volume that would be attributable to them as a shareholder after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a substitution right of the company. Bonds or participation rights with conversion and/or option rights or conversion and/or option obligations generally provide protection against dilution in their conditions of issuance, which guarantees a subscription right to new shares for owners or creditors in subsequent share issues and certain other measures. As a consequence, they are treated as though they were already shareholders. In order to provide these financial instruments with protection against dilution in this way, the subscription right of the shareholders to these shares must be excluded. This facilitates easier placement of the financial instruments and hence is in the interests of the shareholders in an optimum financial structure for the company. Furthermore, the exclusion of the subscription right in favor of the owners or creditors of these financial instruments has the advantage that if the authorization is utilized the option or conversion price does not have to be reduced for the owners or creditors of existing financial instruments in accordance with the relevant conditions of the bonds. This permits a high inflow of funds and is therefore in the interest of the company and its shareholders.

After carefully considering all the circumstances, the Executive Board has come to the conclusion that exclusion of the subscription right in the cases referred to is appropriate, necessary, objectively justified and reasonable for the reasons presented, also taking into account the corresponding dilution effects to the detriment of shareholders. The Executive Board will carry out a careful review in each case to ascertain whether the utilization of the authorized capital 2020 is in the interests of the company and its shareholders. The Executive Board will report to the Annual General Meeting about any utilization of the authorized capital 2020.

2. Report of the Executive Board on agenda item 8

The Executive Board makes the following report on agenda item 8 relating to the exclusion of the subscription right pursuant to Article 71 Section 1 No. 8 in conjunction with Article 186 Section 4 sentence 2 Stock Corporation Act (AktG):

Agenda item 8 contains the proposal to provide the Executive Board with the authorization to acquire own shares in the scope of up to 10% of the capital stock itself or through independent enterprises or enterprises in majority ownership of the company or through third parties acting on its or their own account. The authorization is intended to continue up to and including 24 September 2025 and thereby to utilize the statutory enabled framework of five

years pursuant to Article 71 Section 1 No. 8 Stock Corporation Act (AktG). The authorization granted by the Annual General Meeting on 27 March 2015 expired on 26 March 2020.

a) Authorization to acquire own shares

Article 71 Section 1 No. 8 Stock Corporation Act also allows other forms of acquisition and sale to be used in addition to acquisition and sale on the stock market. The proposal for a resolution provides for the acquisition of shares also by means of a public offer tender made to all shareholders or a public invitation to submit offers for sale (jointly known as “**public purchase offer**”). Article 71 Section 1 No. 8 sentence 4 Stock Corporation Act (AktG) states clearly that acquisition through the stock market satisfies the equal treatment principle pursuant to Article 53a Stock Corporation Act (AktG). Any disadvantage to shareholders is excluded by application of the equal treatment principle pursuant to Article 53a Stock Corporation Act (AktG).

A public purchase offer may involve the volume of shares in the company offered by shareholders exceeding the number of shares envisaged by the company for acquisition or the number of shares required by the company. In this case an allocation does not have to be given on the basis of participation rates but on the basis of the ratio of the tendered shares. This serves to simplify the allocation procedure. This is intended to facilitate a preferential acceptance of smaller offers or smaller parts of offers up to a maximum of 100 shares. This option helps to avoid fractional amounts in the determination of the ratios to be acquired and small residual amounts, and this facilitates the technical process of the repurchase. A de facto discrimination against small shareholders can also be avoided in this way. Finally, provision is also to be made for a rounding based on commercial principles in order to avoid arithmetic fractions of shares. Insofar, the acquisition ratio and the number of shares being tendered for acquisition by individual shareholders can be rounded in the way necessary so as to ensure that the purchase of whole shares is technically possible. The Executive Board considers that the resultant exclusion of any more extensive preemptive tender right of the shareholders is objectively justified and reasonable with respect to the shareholders.

b) Authorization for the utilization of own shares acquired by the company

The acquired own shares may be used for all legally permissible purposes, in particular also as follows:

Article 71 Section 1 No. 8 sentence 4 Stock Corporation Act (AktG) permits the own shares acquired on the basis of this authorization or an earlier authorization to be sold on the stock market. If the Executive Board sells its own shares on the stock market, it is necessary in formal terms to exclude any indirect subscription right of the shareholders with respect to the company. However, the shareholders are not unreasonably disadvantaged as a result of this action. According to the statutory regulations, the sale of own shares on the stock market – in the same way as their acquisition on the stock market – must comply with the equal treatment principle as set out in Article 53a Stock Corporation Act (AktG).

Furthermore, it is proposed that the Annual General Meeting should authorize the Executive Board to sell own shares acquired on the basis of this authorization or earlier authorizations on the basis of an offer to all shareholders or in some other

way. According to the statutory regulations, this approach also satisfies the equal treatment principle pursuant to Article 53a Stock Corporation Act (AktG).

The company shall also be permitted to sell the own shares acquired on the basis of this authorization or an earlier authorization subject to the prerequisites of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) excluding the subscription right other than on the stock market or by an offer to the shareholders against a cash consideration. This is intended to enable the company in particular to issue shares in the company at short notice. The proposed authorization serves to secure a permanent and appropriate capital base for the company. For example, it permits own shares to be sold to institutional shareholders or new groups of investors to be accessed. A prerequisite is that the shares are sold against a cash consideration at a price which is not significantly less than the stock market price of shares in the company on the date of the sale. The final definition of the sale price for the own shares is only determined for the own shares on a date shortly before the sale. The Executive Board will keep any discount on the stock market price as low as possible. Under no circumstances may the discount be more than 5% of the stock market price on the date of exercise of the authorization. The proportionate amount of the capital stock attributable to the shares being sold must not exceed 10% of the capital stock, neither on the date that this authorization becomes effective nor on the date of exercise of this authorization. This limit shall include shares which are issued during the term of this authorization from authorized capital subject to exclusion of the subscription right in accordance with Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). Furthermore, this limit shall include shares which are issued to service bonds (including participation rights) with conversion and/or option rights or a conversion and/or option obligation, insofar as the bonds or participation rights are issued during the course of this authorization with exclusion of the subscription right in corresponding application of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). The limit on the number of shares to be sold and the obligation to define the sale price of the shares being sold close to the stock market price provides the shareholders with reasonable protection against a dilution in the value of their shares. At the same time, it is ensured that the consideration to be received by the company is reasonable.

At the same time, it should be possible to offer own shares to third parties against non-cash considerations, in particular in the context of company mergers, or for the purpose of (also indirect) acquisition of companies, parts of companies, shareholders in other companies or any other assets or claims on the acquisition of assets or in the context of implementing a non-cash/optional dividend. This will enable the company to strengthen its competitiveness, and enhance its profitability and increase the value of the company. Experience shows in the case of such projects that large units are regularly involved. Very high contributions have to be paid many times in such situations. They should or can – also from the perspective of an optimum financial structure – often be provided entirely or partly as a non-cash consideration. Moreover, sellers frequently insist on acquiring shares as a consideration because this can be more cost-effective for them and sellers can in this way also indirectly have a share in the opportunities and risks of the units sold. The possibility of using own shares as an acquisition currency thereby gives the company the option of exploiting such acquisition opportunities quickly, flexibly and with the preservation of liquidity. It places the company in a position to acquire even large units in exchange for shares. Even in the case of individual economic assets, it should be possible under certain circumstances to make acquisitions either entirely or partly in exchange for shares. The possibility of being able to offer own shares as a consideration creates an advantage in the competition to acquire interesting acquisition objects. As

a result of the offer of own shares to the shareholders with exclusion of subscription rights, a non-cash/optional dividend can be implemented in which the entitlements of the shareholders to payment of a dividend in cash can be enabled as a contribution in kind through the issue of own shares in order to maintain liquidity levels (known as a scrip dividend). The Executive Board will always ensure when establishing the valuation relations that the interests of the shareholders are appropriately safeguarded. This review by the Executive Board will take account of the price of the company's share on the stock market.

The company should also have the possibility of serving share option rights with own shares of the company which have been issued by the company to its Executive Board and its managers, and to the Executive Management and the managers of its Group companies on the basis of the resolution on the Stock Option Program 2020 under agenda item 7 proposed to the Annual General Meeting being held on 25 September 2020. The authorization for the utilization of own shares alongside the proposed Contingent Capital 2020 I to serve the share option rights extends the flexibility of the company. In relation to the structure and conditions of the Stock Option Program 2020, reference is made to agenda item 7 in the Invitation to the Annual General meeting to be held on 25 September 2020.

The company should also have the opportunity to utilize own shares for the fulfilment of conversion or option rights which are granted by the company or a Group company for the issue of bonds (including participation rights) in future, or for the fulfilment of conversion or option obligations arising from bonds (or participation rights) issued by the company or a Group company. Insofar as such instruments are issued on the basis of a separate authorization in future, it may be effective to serve the rights to subscribe to shares resulting from such instruments not by a capital increase but entirely or partly through own shares. The rights of shareholders are adequately safeguarded in this context because the shareholders have a subscription right to such instruments and its exclusion is only permissible by observing special requirements.

Finally, the authorization provides for the possibility of acquired own shares also being redeemed. The redemption should be possible in such a way that leads to the reduction of the capital stock when shares are redeemed, or also without carrying out such a reduction of the capital stock by simply redeeming the shares while at the same time increasing the proportionate amount of the capital stock (amortization) attributable to the remaining shares in accordance with Article 237 Section 3 No. 3 Stock Corporation Act (AktG). The rights of shareholders are not impaired in either of these aforementioned cases.

In all the designated cases (apart from in the case of redemption and in the case of public offer to all shareholders (with the exception of fractional amounts)), the subscription right of the shareholders to these shares must be excluded so that they can be utilized as described. After carefully considering all the circumstances, the Executive Board has come to the conclusion that exclusion of the subscription right is appropriate, necessary, objectively justified and reasonable in the designated cases and for the reasons presented.

The Executive Board will review each individual case in order to establish whether own shares of the company should be used for the designated measures. When reaching its decision, the Executive Board will be guided by the interests of the shareholders and the company and will further carefully consider whether it should

make use of the authorization. Only in this case will the measure will be adopted and the subscription right excluded.

The Executive Board will report on the decision about utilization of the repurchase authorization and the more detailed circumstances of the acquisition at the next relevant Annual General Meeting pursuant to Article 71 Section 3 Stock Corporation Act (AktG).

3. Report of the Executive Board on agenda item 9

The Executive Board makes the following report on agenda item 9 relating to the exclusion of subscription right pursuant to Article 221 Section 4 sentence 2 Stock Corporation Act (AktG) in conjunction with Article 186 Section 4 sentence 2 Stock Corporation Act (AktG):

The proposed authorization to issue bonds with nominal amount of up to EUR 50,000,000.00 and to create the associated Contingent Capital 2020 II in the amount of up to EUR 8,116,883.00 under agenda item 9 of the invitation to the virtual ordinary Annual General Meeting to be held on 25 September 2020 is intended to expand the opportunities, explained in greater detail below, available to KPS AG to finance its activities and to enable the Executive Board with the approval of the Supervisory Board to secure timely and flexible financing in the interest of the company particularly in the event of favorable capital market conditions. An appropriate capital structure is a key foundation for the development of the company. Issuing conversion and option bonds enables the company to make use of attractive financing possibilities according to the market situation in order to provide the company with capital at lower current interest rates. By issuing participation rights with conversion and/or option rights, the interest payable can also be based e.g. on a future dividend of the company. The conversion and option premiums achieved benefit the company in the event of an issue. Experience shows that some financing instruments can only be placed by granting option or conversion rights.

The shareholders are entitled to the statutory subscription right to bonds which are associated with option or conversion rights or option or conversion obligations or a substitution right of the company (Articles 221 Section 4, 186 Section 1 Stock Corporation Act (AktG)). Insofar as shareholders are not allowed to subscribe directly to bonds, the Executive Board can utilize the opportunity to issue bonds to a bank or to an equivalent company under statutory regulations and the resolution proposal, or to a group or a consortium of banks and/or companies with the obligation to offer the shareholders the bonds in accordance with the participation right (indirect subscription right).

However, the Executive Board is to be authorized to exclude the subscription right in certain cases.

a) Exclusion of subscription rights from fractional amounts

The exclusion of the subscription right for fractional amounts permits the utilization of the requested authorization through rounded amounts and facilitates definition of a practical and technical feasible subscription ratio. This makes it easier to process a bond issue. The value of the fractional amounts is generally minimal for each individual shareholder, and the potential dilution effect can therefore also be regarded as low. In view of the minimal dilution effects associated with the exclusion of subscription right for fractional amounts and after carefully considering all the circumstances, the Executive Board has come to the conclusion that exclusion of the

subscription right within the circumscribed limits is reasonable and in the interest of the company.

b) Exclusion of subscription right for purposes of protection against dilution

The Executive Board is further to be authorized to exclude the subscription right to the extent that it is necessary in order to grant the holders of option or conversion rights or option or conversion obligations arising from bonds, which were previously issued by the company or a group company or are still to be issued, a subscription right in the volume that would be attributable to them as a shareholder after exercising the option or conversion rights or fulfilling the option or conversion obligations.

Providing bonds with this kind of protection against dilution is in line with the standard market practice based on the expectations of the capital market. The exclusion of the subscription right in favor of the owners of these financial instruments has the advantage that the option or conversion price for bonds does not have to be reduced and this consequently permits a higher inflow of funds. A careful consideration of all the current circumstances indicates that the exclusion of subscription rights within the circumscribed limits is reasonable and in the interest of the company.

c) Simplified exclusion of subscription rights

The Executive Board with the approval of the Supervisory Board is furthermore authorized to exclude the subscription right of shareholders when the issue of the bonds against a cash consideration is carried out at a price which does not fall significantly short of the market value of these bonds. As a result, the company is able to make timely and flexible use of favorable market situations and by defining conditions close to the market achieve better conditions when establishing interest rate, option or conversion price, and issue price for bonds. Definition of conditions close to the market and smooth placement with third parties would not be possible if the subscription right were observed. Although Article 186 Section 2 Stock Corporation Act (AktG) permits publication of the subscription price (and hence the conditions of these bonds) up to the third-last day of the subscription period, the frequently observed volatility in stock markets means that there would be a market risk over a period of several days, which would lead to security discounts in determining the bond conditions and would consequently lead to conditions that were not close to the market. In addition, the existence of a subscription right could jeopardize the successful placement with third parties as a result of uncertainty surrounding the exercise of a granted subscription right (subscription behavior) or be associated with additional expenses. Ultimately, the company is unable to respond rapidly to favorable or unfavorable market conditions when granting a subscription right owing to the length of the statutory subscription period of at least 14 days, but it is exposed to declining share prices during the subscription period which can lead to unfavorable equity financing for the company.

Pursuant to Article 221 Section 4 sentence 2 Stock Corporation Act (AktG), determination of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) applies mutatis mutandis for the exclusion of the subscription right. The limit of 10 % of the capital stock defined there for exclusions of subscription rights must be complied with in accordance with the content of the resolution. The maximum volume of the contingent capital which in this case may be made available for securing the option or conversion rights or fulfilling the option or conversion obligations, must not

exceed 10 % of the capital stock at the time when the authorization for the exclusion of subscription rights comes into effect pursuant to Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). An appropriate definition in the authorization resolution also ensures that if there is a decrease in the capital the 10 % limit is not exceeded because the authorization for the exclusion of subscription rights must explicitly not exceed 10 % of the capital stock, and specifically neither at the time of coming into force nor – if this value is less – at the time when this authorization is exercised. This includes own shares which are sold with exclusion of the subscription right pursuant to Article 186 Section 3 sentence 4 Stock Corporation Act (AktG), and those shares which are issued from authorized capital with exclusion of the subscription right pursuant to Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) if the sale or issue is carried out during the period of authorization before a bond issue free of subscription rights pursuant to Article 186 Section 3 sentence 4 Stock Corporation Act (AktG), set off and thereby reduced correspondingly by this amount.

Article 186 Section 3 sentence 4 Stock Corporation Act (AktG) further stipulates that the issue amount must not fall significantly short of the stock market price. This is intended to ensure that there is no significant dilution of the financial value of the shares. Whether a dilution effect of this nature occurs when bonds are issued free of subscription rights can be determined by calculating the hypothetical market value of the bonds in accordance with acknowledged financial mathematical methods and compared with the bond issue amount. If in accordance with a mandatory audit this issue amount is not significantly below the hypothetical stock market price at the time when the bonds were issued, an exclusion of subscription right is permissible on account of the insignificant deduction pursuant to the intent and purpose of the regulation of Article 186 Section 3 sentence 4 Stock Corporation Act (AktG). The resolution therefore states that prior to issue of the bonds and following careful consideration the Executive Board must be of the opinion that the issue amount earmarked for the bonds will not lead to any notable dilution in the value of the shares since the issue amount for the bonds is not significantly below their hypothetical market value determined in accordance with generally acknowledged financial mathematical methods. This means that the calculated market value of a subscription right would fall to almost zero such that the shareholders would not suffer any notable economic disadvantage as a result of the exclusion of subscription rights. This process ensures that a significant dilution of the value of the shares does not occur as a result of the exclusion of subscription rights.

Furthermore, the shareholders have the option of maintaining their share of the capital stock in the company even after exercising option or conversion rights or the occurrence of option or conversion obligations at any time by purchasing shares on the stock market. On the other hand, the authorization for the exclusion of subscription rights enables the company to define conditions close to the market and provides the greatest possible security in relation to placement with third parties and use of favorable market situations at short notice.

d) Participation rights and profit-participating bonds

Insofar as participation rights or profit-participating bonds are to be issued without option or conversion rights or option or conversion obligations, the Executive Board is authorized with the approval of the Supervisory Board to completely exclude the subscription right of shareholders if these participation rights or profit-participating bonds have obligatory characteristics, i.e. convey no membership rights in the company, do not grant participation in liquidation proceeds and the interest payable is not calculated on the basis of the level of the annual earnings after income taxes,

the net profit or the dividend. Furthermore, it is necessary for the interest payable and the issue amount for the participation rights or the profit-participating bonds to correspond to the current market conditions on the date when the issue takes place. If these prerequisites are fulfilled, no disadvantages are incurred by the shareholders as a result of the exclusion of the subscription right since the participation rights or the profit-participating bonds are not based on any membership rights and do not grant any participation in liquidation proceeds or in the profit of the company.

After carefully considering all the circumstances, the Executive Board has come to the conclusion that exclusion of the subscription right in the cases referred to is appropriate, necessary, objectively justified and reasonable for the reasons presented, also taking into account the corresponding dilution effects to the detriment of shareholders.

When reaching its decision, the Executive Board will carefully consider in each case when it should make use of the authorization to issue bonds with exclusion of the subscription rights of shareholders. Only in this case will the measures be adopted if, in the opinion of the Executive Board and the Supervisory Board, this is in the interest of the company and hence also its shareholders.

The Executive Board will in each case report to the next Annual General Meeting about the issue of bonds and about the utilization of the Contingent Capital 2020 II.

III.

Further disclosures and information

1. **Holding the Annual General Meeting as a virtual Annual General Meeting without the physical presence of the shareholders and their proxies, broadcast as audiovisual transmission**

The Executive Board has resolved with the approval of the Supervisory that the ordinary Annual General Meeting 2020 will be held as a virtual Annual General Meeting pursuant to Article 1 Sections 1 and 2 of the Act on Measures in Corporate, Cooperative, Association, Foundation and Home Ownership to Combat the Effects of the COVID-19 Pandemic ("**COVID-19 Act**"). Shareholders and their authorized proxies (with the exception of voting proxies designated by the company) can therefore not participate physically in the Annual General Meeting this year.

However, the shareholders and their authorized proxies will be able to follow the entire Annual General Meeting in an audiovisual transmission broadcast at

<https://kps.com/de/de/investor-relations/general-meeting.html>

in the password-protected shareholders' portal ("**shareholders' portal**"). Following the Annual General Meeting on the shareholders' portal does not constitute participation pursuant to Article 118 Section 1 sentence 2 Stock Corporation Act (AktG).

Holding the ordinary Annual General Meeting 2020 as a virtual Annual General Meeting on the basis of the COVID-19 Act leads to modifications in the proceedings of the Annual General Meeting and in the rights of shareholders. The Annual General Meeting will be broadcast in entirety in an audiovisual transmission in the shareholders' portal, the exercise

of voting rights of the shareholders through electronic communication and the granting of proxies will be enabled, the shareholders will be provided with an opportunity to ask questions by way of electronic communication and shareholders who have exercised their voting right will be able to make an objection to resolutions of the Annual General Meeting using electronic communication. We ask our shareholders to take particular note of the following information.

2. Registration for the Annual General Meeting

Pursuant to Article 15 of the Articles of Incorporation, only those shareholders are entitled to attend the Annual General Meeting and to exercise their voting right who register by

24:00 (CET) on 1 September 2020

and who have entered the registered shares in the Share Register of the company.

The registration can be carried out by the above registration deadline using the shareholders' portal at

<https://kps.com/de/de/investor-relations/general-meeting.html>.

The shareholders need their shareholder's number and the relevant access password in order to access the shareholders' portal. Shareholders can obtain their shareholder's number from the documents sent to them with the invitation to the Annual General Meeting. Shareholders who have already registered in the shareholders' portal should use the access password that they already created for themselves when they registered in the shareholders' portal. All other shareholders recorded in the Share Register will receive an individual access password for first-time access to the shareholders' portal with the documents that were sent to them with the invitation to the Shareholders' Annual General Meeting.

If the shareholders' portal is not used for registration, the registration must be received in text form at the company by the above registration deadline (in the German or English language). Adherence to the deadline depends on receipt of the registration. This should be forwarded to the following address, fax number or email address:

KPS AG
c/o Computershare Operations Center
80249 Munich
Germany
Fax: +49 89 30903-74675
Email: anmeldestelle@computershare.de

(together the "KPS contact addresses")

Additional information on the registration procedure is provided on the registration form sent together with the shareholders' letter.

Registrations which – irrespective of the reason – are only received by the company after 18 September 2020 can no longer be taken into account. We therefore recommend that you carry out registration through the shareholders' portal.

3. Disposals over shares and re-registrations in the Share Register

The share portfolio recorded in the share register on the date of the Annual General Meeting is relevant for the participation and voting right. This recorded share portfolio will correspond to the portfolio recorded at the registration closure at 24:00 (CET) on Friday 18 September 2020 (technical record date), since for technical reasons share re-registrations cannot be registered in the Share Register during the period from registration closure up to and including the day of the Annual General Meeting (cessation of changes in the share register). However, the cessation of changes in the share register does not entail a block on the availability of the shares. Shareholders are therefore free to dispose over the shares after they have successfully completed the registration. However, purchasers of shares whose re-registration applications are received by the company after 24:00 (CET) on 18 September 2020 will not be able to exercise their participation and voting rights, unless they have appointed a proxy holder or issued an authorization to exercise such rights. In such cases the participation and voting rights remain with the shareholder registered in the Share Register until the date of re-registration. Purchasers of shares in the company who are not yet registered in the share register are therefore requested to submit re-registration applications as soon as possible.

Intermediaries and other equivalent persons pursuant to Article 135 Section 8 Stock Corporation Act (AktG) may only exercise the voting right for shares which do not belong to them, where however they are registered as their holder in the Share Register, on the basis of an authorization. More information on this is provided in Article 135 Stock Corporation Act (AktG).

4. Vote by electronic postal vote

Shareholders cannot participate personally in the virtual Annual General Meeting. Shareholders registered by the deadline can cast their votes at this year's virtual Annual General Meeting by way of electronic communication ("**postal vote**").

Shareholders can submit their votes using an electronic postal vote on the shareholders' portal. Vote submission through the shareholders' portal is possible up to the beginning of the vote count at the virtual Annual General Meeting. Up to this point, electronically submitted votes can also be changed or revoked through the shareholders' portal.

Your attention is drawn to the fact that other communication channels for the postal vote are not available.

The submission of votes by postal vote is restricted to voting on the resolution proposals announced by the Executive Board and/or Supervisory Board in the convocation for the virtual Annual General Meeting and to announced resolution proposals of shareholders with any amendment to the agenda pursuant to Article 122 Section 2 Stock Corporation Act (AktG). If no explicit vote has been submitted in a postal vote on an agenda item, this will be deemed to be an abstention for this agenda item. If an individual vote is held for an agenda item, without this having been announced in advance of the Annual General Meeting, the

vote submission by way of a postal vote on this agenda item shall also be deemed overall as a corresponding vote submitted for each item of the individual vote.

If a shareholder wishes to have the relevant shares represented by a proxy in spite of already having submitted a vote by postal vote, this shall be possible by taking account of the following conditions and is deemed to be a revocation of the vote submitted by way of a postal vote.

5. Procedure for the authorization of voting proxies

Shareholders can authorize third parties to exercise their voting rights. Furthermore, in cases of proxy authorization, the shareholder must fulfil the requirements defined in the above Section 2 (Registration for the virtual Annual General Meeting). If the shareholder appoints more than one person as a proxy, the Company can reject one or more of these persons.

Proxies can be granted through the shareholders' portal. Furthermore, a proxy can also be authorized using the registration form or by other declarations in text form including the designation of the person making the declaration and sending to one of the KPS contact addresses defined above. Proxies can be changed or revoked through the shareholders' portal until the beginning of the vote count. The granting, changing or revocation of proxies by means of the application form or by other means in text form including the designation of the person making the declaration by 24:00 CET on 24 September 2020 (receipt by the Company) can also be carried out using one of the KPS contact addresses defined above.

Please note that specific regulations apply for authorization of intermediaries, shareholders' associations, voting rights consultants or other persons pursuant to Article 135 Section 8 Stock Corporation Act (AktG) who undertake to act in a business arrangement as proxies for shareholders and exercise their voting rights at the Annual General Meeting (see below under the section "Authorization of other persons").

Authorization of proxy representatives of the company

We also offer our shareholders in the context of the virtual Annual General Meeting the opportunity to be represented at the Annual General Meeting on the basis of their instructions by a proxy representative designated by the company. To this end, the proxy (proxies) and instructions must be granted to the proxy representatives for the exercise of voting rights. The explanations referred to above relating to authorization are correspondingly applicable for grant, amendment and revocation of instructions.

It is important to take into account that the proxy representative cannot submit any proposals or questions for the shareholders or register objections. The proxy representatives will only cast their votes on those agenda items for which they have received instructions from the shareholders. The proxy representatives of the company are under an obligation to cast their votes in accordance with instructions and must not exercise their voting right if instructions have not been properly issued.

Authorization of other persons

If neither an intermediary nor a consultant on share voting rights pursuant to Article 134a Section 1 No. 3 Stock Corporation Act (AktG), a shareholders' association or other equivalent persons, institutions or companies are to be authorized in respect of exercising voting rights

pursuant to Article 135 Section 8 Stock Corporation Act (AktG), the granting of the proxy and its revocation must be carried out in text form (Article 126b German Civil Code (BGB)). If the proxy is granted by declaration made to the company, an additional verification of the proxy is not necessary. Conversely, if the proxy is granted by declaration to the proxy representative, the company may require a verification of the proxy in text form. The verification can be communicated to the Company by 24:00 CET on 24 September 2020 (receipt by the Company) at one of the KPS contact addresses defined above.

The requirement of the text form is not applicable for the granting of a proxy to intermediaries, consultants on share voting rights pursuant to Article 134a Section 1 No. 3 Stock Corporation Act (AktG), shareholders' associations and others pursuant to Article 135 Section 8 Stock Corporation Act (AktG) in respect of exercising voting rights by equivalent persons, institutions or companies and for the revocation and verification of such a proxy authorization. However, the proxy representative must have the proxy recorded in verifiable form. It must be complete and may only be included with the declarations associated with the exercise of proxy voting rights. However, any breach of these requirements does not impair the effectiveness of the submission of votes. Furthermore, the relevant proxy may have been provided with special requirements for his authorization; this should be agreed in advance with the relevant proxy.

Proxies (with the exception of the proxy representative designated by the company) cannot participate physically in the Annual General Meeting. They can only exercise the voting right for the shareholders represented by them by way of a postal vote or by granting a sub-authorization to the proxy representative designated by the company (in each case as described above).

6. Possibility of objecting to resolutions at the Annual General Meeting

Shareholders or their proxies who have exercised the voting right by way of a postal vote or by proxy and issuing instructions to the proxy representative of the company, have the opportunity to declare a written objection to resolutions of the Annual General Meeting, with the waiver of the requirement to be present at the Annual General Meeting pursuant to Article 1 Section 2 sentence 1 No. 4 of the COVID-19 Act. The objection can only be declared by electronic means through the shareholders' portal at

<https://kps.com/de/de/investor-relations/general-meeting.html>

with effect from the opening of the virtual Annual General Meeting to its closure by the chair of the meeting. The notary documenting the Annual General Meeting has authorized the company to receive objections through the shareholders' portal and is himself authorized to accept the received objections.

7. Information on the rights of shareholders pursuant to Articles 122 Section 2, 126 Section 1, 127, 131 Section 1 Stock Corporation Act (AktG) in conjunction with Article 1 Section 2 Sentence 1 No. 3 and sentence 2 COVID-19 Act

- a) Amendments to the agenda on request by a minority pursuant to Article 122 Section 2 Stock Corporation Act (AktG) in conjunction with Article 1 Section 3 sentence 4 COVID-19 Act

Shareholders whose shares together make up one twentieth part of the capital stock (which corresponds to 1,870,605 shares) or the proportionate amount of EUR 500,000.00 (which corresponds to 500,000 shares) can request that items are placed on the agenda and published. Each new item must be accompanied by a justification or a proposed resolution. The request must be made in writing to the Executive Board of KPS AG and must be received by the company by at the latest the end of at 24:00 on 10 September 2020. We ask that requests for amendments should be sent to the following address:

KPS AG
- Attn. of the Executive Board -
Beta-Straße 10h
85774 Unterföhring
Germany

The shareholders in question must provide verification pursuant to Article 122 Section 1 and Section 2 Stock Corporation Act (AktG) that they have been the holders of the minimum number of shares set out above for at least 90 days prior to the day their request was received by the company and that they will hold these shares until the decision by the Executive Board about the proposal. Article 121 Section 7 Stock Corporation Act (AktG) should be applied correspondingly for calculating the deadline. The receipt of the demand is therefore not included. Rescheduling the deadline from a Sunday, a Saturday or a public holiday to a preceding or subsequent working day is not therefore an available option. Articles 187 to 193 of the German Civil Code (BGB) should be applied for calculating the deadline.

- b) Counter-motions and nominations pursuant to Articles 126 Section 1, 127 Stock Corporation Act (AktG)

The rights of shareholders to submit motions and nominations relating to items on the agenda and in relation to the rules of procedure of a virtual Annual General Meeting are to be restricted pursuant to the statutory principles of the COVID-19 Act. Nevertheless, the shareholders are granted the opportunity pursuant to Articles 126, 127 Stock Corporation Act (AktG) to submit counter-motions to oppose the motions of the Executive Board and the Supervisory Board in relation to a specific item on the agenda in advance of the Annual General Meeting.

Counter-motions and nominations must be forwarded exclusively to the following address, fax number or email address:

KPS AG
Investor Relations

Beta-Straße 10h
85774 Unterföhring
Germany
Fax: +49 89 35631-3300
Email: ir@kps.com

Motions addressed in any other way or received late will not be taken into account.

Counter-motions or nominations which are received by the company at the address defined below at least 14 days before the Annual General Meeting, i.e. at the latest by 24:00 (CET) on Thursday 10 September 2020, will be immediately made accessible on the Internet page of the company together with any statement by the management at

<https://kps.com/de/de/investor-relations/general-meeting.html>

unless it is not necessary to publish the counter-motion or nomination pursuant to Article 126 Section 2 Stock Corporation Act (AktG) or it does not include the name, the profession practiced, the place of residence of the proposed candidate, in the case of legal persons the company and registered office, and in the case of nominations for election as members of the Supervisory Board details of any mandates in other supervisory boards that have to be constituted pursuant to statutory regulations. The reasons for the counter-motion need not be made accessible if they amount to more than 5,000 characters in total.

However, corresponding counter-motions and nominations are not put to a vote at the Annual General Meeting in conformance with the principles of the COVID-19 Act, and are also not dealt with in any other way.

c) Opportunities to ask questions by way of electronic media

In deviation from Article 131 Stock Corporation Act (AktG), shareholders do not have a right to information at the virtual Annual General Meeting. However, the shareholders are given a right to ask questions by way of electronic communication pursuant to Article 1 Section 2 sentence 1 No. 3 and sentence 2 COVID-19 Act.

The Executive Board has stated that questions must be submitted by way of electronic communication at the latest by midnight of the second day preceding the Annual General Meeting. The Executive Board decides at its own discretion which questions it will answer and how.

Shareholders who have registered for the Annual General Meeting correctly and by the deadline can submit their questions to the company until 24.00 (CET, the determining factor is receipt by the company) on 23 September 2020 exclusively by means of electronic communication through the shareholders' portal at

<https://kps.com/de/de/investor-relations/general-meeting.html>.

We refer to the fact in the context of answering questions the name of the shareholder asking the question may also be specified. You should further note that questions

may not be asked through the proxy representative nominated by the company. The corresponding regulations pursuant to the statutory legislation and the articles of incorporation are as follows.

Further explanations of shareholders rights can be found on the Internet page of the company at

<https://kps.com/de/de/investor-relations/general-meeting.html>.

8. Information and documents for the Annual General Meeting

From the date of convening the Annual General Meeting, the documents designated in Article 124a Stock Corporation Act (AktG) have been made accessible for viewing and available for download on the Internet page of the company at

<https://kps.com/de/de/investor-relations/general-meeting.html>.

The voting results after the meeting can also be promptly accessed on the Internet page of the company. Your attention is drawn to the fact that the statutory obligation has been complied with by making such information accessible on the Internet page of the company. However, on request copies of the documents will be sent by simple post to shareholders once free of charge.

9. Total number of shares and voting rights

The capital stock of the company amounts to EUR 37,412,100.00 on the date of convening this Annual General Meeting and is divided into 37,412,100 registered no-par shares. Each no-par share grants one vote. On the date of convening this Annual General Meeting, the company did not hold any own shares.

10. Information on data protection

Your personal data are processed for the management of the Share Register, for purposes of communication with you as a shareholder in the context of registration for our virtual Annual General Meeting and for its proceedings, and for the use of our shareholders' portal. The data processing is necessary in order to enable shareholders to exercise their rights in the context of the Annual General Meeting.

KPS AG processes your data as a controller taking account of the regulations of the EU General Data Protection Regulation (GDPR) and all other relevant legislation. You will find details relating to the handling of your personal data and your rights under the GDPR on the Internet page of the company at

<https://kps.com/de/de/investor-relations/general-meeting.html>

Unterföhring, September 2020

KPS AG
The Executive Board