

THE KPS SUPERVISORY BOARD

Dear Shareholders,

The Supervisory Board provides information on its activity during the business year 2020/2021 in the following report. The report focuses in particular on the continuous dialog with the Executive Board, the main issues for consultation at the meetings of the Supervisory Board, and the audit of the annual and consolidated financial statements.

Over the past year, the Supervisory Board carried out with great commitment all the functions allocated to it under legal regulations and the company statutes. During the past business year, it engaged intensively with the situation and perspectives of the company, and with a variety of specific issues in the course of discussions at ordinary meetings of the Supervisory Board and numerous informal meetings with the Executive Board, as well as other members of the management, and employees. The management of the Executive Board was conscientiously and regularly monitored. Furthermore, advice was provided to the Executive Board in the context of the strategic ongoing development of the company and on decisions relating to important individual measures. The basis for monitoring and advice was provided by the monthly reports submitted by the Executive Board, and regular discussions in person and on the phone.

Fundamental and regular focus issues addressed by the Supervisory Board included a continuous review of the market and business development of the company and the various advisory segments, the rolling planning for company, finance and investment, the risk position, the risk controlling system of the company, and matters relating to the Executive Board. In particular, the ongoing crisis management and the steering of the appropriate task forces triggered by the further waves of the coronavirus pandemic defined the past months. As the Chairman of the Supervisory Board, I should like to take this opportunity to thank all the Members of the Supervisory Board, the Chief Executive Officer, the managers, and not least the employees for successfully mastering this exceptional situation.

During the course of the business year 2020/2021, the Executive Board regularly kept the Supervisory Board informed with prompt and comprehensive reports on issues relevant to the company relating to planning, business development, the risk position, strategic measures, as well as about important business transactions and projects. Written reports on the individual business segments were prepared in good time prior to the individual meetings of the Supervisory Board and they were then reviewed by the Supervisory Board. Any deviations in the business performance from the defined plans and targets were explained to the Supervisory Board with appropriate substantiation, and these issues were discussed by the Supervisory Board. The deviations in business performance relate in particular to the measures for overcoming the ongoing waves of the coronavirus crisis. The Supervisory Board always had adequate opportunity to engage critically with the reports and resolution proposals of the Executive Board and to obtain appropriate assurance of the lawfulness, expediency, and fit and properness of the management of the business.

Important measures by the Executive Board were only implemented after agreement with the Supervisory Board and following subsequent approval with and by the Supervisory Board. Furthermore, the Executive Board was in regular contact with the Chairman of the Supervisory Board outside these meetings to discuss current developments of the business situation and significant business transactions, and was always immediately informed of such matters.

Alongside numerous informal meetings, telephone calls and video conferences, the Supervisory Board convened for a total of seven official meetings in the business year 2020/2021. At the Supervisory Board meeting held on 21 May 2021, the Members of the Supervisory Board and the Chief Executive Officer were present in person. All the other Supervisory Board meetings were held in the form of videoconferences for health and safety reasons.

During each of the meetings, developments during the previous periods and the current business situation were explained; the individual measures of the updated development with respect to the coronavirus crisis and individual segments with negative deviations from planning were also discussed in detail, as well as opportunities for company acquisitions.

At the meeting held on 15 January 2021, the Compliance Declaration on the German Corporate Governance Code was reviewed and the Chairman of the Supervisory Board was granted the power to sign the document. The auditors and the Executive Board then presented the provisional annual financial statements, and management report, the audited consolidated annual financial statements and the Group Management Report of the company, in each case for the business year 2020/2021, along with the respective audit reports. They reported on the key results and focuses of the audit examination. The Supervisory Board resolved to approve the annual financial statements at a special meeting. The contractual situation relating to the expiry of the contract of the Chief Executive Officer on 31 December 2021 was then discussed with a view to a contractual extension.

On 21 January 2021, the annual financial statements along with the management report and the consolidated financial statements along with the Group Management Report were approved for the business year 2019/2020 and the Report of the Supervisory Board was also adopted for the business year 2019/2020. The Executive Board then reported on the economic development in the first quarter of the business year 2020/2021. The existing board contract of the Chief Executive Officer was extended by the recommendations of the Corporate Governance Code. The Supervisory Board consented to an extension of the board contract for a further five years by passing a separate resolution.

At the meeting of the Supervisory Board held on 26 March 2021, the Supervisory Board approved the modalities for holding another virtual Annual General Meeting against the background of the current coronavirus situation. The invitation and the agenda for the Annual General Meeting were then presented by the Executive Board and approved by the Supervisory Board. A resolution was then passed by the Supervisory Board on the board compensation system for the Executive Board pursuant to Article 87 a Section 1 Sentence 1 Stock Corporation Act (AktG) and the system was adopted.

At the meeting held on 21 May 2021, the Supervisory Board discussed the Annual General Meeting also held on this day, the half-year results explained by the Executive Board, the status of the ongoing legal dispute and the status of potential company acquisitions. No further resolutions were passed.

The last two meetings of the Supervisory Board were held on 11 June 2021 and on 3 August 2021. The board deliberated on the implementation of a concrete company acquisition. Discussions took place on submission of a non-binding and then a binding purchase offer and a decision was reached. Ultimately, the transaction did not materialize.

The Members of the Supervisory Board take personal responsibility for carrying out the training and advanced training measures necessary for their duties. They are supported appropriately by the company.

Self-assessment:

The Supervisory Board regularly reviews how effectively it carries out its functions. The self-assessment focuses in particular on the procedural processes in the Supervisory Board and the information flow between the Supervisory Board and the Executive Board, and the prompt delivery of information with appropriate content to the Supervisory Board. In view of the size of the company and the smooth information flows between the Supervisory Board and the Executive Board, the self-assessment was carried out without any external advisers. The review arrived at a positive result as was also the case in the previous year.

Corporate Governance:

The requirements of the German Corporate Governance Code constituted another important matter. The Executive Board and the Supervisory Board decided to adopt the recommendations of the German

Corporate Governance Code with various exceptions, which are related to the size of the company. The Executive Board and the Supervisory Board regard the Code as an important step towards transparency, corporate governance, and control. On 15 January 2021, the Supervisory Board devoted time to the regular discussion of the topic of corporate governance and passed a resolution on the new joint Declaration of Compliance of the Supervisory Board and the Executive Board for the year 2020 pursuant to Article 161 Stock Corporation Act (AktG). This will be published permanently on the Internet pages of the company together with the old Declaration of Compliance. One of the exceptions to the Corporate Governance Code includes the fact that the Supervisory Board does not form separate committees because of its size. The internal compliance issues within the Group were also the subject of the regular discussion and review at the meeting referred to.

Composition of the Supervisory Board:

During the entire business year 2020/2021, the following persons were Members of the Supervisory Board:

Mr Michael Tsifidaris, Chairman

Mr Hans-Werner Hartmann, Deputy Chairman

Mr Uwe Grünewald

Mr Hans-Werner Hartmann is a member of the Supervisory Board who has expertise in relation to the areas of accounting and auditing of financial statements pursuant to Article 100 Section 5 Stock Corporation Act (AktG). All the Members of the Supervisory Board are familiar with the sector in which the company is operating.

In the view of the Supervisory Board, an independent member of the shareholders on the Supervisory Board is appropriate pursuant to Recommendation C.6 of the German Corporate Governance Code, the independent representative of the shareholders on the Supervisory Board is Mr Hans-Werner Hartmann.

Review of possible conflicts of interest:

The Members of the Executive Board and the Supervisory Board disclose any conflicts of interest to the Supervisory Board. However, such conflicts of interest did not occur in the year under review.

Annual and consolidated financial statements for 2020/2021:

The auditing firm Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Munich, appointed as auditor of the annual financial statements and consolidated financial statements by the Annual General Meeting held on 21 May 2021, audited the bookkeeping, the annual financial statements of KPS AG, and the consolidated financial statements including the management reports for the business year 2020/2021 and granted each of the documents in each case an unqualified audit opinion. There are no doubts about the independence of the auditor of the financial statements, who submitted the required declaration of independence. The requirements of the German Corporate Governance Code regulating the terms of engagement between the company and the auditing firm have been complied with. The auditor has submitted a comprehensive report on the result of the audit, which was carried out on the complete annual financial statements of the Group and all its subsidiary companies. The annual financial statements of the Group and all the subsidiary companies were provided, as were the report on the audit of the consolidated financial statements and the audit of the separate financial statements of the joint-stock company (Aktiengesellschaft, KPS AG). The auditor was also available to answer any additional questions.

The documents and audit reports drawn up by the auditor were submitted promptly to the members of the Supervisory Board for review. The auditor was present at the balance sheet meeting of the Supervisory Board on 14 January 2022 and reported on the key results of the audit and the auditing focuses. The Supervisory Board took note of the reports provided by the auditor and concurred with the result. The

outcome of our own audit (carried out on a random test basis) is in accordance with the result of the audit of the financial statements. The Supervisory Board had no reason to raise any objections in relation to the management and the financial statements submitted.

We concur with the results of the audit of the financial statements. We have no objections on the basis of the final result of our thorough audit and discussion with the auditor of the financial statements. The Supervisory Board approved the annual financial statements of KPS AG and the consolidated financial statements drawn up by the Executive Board including the management reports on 19 January 2022. The annual financial statements of KPS AG are therefore adopted. The Report by the Supervisory Board for the business year 2020/2021 was also approved in the course of these deliberations. The proposal for the appropriation of the profit submitted and explained by the Executive Board was agreed by the Supervisory Board after it had carried out its own audit and taking into account the earnings performance and financial situation of the company. The Supervisory Board considers the proposed dividend to be appropriate.

The Supervisory Board would like to thank the Executive Board and all the employees of the Group for their exceptional commitment over the past business year, which was defined by the coronavirus pandemic.

The Supervisory Board

Michael Tsifidaris

Chairman of the Supervisory Board