



KPS AG

Unterföhring

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The Act on Measures in Corporate, Cooperative, Association, Foundation and Home Ownership to Combat the Effects of the COVID-19 Pandemic (Art. 2 of the Act on the Mitigation of the Consequences of the Covid-19 Pandemic in the Areas of Civil, Insolvency and Criminal Procedure Law, Federal Law Gazette (Bundesanzeiger) I 2020, p. 569), last amended by the Act on further Reduction of the Residual Debt Relief Procedure and to Amend Pandemic-related Regulations in the Corporate, Cooperative, Association, Foundation Law and Rental and Leasing Law dated 22 December 2020 (Federal Law Gazette I 2020, p. 3328) (“**COVID-19 Law**”) opens up the possibility of holding ordinary Annual General Meetings for the year 2021 without the physical presence of the shareholders or their proxies (virtual Annual General Meeting). In view of the ongoing COVID-19 pandemic and the goal of avoiding health risks for shareholders, internal and external employees, and the members of the governance bodies of the company, the Executive Board of KPS AG with the approval of the Supervisory Board has resolved to make use once again of the possibility of holding a virtual Annual General Meeting.

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 21 May 2021.

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 shareholders entered in the Share Register or their authorized proxies on the Internet site of the company at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.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 proxy representatives 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 2020 and the approved Consolidated Financial Statements and the Management Report for KPS AG and the Group at 30 September 2020 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 2020 and submission of the Report of the Supervisory Board for the business year 2019/2020.**

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 21 January 2021 and the annual financial statements have thereby been adopted.

The documents referred to are available on our Internet site at <https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>.

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 2019/2020 of KPS AG amounting to EUR 16,172,002.80

- 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 9,811,945.80 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 27 May 2021) 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 2019/2020**

The Executive Board and the Supervisory Board propose that the actions of the sole Member of the Executive Board incumbent during the business year 2019/2020 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 2019/2020**

The Executive Board and the Supervisory Board propose that the actions of the Members of the Supervisory Board incumbent during the business year 2019/2020 be approved for this period and that they be discharged.

It is intended to allow the Annual General Meeting to decide on the discharge of the Members of the Supervisory Board by way of one individual vote.

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 2020/2021**

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 2020/2021, 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 2020/2021, 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 approval of the system for compensation of the Members of the Executive Board**

Pursuant to Article 120a Section 1 Stock Corporation Act (AktG) in the version valid since 1 January 2020 in accordance with the Act on the Implementation of the Shareholders' Rights Directive (Federal Law Gazette I 2019, p. 2637; "ARUG II"), the Annual General Meeting of a publicly listed company resolves on the approval of the compensation system for the Members of the Executive Board for any significant change of the system, but at least every four years. An initial resolution on the compensation system of the Members of the Executive Board of KPS AG is necessary at the ordinary Annual General Meeting in the year 2021 pursuant to the statutory transitional regulations. The Supervisory Board of KPS AG passed a resolution on the compensation system for Members of the Executive Board on 26 March 2021 such that the regulations of ARUG II are complied with.

The Supervisory Board proposes that the compensation system presented for the Members of the Executive Board of KPS AG adopted by the Supervisory Board on 26 March 2021 and presented under the following item II. (A) (Compensation system of the Executive Board of KPS AG) be approved.

7. **Resolution for establishment of the compensation for Members of the Supervisory Board**

As a result of ARUG II, Article 113 Section 3 Stock Corporation Act (AktG) was revised. According to this amendment, a resolution on the compensation of the Members of the Supervisory Board must be passed at least every four years, whereby a simple confirmatory resolution on the existing compensation is permissible. According to Article 12 of the Articles of Incorporation of KPS AG, the compensation of the Supervisory Board is defined by resolution of the Annual General Meeting. The Annual General Meeting of KPS AG last passed a resolution on the compensation of the Supervisory Board on 9 May 2008.

The Executive Board and the Supervisory Board propose that on the basis of Article 12 Section 1 Sentence 1 of the Articles of Incorporation of the company the compensation for the Members of the Supervisory Board should be established in accordance with the presentation under the following item II. (B) (Compensation for the Members of the Supervisory Board of KPS AG).

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, under revocation of the existing authorization of 25 September 2020**

The Annual General Meeting held on 25 September 2020 passed a resolution on the acquisition and disposal of own shares (treasury shares) with the right of excluding subscription or other preemptive tender rights to offer shares and the possibility of recalling own shares and reducing the capital stock. Under item c) of this resolution, different purposes for utilization of own shares were defined. This list is now to be supplemented by a further utilization purpose. In future, own shares are also to be used in connection with share-based compensation programs or employee share programs of the company or of enterprises dependent on it or in the majority ownership of the company, and can be issued to persons who are or were in an employment relationship with the company or with an enterprise dependent on it or in the majority ownership of the company. Hence, own shares can also in future be issued to certain managers and other members of the KPS Group in order to meet share-based bonus claims. It is proposed for this purpose to revoke the existing authorization to acquire and dispose of own shares and replace this with a new authorization. The new authorization is once again to be time-limited to five years, i.e. until 20 May 2026.

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

- a) The Executive Board is authorized up to 20 May 2026 (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 authorization to acquire own shares granted by the Annual General Meeting of the company on 25 September 2020 under agenda item 8 is revoked for the time from coming into force of the new authorization. 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 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 price 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 preemptive tender 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 adopted by the Annual General Meeting 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 of 25 September 2020 relating to agenda item 7.
- ee) The shares 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 in future.
- ff) The shares 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.
- gg) The shares can also be used in connection with share-based compensation programs or employee share programs of the company or of enterprises dependent on it or in the majority ownership of the company, and can be issued to persons who are or were in an employment relationship with the company or with an enterprise dependent on it or in the majority ownership of the company. They can be offered, promised and transferred to the above-

mentioned persons for acquisition in particular in return for payment or without payment, whereby the employment relationship must exist at the time of the offer, the promise or the transfer.

- d) The above authorizations under item c) also include shares which were acquired by enterprises dependent on 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 its own account or on account of 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) and item c) gg). 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.

The utilization of the authorizations in accordance with item c) aa) to item c) ee) and item c) gg) requires the approval of the Supervisory Board.

9. **Resolution on the revocation of the existing approved capital 2020 and on the creation of a new authorized capital 2021 with the possibility of exclusion of subscription rights and amendment of the Articles of Incorporation**

The Articles of Incorporation of the company include in Article 5 Section 4 authorized capital 2020 which authorizes the Executive Board to increase the capital stock of the company with the approval of the Supervisory Board up to 24 September 2025 (inclusive) up to a nominal amount of EUR 18,706,050.00 against cash and/or non-cash considerations once or more than once by the issue of 18,706,050 new ordinary registered no-par-value shares (no-par shares) (authorized capital 2020). So far, the Executive Board has not made any use of this authorization. The authorized capital 2020 is to be replaced by a new authorized capital 2021 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. Furthermore, the Executive Board is to have the possibility of issuing shares subject to the exclusion of the subscription right also in connection with share-based compensation programs or employee share programs.

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

- a) The authorization for authorized capital 2020 in accordance with Article 5 Section 4 of the Articles of Incorporation adopted by the Annual General Meeting on 25 September 2020 shall be cancelled in full effective on the date of entry in the

Commercial Register of the new authorized capital 2021 set out below under items b) and c).

- b) The Executive Board is authorized to increase the capital stock of the company with the approval of the Supervisory Board up to 20 May 2026 (inclusive) up to a nominal amount of EUR 18,706,050.00 against cash and/or non-cash considerations once or more than once by the issue of new registered no-par-value shares (authorized capital 2021).

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:

- 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 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 overall 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 those 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;

- ee) in the case of capital increases for cash considerations in order to issue shares to employees and Members of the Executive Board of the company and to employees and Members of the Executive Management of enterprises dependent on it or in the majority ownership of the company within the scope of share-based compensation programs or employee share programs, insofar as the total share in the capital stock arithmetically attributable to the issued shares with exclusion of the subscription right does not exceed 10 % of the capital stock either at the time this authorization becomes effective or at the time of exercising this authorization. The shares can be issued to employees in such a way that the contribution to be paid in return is taken from the part of the earnings after income taxes that the Executive Board and the Supervisory Board could transfer to other retained earnings pursuant to Article 58 Section 2 Stock Corporation Act (AktG). Insofar as shares are to be granted to Members of the Executive Board, the decision on this matter shall be taken by the Supervisory Board of the company.

The Executive Board is authorized with the approval of the Supervisory Board to define further details for carrying out the capital increases from authorized capital 2021. The Supervisory Board is authorized to amend the version of the Articles of Incorporation after full or partial implementation of the increase in capital stock from authorized capital 2021.

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

“4. The Executive Board is authorized to increase the capital stock of the Company with the approval of the Supervisory Board up to 20 May 2026 (inclusive) up to a nominal amount of EUR 18,706,050.00 against cash and/or non-cash considerations once or more than once by the issue of new registered no-par-value shares (authorized capital 2021).

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 overall 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 these 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 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;*

- ee) in the case of capital increases for cash considerations in order to issue shares to employees and Members of the Executive Board of the Company and to employees and Members of the Executive Management of enterprises dependent on it or in the majority ownership of the company within the scope of share-based compensation programs or employee share programs, insofar as the total share in the capital stock arithmetically attributable to the issued shares with exclusion of the subscription right does not exceed 10 % of the capital stock either at the time this authorization becomes effective or at the time of exercising this authorization. The shares can be issued to employees in such a way that the contribution to be paid in return is taken from the part of the earnings after income taxes that the Executive Board and the Supervisory Board could transfer to other retained earnings pursuant to Article 58 Section 2 Stock Corporation Act (AktG). Insofar as shares are to be granted to Members of the Executive Board, the decision on this matter shall be taken by the Supervisory Board of the Company.*

The Executive Board is authorized with the approval of the Supervisory Board to define further details for carrying out the capital increases from authorized capital 2021. The Supervisory Board is authorized to amend the version of

the Articles of Incorporation after full or partial implementation of the increase in capital stock from authorized capital 2021.”

II.

Supplementary disclosures and reports on the agenda

(A) Disclosures on agenda item 6

Compensation system for the Executive Board of KPS AG

1. Principles of the compensation system and contribution to development of the business strategy and long-term development of KPS AG

The Supervisory Board of publicly listed companies shall resolve pursuant to Article 87a Section 1 Stock Corporation Act (AktG) a clear and comprehensible system for compensation of Members of the Executive Board. In relation to approval of this system, the Annual General Meeting must pass a resolution on any material change to this system pursuant to Article 120a Section 1 Stock Corporation Act (AktG) and a resolution must be passed at least every four years. An initial resolution must be passed for the first time at the Annual General Meeting of KPS AG on 21 May 2021 (see Article 26j Section 1 Introduction Law for the Stock Corporation Act (EGAktG)).

Digitalization and transformation of the company management processes and of the IT and software landscape are increasingly a success factor for many companies. We help our customers to operate the most advanced IT and technology architectures so that they can control all their company processes in real time. As a company strategy, KPS AG pursues the goal of establishing the position of the KPS Group as a specialist for digital transformation projects through innovation, industrialization and internationalization over the long term and intensifying the growth curve. The successful and sustainable implementation of these sustainable goals requires a high level of entrepreneurial vision, innovative strength and flexibility from the Executive Management of KPS AG accompanied by sustainable focus on long-term profitability at the same time.

Accordingly, the compensation system for the Executive Board of KPS AG is based on the following guidelines:

- A transparent, traceable compensation geared to the sustainable success of the entire company makes an essential contribution to the development of the business strategy.
- The compensation of the Members of the Executive Board is directed toward the long-term and sustainable development of the KPS Group. The overwhelming proportion of the variable compensation is therefore in compliance with a basis for assessment extending over several years.
- The compensation of the Members of the Executive Board is in an appropriate relationship to the range of functions and performance of the Executive Board

Member. Variable compensation elements are made dependent on the attainment of challenging targets and material failure to meet such targets leads to a tangible reduction in the compensation.

- Multi-year appraisal bases in combination with a bonus-penalty system and cap amounts for each year in relation to variable bonus components promote growth geared to profitability over the long term and avoid providing incentives to enter into disproportionate risks for the company.
- The amount and structure of the compensation for the Members of the Executive Board is in line with usual market practices and takes into account the size, the complexity and the economic position of the company.

2. **Scope**

This compensation system is used in all Executive Board contracts of service being newly concluded or extended. The current Executive Board contract of service with the incumbent sole Executive Board Member, Mr. Leonardo Musso, is in accordance with the conditions of the compensation system.

3. **Adoption, implementation and review of the compensation system**

The compensation system was adopted by the Supervisory Board as the governance body responsible for the compensation of the Executive Board in accordance with the statutory regulations defined in Articles 87 Section 1, 87a Section 1 Stock Corporation Act (AktG) and was submitted to the Annual General Meeting for approval pursuant to Article 120a Stock Corporation Act (AktG). If the Annual General Meeting does not approve the compensation system, the Supervisory Board shall present a revised compensation system for approval at the latest at the next subsequent ordinary Annual General Meeting. The compensation system is in accordance with the recommendations of the German Corporate Governance Code (DCGK), insofar as no deviations from these recommendations are elucidated in the relevant Compliance Declaration pursuant to Article 161 Stock Corporation Act (AktG).

The appropriateness of the compensation components is reviewed by the Supervisory Board at regular intervals as part of a vertical (internal) comparison with the compensation structure of the senior management circle of the KPS Group below the level of the Executive Board. A horizontal peer-group comparison is carried out by the Supervisory Board by taking an appropriate comparable group of enterprises, whereby the position in the market by comparison with KPS AG is a key factor. The focus here is on enterprises with a similar market capitalization, sales and sector comparable with that of KPS AG. The Supervisory Board takes into account the circumstance as to whether and to what extent a Member of the Executive Board has a shareholding in the company. Ultimately, if a substantial shareholding is held, this may result in the compensation of the affected Member of the Executive Board being below the usual level of remuneration in accordance with standard market practices, with the agreement of the Executive Board Member and in the interests of the company and its shareholders.

As appropriate, the Supervisory Board can consult external compensation experts for purposes of assessing appropriateness (particularly in relation to the vertical and horizontal appropriateness). If the Supervisory Board makes use of this option, it is important to establish the independence of the appointed compensation experts.

In relation to avoidance of potential conflicts of interest, the Members of the Supervisory Board are under an obligation to disclose any conflicts of interest to the Chairman of the Supervisory Board, who will duly inform the Supervisory Board about this matter. A conflict of interest may entail the affected Member of the Supervisory Board abstaining from the vote on the relevant resolution or, in the case of a serious conflict of interest, also not taking part in the deliberations. The regulation applicable for handling conflicts of interest relating to Members of the Supervisory Board also have to be observed in the procedure for defining, implementing and reviewing the compensation for the Executive Board and the compensation system.

If there are substantial changes to the compensation system, but at least every four years, the compensation system is submitted to the Annual General Meeting for approval. The Annual General Meeting can pass a confirmatory resolution on this matter.

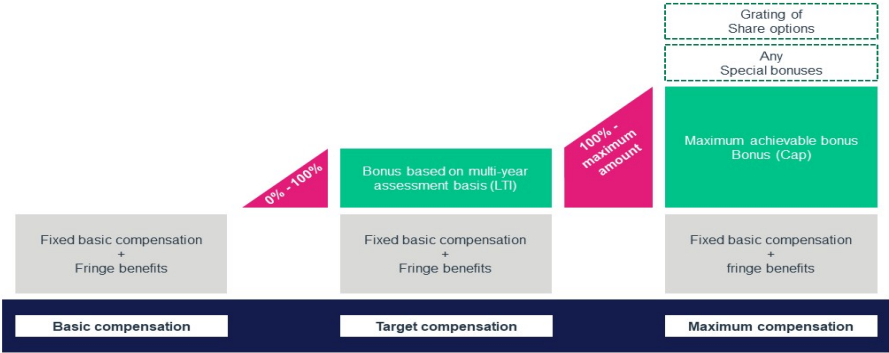
4. **Temporary deviation from this compensation system**

Where there are substantiated exceptional cases, the Supervisory Board can pass a resolution to temporarily deviate from this compensation system, if this appears to be in the interests of the long-term wellbeing of KPS AG (Article 87a Section 2 Sentence 2 Stock Corporation Act (AktG)). This applies, for example, in cases of extraordinary, unforeseeable developments (e.g. exceptional and far-reaching changes in the business situation, economic and/or financial crises, pandemics), whereby the effects in the objectives defined by the Supervisory Board cannot be adequately covered and the original corporate targets appear to be not feasible. Generally unfavorable market developments are not deemed to be an exceptional development.

In the case of a necessary deviation, it is permissible to deviate temporarily from the following components of the compensation system: compensation structure, procedure for defining the compensation, individual compensation elements and their performance criteria, their weighting and assessment parameters, the type and weighting of the performance parameters within the variable compensation and their calculation methods, and the target attainment benchmark. Furthermore, in this case the Supervisory Board can temporarily grant additional compensation elements or replace individual compensation elements with different compensation elements, insofar as this is necessary in order to guarantee an appropriate level of incentive for the compensation of the Executive Board. Deviations presented and substantiated in the context of the relevant compensation report.

5. **Compensation elements, relative proportion of the target compensation, maximum compensation**

An overview of the compensation system is provided below:



5.1 **Non-performance-related compensation**

The non-performance-related compensation secures for Members of the Executive Board an appropriate basic income and thereby avoids providing incentives to enter into disproportionate risks for the company. The individual non-performance-related components of the Executive Board compensation are comprised as follows:

(a) **Basic compensation**

The Members of the Executive Board receive a fixed basic salary each business year, which is paid on a monthly basis in twelve equal sub-amounts. The level of the basic salary is based in each case on the range of functions and the divisional responsibilities of the Member of the Executive Board, the experience of the relevant Board Member and other parameters.

(b) **Fringe benefits**

Furthermore, the Members of the Executive Board are granted contractual fringe benefits, but which can be structured individually and may differ in their amount and their scope on the basis of the individual contractual situation. These fringe benefits comprise various forms of remuneration in kind and non-cash benefits, such as provision of a company car and market-standard telecommunications and IT devices for company and private use. Furthermore, the Members of the Executive Board are provided with insurance cover in different areas, particularly in the form of an accident insurance policy and a financial loss liability insurance (D&O insurance policy). The Members of the Executive Board also receive reimbursement for the assumed

employment as an employee (i) standard employer contributions for statutory pension insurance and (ii) full statutory contributions for health and long-term-care insurance.

Furthermore, in the case of newly appointed Members of the Executive Board, single payments may be made in exceptional cases at the point of assuming office, in particular for purposes of settling any payments not made from the previous employment relationship. These payments must always be reasonable and also be part of the defined maximum remuneration and the amount will insofar be restricted by this.

5.2 Performance-related compensation

The Members of the Executive Board can also be granted, in addition to their basic compensation and the contractual fringe benefits, various performance-related compensation components, namely a bonus, a special bonus and share options:

(a) Bonus on the basis of a multi-year appraisal basis

The Members of the Executive Board receive a variable compensation component in the form of a bonus based on a multi-year appraisal basis.

(i) Performance parameters on the basis of a multi-year appraisal basis

The annual bonus is a performance-related bonus payment based on long-term and sustainable company development, which is calculated over an appraisal period of at least three business years (the relevant initial business year and the subsequent business years). The payment and amount of the bonus depends on attainment of defined targets. The targets are defined by the Supervisory Board at the latest by the end of March of the initial business year for the appraisal period on the basis of objectively measurable and transparent criteria. For each year of the appraisal period, a target value and a range of bandwidths or deviation bandwidths for financial and as appropriate non-financial performance criteria (together the "**Performance Parameters**") are defined, which are attributed bonus or penalty amounts for each year of the appraisal period, depending on the individual target attainment. The targets are determined in the initial year for each year of an appraisal period, although these targets for the bonus of the starting year are not affected by the separate definition of the targets in future appraisal periods.

(ii) Profit orientation as key criterion for the Performance Parameters

The Performance Parameters are intended to be designed so as to be primarily profit oriented. For the current business year 2020/2021, earnings before interest and income taxes (EBIT) of the relevant business year reported in the consolidated financial statements of KPS AG is the defining factor for the sole Member of the Executive Board, Mr. Leonardo Musso, as the Performance Parameter relevant for the bonus. Group EBIT is of primary importance as a financial indicator for corporate controlling of the KPS Group. A significant increase in income over a multi-year appraisal period is a

defining enabler for sustainable company growth and implementation of the business strategy for the KPS Group as a consulting company. The Supervisory Board can define alternative or additional income indicators (EBT, EBITDA) and additional financial Performance Parameters (amount of incoming orders) for bonus calculation. The Supervisory Board can carry out an adjustment of the actual value for the income indicators in order to take account of non-recurring, exceptional circumstances and/or non-operating effects. Insofar as the Supervisory Board regards it as effective for promotion of the business strategy and for long-term development of the company, it can also use non-financial Performance Parameters for bonus calculation in the form of management and personnel targets, project and process targets, and ESG targets (*Environmental Social Governance*), provided that the weighting of the Performance Parameters is primarily profit oriented.

The Performance Parameters selected by the Supervisory Board must be in conformity with the strategic alignment of KPS AG and in the opinion of the Supervisory Board be appropriate as controlling parameters for the long-term development of the company. Performance Parameters can be individual or in the case of a multi-member Executive Board also be defined jointly for all the Members of the Executive Board.

The Supervisory Board ensures that the attainment of the individual Performance Parameters is measurable on the basis of objective criteria, for example on the basis of audited financial statements for financial targets, on the basis of internal or external evaluations or audits, or in the case of project or process targets on the basis of objectively identifiable results or attainable milestones.

(iii) Objective of the Performance Parameters

The profit-oriented bonus based on the so-called Performance Parameters promotes sustainable growth of the KPS Group and strategic and operational management decisions geared to the success of the entire company on the basis of the multi-year appraisal basis, clarity of calculation based on objective circumstances and on the primarily profit-oriented structure geared to the entire company. The Performance Parameters are clearly defined for each business year and are always disclosed in the compensation report.

(iv) Calculation and payment of the bonus

After the expiry of the relevant appraisal period and the submission of the audited annual and consolidated financial statements of the company for the last business year of the appraisal period to the Supervisory Board, an overall analysis is prepared on the basis of which the accrued bonus amounts are offset with the penalty amounts incurred there. A negative overall amount is not permitted here. The balance thus calculated is due for payment with the next salary run after the calculation reference date. After the end of each business year for the relevant appraisal period, the Member of the Executive Board receives an annual advance payment, the amount of which is based on the balance of the bonus and penalty payments achieved up to that point. After the final bonus has been established, the Member of the Executive Board is obliged to repay to the company any difference between the

advance payments and the bonus ultimately established.

(v) Maximum limit (cap)

The Supervisory Board defines for the Performance Parameters an annual target value and different bandwidths or deviation bandwidths with allocated bonus and penalty amounts, on the basis of which the amount of the bonus is calculated depending on the relevant target attainment level over the appraisal period. This yields a minimum target attainment, whereby the payment is zero if the target is not attained, and a maximum target attainment, whereby if the target is exceeded the amount of the bonus cannot increase. This means that the payment amount for each Performance Parameter and hence also for the total bonus is limited to a maximum percentage of the target amount (cap). In addition to this, the Supervisory Board can limit in accordance with current business practice the payment amount of the bonus for each Member of the Executive Board absolutely in each case to a fixed maximum amount defined in the contract of service for each business year.

(b) Performance-related special bonus

The Supervisory Board is authorized at its reasonable discretion to pay a performance-related special bonus in the case of exceptional performance by the Member of the Executive Board. The decision on a special bonus for a business year is taken at the meeting of the Supervisory Board to approve the financial statements for the business year in which the relevant Member of the Executive Board primarily achieved the exceptional performance. The special bonus for a business year must not attain the amount of the bonus based on the multi-year appraisal basis pursuant to item (a) for this business year. Payments of the special bonus before the final establishment of the amount of the bonus after the expiry of the relevant appraisal period for the this are subject to the proviso of repayment; excess special bonus payouts must be repaid to the company by the Executive Board Member.

The Supervisory Board believes that the possibility of paying a special bonus is an effective instrument for adequately rewarding special efforts and services by an Executive Board Member in a specific business year. This applies in particular to circumstances and events, the occurrence of which was not yet or not at all foreseeable at the time when the Performance Parameters for the annual bonus were defined pursuant to item (a). The possibility of providing compensation in the form of a special bonus like this can act as a significant incentive to undertake exceptional efforts for the benefit of the enterprise and its shareholders and other stakeholders, and to foster personal commitment beyond the ordinary duty of an Executive Board Member (for example in the case of specific individual projects or transactions). In all cases, the Supervisory Board will ensure that the amount of the special bonus is in an appropriate relationship with the exceptional services provided by the affected Executive Board Member and the associated interest of the company.

(c) Stock Option Program

At the Annual General Meeting of KPS AG held on 25 September 2020, a resolution was passed on a Stock Option Program, according to which up to 2,000,000 share options on up to 2,000,000 shares in the company can be granted up to 24

September 2025 (inclusive) (“**Stock Option Program 2020**”). The Stock Option Program 2020 serves to provide targeted incentivization of program participants while at the same time fostering the loyalty of the participants for the KPS Group. The Supervisory Board is able to allocate up to the 400,000 share options to Members of the Executive Board of the company. KPS AG assumes that a share-based compensation for Members of the Executive Board will sustainably support their growth and profit orientation. Furthermore, this will contribute to promotion of the share culture and to increasing the corporate value and will therefore bring about an alignment of the interests of shareholders, management and other stakeholders.

(i) Issue period and period of exercise, waiting time, performance target

The share options can be issued in one or more tranches within specified issue periods up to 25 September 2025 (inclusive). The options can be exercised at the earliest four years after the day of the issue of the relevant options (waiting time) and the exercise is restricted to times outside certain exercise blocking periods. The share options have a maximum term of seven years and lapse after that date without any compensation, insofar as they are not exercised within this maximum term. The share options can only be exercised if and insofar as defined performance targets were achieved. The key performance target for the Stock Option Program 2020 is an increase in the Group EBIT of the company for the business year ending before the expiry of the relevant waiting time by at least 50 % compared with the Group EBIT for the business year ending before the issue of the corresponding share options.

(ii) Exercise price and maximum limit (cap)

The exercise price defined for the Stock Option Program 2020 corresponds to 100 % of the issue price. The profit of the option holder attainable by the exercise of the share options 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 exercise price of the relevant share options affected is adjusted such that the difference between the strike price and the adjusted exercise price does not exceed three times the issue price. The issue price and/or the strike price is equal to the average closing price (arithmetic mean) of the shares of the company in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days before the day of the issue or exercise of the relevant share options.

(iii) Reservation of the concrete option issue

Up to the date of the first-time submission of this compensation system to the Annual General Meeting of the company no share options from the Stock Option Program 2020 had been issued to Members of the Executive Board. The incumbent sole Executive Board Member, Mr. Leonardo Musso, has a significant shareholding in the company as a shareholder and therefore in the opinion of the Supervisory Board and in agreement with Mr. Musso no share-based compensation components were necessary so far for the purpose of further incentivization of a sustainable increase in corporate value. However, the Supervisory Board expressly reserves the right to grant

share options from the Stock Option Program 2020 to Members of the Executive Board.

5.3 Target compensation, relative share and differentiation in accordance with the relevant requirements profile

When the annual targets are defined for the performance-related bonus, the Supervisory Board indirectly thereby also defined the target compensation for a business year for each Member of the Executive Board in the case of a target attainment level of 100 %. Independently of that, the Supervisory Board can in accordance with its duty of due discretion decide whether and to what extent a Member of the Executive Board receives share options and/or a special bonus, which then contributes to the maximum compensation and insofar are limited in amount by this.

In the case of a one-hundred percent target attainment for the bonus, the relative proportions set out below of the individual compensation components of the target compensation are made up of basic salary, fringe benefits and bonus. The granting of any share options or a special bonus is not taken into account in definition of the relative shares because such a grant is subject to a case-by-case decision of the Supervisory Board and cannot be definitively foreseen in advance.

35 to 45 % is attributable to fixed basic salary. The performance-related bonus contributes 42 to 52 % (Chief Executive Officer/Sole Executive Board Member) or 45 to 55 % (ordinary member) to the target compensation. Fringe benefits in the amount of in 5 to 15 % of the target compensation are granted.

The compensation system permits the Supervisory Board to take appropriate account of the function and the area of responsibility in the amount of the relevant compensation of the individual Member of the Executive Board. In accordance with the duty of due discretion of the Supervisory Board, nuanced differentiation for specific functions is permissible, according to which criteria such as standard market practices, experience of the relevant Executive Board Member and the divisional responsibilities of the Board Member are to be taken into account.

5.4 Maximum compensation

Pursuant to Article 87 Section 1 Sentence 2 No. 1 Stock Corporation Act (AktG), the Supervisory Board defines a limit on the maximum amount for the total of all compensation components including fringe benefits and performance-related components. The maximum compensation for the Members of the Executive Board of KPS AG is calculated from the total of basic compensation, the fringe benefits, the bonus, a special bonus and any share options granted. The maximum compensation for a business year was defined for the Members of the Executive Board of KPS AG as follows:

- Chief Executive Officer / Sole Board Member: EUR 900,000.00
- Each additional Executive Board Member: EUR 650,000.00

6. **Compensation-related legal transactions**

The underlying arrangements for the compensation of the Executive Board are defined with the individual Members of the Executive Board in their contracts of service and the annual bonus agreement based on that. The term of the contracts of service for the individual Executive Board Members is subject to a previous mutual revocation or amendment to the appointment period of the Executive Board member and is extended on reappointment for the duration of reappointment. Ordinary notice of termination is excluded in principle for both parties (with the exception of the termination right in the case of a change of control as set out below).

The following principles apply for the appointment period or the duration of the reappointment: The first appointment as a Member of the Executive Board of KPS AG is generally made for a period of three years. Reappointments are generally made for a period of three to five years. The company generally informs the Board Member twelve months prior to the expiry of the appointment and of the associated contract of service, whether the member can anticipate an extension. This does not provide a legal entitlement to a reappointment to the Executive Board.

If the Member of the Executive Board is unable to perform their duties during the term of the contract (as defined in more detail in the contract), the contract of service shall end at the latest with the end of the third month following establishment of invalidity. In the case of an illness, the monthly compensation continues to be paid for the period of a maximum of six months, at the longest until the end of the contractual term. In the case of the death of a Member of the Executive Board during the term of the contract of service, the surviving dependent can continue to be paid the basic compensation for a defined period of time.

A Member of the Executive Board is entitled to receive an ex-gratia payment for each month of a competition prohibition in the amount of up to 100 % of the monthly basic salary for the duration of a post-contractual prohibition on competition.

In the case of a change of control in the company, a Member of the Executive Board can be granted the right to serve notice of termination on their contract and to resign from their office at the time of termination. If the special right to serve notice of termination is exercised, the Executive Board Member can be granted payment of a severance payment in the amount of 75% of the total (i) of the gross annual income agreed at the date of the contract termination in the form of the annual basic salary and (ii) of the bonus defined for the year of the contract termination. In this case, for purposes of the bonus calculation the starting year is deemed to have 100-percent target attainment and is exclusively based on this starting year. However, any ex-gratia compensation shall be taken account of with this.

On 21 January 2021, the Supervisory Board resolved to extend the appointment of Mr. Leonardo Musso as a Member of the Executive Board for the period of office from 1 January 2022 to 31 December 2026. His contract of service, which complies with the conditions of this compensation system for the Executive Board, is extended for the same period of time.

(B) Disclosures on agenda item 7

1. **Compensation for the Members of the Supervisory Board of KPS AG**

1.1 On the basis of Article 12 Section 1 Sentence 1 of the Articles of Incorporation of KPS AG, the following compensation is established for the Members of the Supervisory Board:

- The compensation for each Member of the Supervisory Board is defined at EUR 15,000.00 per business year.
- The Chairman of the Supervisory Board shall receive EUR 25,000.00.
- The flat-rate attendance fee is defined as EUR 600.00 for each Meeting of the Supervisory Board.
- The company shall pay the premiums for an appropriate financial loss liability insurance (D&O policy) for the Members of the Supervisory Board.

1.2 The provisions under the company statutes relating to the compensation for the Members of the Supervisory Board state as follows in Article 12 of the Articles of Incorporation of KPS AG:

“Article 12 Compensation

1. *The compensation of the Supervisory Board is defined by resolution of the Annual General Meeting. The compensation shall be due on the day after the proceedings of the Annual General Meeting which decides on the discharge for the actions of the Supervisory Board in relation to the relevant business year.*
2. *Supervisory Board Members who have only been a Member of the Supervisory Board for part of a business year will receive proportionate compensation pro rata with time.*
3. *The Company shall reimburse each Member of the Supervisory Board the turnover tax due on their compensation.”*

2. **Explanation of the compensation system for Members of the Supervisory Board of KPS AG**

The compensation system takes account of the responsibility and the scope of activities of the Members of the Supervisory Board of KPS AG. The Supervisory Board makes a contribution to advancement of the business strategy and to the long-term development of the company by means of supervision of the management activities of the Executive Board under the obligation set out above.

The Members of the Supervisory Board each receive a fixed annual compensation. The fixed compensation each business year amounts to EUR 15,000.00. By way of derogation from this, the Chairman of the Supervisory Board shall receive EUR 25,000.00 for each business year. The respective amount of the fixed remuneration takes account of the concrete function and the responsibility of the Members of the Supervisory Board. A variable compensation that takes account of attainment of defined objectives or targets is not provided for. The

compensation can therefore only be aligned with the business strategy to a limited extent and therefore only exert an influence on the long-term development of the company to a certain extent. However, this takes into account the independent supervisory and consulting function of the Supervisory Board, which is not based on the short-term success of the company but on the development of the company over the long term.

In addition, each Member of the Supervisory Board receives an attendance fee in the form of a flat-rate attendance fee for each meeting of the Supervisory Board that the member participates in. The flat-rate attendance fee amounts to EUR 600,00.

The entitlement to payment of the fixed compensation and the attendance fee is due on the day after the proceedings of the Annual General Meeting which decides on the discharge for the actions of the Supervisory Board in relation to the relevant business year (Article 12 Section 1 Sentence 2 of the Articles of Incorporation). Supervisory Board Members who have only been a Member of the Supervisory Board for part of the business year will receive proportionate compensation pro rata with time (Article 12 Section 2 of the Articles of Incorporation). Furthermore, the company reimburses each Member of the Supervisory Board the turnover tax due on their compensation (Article 12 Section 3 of the Articles of Incorporation).

On account of the special nature of the compensation for the Supervisory Board, which is granted for this specific activity, and which differs fundamentally from the activity of the employees of the company and the Group, there is no question of a vertical comparison with the remuneration for employees. The company has a free choice within the limits of statutory legislation to decide whether and under what conditions the Members of the Supervisory Board are employed as employees of the KPS Group.

The amount of the compensation for Members of the Supervisory Board at KPS AG is defined by the Annual General Meeting on the basis of Article 12 Section 1 Sentence 1 of the Articles of Incorporation. The compensation and the compensation system for the Supervisory Board are reviewed by the administration at irregular intervals, but at the latest every four years. The defining factor for this is in particular the time commitment of the Members of the Supervisory Board. Insofar as the Executive Board and the Supervisory Board perceive a need for a reappraisal of the compensation or compensation system, they will submit an appropriate proposal for a resolution to the Annual General Meeting; at any rate, a proposal for resolution relating to the compensation including the underlying compensation system will be submitted to the Annual General Meeting at the latest every four years.

The above-mentioned proposal for establishment of the compensation of the Members of the Supervisory Board of KPS AG is based on the compensation regulations defined in Article 12 of the Articles of Incorporation. The Executive Board and the Supervisory Board have engaged in intensive deliberations on the previously existing compensation regulation of 9 May 2008 for the Members of the Supervisory Board of KPS AG and have decided on an increase in the attendance fee to EUR 600.00 based on the greater requirement for consultation and agreement.

The arrangements applicable for handling conflicts of interest are also taken into account in relation to the procedure for defining and implementing the compensation system. When mandating any external compensation advisors their independence is also ensured.

(C) Report on agenda item 8

The Board of Management provides the following report in respect of agenda item 8 relating to the exclusion of the subscription right in accordance with Article 71 Section 1 No. 8 in conjunction with Article 186 Section 4 Sentence 2 Stock Corporation Act (AktG):

Agenda item 8 includes the proposal to authorize the Executive Board itself or through enterprises dependent on it or in majority ownership of the company or through third parties acting on its or their account to acquire own shares amounting to up to 10 % of the capital stock. The authorization shall apply until 20 May 2026 (inclusive) and thereby make use of the maximum period of five years under statutory regulations pursuant to Article 71 Section 1 No. 8 Stock Corporation Act (AktG). The authorization granted by the Annual General Meeting on 25 September 2020 under agenda item 8 shall be cancelled when the new authorization comes into effect.

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. In the case of a public purchase offer, any disadvantage to shareholders on account of application of the equal treatment principle is excluded 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 enterprises, parts of enterprises, shareholders in other enterprises or any other assets or claims on the acquisition of assets or in the context of implementing a non-cash/optional dividend. This can 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 considerations 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 are 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 adopted under agenda item 8 at the Annual General Meeting held on 25 September 2020. The authorization for the utilization of own shares alongside the 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 the resolution on agenda item 8 of the Annual General meeting held on 25 September 2020. The content of this corresponds to the content relating to this matter included in the resolution proposal of the administration in the convocation for the Annual General Meeting 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.

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 of the company 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.

It should also be possible for the shares to be used in connection with share-based compensation programs or employee share programs of the company or of

enterprises dependent on it or in the majority ownership of the company, and shares can be issued to persons who are or were in an employment relationship with the company or with an enterprise dependent on it or in the majority ownership of the company. Share-based compensation components have been proven compensation elements for managers and other employees of listed companies for a long time. Employee participation is also desired by lawmakers and is therefore facilitated in several different ways. In 2021, KPS AG expanded the long-term bonus plan for certain employees (*Long Term Incentive Plan*) in the KPS Group by a share-based element. The bonus fundamentally based on Group income in an initial appraisal stage is converted to virtual shares of the company (phantom shares), the market value of which is converted or calculated retrospectively after the expiry of a defined waiting time in a second appraisal stage within a final claim to a monetary consideration, which can be fulfilled at the discretion of the company partly or entirely also in shares in the company. The issue of shares to employees can be in the interest of the company and its shareholders because this enhances identification with the company and can hence increase the corporate value and the assumption of communal responsibility. Furthermore, early acquisition of own shares can result in ensuring an increase of the share price and thereby an associated increase in value of the bonus claims over the waiting period. In order to be able to offer employees own shares for acquisition, the subscription right of shareholders to these shares must be excluded. Own shares can be granted to employees for the above-mentioned purpose against a discounted consideration or without any consideration. The Executive Board will only make use of this possibility in reasonable scope and after careful consideration with the approval of the Supervisory Board in order to protect shareholders against excessive dilution of their shareholding.

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).

(D) Report 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 203 Section 2 sentence 2 Stock Corporation Act (AktG) in conjunction with Article 186 Section 4 sentence 2 Stock Corporation Act (AktG):

In accordance with agenda item 9, the Executive Board is to be authorized with the approval of the Supervisory Board to increase the capital stock of the company in the period up to 20 May 2026 (inclusive) up to a nominal amount of EUR 18,706,050.00 by issue of up to 18,706,050 new registered no-par-value shares against cash and/or non-cash consideration (authorized capital 2021).

When utilizing the authorized capital 2021 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 from 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 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. 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 higher inflow of funds and is therefore in the interest of the company and its shareholders.

- e) Exclusion of subscription rights for capital increases for cash for purposes of issuing shares as part of the compensation programs and employee share programs

Furthermore, it is to be possible to exclude the subscription right in the case of capital increases for a cash consideration for purposes of issuing shares to employees and Executive Board Members of the company and to employees and Members of the Executive Management of enterprises dependent on it or in the majority ownership of the company with the scope of share-based compensation programs or employee share programs, insofar as the total share of the capital stock arithmetically attributable to the issued shares with exclusion of the subscription right does not exceed 10 % of the capital stock either at the time this authorization becomes effective or at the time of exercising this authorization. The shares can be issued to employees in such a way that the contribution to be paid in return is taken from the part of the earnings after income taxes that the Executive Board and the Supervisory Board could transfer to other retained earnings pursuant to Article 58 Section 2 Stock Corporation Act (AktG). Insofar as shares are to be granted to Members of the Executive Board, the decision on this matter shall be taken by the Supervisory Board of the company.

Share-based compensation components have been proven compensation elements for managers and other employees of listed companies for a long time. Employee participation is also desired by lawmakers and is therefore facilitated in several different ways. In 2021, KPS AG expanded the long-term bonus plan for certain employees (*Long Term Incentive Plan*) in the KPS Group by a share-based element. The bonus fundamentally based on Group income in an initial appraisal stage is

converted to virtual shares of the company (phantom shares), the market value of which is converted or calculated retrospectively after the expiry of a defined waiting time in a second appraisal stage within a final claim to a monetary consideration, which can be fulfilled at the discretion of the company partly or entirely also in shares in the company. The liquidity-preserving issue of new shares to employees instead of a compensation in the form of a cash consideration can be in the interest of the company and its shareholders, since this is a means of enhancing identification of the employees with the company and can hence increase the corporate value and the assumption of communal responsibility. In order to be able to offer employees own shares for acquisition, the subscription right of shareholders to these shares must be excluded. The possibility is also to be granted within the framework permitted by Article 204 Section 3 Sentence 1 Stock Corporation Act (AktG) to issue new shares in such a way that the contribution to be paid in return is taken from the part of the earnings after income taxes that the Executive Board and the Supervisory Board could transfer to other retained earnings pursuant to Article 58 Section 2 Stock Corporation Act (AktG). This facilitates the processing of the share issue and reflects the fact that the issue in these cases has the character of compensation. Insofar as the new shares are to be issued to the Members of the Executive Board of the company, the decision on the grant of the shares shall not be taken by the Executive Board but by the Supervisory Board of the company in accordance with the allocation of responsibility under legislation relating to stock corporations.

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 2021 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 2021.

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 Board that the ordinary Annual General Meeting 2021 will be held as a virtual Annual General Meeting pursuant to Article 1 Sections 1 and 2 of the COVID-19 Act. Shareholders and their authorized proxies (with the exception of voting proxy representatives 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 from 11.00 CET on 21 May 2021 in an audiovisual transmission broadcast at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.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 2021 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 right of the shareholders to ask questions will be provided 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. Any motions or nomination proposals that are to be made available pursuant to Article 126 Stock Corporation Act (AktG) or Article 127 Stock Corporation Act (AktG) are deemed to have been submitted as though at the Annual General Meeting if the shareholder submitting the motion or the nomination proposal is properly registered for the Annual General Meeting. 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 participate in the Annual General Meeting and to exercise their voting right who register by

24:00 (CET) on 14 May 2021

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/ordinary-annual-general-meeting-on-21-may-2021.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 not registered in the shareholders' portal for electronic dispatch of the invitation to the Shareholders' Meeting, receive their access password with the documents sent for the invitation to the Annual General Meeting. Shareholders who have registered for the electronic dispatch of the invitation to the shareholders' meeting, use the personal access password issued to them on registration in the shareholders' portal for access.

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
E-Mail: 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 14 May 2021 can no longer be taken into account. We therefore recommend that you carry out timely 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 14 May 2021 (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 14 May 2021 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 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 at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>

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 only possible for voting on resolution proposals of the administration announced by the company before the Annual General Meeting and on voting about resolution proposals announced by the company before the Annual General Meeting on account of a request by a minority pursuant to Article 122 Section 2 Stock Corporation Act (AktG) as a counter-motion pursuant to Article 126 Section 1 Stock Corporation Act (AktG) or as a nomination proposal pursuant to Article 127 Stock Corporation Act (AktG). If no express vote is given in the postal vote for a particular agenda item, this is 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 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 granted, 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 20 May 2021 (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 voting 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 voting proxy representative designated by the company. To this end, the proxy (proxies) and instructions must be granted to the voting 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 voting 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 voting 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 enterprises 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 20 May 2021 (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 enterprises 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 voting 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 voting 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 voting 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/ordinary-annual-general-meeting-on-21-may-2021.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, Article 126 Section 1 and Article 127 Stock Corporation Act (AktG) in conjunction with Article 1 Section 2 Sentence 3 COVID-19 Act, Article 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)

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 20 April 2021. 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 Article 126 Section 1 and Article 127 Stock Corporation Act (AktG) in conjunction with Article 1 Section 2 Sentence 3 COVID-19 Act

Since the ordinary Annual General Meeting is being held on 21 May 2021 as a virtual Annual General Meeting and a physical presence of the shareholders is not possible, shareholders cannot submit any counter-motions at the location of the Annual General Meeting; the voting proxy representatives appointed by the company are also not available for this purpose. The same is applicable for nomination proposals from shareholders.

However, pursuant to Article 1 Section 2 Sentence 3 COVID-19 Act, any motions or nomination proposals from shareholders that are to be made available pursuant to Article 126 Stock Corporation act (AktG) or Article 127 Stock Corporation Act (AktG) are deemed to have been submitted as though at the Annual General Meeting if the shareholder submitting the motion or the nomination proposal is properly registered for the Annual General Meeting. The right of the chair of the meeting to have the voting carried out first on the proposals by the administration is not affected by this. If the proposals of the administration are accepted with the necessary majority, the counter-motions or (deviating) nomination proposals have been insofar dealt with.

Counter-motions pursuant to Article 126 Stock Corporation Act (AktG) and nomination proposals pursuant to Article 127 Stock Corporation Act (AktG) including the name of the shareholder, a justification, which is not necessary at least for nomination proposals, and any statement by the administration are made accessible on the Internet site of the company at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>

if they are received by the company at least 14 days before the Annual General Meeting, i.e. by at the latest 6 May 2021, 24:00 (CET), at the following address, fax number or email address and the other requirements for the company's obligation for public disclosure pursuant to Article 126 Stock Corporation act (AktG) or Article 127 Stock Corporation Act (AktG) are complied with:

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.

c) Right to ask questions by way of electronic communication

Pursuant to Article 131 Section 1 Stock Corporation Act (AktG), the Executive Board must provide information on the matters of the company in response to a request by any shareholder at the Annual General Meeting, including the legal and business relationships of the company with an affiliated enterprise, the position of the Group and the enterprises included in the consolidated financial statements, insofar as the information is necessary for adequate factual assessment of the item on the agenda and there is no right to refuse provision of such information. Since the ordinary Annual General Meeting is being held on 21 May 2021 as a virtual Annual General Meeting and a physical presence of the shareholders is not possible, shareholders cannot submit any requests for information at the location of the Annual General Meeting; the voting proxy representatives appointed by the company are also not available for this purpose.

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 for this purpose that questions must be submitted by way of electronic communication at the latest by one day before the Annual General Meeting. The Executive Board decides at its own discretion how it will answer the questions.

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 19 May 2021 exclusively by means of electronic communication through the shareholders' portal at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>

We refer to the fact that in the context of answering questions the name of the shareholder asking the question may also be specified. Once again, we request you to note that questions may not be asked through the voting proxy representative nominated by the company.

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

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.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 are available for download on the Internet site of the company at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>

The voting results after the meeting can also be promptly accessed on the Internet site 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 site 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 site of the company at

<https://kps.com/de/de/investor-relations/general-meeting/ordinary-annual-general-meeting-on-21-may-2021.html>

Unterföhring, April 2021

KPS AG

The Executive Board