
JOINT REPORT

of the Management Board of
KPS AG
and
the Management of
INFRONT Consulting & Management GmbH
according to § 293a AktG
to the Domination and Profit and Loss Agreement

1. Introduction

On 22 March 2012, KPS AG with its registered office in Unterföhring, registered in the commercial register of the Local Court of Munich under HRB 123013 ("**Controlling Company**") and INFRONT Consulting & Management GmbH with its registered office in Hamburg, registered in the commercial register of the Local Court of Hamburg under HRB 73863 ("**Controlled Company**") concluded a domination and profit and loss transfer agreement ("**Agreement**") in which the Controlling Company undertakes to transfer its entire profit to the Controlling Company. The controlling company, in turn, undertakes to assume the losses of the controlled company. In addition, the controlled company subjects itself to the management and instructions of the controlling company. This agreement requires the approval of the general meeting of the controlling company and the shareholders' meeting of the controlled company in order to become effective under civil law. The general meeting of the controlling company will be asked for its approval on 18 May 2022. The shareholders' meeting of the Controlled Company is also expected to be asked for its approval on 18 May 2022.

This agreement shall become effective upon entry in the commercial register of the registered office of the Subsidiary. With regard to the provisions on the transfer of profits and the assumption of losses (but not with regard to the elements of the control agreement), it shall apply retroactively for the period from the beginning of the financial year of the Controlled Company in which the agreement becomes effective by registration in the commercial register of the registered office of the Controlled Company.

For the purpose of informing the shareholders or partners of both companies and preparing their respective resolutions, the Executive Board of the Controlling Company and the management of the Controlled Company jointly submit the following report pursuant to section 293a of the German Stock Corporation Act (AktG) (analogous).

2. Contract Partners

Contractual partners are KPS AG and INFRONT Consulting & Management GmbH.

2.1 KPS AG

The Controlling Company is the parent company of the KPS Group ("**KPS**"), which operates with legally independent subsidiaries in Germany and other European countries. KPS

specialises in advising its clients on strategy, process, application and technology issues relating to the digital transformation, as well as supporting them in the implementation and realisation of this transformation. It delivers holistic industry-specific and turnkey solutions with products from popular software manufacturers such as SAP, Hybris, Adobe and Intershop. KPS has developed industry-specific solutions in the form of platforms for industries that can be used immediately in many cases. In doing so, KPS pursues an integrative, so-called end-to-end or one-stop-shop approach, which encompasses the entire range of services along the value-added chain: traditional warehousing and branch management, finance, B2B and B2C commerce as well as digital customer management in marketing and sales.

The shares of KPS AG are included in the Prime Standard, a sub-segment of the Regulated Market of the Frankfurt Stock Exchange.

The statutory object of the company is the provision of management consulting and services for digital and business transformations for national and international clients, starting with strategy and process design for the digital, intelligent company and extending to the entire area of off- and online customer interaction in the B2B and B2C sectors. This also includes the creation, purchase and sale of the IT tools required for the transformation (digitalised consulting tools, digitalised process and software solutions) and their operation. The object of the company is also the acquisition, holding and management as well as the sale of majority and minority shareholdings in companies in Germany and abroad with such or similar objects. The Company is also authorised to undertake all transactions which appear suitable to directly or indirectly promote the object of the Company.

The controlling company is legally represented by the executive board. If only one member of the executive board has been appointed, he/she shall represent the company alone. If several members of the executive board have been appointed, the controlling company shall be represented jointly by two members of the executive board or by one member of the executive board and one authorised signatory. The supervisory board may determine that one, several or all members of the executive board be granted sole power of representation and exemption from the restrictions of § 181 of the German Civil Code (BGB), whereby § 112 of the German Stock Corporation Act (AktG) shall remain unaffected.

The sole member of the Executive Board of the controlling company is Mr Leonardo Musso, with the authority to conclude legal transactions on behalf of the controlling company with himself as the representative of a third party.

The Supervisory Board of the controlling company consists of three members who are appointed by the Annual General Meeting. The Supervisory Board of the controlling company currently consists of Michael Tsifidaris (Chairman), Uwe Grünewald and Hans-Werner Hartmann.

The fiscal year of the controlling company begins on 1 October and ends on 30 September. The controlling company is subject to unlimited corporation and trade tax liability in Germany.

2.2 INFRONT Consulting & Management GmbH

The Controlled Company is a limited liability company. According to the articles of association, the object of the company is management consultancy in the field of business administration, in particular strategy, organisation and business process optimisation, and the provision of all related activities.

In the 2020/2021 business year, the controlled company employed an average of 30 employees (previous year: 33). The share capital of the controlled company amounts to EUR 50,000.00. The controlling company has held all shares in the controlled company since December 2017.

According to the articles of association, the company is represented by two managing directors jointly or by one managing director together with an authorised signatory. If only one managing director is appointed, the company is represented by this managing director. The general meeting of shareholders may grant one or more managing directors sole power of representation and release them in whole or in part from the restrictions of section 181 of the German Civil Code (BGB).

Leonardo Musso, Thomas Sindemann and Frank Deburba shall each be the managing directors of the subsidiary company with sole power of representation, with the power to enter into legal transactions on behalf of the subsidiary company with themselves as representatives of a third party.

The fiscal year of the Controlled Company shall begin on 1 October of each year and end on 30 September of each year. The Controlled Company is subject to unlimited corporation and trade tax liability in Germany.

In the last three financial years, the Controlled Company has generated the following net profit (rounded) as shown in its respective annual financial statements as at 30 September of a given year:

- 2020/2021: KEUR 972 (rounded) with a balance sheet total of KEUR 6.193 (rounded)
- 2019/2020: KEUR 1.444 (rounded) with a balance sheet total of KEUR 5.534 (rounded)
- 2018/2019: KEUR 1.859 (rounded) with a balance sheet total of KEUR 4.536 (rounded)

3. Legal and economic reasons for the conclusion of the contract; effects of the contract

The controlling company holds all shares and voting rights in the controlled company. Thus, by concluding the agreement, it is possible to establish a fiscal unity for corporate tax purposes as well as for trade tax purposes between the controlling company and the subsidiary. Due to this fiscal unity, profits and losses of the controlled company are directly attributed to the controlling company for tax purposes. Thus, positive and negative results can be offset for tax purposes at group level. Depending on the tax situation of the participating companies, this can lead to tax advantages. Without this agreement, such a tax offsetting of results is not possible. Profits of the controlled company could at best be distributed to the controlling company by way of a profit distribution. In this case, according to current tax law, 5 % of the profit distribution would be subject to corporate and trade tax at the controlled company.

corporation and trade tax.

Pursuant to clause 1 of the agreement, the controlled company is subject to the management and instructions of the controlling company. Pursuant to clause 2 of the agreement, the controlled company is obliged to transfer profits to the controlling company and, pursuant to clause 3 of the agreement, the controlling company is obliged to assume the losses of the controlled company.

The conclusion of the agreement does not result in any changes in the shareholdings in the contracting companies.

For the controlled company, the agreement has positive effects on the business integration and, above all, advantages due to the financial security, since the controlling company is obliged to compensate for any losses that may arise.

Apart from the obligation to assume losses by the controlling company, there are no particular consequences from the perspective of the shareholders of the controlling company arising from the agreement, in particular because compensation and settlement for outside shareholders are not owed.

4. Alternatives to the conclusion of the contract

There is no economically reasonable alternative to the conclusion of the agreement.

Pursuant to section 14, paragraph 1, sentence 1 of the German Corporation Tax Act (Körperschaftsteuergesetz - KStG) in conjunction with section 17, paragraph 1, sentence 1 of the German Corporation Tax Act (KStG), the conclusion of this agreement is a mandatory prerequisite for the consolidated tax group between the controlled company and the controlling company for corporation tax and trade tax purposes, so that the associated tax advantages (cf. section 3) can only be realised in this way.

In particular, a change of legal form of the controlled company into a partnership does not lead to a comparable result for tax purposes, since the income of the controlled company would be subject to taxation at the level of the partnership for the purposes of trade tax, whereas in the case of the consolidated tax group it is taxable at the level of the controlling company and can be offset there against negative income of the controlling company.

A merger of the controlled company with the controlling company is also not a preferable alternative, as the controlled company would then lose its legal independence, which is not the intention.

5. Explanation of the contract

The agreement is a domination and profit and loss transfer agreement and thus an inter-company agreement pursuant to section 291 (1) sentence 1 AktG. It requires the approval of the general meeting of the controlling company and the shareholders' meeting of the

controlled company and is to be entered in the commercial register of the registered office of the controlled company.

The following shall be noted with regard to the individual provisions of the agreement:

Management (Item 1)

Pursuant to clause 1.1 of the agreement, the controlled company places itself under the management of the controlling company, which is accordingly entitled to issue instructions to the management of the controlled company with regard to the management of the controlled company. This standardises the transfer of management authority to the controlling company, which is essential for control agreements. In the absence of a provision to the contrary in the agreement, instructions can also be issued in accordance with § 308 (1) sentence 2 AktG which are disadvantageous for the subsidiary, provided that they serve the interests of the controlling company or the KPS Group. The controlling company can thus comprehensively intervene in the management of the controlled company.

According to clause 1.2 sentence 1 of the agreement, the management of the controlled company is obliged to follow the instructions of the controlling company. Clause 1.2 sentence 2 of the agreement stipulates that § 308 AktG applies accordingly or any successor provision in the respective current version applies in addition.

Clause 1.3 of the agreement stipulates that the right to issue instructions does not extend to decisions on the continuation, amendment or termination of the agreement.

Clause 1.4 stipulates that the Controlling Company is entitled to inspect all business documents of the Controlled Company at any time. Accordingly, the management of the controlled company is obliged to provide the controlling company at any time with all requested information on all legal, business or organisational matters of the company.

In this respect, these are standard provisions within the framework of a domination and profit and loss transfer agreement.

Transfer of Profit (Item 2)

Clause 2.1 sentence 1 of the agreement regulates the obligation to transfer the entire profit to the other contracting party, which is characteristic for a domination and profit transfer agreement. Accordingly, the controlled company undertakes to transfer its entire profit to the controlling company. In order for the fiscal unity between the contracting parties to be effective, this is mandatory in accordance with section 14 (1) sentence 1 in conjunction with section 17 (1) sentence 1 KStG.

The scope of the profit transfer is described in more detail in sections 2.2 and 2.3 of the agreement. However, clause 2.1 sentence 2 of the agreement clarifies in this respect that section 301 of the German Stock Corporation Act applies accordingly in addition to and with priority over clauses 2.2 and 2.3 of the agreement. The provision of section 301 of the German Stock Corporation Act (AktG) on the maximum amount of the profit transfer shall be included in the agreement in its currently valid version, i.e. by means of a dynamic reference.

Pursuant to section 2.2 of the agreement, the controlled company may, with the consent of the controlling company, transfer amounts from the annual net profit to other revenue reserves pursuant to section 272 (3) of the German Commercial Code (HGB) to the extent that this is permissible under commercial law and economically justified on the basis of a reasonable commercial assessment. There must be a concrete reason for the formation of the reserve. To this extent, the profit to be transferred by the controlled company to the controlling company is reduced.

Other revenue reserves formed during the term of the agreement in accordance with section 272 (3) HGB must be dissolved and transferred as profit at the request of the controlling company in accordance with the provision in section 2.3 of the agreement. The transfer of pre-contractual capital and revenue reserves is excluded.

In this respect, these are customary provisions within the framework of a domination and profit and loss transfer agreement.

According to clause 2.4 of the agreement, the claim for profit transfer arises at the end of the financial year of the controlled company. It is to be settled with value date at this time.

The claim for profit transfer shall arise for the first time for the entire profit of the financial year of the controlled company in which the agreement becomes effective according to clause 4.2 of the agreement.

Assumption of Losses (Item 3)

Clause 3 of the agreement regulates the obligation of the controlling company to assume the losses of the controlled company by means of a dynamic reference to the statutory obligation to offset losses in § 302 AktG in its currently valid version.

According to the current version of section 302 of the German Stock Corporation Act (AktG), the controlling company is obliged to compensate for any annual loss of the controlled company that would otherwise arise during the term of the agreement, i.e. without taking into account the obligation to compensate for losses. This obligation of the controlling company applies only to the extent that this annual loss which would otherwise arise is not compensated for by withdrawing amounts from the other revenue reserves which were allocated to them during the term of the agreement. Insofar as other revenue reserves were formed during the term of the agreement, they can be released to offset losses in subsequent years instead of bringing about this offsetting of losses through compensation payments by the controlling company.

In order for the fiscal unity between the controlled company and the controlling company to be effective, it is mandatory for tax purposes that the controlling company in turn undertakes to compensate for any loss of the controlled company (section 17 (1) sentence 2 no. 2 KStG).

In this respect, it is a matter of the usual regulations within the framework of a domination and profit and loss transfer agreement.

Pursuant to section 3.2 of the agreement, the claim to compensation for the net loss for the year otherwise arising arises at the end of the financial year of the controlled company. It is to be settled with value date at this point in time.

The obligation to assume losses shall exist for the first time for the financial year of the Controlled Company in which the agreement becomes effective in accordance with clause 4.2 of the agreement.

Effectiveness and term of the Agreement (Item 4)

Z Section 4.1 of the agreement clarifies that the agreement requires the approval of the general meeting of the controlling company as well as the shareholders' meeting of the controlled company in order to become effective under civil law.

Clause 4.2, sentence 1 of the agreement clarifies that the agreement becomes effective upon entry in the commercial register of the registered office of the controlled company. Pursuant to clause 4.2 sentence 2, the agreement - with the exception of the control agreement elements in clause 1 - shall apply retroactively for the period from the beginning of the fiscal year of the Controlled Company in which the agreement becomes effective by registration in the commercial register of the registered office of the Controlled Company. The financial year of the Controlling Company and the Controlled Company shall each begin on 1 October and end on 30 September.

Pursuant to clause 4.3 of the agreement, the agreement is concluded for an indefinite period. The agreement may be terminated with three months' notice to the end of a financial year of the Controlled Company, but for the first time to the end of the financial year of the Controlled Company ending at least five years after the beginning of the financial year of the Controlled Company in which the agreement became effective. In addition to the aforementioned notice period, the Controlling Company may terminate the agreement after the minimum term stipulated in the preceding sentence by giving two weeks' notice. The requirement of the written form for the termination corresponds to the statutory provision in section 297, paragraph 3 of the German Stock Corporation Act (AktG).

In order for the fiscal unity to be effective, the agreement must be concluded for a period of at least five years in accordance with section 14 para. 1 sentence 1 no. 3 in conjunction with section 17 para. 1 sentence 1 of the German Corporation Tax Act (Körperschaftsteuergesetz - KStG) and must actually be implemented during its entire period of validity.

The right to extraordinary termination without notice in the event of good cause shall remain unaffected pursuant to section 4.4 of the agreement. This means that the contract may be terminated without notice in the event of good cause even during the aforementioned minimum term of five years. Good cause shall be deemed to exist in particular in the event of

insolvency, intentional or grossly negligent breach of contract, fraud or other unlawful actions by one of the contracting parties, loss of the majority of the capital or the voting rights in the controlled company by the controlling company or in the event of merger, demerger or liquidation of one of the two contracting parties, or in the event of a change of legal form of the controlled company into a partnership.

In the event that, contrary to all expectations, the effectiveness of the agreement or its proper execution during the five-year period pursuant to clause 4.3 sentence 1 of the agreement is not or not fully recognised for tax purposes, clause 4.5 regulates the postponement of the start of the minimum term of five years as a precautionary measure in order to ensure compliance with this tax effectiveness requirement.

Since the controlling company is the sole shareholder of the controlled company, there is no need for regulations on compensation payments (§ 304 AktG) or settlement offers (§ 305 AktG) for outside shareholders. Furthermore, neither an audit of the contract (section 293b (1) AktG) nor the submission of an audit report (section 293e AktG) is required.

Final Provisions (Item 5)

Pursuant to Clause 5.1 of the Agreement, Sections 14 and 17 of the German Corporate Income Tax Act (KStG), as amended from time to time, or the corresponding successor provisions, shall be taken into account when interpreting the individual provisions of the Agreement.

Clause 5.2 of the agreement contains a customary so-called severability clause and is intended to ensure the maintenance of the agreement in the event that individual provisions should prove to be wholly or partially invalid, impracticable or incomplete. Should a provision of the contract be or become wholly or partially invalid or unenforceable, or should the contract contain a loophole, this shall not affect the validity of the rest of the contract. The invalid or unenforceable provision shall be replaced by a valid or enforceable provision which comes as close as possible to the economic result of the invalid or unenforceable provision. In the event of a loophole in the contract, that provision shall apply which would have been agreed in accordance with the meaning and purpose of the contract had the loophole been known.

Clause 5.3 of the contract clarifies that amendments to the contract must be made in writing and that further formal requirements pursuant to section 295 of the German Stock Corporation Act (AktG) remain unaffected.

According to clause 5.4 of the contract, the place of performance and jurisdiction for both parties is Unterföhring.

A summarising assessment of the agreement shows that it is advantageous for both the controlled company and the controlling company.

Executive Board KPS AG:

Leonardo Musso
Sole Member of the Executive Board

Place, Date

Management Board INFRONT Consulting & Management GmbH:

Leonardo Musso
managing director
with sole power of representation

Place, Date

Frank Deburba
managing director
with sole power of representation

Place, Date

Thomas Sindemann
managing director
with sole power of representation

Place, Date