



KPS AG

Unterföhring

ISIN DE000A1A6V48

Invitation to the Annual General Meeting

We hereby issue an invitation to our shareholders to the ordinary Annual General Meeting to be held

on Wednesday, 10 May 2023 at 11:00 a.m. (CEST),

at the Haus der Bayerischen Wirtschaft, Max-Joseph-Straße 5, 80333 Munich, Germany.

Annual General Meeting

I.

Agenda

- 1. Presentation of the approved annual financial statements and the management report for KPS AG including the explanatory report of the Executive Board on the disclosures pursuant to Section 289a of the German Commercial Code (HGB) as of 30 September 2022 as well as the approved consolidated financial statements and the consolidated management report for KPS AG and the Group as of 30 September 2022 including the explanatory report of the Executive Board on the disclosures pursuant to Section 315a of the German Commercial Code (HGB) as of 30 September 2022 as well as presentation of the report of the Supervisory Board for the financial year 2021/2022**

The aforementioned documents will be explained in more detail at the Annual General Meeting by the Executive Board and - insofar as this concerns the report of the Supervisory Board - by the Supervisory Board. In accordance with the statutory provisions, no resolution is planned for this agenda item, as the Supervisory Board has already approved the annual and consolidated financial statements on 13 January 2023 and the annual financial statements are thus adopted.

From the time of the convening of the Annual General Meeting, the aforementioned documents are available on our website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

accessible.

2. Resolution on the appropriation of the balance sheet profit of KPS AG

The Executive Board and the Supervisory Board propose that the unappropriated net income for the financial year 2021/2022 of KPS AG in the amount of EUR 22,914,116.14 be distributed to the shareholders.

- a) to use the amount of EUR 7,108,299.00 for the distribution of a dividend of EUR 0.19 per no-par value share entitled to dividend, and
- b) to carry forward the remaining amount of EUR 15,805,817.14 to new account.

Pursuant to § 58 para. 4 sentence 2 of the German Stock Corporation Act (AktG), any dividend resolved by the Annual General Meeting shall only be due and payable on the third business day following the Annual General Meeting (i.e. on Monday, 15 May 2023).

3. Resolution on the discharge of the members of the Executive Board for the business year 2021/2022

The Executive Board and the Supervisory Board propose that the sole Executive Board member in office in the 2021/2022 financial year be discharged from liability for this period.

4. Resolution on the discharge of the members of the Supervisory Board for the financial year 2021/2022

The Executive Board and the Supervisory Board propose that the actions of the members of the Supervisory Board holding office in the financial year 2021/2022 be ratified for this period.

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 annual financial statements and the auditor of the consolidated financial statements as well as the auditor for a possible audit review of interim reports for the business year 2022/2023

The Supervisory Board proposes, on the recommendation of its (personnel identical) Audit Committee, that Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, be elected as auditor of the financial statements and auditor of the consolidated financial statements for the financial year 2022/2023, as well as auditor for any review of the half-yearly financial report and additional interim financial information within the meaning of section 115 of the German Securities Trading Act (WpHG) for the financial year 2022/2023, if such interim reports are to be reviewed.

The audit committee has declared that its recommendation is free from undue influence by third parties and that it has not been imposed any clause limiting the choice options within the meaning of Article 16(6) of Regulation (EU) No 537/2014.

6. Resolution on the approval of the remuneration report

Pursuant to Section 162 AktG, a remuneration report must be prepared by the Executive Board and Supervisory Board and submitted to the Annual General Meeting for approval pursuant to Section 120a (4) AktG. The remuneration report of KPS AG for the financial year 2021/2022 prepared in accordance with this requirement was audited by the auditor pursuant to Section 162 (3) AktG to determine whether the legally required disclosures pursuant to Section 162 (1) and (2) AktG were made. The report on the audit of the remuneration report is attached to the remuneration report.

The Executive Board and the Supervisory Board propose that the remuneration report for the financial year 2021/2022, prepared and audited in accordance with § 162 AktG, be approved.

The remuneration report for the financial year 2021/2022 is reproduced in item II (Supplementary information on agenda item 6).

7. Resolution on the amendment of the Articles of Association to enable virtual general meetings in the future

7.1 Authorisation of the Board of Directors to provide for the holding of a virtual annual general meeting.

As a result of the Act on the Introduction of Virtual General Meetings of Stock Corporations and the Amendment of Cooperative and Insolvency and Restructuring Law Provisions (Federal Law Gazette 2022 Part I No. 27, p. 1166 et seq.), virtual general meetings have been permanently regulated in the Stock Corporation Act. According to section 118a (1) sentence 1 AktG, the articles of association may stipulate or authorise the executive board to stipulate that the general meeting be held as a virtual general meeting, i.e. without the physical presence of the shareholders or their proxies at the place of the general meeting.

Such an authorisation of the Executive Board shall be included in the Articles of Association of the Company. In order to be able to decide flexibly and appropriately on the format of the general meeting, also with regard to the interests of the shareholders, it is expedient not to order the holding of a virtual general meeting directly in the articles of association, but to authorise the Executive Board to determine the respective format of the general meeting. The decision to be made by the board of directors for each general meeting on the holding of such meeting shall be made at its due discretion on the basis of the relevant factual criteria. If the Executive Board makes use of the proposed authorisation and decides to hold a virtual Annual General Meeting, it will make its decision considering the interests of the Company and its shareholders and will in particular consider the protection of shareholders' rights as well as aspects of health protection of the participants, effort and costs as well as sustainability considerations for the structure and implementation of the Annual General Meeting.

The Executive Board and the Supervisory Board propose to resolve as follows:

The following new Article 14(4) shall be inserted in the Articles of Association of the Company:

"4. The Board of Directors is authorised until the end of 9 May 2028 to arrange that the General Meeting may be held without the physical presence of the shareholders or their proxies at the place of the General Meeting (virtual General Meeting), subject to compliance with the legal requirements provided for this purpose. All provisions of the Articles of Association for general meetings shall apply to the virtual general meeting, unless the law mandatorily provides otherwise or these Articles of Association expressly provide otherwise."

7.2 Participation of Supervisory Board members in the Annual General Meeting by way of video and audio transmission

In principle, the members of the supervisory board attend the general meeting in person. However, according to § 118 para. 3 sentence 2 AktG, the articles of association may provide for certain cases in which a participation of members of the supervisory board in the general meeting may take place by means of video and audio transmission. Use shall be made of this possibility in order to enable participation also in situations in which a physical presence at the place of the general meeting would not be possible or would only be possible with considerable effort. The existing provision in Article 15 paragraph 5 of the Articles of Association shall therefore be amended.

The Executive Board and the Supervisory Board propose to resolve as follows:

§ Article 15(5) of the Articles of Association of the Company shall be reworded as follows:

"5. Members of the Supervisory Board who do not chair the Annual General Meeting shall, in agreement with the Chairman of the Supervisory Board, be permitted to participate in the Annual General Meeting by means of video and audio transmission in cases in which their physical presence at the location of the Annual General Meeting would not be possible or would only be possible at considerable expense due to legal restrictions, their residence abroad, their necessary residence at another location in Germany or due to an unreasonable duration of travel, or if the Annual General Meeting is held as a virtual Annual General Meeting."

The currently valid statutes are available on our website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

accessible. It will also be accessible there during the Annual General Meeting.

II.

Supplementary information on agenda item 6

Remuneration report

I. Introduction

The remuneration report explains the principles of the remuneration system for the members of the Executive Board and Supervisory Board of KPS AG and describes the amount and structure of the remuneration of the members of the executive bodies for the financial year 2021/2022. The report was prepared by the Executive Board and Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG) and complies with the recommendations and suggestions of the German Corporate Governance Code (DCGK) in its version of 16 December 2019. Both the remuneration system for the Executive Board and the remuneration system for the Supervisory Board as well as the remuneration report comply with the principles, recommendations and suggestions of the DCGK.

This remuneration report presents the Executive Board remuneration under the 2020/2021 remuneration system in accordance with the applicable regulatory requirements.

II. Review of the 2021/2022 business year

The previous system for the remuneration of Executive Board members was adjusted in some areas by resolution of the Supervisory Board with effect from 1 October 2020 and submitted to the Annual General Meeting on 21 May 2021 for resolution, which approved the adjusted system for the remuneration of Executive Board members with 81.04 percent. In addition, the adjusted system for the remuneration of Supervisory Board members was submitted to the 2020/2021 Annual General Meeting for resolution and approved by 99.13 per cent. The Executive Board consists of only one member, Mr Leonardo Musso.

III. Remuneration of the Executive Board in the 2021/2022 financial year

1. Principles of the remuneration system for the Executive Board

The adjusted remuneration system for the Executive Board of KPS AG is based on the following guidelines:

- Transparent, comprehensible remuneration oriented towards the sustainable success of the company as a whole makes a significant contribution to promoting the business strategy.
- The remuneration of the Executive Board members is geared towards the long-term and sustainable development of the KPS Group. The majority of the variable remuneration is therefore based on a multi-year assessment basis.
- The remuneration of Executive Board members is commensurate with the range of tasks and performance of the Executive Board member. Variable remuneration components are made dependent on the achievement of demanding targets and significant target failures lead to a noticeable reduction in remuneration.
- Multi-year assessment bases in combination with a bonus and malus system and capping amounts for the variable bonus component that take effect every financial year promote long-term earnings-oriented growth and avoid incentives to take disproportionate risks.
- The remuneration of the members of the Executive Board is in line with the market in terms of both amount and structure and takes into account the size, complexity and economic situation of the company.

1.1. Procedures for establishing, implementing and reviewing the remuneration system

The remuneration system shall be adopted by the supervisory board as the body responsible for executive board remuneration in accordance with the legal requirements in sections 87 (1), 87a (1) of the German Stock Corporation Act (AktG) and submitted to the general meeting for approval in accordance with section 120a of the AktG. If the general meeting does not approve the remuneration system, a remuneration system reviewed by the supervisory board shall be submitted to it for approval at the following ordinary general meeting at the latest. The remuneration system complies with the recommendations of the German Corporate Governance Code (DCGK) insofar as no deviations from these recommendations are declared in the respective declaration of compliance pursuant to § 161 AktG.

1.2. Determination and appropriateness of the remuneration of the Executive Board

The appropriateness of the remuneration components is reviewed by the Supervisory Board at regular intervals. In this context, the Supervisory Board also compares the remuneration of the Executive Board within the framework of a vertical (internal) comparison with the remuneration structure of the upper management circle of the KPS Group below the Executive Board level. For a horizontal peer group comparison, the Supervisory Board consults a suitable peer group of companies whose market position is relevant in comparison to KPS AG. The focus here is on such companies that are comparable to KPS AG in terms of market capitalisation, revenue and industry. The Supervisory Board also takes into account whether and to what extent a member of the Executive Board holds an interest in the company. As a result, in the case of a significant shareholding, this can lead to the remuneration of the Executive Board member concerned being below the standard market remuneration with his or her consent and in the interest of the Company and its shareholders.

If necessary, the supervisory board may engage external remuneration experts to assess appropriateness (in particular vertical and horizontal appropriateness). If the supervisory board makes use of this possibility, it shall ensure the independence of the commissioned remuneration experts.

In the event of significant changes to the remuneration system, but at least every four years, the remuneration system shall be submitted to the general meeting for approval. The general meeting may adopt a confirming resolution.

1.3. Measures to avoid conflicts of interest

In order to avoid potential conflicts of interest, the members of the Supervisory Board are obliged to disclose any conflicts of interest to the Chairman of the Supervisory Board, who shall inform the Supervisory Board accordingly. A conflict of interest may result in the supervisory board member concerned abstaining from voting on the resolution or, in the case of a serious conflict of interest, also not participating in the deliberation. The regulations applicable to the handling of conflicts of interest of Supervisory Board members must also be observed in the procedures for determining, implementing and reviewing Executive Board remuneration and the remuneration system. No conflicts of interest arose in the 2021/2022 business year.

1.4. Remuneration systems applied in the financial year 2021/2022

The Executive Board is remunerated in accordance with the remuneration system applicable to it. The remuneration system was submitted to the Annual General Meeting on 21 May 2021 for approval in accordance with § 120a para. 1 of the German Stock Corporation Act (AktG) and approved by 81.04 per cent (hereinafter: remuneration system 2020/2021). Thus, the 2020/2021 remuneration system will apply to all new Executive Board service contracts to be concluded or extended from 1 October 2021. Due to the extension of Mr Leonardo Musso's appointment as Executive Board member for the term from 1 January 2022 to 31 December 2026, the 2020/2021 remuneration system will apply to him.

2. Overview of the system for the remuneration of the members of the Executive Board

2.1. Target remuneration and structure

The system of remuneration for Executive Board members consists of non-performance-related and performance-related components.

The non-performance-related remuneration components consist of the basic remuneration and the contractual fringe benefits. The performance-related component includes the bonus, performance-related special bonuses and stock options. No use was made of the option to issue stock options in the 2021/2022 business year.

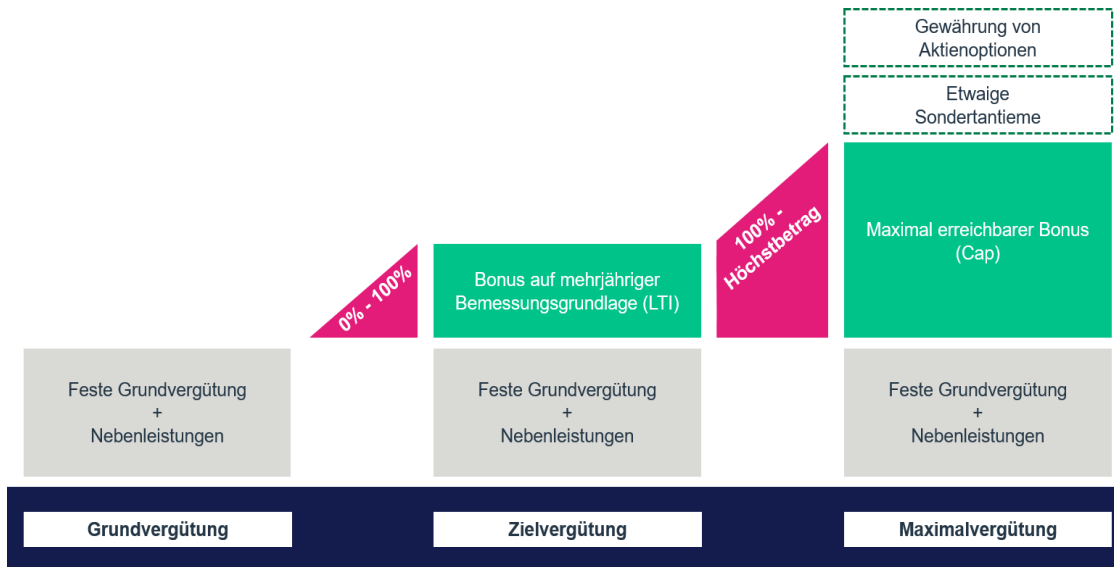
The sum of the basic remuneration, the contractual fringe benefits and the target amount of the bonus together make up the target remuneration.

To ensure the performance orientation of the Executive Board remuneration, the target remuneration (basic remuneration, contractual fringe benefits and bonus for 100 per cent target achievement) is made up of around 50 per cent performance-related remuneration components and around 50 per cent non-performance-related remuneration components. 100 per cent of the performance-related remuneration has a multi-year assessment basis.

The performance-related bonus, which is based on the performance parameters, promotes sustainable growth of the KPS Group and strategic and operational management decisions oriented towards the success of the company as a whole due to the multi-year assessment basis, the clarity of calculation based on objective circumstances, and the

fact that the majority of the bonus is earnings-oriented. The performance parameters are clearly defined for each financial year and are generally disclosed in the remuneration report.

Overview of the remuneration structure with its short-term and long-term remuneration components



2.2. Maximum remuneration

The annual inflow from basic remuneration, variable remuneration components, pension expenses and fringe benefits is limited to a total amount of € 900,000 for the Chairman of the Executive Board/sole member of the Executive Board and to a total amount of € 650,000 gross for each additional member of the Executive Board (total cap). In the 2021/2022 business year, the maximum remuneration was not reached; please refer to the overview of the benefits granted in the section "Individual disclosure of the remuneration of the Executive Board".

In the interest of the shareholders, the Executive Board will thus continue to be offered competitive incentives for outstanding performance and long-term and sustainable corporate success.

3. The remuneration components in detail

3.1. Non-performance-related remuneration components

3.1.1. Basic remuneration

The members of the Executive Board receive a fixed basic salary, which is paid monthly in twelve equal instalments. In determining the amount of the basic salary, the Supervisory Board is guided by the range of tasks and responsibilities of the Executive Board member, the experience of the respective Executive Board member and other parameters.

3.1.2 Ancillary services

The members of the Executive Board are contractually granted fringe benefits. These include, among other things, the provision of an appropriate company car for business and private use. Furthermore, the Executive Board members receive reimbursement of the employer's contributions to statutory pension insurance and full statutory contributions to health and long-term care insurance, which are customary in the case of assumed employment as an employee. Furthermore, the Executive Board members receive insurance cover in various areas, in particular in the form of an accident insurance and a pecuniary damage liability insurance (D&O insurance).

3.2. Performance-related remuneration components

The performance-related remuneration components represent the second part of the remuneration of the Executive Board members. The performance-related remuneration consists of a bonus, performance-related special bonuses and a stock option programme. In order to ensure a sustainable and long-term development of KPS and to achieve an alignment of interests between the Executive Board and the shareholders, the bonus as a performance-related remuneration component is multi-year. The bonus is calculated on the basis of long-term performance development by assessing various target criteria over three years. Special performance-related bonuses are paid in the event of special performance by the Executive Board member for the past financial year. The issue of options within the framework of the stock option programme serves as a targeted incentive and at the same time is intended to achieve a bonding effect of the participants to the KPS Group.

3.2.1. Performance Bonus

Basics of the bonus

The bonus based on the performance parameters is calculated over the entire three-year assessment period. A new assessment period with new targets begins in each financial year. During the assessment periods, interim payments are made based on the targets achieved up to that point and the estimate of target achievement for the remaining periods. After the end of each financial year of the relevant assessment period and submission of the audited annual and consolidated financial statements of the Company for this financial year to the Supervisory Board, the Executive Board member receives an annual down payment on the expected bonus for an initial year, the amount of which is generally based on the balance of the bonus and malus amounts achieved up to that point. The Supervisory Board is entitled to adjust the amount of the down payment at its reasonable discretion. The interim payment shall become due for payment with the next salary run after submission of the audited annual and consolidated financial statements to the supervisory board. After the final bonus has been determined, the Executive Board member is obliged to immediately repay to the Company any difference between the payments on account on a prospective bonus and the final determined bonus. In the 2021/2022 business year, there were no reasons for a reclaim or reduction.

Description of the objectives:

The bonus is determined on the basis of the target achievement of the specified Group EBIT. Separate annual target EBITs are set for each three-year assessment period.

A realised Group EBIT in the amount of the target EBIT (and in addition up to 105% of the target EBIT) for the respective business year of the assessment period means a target achievement of 100%.

A realised Group EBIT of 105% to 110% of the target EBIT means a target achievement of 110%.

A realised Group EBIT of more than 110% of the target EBIT means the maximum possible target achievement of 120% (upper limit).

A realised Group EBIT of more than 95% but less than 100% of the target for the respective business year of the assessment period means a target achievement of 90%.

A realised Group EBIT of more than 90% but less than 95% of the target EBIT means a target achievement of 80%.

A realised Group EBIT of up to 90% of the target EBIT means a target achievement of 60%.

Determination of individual goals and evaluation by the supervisory board

The targets shall be set by the Supervisory Board by the end of March of the initial financial year at the latest on the basis of objectively measurable and transparent criteria. For each year of the assessment period, a fair value and various bandwidths or deviation ranges of financial and, where applicable, non-financial performance criteria are set, which are matched by bonus and malus amounts for each year of the assessment period, depending on the respective target achievement. Targets are determined in each baseline financial year for each year of an assessment period, but these targets for the baseline year bonus are unaffected by the separate determination of targets for future assessment periods.

The performance parameters are to be predominantly earnings-oriented. For the current financial year 2021/2022, the bonus-relevant performance parameter for the sole member of the Executive Board, Mr Leonardo Musso, is the earnings from ordinary activities before interest and taxes (EBIT) of the respective financial year as reported in the consolidated financial statements of KPS AG. The Group EBIT is of outstanding importance as a key financial figure for the corporate management of the KPS Group. A significant increase in earnings over a multi-year assessment period is a decisive prerequisite for the KPS Group as a consulting company for sustainable corporate growth and the implementation of the business strategy. The Supervisory Board may use alternative or additional key earnings figures (EBT, EBITDA) and additional financial performance parameters (amount of incoming orders) as a basis for determining the bonus. The supervisory board may adjust the actual value of the key earnings figures to take into account non-recurring, extraordinary circumstances and/or non-operational effects. Insofar as the supervisory board deems it expedient to promote the business strategy and the long-term development of the company, it may also base the bonus assessment on non-financial performance parameters in the form of management and personnel goals, project and process goals and ESG goals (Environmental Social Governance), as long as the performance parameters are predominantly profit-oriented in their weighting.

Achievement of bonus targets in the 2021/2022 business year

The performance bonus is measured against the Group EBIT financial target. This target is set in each assessment period for each individual financial year.

Group EBIT amounted to EUR 14.4M in the financial year 2021/2022, which means a target achievement of 70 per cent in the second year of the assessment period 2020/2021 - 2022/2023.

The target achievement of the baseline year of the assessment period 2021/2022 - 2023/2024 is 96 per cent.

4. Termination of the service contract

4.1. Change of Control

In the event of a change of control at the Company, a member of the Executive Board may be granted the right to terminate the Executive Board service contract and to resign from office at the time of termination. The Executive Board member may be granted a claim to payment of a severance payment amounting to 75% of the sum of (i) the annual gross income agreed at the time of termination of the contract in the form of the annual basic salary and (ii) the bonus determined for the year of termination of the contract in the event that the special right of termination is exercised. For the purpose of the bonus calculation, in this case a 100 per cent target achievement can in principle be assumed for the initial year and exclusively based on this initial year. However, any waiting allowance shall be taken into account.

4.2. Post-contractual non-competition clause

A post-contractual non-competition clause applies to members of the Executive Board of KPS AG. According to this, the respective Executive Board member is contractually prohibited from working for a competing company or engaging in competitive activities for a period of one year after termination of the employment relationship. Similarly, the Executive Board member is not permitted to establish, acquire or directly or indirectly participate in such a company during this period.

For the duration of the post-contractual non-competition clause, the Company undertakes to pay the Executive Board member a cooling-off allowance amounting to 100 per cent of the fixed gross monthly salary for each month of the ban. Payment of the compensation is due at the end of each month. Other payments made by the company to the member of the executive board, such as transitional allowances and severance payments, shall be offset against the waiting allowance.

Any income that the Executive Board member earns or fails to earn from self-employed, employed or other gainful employment during the term of the post-contractual non-competition clause shall be offset against the compensation, provided that the compensation, including the income, exceeds the amount of the most recent benefits received.

The Company may waive the non-competition clause both prior to the termination of the employment contract and thereafter by written declaration to the Executive Board member.

5. Further contractual regulations

5.1. Loans to members of the Board of Directors

In the 2021/2022 business year, the company did not grant any advances or loans to members of the Executive Board. There are also no loans or advances to members of the Executive Board from previous years.

5.2. Remuneration of group companies

No remuneration was paid to the Executive Board by Group companies in the 2021/2022 financial year.

6. Individual disclosure of the remuneration of the Executive Board

The following tables contain the monetary disclosures for the components of Executive Board remuneration for the financial years 2021/2022 and 2020/2021 shown on the previous pages. The disclosures in accordance with §314 HGB are shown in the "Inflow" tables.

The individualised disclosure of the remuneration amounts is based on the model tables "Grants" and "Inflows" in the version of the GCGC of 7 February 2017 in order to ensure a transparent presentation of the respective grants and inflows for the financial years 2021/22 and 2020/2021.

Overview of the grants awarded

	I	II	III	IV	V	VI
a	Leonardo Musso					
b	Board of Directors KPS AG					
c	Start of employment: 01.11.2008					
d	2021 in EUR	2021 in %	2022 in EUR	n in %	n (min)	n (Max)
1	Basic salary	300.000	52,0%	300.000	44,1%	
2	Ancillary services	60.984	10,6%	62.328	9,2%	
3	Total	360.984	62,6%	362.328	53,3%	
4	One-year variable remuneration	0	0,0%	210.000	30,9%	
5	Multi-year variable remuneration	0	0,0%	0	0,0%	
5a	Plan 2020/2021, term until 30.09.2023	216.000	37,4%	-216.000	-31,7%	
5b	Plan 2021/2022, term until 30.09.2024	0	0,0%	324.000	47,6%	
6	Total	216.000	37,4%	318.000	46,7%	
7	Supply expenses	0	0,0%	0	0,0%	
8	Total remuneration	576.984	100,0%	680.328	100,0%	0

Overview of the tributaries

	I	II	III	IV	V	VI
a	Leonardo Musso					
b	Board of Directors KPS AG					
c	Start of employment: 01.11.2008					
d	2021 in EUR	2021 in %	2022 in EUR	n in %	n (min)	n (Max)
1	Basic salary	300.000	83,1%	300.000	61,4%	
2	Ancillary services	60.984	16,9%	62.328	12,8%	
3	Total	360.984	100,0%	362.328	74,2%	
4	One-year variable remuneration	0	0,0%	126.000	25,8%	
5	Multi-year variable remuneration	0	0,0%	0	0,0%	
5a	Plan 2020/2021, term until 30.09.2023	0	0,0%	0	0,0%	
5b	Plan 2021/2022, term until 30.09.2024	0	0,0%	0	0,0%	
6	Total	0	0,0%	126.000	25,8%	
7	Supply expenses	0	0,0%	0	0,0%	
8	Total remuneration	360.984	100,0%	488.328	100,0%	0

Explanations:

- a) Name of the Board Member
- b) Function of the board member, e.g. chairman of the board, chief financial officer
- c) Date of entry/exit of the Executive Board member, provided that in the financial year under consideration n (reporting year) or n-1
- d) Business year under consideration n (reporting year) or n-1
- i. Grants awarded in the previous financial year n-1 in EUR
- ii. Allowances granted in the previous financial year as % of total remuneration
- iii. Grants awarded in the current financial year (reporting year) in EUR
- iv. Allowances granted in the current financial year as % of total remuneration
- v. Achievable minimum value of the respective remuneration component granted in the financial year n (reporting year), e.g. zero
- vi. Achievable maximum value of the respective remuneration component granted in the financial year n (reporting year)
1. Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to amounts in table "Inflow"); values in columns II, III and IV are identical
2. Fixed remuneration components, e.g. remuneration in kind and fringe benefits (amounts correspond to amounts in the table "Inflow"); values in columns II, III and IV are identical
3. Sum of fixed remuneration components (1 + 2) (amounts correspond to amounts in the table "Inflow"); values in columns II, III and IV are identical
4. One-year variable remuneration, e.g. bonus, management bonus, Short-Term Incentive (STI), profit sharing, without consideration of deferrals
5. Multi-year variable remuneration (sum of lines 5a-...), e.g. multi-year bonus, deferral from one-year variable remuneration (deferral), long-term incentive (LTI), subscription rights, other share-based payments
- 5a. Multi-year variable remuneration, breakdown by plan, stating the term
6. Sum of fixed and variable remuneration components (1 + 2 + 4 + 5)
7. Service cost in accordance with IAS 19 from commitments for pensions and other benefits (amounts correspond to amounts of of the table "Inflow"); values in columns II, III and IV are identical
8. Total fixed and variable remuneration components and pension expenses (1 + 2 + 4 + 5 + 7)

IV. Remuneration of the Supervisory Board in the 2021/2022 business year

1. Remuneration system of the Supervisory Board

The partially adjusted remuneration system of the Supervisory Board KPS AG was submitted to the Annual General Meeting on 21 May 2021 pursuant to Section 113 (3) of the German Stock Corporation Act (AktG) for resolution and was approved by the Annual General Meeting with 99.13 percent. The amended remuneration system of the Supervisory Board came into effect retroactively as of October 2020. The previously valid remuneration system for the supervisory board applied until 30 September 2020.

The remuneration of the Supervisory Board is purely fixed plus an attendance fee. This corresponds to the suggestion G.18 regarding Principle 24 on page 17 DCGK in its version of 16 December 2019. The purely fixed remuneration of the Supervisory Board strengthens its independence and represents a balance to the partly variable remuneration of the Executive Board, which is aligned with the growth strategy of KPS AG. It thus contributes to the realisation of the business strategy and promotes the long-term development of KPS AG.

The members of the Supervisory Board each receive a fixed annual remuneration. The fixed remuneration per financial year is EUR 15,000.00. In accordance with the suggestion G.17 to Principle 24 on page 17 of the GCGC in its version of 19 December 2019, the remuneration for the Chairman of the Supervisory Board is set at EUR 25,000.00 for each financial year. The respective amount of the fixed remuneration takes into account the specific function and responsibility of the members of the Supervisory Board. In addition, each member of the Supervisory Board receives an attendance fee in the form of a lump-sum meeting allowance for each meeting of the Supervisory Board in which he or she participates. The meeting allowance amounts to EUR 600.00. In addition, the company reimburses the value-added tax payable by the Supervisory Board member on his or her remuneration (Article 12 paragraph 3 of the Articles of Association).

Supervisory Board members who have only belonged to the Supervisory Board for part of the financial year shall receive remuneration pro rata temporis (§ 12 para. 2 of the Articles of Association). The claim for payment of the fixed remuneration and the attendance fee is due on the day after the general meeting that decides on the discharge of the supervisory board for the respective financial year (§ 12 section 1 sentence 2 of the articles of association).

Due to the special nature of the Supervisory Board remuneration granted for this specific activity, which differs fundamentally from the activity of the employees of the Company and the Group, a so-called vertical comparison with employee remuneration is out of the question. The company is free to decide within the legal limits whether and under what conditions members of the Supervisory Board are employed as employees in the KPS Group.

The amount of remuneration for the members of the Supervisory Board at KPS AG is determined by the Annual General Meeting on the basis of Article 12 (1) sentence 1 of the Articles of Association. The remuneration and the remuneration system for the Supervisory Board are reviewed by the management at irregular intervals, but at the latest every four years. In particular, the time taken up by the members of the Supervisory Board is decisive in this regard. If the Executive Board and the Supervisory Board see a need to adjust the remuneration or the remuneration system, they will submit a corresponding resolution proposal to the Annual General Meeting; in any case, a resolution proposal on the remuneration, including the underlying remuneration system, will be submitted to the Annual General Meeting every four years at the latest.

2. Remuneration of the members of the Supervisory Board for the financial year 2021/2022

Name	Position	AR activity 2020/2021	AR activity 2021/2022	Remuner- ation 2020/2021 TEUR	Remuner- ation 2021/2022 TEUR
Michael Tsifidaris	Chairman	all year round	all year round	29	29
Uwe Grünewald	Supervisory Board	all year round	all year round	19	19
Hans-Werner Hartmann	Supervisory Board	all year round	all year round	19	19
Total				67	67

The remuneration for the members of the Supervisory Board consists of the remuneration plus a meeting allowance of EUR 600 per Supervisory Board meeting.

In the year under review, there were no contracts for consulting and agency services with members of the Supervisory Board of KPS AG or companies that employ members of the Supervisory Board or in which members of the Supervisory Board held an interest.

V. Comparative presentation of the remuneration development of the members of the Executive Board, the members of the Supervisory Board and the other employees of the German KPS companies and the company's earnings development

The following table shows the remuneration development of the Executive Board, the Supervisory Board members and the other employees as well as the earnings development of the company.

Vertical comparison	2020/2021 TEUR	2021/2022 TEUR	Change %
Board of Directors			
Leonardo Musso	361	488	35%
Supervisory Board (1)			
Michael Tsifidaris	29	29	0%
Uwe Grünewald	19	19	0%
Werner Hartmann	19	19	0%
Average	22	22	0%
Workers			
Total workforce	122	124	2%
Earnings development			
Group net profit for the year	8.727	9.550	9%

All employees of the German KPS companies have been included in the presentation of the average employee remuneration and its change. Analogous to the remuneration of the Executive Board and the Supervisory Board, the average remuneration of the total workforce shown refers to their total remuneration (including any bonus payments, pension benefits and other fringe benefits).

Corporate Governance Statement

KPS AG attaches great importance to the principles of responsible corporate management and control (corporate governance). In accordance with the German Corporate Governance Code (DCGK), this declaration reports on corporate governance at KPS AG. It also complies with the group declaration on corporate governance required by Sections 289f and 315d of the German Commercial Code (HGB).

Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act

The Declaration of Conformity published in January 2022 pursuant to Section 161 of the German Stock Corporation Act refers to the version of the German Corporate Governance Code dated 16 December 2019, which was published in the Federal Gazette on 20 March 2020.

Unterföhring, 13 January 2023

Leonardo Musso
(Board of Directors)

Michael Tsifidaris
***(Chairman of the Supervisory
Board)***

Uwe Grünewald
(Supervisory Board)

Hans-Werner Hartmann
(Supervisory Board)

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 (3) OF THE AKTG. 3 AKTG

To KPS AG, Munich

Audit opinion

We have formally audited the remuneration report of KPS AG for the financial year from 1 October 2021 to 30 September 2022 to determine whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosures required by section 162 (1) and (2) of the AktG. Our audit opinion does not cover the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with section 162 (3) AktG and IDW Auditing Standard: The audit of the remuneration report in accordance with section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibility under that provision and standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1). We have complied with the professional duties pursuant to the Auditors' Code and the Professional Statutes for Auditors / Sworn Auditors including the requirements for independence.

Responsibility of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of § 162 AktG. They are further responsible for such internal control as they determine is necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to § 162 (1) and (2) AktG have been made in all material respects in the remuneration report and to express an opinion thereon in an audit report.

We planned and performed our audit to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with section 162 (3) AktG, we did not audit the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Dealing with any misleading representations

In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of

the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such misleading representation exists, we are required to report that fact. We have nothing to report in this regard.

Munich, 13 January 2023

Baker Tilly GmbH & Co KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Hund
German Public Auditor

Weilandt
German Public Auditor

III.

Further information and notes

1. Organisation of the general meeting as a presence meeting with transmission in picture and sound

This year's Annual General Meeting will take place in the form of an attendance meeting. However, the Executive Board makes use of the authorisation pursuant to § 15 para. 4 of the Articles of Association and also permits the video and audio transmission of the Annual General Meeting for duly registered shareholders of the Annual General Meeting or their proxies.

2. Registration for the Annual General Meeting

Pursuant to § 15 para. 1 of the Articles of Association, only those shareholders who register for the Annual General Meeting in text form (§ 126b BGB) and are entered in the Company's share register are entitled to attend the Annual General Meeting and exercise their voting rights. The registration for participation in the Annual General Meeting must be received by the Company by no later than

Expiry of 3 May 2023, 24:00 (CEST)

at the following address or e-mail address:

KPS AG
c/o Computershare Operations Center
80249 Munich
E-mail: anmeldestelle@computershare.de

The Company also offers its shareholders the opportunity to register online, subject to the aforementioned registration deadline, via the shareholder portal, which can be accessed via the Company's website at <http://www.kps.com> (in the section "Company" under the heading "Investor Relations" and subsequently under "Annual General Meeting") or via the following link

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

To access the shareholder portal, shareholders need their shareholder number and the corresponding password.

Further information on the registration procedure can be found on the registration form sent together with the invitation letter, which can also be used for granting power of attorney and issuing instructions to the proxies appointed by the Company, as well as online in the shareholder portal.

The shareholders entitled to attend the Annual General Meeting or their proxies will receive admission tickets to the Annual General Meeting. Shareholders who register via the shareholder portal have the option to print out their admission ticket directly or to have it sent to them by e-mail.

3. Dispositions of shares and transfers in the share register

The number of shares registered in the share register on the day of the Annual General Meeting shall be decisive for the right to participate and vote. This number of shares will correspond to the number on the closing date for registration on Wednesday, 3 May 2023, 24:00 hours (CEST) (so-called Technical Record Date), as for technical reasons no changes will be made in the share register in the period from the closing date for registration up to and including the day of the Annual General Meeting (change stop). However, the stop of the registration does not mean a block on the disposal of the shares. Shareholders may therefore continue to freely dispose of their shares even after registration. Acquirers of shares whose applications for transfer are received by the Company after 3 May 2023, 24:00 hours (CEST), may, however, not exercise their participation and voting rights, unless they are authorised or empowered to exercise their rights. In such cases, the participation and voting rights shall remain with the shareholder entered in the share register until the transfer. Acquirers of shares of the Company that are not yet registered in the share register are therefore requested to submit applications for registration as soon as possible.

Intermediaries and other persons treated as such pursuant to section 135 para. 8 of the German Stock Corporation Act (AktG) may only exercise the voting right for shares which do not belong to them but of which they are registered as the holder in the share register on the basis of an authorisation. Further details are set out in § 135 AktG.

4. Voting by electronic absentee ballot

The Executive Board makes use of the authorisation pursuant to Article 15 (2) of the Articles of Association and provides that shareholders who have registered in due time and their proxies may also cast their votes at this year's Annual General Meeting by means of electronic communication via the shareholder portal ("**postal vote**") in accordance with the following provisions.

The casting of votes by postal ballot is, however, only possible for votes on proposed resolutions of the management announced by the Company prior to the general meeting as well as for votes on proposed resolutions of shareholders announced by the Company prior to the general meeting due to a request of a minority pursuant to section 122 para. 2 of the German Stock Corporation Act (AktG), as a counter-motion pursuant to section 126 para. 1 of the German Stock Corporation Act (AktG) or as a proposal for election pursuant to section 127 of the German Stock Corporation Act (AktG). It is not possible to cast postal votes on other votes, in particular on motions that are not made until the Annual General Meeting. The shareholders and their proxies may cast their votes by electronic postal vote via the shareholder portal at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

Voting via the shareholder portal is possible until 9 May 2023, 24:00 (CEST). Until this time, votes cast electronically can also be changed or revoked via the shareholder portal. We would like to point out that upon expiry of the aforementioned deadline, the voting function for postal votes via the shareholder portal will be closed.

It is pointed out that other communication channels for postal voting are not available, in particular no sending of the postal vote by post or e-mail.

Should an individual vote be held on an agenda item without this having been communicated in advance of the Annual General Meeting, the vote cast by postal ballot on this

agenda item shall also be deemed to be a corresponding vote for each item of the individual vote.

5. Procedure for the granting of proxies

Shareholders may authorise third parties to exercise their voting rights. In the case of proxy voting, the shareholder must also comply with the requirements set out in section 2 above (registration for the general meeting). If a shareholder issues the proxy to more than one person, the Company may reject one or more of them.

The grant of proxy may be made to the proxy or to the Company.

Proxies may be issued, amended or revoked in particular via the shareholder portal until 24:00 (CEST) on 9 May 2023. Please note that upon expiry of the above deadline, the proxy function via the shareholder portal will be closed.

In addition, a proxy may be granted by using the registration form or by other declarations in text form naming the person making the declaration. It is also possible to submit a proxy upon admission to the Annual General Meeting and on site during the Annual General Meeting.

Please note that special provisions apply to the authorisation of intermediaries, shareholders' associations, proxy advisors or other persons pursuant to section 135 (8) of the German Stock Corporation Act (AktG) who offer themselves to shareholders on a business basis to exercise voting rights at the Annual General Meeting (see below under the section "Authorisation of other persons").

Authorisation of the proxies of the Company

We also offer our shareholders and their proxies to be represented at the Annual General Meeting by proxies appointed by the Company in accordance with their instructions. For this purpose, the proxies must be granted power(s) of attorney and instructions for the exercise of voting rights.

Proxies and instructions to the proxies of the Company may be issued, amended or revoked via the shareholder portal until 24:00 (CEST) on 9 May 2023. Please note that this function via the shareholder portal will be closed upon expiry of the aforementioned deadline.

In addition, a power of attorney and instructions to the proxies of the Company may be granted using the registration form or by other declarations in text form, naming the person making the declaration, and may be submitted to the Company by sending it to the following address or e-mail address by 9 May 2023, 24:00 hours (CEST; receipt by the Company is decisive):

KPS AG
c/o Computershare Operations Center
80249 Munich
E-mail: anmeldestelle@computershare.de

("KPS contact addresses")

In addition, it is possible to authorise a proxy and issue instructions upon admission to the Annual General Meeting and on site during the Annual General Meeting.

Should an individual vote be held on an agenda item without this having been communicated in advance of the Annual General Meeting, the authorisation and instruction of the Company's proxies on this agenda item as a whole shall also be deemed to be a corresponding authorisation and instruction for each item of the individual vote.

It should be noted that the proxies will not make any motions or ask any questions on behalf of the shareholders or declare any objections. They will only exercise voting rights on those agenda items on which they have received instructions from the shareholders. The Company's proxies are obliged to vote in accordance with instructions and may not exercise voting rights without proper instructions.

Authorisation of other persons

If neither an intermediary, nor a voting advisor within the meaning of section 134a para. 1 no. 3 of the German Stock Corporation Act (AktG), a shareholders' association or other persons, institutions or companies treated as equivalent by section 135 para. 8 of the German Stock Corporation Act (AktG) with regard to the exercise of voting rights are to be authorised, the granting of the proxy and its revocation must be in text form (section 126b of the German Civil Code (BGB)). If the proxy is granted by declaration vis-à-vis the company, an additional proof of authorisation is not required. If, on the other hand, the proxy is granted by declaration to the person to be authorised, the Company may demand proof of the authorisation in text form. The proof can be sent to the Company until 9 May 2023, 24:00 hours (CEST; receipt by the Company is decisive), to one of the KPS contact addresses defined above. Proof of proxy is also possible upon admission to the Annual General Meeting and on site during the Annual General Meeting.

The text form requirement does not apply to the granting of a proxy to intermediaries, voting advisors within the meaning of § 134a para. 1 no. 3 AktG, shareholders' associations and other persons, institutes or companies treated as such by § 135 para. 8 AktG with regard to the exercise of voting rights, as well as to its revocation and the proof of such authorisation. However, the proxy must record the power of attorney in a verifiable manner. It must be complete and may only contain declarations related to the exercise of voting rights. However, a violation of these requirements does not affect the validity of the vote. Furthermore, the respective proxy may have provided for special regulations for his authorisation; this should be coordinated with the respective proxy in advance.

Supplementary information on the exercise of voting rights

If voting rights are exercised in due time or proxy and, if applicable, instructions are issued in several ways, these will be considered in the following order, irrespective of the time of receipt: 1. electronically via the shareholder portal, 2. by e-mail and 3. by letter.

If more than one absentee ballot or proxy and instructions are received in due time by the same means of transmission, the declaration received last shall be binding.

If a shareholder attends the Annual General Meeting in person, all previously granted powers of attorney and, if applicable, instructions or votes cast via the shareholder portal by way of postal vote shall be revoked.

The votes cast by postal ballot or by proxy and, if applicable, instructions on agenda item 2 (appropriation of the balance sheet profit) shall remain valid even in the event of an adjustment of the proposal for the appropriation of the profit as a result of a change in the number of shares entitled to dividends.

6. Information on shareholders' rights pursuant to §§ 122 para. 2, 126 para. 1, 127, 131 para. 1 German Stock Corporation Act (AktG)

a) Motions for additions to the agenda at the request of a minority pursuant to § 122 para. 2 AktG

Shareholders whose shares together amount to one-twentieth of the share capital (corresponding to 1,870,605 shares) or the proportionate amount of EUR 500,000.00 (corresponding to 500,000 shares) may request that items be placed on the agenda and announced. Each new item must be accompanied by a statement of reasons or a draft resolution. The request must be addressed in writing to the Executive Board of KPS AG and must be received by the Company no later than the end of 9 April 2023, 24:00 hours (CEST). We request that requests for supplements be sent to the following address:

KPS AG
- for the attention of the Executive Board -
Beta Street 10h
85774 Unterföhring

Pursuant to section 122 (1) and (2) of the AktG, the shareholders concerned must prove that they have held the aforementioned minimum number of shares for at least 90 days prior to the date of receipt of the request and that they will hold them until the decision of the executive board on the request. § Section 121 (7) AktG shall apply accordingly to the calculation of the time limit. Therefore, the receipt of the request shall not be counted. A postponement of the deadline from a Sunday, a Saturday or a public holiday to a preceding or following working day is not possible. Sections 187 to 193 of the Civil Code (BGB) shall not apply mutatis mutandis.

b) Countermotions and election proposals pursuant to sections 126 (1), 127 AktG

Pursuant to section 126 (1) of the German Stock Corporation Act (AktG), every shareholder is entitled to submit counter-motions to the resolutions proposed by the Executive Board and the Supervisory Board on the items on the agenda without any announcement, publication or other special action being required prior to the Annual General Meeting. The same applies to counterproposals to election proposals for the election of supervisory board members (insofar as they are on the agenda) and auditors (§ 127 AktG).

Shareholders may, however, also submit counter-motions against a proposal of the Executive Board and/or the Supervisory Board regarding items on the agenda as well as election proposals prior to the Annual General Meeting. Such motions are to be sent exclusively to the following address or e-mail address:

KPS AG
Investor Relations
Beta-Straße 10h
85774 Unterföhring
E-mail: ir@kps.com

No later than 14 days prior to the Annual General Meeting, i.e. no later than midnight (CEST) on 25 April 2023, countermotions and election proposals from shareholders received under these contact details will - subject to sections 126 (2) and (3), 127 of the German Stock Corporation Act (AktG) - be made available to the other shareholders on the Company's website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

Any comments by the administration shall also be published at the above-mentioned internet address.

We would like to point out that countermotions and election proposals that have been submitted to the Company in advance in due form and time will only be considered at the Annual General Meeting if they are submitted verbally during the Annual General Meeting. The right of each shareholder to submit countermotions or election proposals during the Annual General Meeting without prior transmission to the Company remains unaffected.

c) Right to information pursuant to section 131 (1) AktG

At the general meeting, each shareholder shall be provided by the executive board with information on the affairs of the company, the legal or business relations of the company with affiliated companies, and the situation of the group and the companies included in the consolidated financial statements, to the extent that such information is necessary for the proper evaluation of an item on the agenda. Requests for information shall in principle be made orally during the discussion at the general meeting. The executive board may refuse to provide information for the reasons stated in § 131 section 3 AktG.

Further explanations of shareholders' rights are available on the Company's website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

7. Information and documents for the Annual General Meeting

From the time of convening the Annual General Meeting, the documents referred to in § 124a of the German Stock Corporation Act (AktG) shall be published on the Company's website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

for inspection and downloading. It is pointed out that the legal obligation is fulfilled by making them available on the Company's website.

8. Total number of shares and voting rights

At the time of convening this Annual General Meeting, the share capital of the Company amounts to EUR 37,412,100.00 and is divided into 37,412,100 no-par value registered shares. Each no-par share grants one vote. The Company does not hold any treasury shares at the time of convening this Annual General Meeting.

9. Notes on data protection

Your personal data will be processed for the purpose of maintaining the share register, for communicating with you as a shareholder, in the context of registering for and holding our Annual General Meeting, and when using the shareholder portal. This is done to enable shareholders to exercise their rights in the context of the Annual General Meeting.

KPS AG processes your data as the data controller in compliance with the provisions of the EU General Data Protection Regulation (GDPR) and all other applicable laws. Details on the handling of your personal data and your rights under the DSGVO can be found on the company's website at

<https://www.kps.com/global/en/company/investor-relations/general-meetings/2023.html>

Unterföhring, March 2023

KPS AG
The Executive Board