

(voluntary and non-binding convenience translation)



**KPS AG**

Unterföhring

**ISIN DE000A1A6V48**

**(Old shares)**

**SPECIAL ISIN DE000A4BGGZ9**

**(New shares)**

**Unique identifier of the event:** 46539ecd0798ee11b52d00505696f23c

### **Invitation to the Annual General Meeting**

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

**on 10 May 2024 at 11:00 a.m. (CEST),**

at the MACE Restaurant & Speisesyndikat, Beta-Straße 10 E, 85774 Unterföhring, Germany.

#### **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 at 30 September 2023 and the approved consolidated financial statements and the Group management report for KPS AG and the Group as at 30 September 2023 including the explanatory report of the Executive Board on the disclosures pursuant to Section 315a HGB as at 30 September 2023 and presentation of the report of the Supervisory Board for the financial year 2022/2023**

The aforementioned documents will be explained in more detail at the Annual General Meeting by the Executive Board and - as far as the report of the Supervisory Board is concerned - by the Supervisory Board. In accordance with the statutory provisions, no resolution is planned for this agenda item, as the Supervisory Board already approved the annual and consolidated financial statements on 6 March 2024 and the annual financial statements have thus been adopted.

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From the date on which the Annual General Meeting is convened, the aforementioned documents are available on our website at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

accessible.

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

The Executive Board and Supervisory Board propose that the net profit of KPS AG for the financial year 2022/2023 amounting to EUR 28,126,024.17 be carried forward in full to new account.

### **3. Resolution on the discharge of the members of the Executive Board for the for the financial year 2022/2023**

The Executive Board and Supervisory Board propose that the sole Executive Board member in office in the financial year 2022/2023 be discharged from liability for this period.

### **4. Resolution on the discharge of the members of the Supervisory Board for the financial year 2022/2023**

The Executive Board and Supervisory Board propose that the actions of the members of the Supervisory Board in office in the financial year 2022/2023 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 and Group auditor for the financial year 2023/2024 and the auditor for any audit review of interim reports or financial information**

On the recommendation of its Audit Committee (with the same members), the Supervisory Board proposes that Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor and group auditor for the financial year 2023/2024 and as the auditor for any review of the half-year financial report and additional interim financial information within the meaning of Section 115 of the German Securities Trading Act (WpHG) for the financial year 2023/2024, as well as the auditor for any review of interim financial information for the 2024/2025 financial year until the next Annual General Meeting in 2025, if such interim reports or financial information are to be subject to an audit review.

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 German Stock Corporation Act (*AktG*), the Executive Board and Supervisory Board must prepare a remuneration report and submit it to the Annual General Meeting for approval in accordance with Section 120a para. 4 AktG. The remuneration report of KPS AG for the financial year 2022/2023 prepared in accordance with this requirement was audited by the auditor pursuant to Section 162 para. 3 AktG to determine

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whether the legally required disclosures pursuant to Section 162 para. 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 Supervisory Board propose that the audited remuneration report for the financial year 2022/2023, prepared in accordance with Section 162 AktG, be approved.

The remuneration report for the financial year 2022/2023 is shown in Section II. 1 together with the audit opinion.

### **7. Resolution on the authorisation to acquire and use treasury shares with the possible exclusion of subscription rights and any tender rights as well as the possibility of redeeming treasury shares and reducing the share capital, cancelling the existing authorisation of 21 May 2021**

The Annual General Meeting on 21 May 2021 resolved an authorisation to acquire and use treasury shares with the possible exclusion of subscription rights and any tender rights as well as the possibility of redeeming treasury shares and reducing the share capital. This authorisation has not yet been utilised. In order to maintain the greatest possible flexibility in terms of time, the existing authorisation to acquire and use treasury shares is to be cancelled and replaced by a new authorisation with essentially the same content. The new authorisation shall again be limited to five years, i.e. until 9 May 2029 (inclusive).

The Executive Board and Supervisory Board propose the following resolution:

- a) The Executive Board is authorised until 9 May 2029 (inclusive) to acquire treasury shares of the company with a proportionate amount of the share capital of up to 10% of the share capital existing at the time of the resolution or - if this value is lower - of the share capital existing at the time of the exercise of this authorisation for any permissible purpose. The authorisation to acquire treasury shares granted by the company's Annual General Meeting on 21 May 2021 under agenda item 8 is revoked for the period from the date on which the new authorisation takes effect. The shares acquired on the basis of this authorisation, together with other shares in the company that the company has already acquired and still holds or that are attributable to it in accordance with Section 71d and Section 71e AktG, may not exceed 10% of the company's share capital at any time. Furthermore, the requirements of Section 71 para. 2 sentences 2 and 3 AktG must be observed. The authorisation may not be used for the purpose of trading in treasury shares.
- b) The acquisition takes place via the stock exchange (lit. aa) below) or by means of a public purchase offer addressed to all shareholders (lit. bb) below). Offers pursuant to lit. bb) may also be made by means of a public invitation to all shareholders to submit offers.
  - aa) If the shares are acquired via the stock exchange, the purchase price per share paid by the company (excluding ancillary acquisition costs) may not be more than 10% higher or lower than the arithmetic mean of the closing prices for the company's shares in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days prior to the obligation to purchase.
  - bb) If the acquisition is made by means of a public purchase offer, a specific purchase price or a purchase price range may be determined. The purchase price per share paid by the company (excluding incidental acquisition costs)

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may not be more than 10% higher or lower than the arithmetic mean of the closing prices for the company's shares in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the 9th, 8th, 7th, 6th and 5th trading day prior to the date of publication of the offer or the invitation to submit offers. If there are significant deviations from the relevant reference price after the publication of a public purchase offer, the purchase price or the purchase price range may be adjusted. In this case, the closing price in the electronic trading system Xetra of the Frankfurt Stock Exchange (or a comparable successor system) on the last trading day prior to the public announcement of any adjustment will be used as a basis.

The volume of the public purchase offer can be limited. If the volume of shares offered in a public purchase offer exceeds the existing buyback volume, acceptance must be in proportion to the shares offered in each case; the right of shareholders to tender their shares in proportion to their shareholding is excluded in this respect. In addition, preferential acceptance of small numbers of shares (up to 100 shares tendered per shareholder) and rounding in accordance with commercial principles to avoid fractions of shares may be provided for, with the partial exclusion of any right to tender. The public purchase offer may provide for further conditions.

- c) The Executive Board is authorised to use the treasury shares acquired on the basis of this authorisation for all legally permissible purposes, in particular also as follows:
  - aa) The shares may be sold (i) on the stock exchange or (ii) by means of an offer to all shareholders.
  - bb) The shares may also be sold in a manner other than via the stock exchange or by means of an offer to shareholders, provided that the shares are sold for cash and at a price (excluding ancillary costs of realisation) that is not significantly lower than the stock exchange price of the company's shares at the time of sale. However, this authorisation only applies subject to the proviso that the shares sold with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG may not exceed a total of 20% of the share capital, either at the time this authorisation comes into effect or at the time it is exercised. Shares issued during the term of this authorisation from authorised capital with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG are to be counted towards this limit. Furthermore, shares issued to service bonds (including profit participation rights) with conversion and/or option rights or a conversion and/or option obligation are to be counted towards this limit, provided that the bonds or profit participation rights are issued during the term of the authorisation with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG.
  - cc) The shares may be offered to and transferred to third parties in return for non-cash contributions, in particular as part of business combinations or for the purpose of (also indirect) acquisition of companies, parts of companies, interests in other companies or other assets or claims to the acquisition of assets or as part of the implementation of a dividend in kind/elective dividend.
  - dd) The shares can be used to service share option rights issued by the company to members of the company's Executive Board, members of the

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management of affiliated companies and selected employees below Executive Board level of the company and below the management of affiliated companies on the basis of the 2024 share option programme submitted to the Annual General Meeting on 10 May 2024 for resolution under agenda item 9 with treasury shares in the company. Please refer to the information pursuant to Section 193 para. 2 no. 4 AktG in the proposed resolution on agenda item 9.

- ee) The shares may be used to fulfil conversion or option rights granted by the company or a Group company when issuing bonds (including profit participation rights) in the future, or to fulfil conversion or option obligations arising from bonds (or profit participation rights) issued by the company or a Group company in the future.
- ff) The shares can be cancelled without the cancellation or its implementation requiring a further resolution by the Annual General Meeting. The cancellation leads to a reduction in the share capital by the proportion attributable to the cancelled shares. By way of derogation from this, the Executive Board may determine that the share capital remains unchanged upon redemption and that the proportion of the share capital accounted for by the shares not redeemed increases accordingly instead; in this case, the Executive Board is authorised to adjust the number of no-par value shares in the Articles of Association.
- gg) The shares may be used in connection with share-based remuneration or employee share programmes of the company or companies dependent on it or majority-owned by it and may be issued to persons who are or were employed by the company or a company dependent on it or majority-owned by it. In particular, they may be offered, promised and transferred to the aforementioned persons for purchase, whether for consideration or free of charge, whereby the employment relationship must exist at the time of the offer, promise or transfer.
- d) The above authorisations under c) also include shares acquired by dependent companies within the meaning of Section 17 AktG or companies majority-owned by the company within the meaning of Section 16 AktG or by third parties acting for their account or for the account of the company or in accordance with Section 71d sentence 5 AktG.
- e) The above authorisations may be used in whole or in part, once or several times, for one or more purposes by the company and, with the exception of the authorisation under c) ff), also by dependent companies within the meaning of Section 17 AktG or companies majority-owned by the company within the meaning of Section 16 AktG or by third parties acting for their account or for the account of the company.
- f) Shareholders' subscription rights are excluded to the extent that the shares are sold on the stock exchange or used in accordance with the above authorisations under c) bb) to c) ee) and c) gg). In addition, the Executive Board may exclude shareholders' subscription rights for fractional amounts if the shares are sold by way of an offer to all shareholders.
- g) Utilisation of the authorisations under c) aa) to c) ee) and c) gg) requires the approval of the Supervisory Board.

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### **8. Resolution on the cancellation of the existing authorised capital 2021 and on the creation of new authorised capital 2024 with the possibility of excluding subscription rights as well as the amendment of the Articles of Association**

The company's Articles of Association originally contained authorised capital 2021 in Section 5 para. 4, which authorised the Executive Board to increase the company's share capital with the approval of the Supervisory Board by up to a nominal amount of EUR 18,706,050.00 in return for cash and/or non-cash contributions by issuing up to 18,706,050 new no-par value registered shares (no-par value shares) on one or more occasions until 20 May 2026 (authorised capital 2021). The Executive Board made partial use of this authorisation and, with the approval of the Supervisory Board, resolved a capital increase of EUR 3,741,200.00 to EUR 41,153,300.00, the implementation of which was entered in the commercial register on 18 March 2024. Following this partial utilisation, the authorised capital 2021 currently amounts to EUR 14,964,850.00. The unused amount of the authorised capital 2021 is to be cancelled and replaced by new authorised capital 2024 in order to give the Executive Board the opportunity to quickly and flexibly strengthen the company's equity base for the maximum statutory term of five years.

The Executive Board and Supervisory Board propose the following resolution:

- a) The authorisation for authorised capital 2021 resolved by the Annual General Meeting on 21 May 2021 in accordance with Section 5 para. 4 of the Articles of Association is cancelled to the extent not yet utilised with effect from the date of entry in the commercial register of the new authorised capital 2024 to be resolved below under b) and c).
- b) The Executive Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital in the period up to and including 9 May 2029 by a nominal amount of up to EUR 20,576,650.00 by issuing up to 20,576,650 new no-par value registered shares in return for cash and/or non-cash contributions on one or more occasions (authorised capital 2024).

In principle, shareholders must be granted subscription rights. The subscription right can also be granted indirectly by the shares being taken over by one or more banks or equivalent companies in accordance with Section 186 para. 5 sentence 1 AktG with the obligation to offer them to the shareholders for subscription.

However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- aa) to exclude fractional amounts from the subscription right;
- bb) in the case of cash capital increases, provided that the issue price of the new shares is not significantly lower than the stock market price of the company's shares already listed at the time of the final determination of the issue price, which should take place as close as possible to the placement of the shares, and the calculated proportion of the share capital attributable to the shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG does not exceed a total of 20% of the share capital, either at the time this authorisation becomes effective or at the time it is exercised. Shares that are sold or issued during the term of this authorisation on the basis of other authorisations in direct or analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights are to be counted towards this limit. Furthermore, shares issued to service bonds (including profit participation rights) with conversion

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and/or option rights or a conversion and/or option obligation are to be counted towards this limit, provided that the bonds or profit participation rights are issued during the term of this authorisation with the exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 AktG;

- cc) in the case of capital increases against contributions in kind, in particular as part of business combinations or for the purpose of (also indirect) acquisition of companies, parts of companies, interests in other companies or other assets or claims to the acquisition of assets or as part of the realisation of a dividend in kind/elective dividend;
- dd) in the case of cash capital increases, insofar as it is necessary to grant holders of bonds or profit participation rights with conversion and/or option rights or conversion and/or option obligations issued by the company or by Group companies in which the company holds a direct or indirect majority interest a subscription right to new shares in the company to the extent to which they would be entitled after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a right of substitution of the company as a shareholder;
- ee) in the case of cash capital increases for the purpose of issuing shares to employees and members of the Executive Board of the company as well as to employees and members of the management of its dependent companies or companies in which the company holds a majority interest as part of share-based remuneration or employee share programmes, provided that the calculated proportion of the share capital attributable to the shares issued with the exclusion of subscription rights does not exceed a total of 10% of the share capital, either at the time this authorisation becomes effective or at the time it is exercised. The shares can be issued to employees in such a way that the contribution to be made to them is covered by the portion of the net profit for the year that the Executive Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 (2) AktG. If shares are to be granted to members of the company's Executive Board, this is decided by the company's Supervisory Board.

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of capital increases from the authorised capital 2024. The Supervisory Board is authorised to amend the wording of the Articles of Association following the full or partial implementation of the increase in share capital from the authorised capital 2024.

- c) Section 5 para. 4 of the Articles of Association is revised as follows:

*"4. The Executive Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital in the period up to and including 9 May 2029 by up to a nominal amount of EUR 20,576,650.00 by issuing up to 20,576,650 new no-par value registered shares against cash and/or non-cash contributions on one or more occasions (authorised capital 2024).*

*In principle, shareholders must be granted subscription rights. The subscription right can also be granted indirectly by the shares being taken over by one or more banks or equivalent companies in accordance with*

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*Section 186 para. 5 sentence 1 AktG with the obligation to offer them to the shareholders for subscription.*

*However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:*

- aa) to exclude fractional amounts from the subscription right;*
- bb) in the case of cash capital increases, provided that the issue price of the new shares is not significantly lower than the stock market price of the company's shares already listed at the time of the final determination of the issue price, which should take place as close as possible to the placement of the shares, and the calculated proportion of the share capital attributable to the shares issued with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG does not exceed a total of 20% of the share capital, either at the time this authorisation becomes effective or at the time it is exercised. Shares that are sold or issued during the term of this authorisation on the basis of other authorisations in direct or analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights are to be counted towards this limit. Furthermore, shares issued to service bonds (including profit participation rights) with conversion and/or option rights or a conversion and/or option obligation are to be counted towards this limit, provided that the bonds or profit participation rights are issued during the term of this authorisation with the exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 AktG;*
- cc) in the case of capital increases against contributions in kind, in particular in the context of business combinations or for the purpose of the (also indirect) acquisition of companies, parts of companies, interests in other companies or other assets or claims to the acquisition of assets or in the context of the realisation of a dividend in kind/elective dividend;*
- dd) in the case of cash capital increases, insofar as it is necessary to grant holders of bonds or profit participation rights with conversion and/or option rights or conversion and/or option obligations issued by the company or by Group companies in which the company directly or indirectly holds a majority interest a subscription right to new shares in the company to the extent to which they would be entitled after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a right of substitution of the company as a shareholder;*
- ee) in the case of cash capital increases for the purpose of issuing shares to employees and members of the Executive Board of the company and to employees and members of the management of its dependent companies or companies in which the company holds a majority interest as part of share-based remuneration or employee share programmes, insofar as the calculated proportion of the share capital attributable to the shares issued with the exclusion of subscription rights does not exceed a total of 10% of the share capital, either at the time this authorisation becomes effective or at the time it is exercised. The shares can be issued to employees in such a way that the contribution to be made to them is covered by*



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*the portion of the net profit for the year that the Executive Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 para. 2 AktG. If shares are to be granted to members of the company's Executive Board, this is decided by the company's Supervisory Board.*

*The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of capital increases from the authorised capital 2024. The Supervisory Board is authorised to amend the wording of the Articles of Association following the full or partial implementation of the increase in share capital from the authorised capital 2024."*

### **9. Resolution on the cancellation of the existing authorisation to issue share options (2020 share option programme) and the associated conditional capital 2020 I, a new authorisation to issue share options to members of the company's Executive Board, members of the management of affiliated companies and selected employees below Executive Board level of the company and below the management of affiliated companies (2024 share option programme), on the creation of conditional capital 2024 I in the amount of up to EUR 4,115,330.00 to service the share options and corresponding amendment to the Articles of Association**

At the Annual General Meeting on 25 September 2020, the company resolved a share option programme 2020, according to which the Executive Board was authorised, with the approval of the Supervisory Board, to grant up to 2,000,000 subscription rights ("**share option rights**") for up to 2,000,000 no-par value registered shares in the company as part of the share option programme 2020 in the period up to and including 24 September 2025. No use has yet been made of this authorisation; share option rights have not yet been issued. In order to enable the management to continue to issue share option rights quickly and flexibly to members of the company's Executive Board and the management of affiliated companies and to selected employees below the Executive Board level of the company and below the management of affiliated companies for the legally permissible maximum term of five years, the 2020 share option programme is to be replaced by a new 2024 share option programme. The content of the 2024 share option programme proposed below under b) essentially corresponds to the 2020 share option programme resolved at the Annual General Meeting on 25 September 2020, with the exception of the now increased volume.

The programme serves as a targeted incentive for the programme participants and at the same time is intended to achieve a binding effect of the participants on the KPS Group. The performance targets are based on a multi-year assessment basis and are in line with the legal requirements of the German Stock Corporation Act and the German Corporate Governance Code.

Section 5 para. 5 of the company's Articles of Association contains conditional capital 2020 I, according to which the company's share capital is conditionally increased by up to EUR 2,000,000 by issuing up to 2,000,000 no-par value registered shares. Conditional Capital 2020 I serves exclusively to grant rights to the holders of share option rights from the 2020 share option programme. Due to the planned cancellation of the 2020 share option programme and the resolution on a new 2024 share option programme, Conditional Capital 2020 I is to be replaced by new Conditional Capital 2024 I.

The contingent capital 2024 I intended for the implementation of the 2024 share option programme and the associated exclusion of subscription rights is within the statutory limit of a maximum of 20% of the share capital at the time of the resolution and amounts to 10% of the share capital in the present case.

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The Executive Board and Supervisory Board propose the following resolution:

a) Cancellation of the 2020 share option programme

The authorisation to issue share option rights (2020 share option programme) resolved by the Annual General Meeting on 25 September 2020 and the contingent capital 2020 I resolved by the Annual General Meeting on 25 September 2020 in accordance with Article 5 para. 5 of the Articles of Association will be cancelled in full with effect from the date of entry in the commercial register of the new contingent capital 2024 I to be resolved below under c) and d).

b) Share option programme 2024

The Executive Board is authorised, with the approval of the Supervisory Board, to grant up to 4,115,330 subscription rights ("**share option rights**") for up to 4,115,330 no-par value registered shares in the company as part of the 2024 share option programme in the period up to and including 9 May 2029. Only the Supervisory Board is authorised to grant share option rights to members of the company's Executive Board in accordance with the following provisions.

The issue of the share option rights and the shares to service the share option rights after they have been exercised is subject to the following key points:

aa) Share option right

Each share option right grants the right to acquire one registered no-par value share in the company with a pro rata amount of the share capital of EUR 1.00 per share in accordance with the share option conditions in return for payment of the relevant exercise price specified under ff).

The share option conditions may stipulate that the company may choose to grant the beneficiaries treasury shares or a cash payment instead of new shares from conditional capital to service the share option rights. If the beneficiaries are members of the company's Executive Board, the Supervisory Board must decide on this. The acquisition of treasury shares for the alternative fulfilment of the share option rights must comply with the statutory requirements; this resolution does not authorise the acquisition of treasury shares. The cash payment results from the difference between the exercise price and the exercise price.

The exercise rate corresponds to the average closing price (arithmetic mean) of the company's shares in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days prior to the date on which the share option rights are exercised ("**exercise rate**").

The new shares participate in profits from the beginning of the financial year for which the Annual General Meeting has not yet passed a resolution on the appropriation of net profit at the time the new shares are issued.

The share option rights have a maximum term of seven years from the date of their respective issue ("**maximum term**") and expire without compensation thereafter.

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### bb) Group of beneficiaries and allocation of share option rights

The group of beneficiaries includes members of the company's Executive Board (Group 1), members of the management of affiliated companies (Group 3) and selected employees below the level of the company's Executive Board (Group 2) and below the management of affiliated companies (Group 4). The Executive Board is responsible for determining the exact group of beneficiaries and the scope of the share option rights to be granted to them with the approval of the Supervisory Board. If members of the company's Executive Board are to receive share option rights, this determination and the issue of share option rights is the sole responsibility of the Supervisory Board.

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

The total volume of up to 4,115,330 share option rights is distributed among the authorised groups of persons as follows:

- (i) A total of up to 822,800 share option rights (around 20%) to members of the company's Executive Board (Group 1),
- (ii) up to a total of 205,700 share option rights (around 5%) to employees of the company (Group 2);
- (iii) A total of up to 822,800 share option rights (around 20%) to members of the management of affiliated companies (Group 3),
- (iv) up to a total of 2,264,030 share option rights (around 55%) to employees of affiliated companies (Group 4).

Persons who fall into several of the aforementioned groups of persons shall only receive share option rights on the basis of their membership of a group of persons and only from the volume of share option rights intended for the group of persons in question; double subscription is not permitted. At the time the subscription rights are granted, the beneficiaries must be in an employment or service relationship with the company or an affiliated company or be members of the company's Executive Board (each an **"employment relationship"**).

### cc) Issuance periods

The share option rights may be issued in one or more tranches. Share option rights may only be issued within the following annual issue periods:

- (i) Within a period of four weeks after publication of an annual or half-yearly financial report or a quarterly statement, and
- (ii) within a period of four weeks after an Annual General Meeting.

An issue is not permitted if and to the extent that the issue of share option rights is not permitted for legal reasons.

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The share option rights can also be taken over by a bank with the obligation to transfer them to the beneficiaries of the various groups, who alone are authorised to exercise the subscription rights, in accordance with the company's instructions.

The issue is effected by the conclusion of a written issue agreement between the company or the authorised bank and the beneficiary; the text form within the meaning of Section 126b of the German Civil Code (*BGB*) satisfies the above written form requirement.

- dd) Waiting period, period for exercising the option right, term of the share option right, depositary entry

The share option rights can be exercised at the earliest four years after the date of issue ("**waiting period**"). After expiry of the waiting period, the share option rights for which the performance targets pursuant to ee) have been achieved can be exercised at any time outside the exercise blocking periods. Exercise blocking periods are the following periods:

- (i) The period from the end of the deadline for registering for an Annual General Meeting of the company until the end of the day of the Annual General Meeting,
- (ii) the period from the day on which the company publishes an offer to its shareholders to subscribe for new shares until the end of the offer period,
- (iii) during a period of 30 calendar days prior to the publication of an annual or half-yearly financial report or a quarterly statement in accordance with the company calendar, and
- (iv) the period from 15 December of one year to the end of 15 January of the following year.

The above-mentioned exercise blocking periods include the specified start and end dates. In addition, the restrictions arising from the general legal provisions, in particular the ban on insider trading (Art. 14 of the European Market Abuse Regulation), must be observed. If the Executive Board of the company is affected, the Supervisory Board and, if the other authorised persons are affected, the Executive Board of the company may, in justified exceptional cases, set further exercise blocking periods, the start of which will be communicated to the authorised persons in good time in advance.

The share option rights can be exercised within the maximum term, subject to the waiting period, the exercise blocking periods and the performance targets, provided that the share option rights have not already expired.

The share option rights can only be exercised if a securities deposit account is named in the corresponding subscription declaration to which the company shares subscribed can be legitimately and properly delivered and booked.

- ee) Performance target

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The share option rights can only be exercised if and to the extent that the following performance target has been achieved:

The company's EBIT for the financial year ending before the expiry of the respective vesting period has increased by at least 50% compared to the EBIT for the financial year ending before the issue of the corresponding share option rights. EBIT is calculated on the basis of the company's audited consolidated financial statements in accordance with IFRS for the respective financial year.

### ff) Exercise price and issue price

The price to be paid when acquiring a share in the company as a result of exercising a share option right ("**exercise price**") is determined as follows, unless there are changes in accordance with gg) changes arise:

The exercise price corresponds to 100% of the issue price. The issue price corresponds to the average closing price (arithmetic mean) of the company's shares in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days prior to the date of issue of the respective share option right ("**issue price**").

The profit that the option holder can realise by exercising the share option rights in the form of the difference between the exercise rate and the exercise price may not exceed three times the issue price ("**cap**"). If the cap is exceeded, the exercise price of the share option rights concerned is adjusted so that the difference between the exercise rate and the adjusted exercise price does not exceed three times the issue price.

### gg) Protection against dilution

If the company carries out capital and structural measures during the term of the share option rights, the company's Executive Board or, if members of the company's Executive Board are affected, the Supervisory Board is authorised to place the beneficiaries on an equal footing in economic terms. This applies in particular if the company increases the share capital by issuing new shares against cash contributions or issues partial debentures or other instruments with option or conversion rights while granting direct or indirect subscription rights to shareholders. Equality can be achieved by reducing the exercise price or by adjusting the subscription ratio or by a combination of both. However, the beneficiaries are not entitled to economic parity or other protection against dilution. In the event of the issue of shares, convertible bonds or option rights as part of share-based payment programmes, including the 2024 share option programme, no compensation or other protection against dilution is granted.

In the event of a capital increase from company funds through the issue of new shares, the number of shares that can be subscribed per share option right increases in the same proportion as the share capital. The exercise price is reduced in proportion to the capital increase. Section 9 para. 1 AktG remains unaffected. If the capital increase is carried out from company funds without issuing new shares (Section 207 para. 2 sentence 2 AktG), the subscription ratio and the exercise price remain unchanged.

## **(voluntary and non-binding convenience translation)**

In the event of a capital reduction by way of a consolidation or cancellation of shares, the number of shares that can be subscribed per share option right is reduced in the ratio that corresponds to the ratio of the reduction amount of the share capital to the share capital of the company prior to the capital reduction. The exercise price per share is increased in the event of a nominal capital reduction by means of a consolidation of shares in accordance with the ratio of the capital reduction. If the capital is reduced in return for repayment of contributions or if acquired treasury shares are cancelled, the exercise price and the subscription ratio are not adjusted.

In the event of a share split without a change in the share capital, the number of shares that can be subscribed per share option right increases in proportion to the ratio in which an old share is exchanged for new shares. The exercise price is reduced in proportion to the ratio in which old shares are exchanged for new shares. The number of shares that can be purchased per share option right is reduced accordingly in the event of a consolidation of shares. The exercise price is increased in proportion to the ratio in which old shares are exchanged for new shares.

Fractions of shares will not be delivered or settled. However, if a beneficiary declares the exercise of several share option rights, fractions of shares are combined.

### hh) Non-transferability and forfeiture

The share option rights are granted as non-transferable subscription rights. With the exception of inheritance, the share option rights are neither transferable nor can they be sold, pledged or otherwise encumbered.

The share option rights expire without compensation if the employment relationship between the option holder and the company or an affiliated company is terminated or ends. This does not apply if the share option rights have vested in accordance with the share option conditions.

Special provisions for the expiry of share option rights may be provided for in the share option conditions, particularly in the event that the employment relationship ends due to death, reduced earning capacity, retirement, termination or other reasons for which the beneficiary is not responsible, or in the event that the option holder enters into a new employment relationship following termination of their old employment relationship.

In any case, all unexercised share option rights expire without compensation after the maximum term at the latest.

### ii) Regulation of the details

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further conditions of the 2024 share option programme; in deviation from this, the Supervisory Board of the company shall decide for the members of the Executive Board of the company. The most important details include, in particular, the scope of the share option rights to be granted, further details on the adjustment of the exercise price and/or the subscription ratio in the case of capital and structural measures for the purpose of dilution protection, special regulations on the issue of options to and exercise of share option rights by beneficiaries resident

## **(voluntary and non-binding convenience translation)**

abroad, taking into account the provisions of capital market law applicable there, provisions on the allocation of the share option rights within the entitled groups of persons, the issue date within the planned periods, the procedure for allocation to the individual entitled persons, provisions on the expiry of the share option rights upon termination of an employment relationship (so-called good/bad leaver regulations, the procedure for exercising the share option rights and other procedural regulations, in particular the technical handling of the issue of the corresponding shares in the company or the payment of cash after exercising the option.

The above authorisation becomes effective upon entry in the commercial register of the new Conditional Capital 2024 I to be resolved below under c) and d).

### c) Creation of conditional capital 2024 I

The share capital will be conditionally increased by up to EUR 4,115,330.00 by issuing up to 4,115,330 no-par value registered shares (conditional capital 2024 I). The conditional capital increase serves exclusively to grant rights to the holders of share option rights from the 2024 share option programme, which the Executive Board or - in the event of options being issued to members of the Executive Board - the Supervisory Board was authorised to issue in the period up to 9 May 2029 (inclusive) by resolution of the Annual General Meeting on 10 May 2024 in accordance with lit. b) above. The conditional capital increase will only be implemented to the extent that the holders of share option rights granted on the basis of the authorisation of the Annual General Meeting on 10 May 2024 exercise these share option rights and the company does not fulfil the share option rights by delivering treasury shares or by making a cash payment.

The new shares participate in profits from the beginning of the financial year for which no resolution has yet been passed by the Annual General Meeting on the appropriation of net profit at the time the new shares are issued.

The Executive Board of the company is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase, unless share option rights and shares are to be issued to members of the Executive Board of the company; in this case, the Supervisory Board shall determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the scope of the capital increase from contingent capital 2024 I.

### a) Amendment to the Articles of Association

Section 5 para. 5 of the Articles of Association is revised as follows:

“5. The share capital is conditionally increased by up to EUR 4,115,330.00 by issuing up to 4,115,330 no-par value registered shares (Conditional Capital 2024 I). The conditional capital increase serves exclusively to grant rights to the holders of share option rights from the 2024 share option programme, which the Executive Board or - in the event of options being issued to members of the Executive Board - the Supervisory Board was authorised to issue in the period up to 9 May 2029 (inclusive) by resolution of the Annual General Meeting on 10 May 2024 in accordance with lit. b) above. The conditional capital increase will only be implemented to the extent that the holders of share option rights granted on the

## **(voluntary and non-binding convenience translation)**

basis of the authorisation of the Annual General Meeting on 10 May 2024 exercise these share option rights and the company does not fulfil the share option rights by delivering treasury shares or by making a cash payment.

The new shares participate in profits from the beginning of the financial year for which the Annual General Meeting has not yet passed a resolution on the appropriation of net profit at the time the new shares are issued.

The company's Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase, unless share option rights and shares are to be issued to members of the company's Executive Board; in this case, the Supervisory Board shall determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the scope of the capital increase from contingent capital 2024 I."

### **10. Resolution on the cancellation of the existing authorisation and the granting of a new authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (including instruments structured as mezzanine or hybrid capital) or a combination of these instruments and to exclude subscription rights, on the cancellation of the existing Conditional Capital 2020 II, the creation of new Conditional Capital 2024 II and amendments to the Articles of Association**

At the Annual General Meeting on 25 September 2020, the company resolved an authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (or a combination of these instruments), according to which the Executive Board was authorised, with the approval of the Supervisory Board, to issue up to 8,116,883 no-par value registered shares by 24 September 2025 (inclusive). No use has been made of this authorisation to date.

This authorisation is to be cancelled in order to maintain the greatest possible flexibility in terms of corporate financing and replaced by a new authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds. The contingent capital 2020 II in the amount of EUR 8,116,883.00 associated with the original authorisation is also to be cancelled. At the same time, a related Conditional Capital 2024 II is to be created for the new authorisation.

The company's share capital has since been increased and amounts to EUR 41,153,300.00, divided into the same number of registered shares. In accordance with Section 192 para. 3 no. 1 AktG, a maximum amount of 50% of the share capital is available for conditional capital to grant conversion or subscription rights on the basis of convertible bonds, whereby the total volume of all conditional capital is limited to 60% of the share capital. Taking into account the conditional capital 2024 I of EUR 4,115,330.00 proposed under agenda item 9, conditional capital in the amount of half of the share capital, i.e. EUR 20,576,650.00, remains to support the proposed authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (including instruments structured as mezzanine or hybrid capital) or a combination of these instruments.

Adequate capitalisation is an essential basis for the company's development. By creating the possibility of issuing bonds with warrants or convertible bonds, profit participation rights or income bonds (including instruments structured as mezzanine or hybrid capital) or a combination of these instruments, the company's flexibility in raising debt financing at favourable interest rates is increased.



## (voluntary and non-binding convenience translation)

The Executive Board and the Supervisory Board propose that a resolution be adopted:

- a) The authorisation resolved by the Annual General Meeting on 25 September 2020 to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (or a combination of these instruments) and the Conditional Capital 2020 II pursuant to Section 5 (6) of the Articles of Association shall be cancelled in full with effect from the date of entry in the commercial register of the Conditional Capital 2024 II to be resolved below under c) and d).
- b) Authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (including instruments structured as mezzanine or hybrid capital) or a combination of these instruments and to exclude subscription rights
  - aa) Authorisation period, nominal amount, number of shares, currency, issue by Group companies, term, interest rate

The Executive Board is authorised, with the approval of the Supervisory Board, to issue bearer or registered bonds with warrants or convertible bonds, profit participation rights or participating bonds (including instruments structured as mezzanine or hybrid capital) or combinations of these instruments (hereinafter "**bonds**") on one or more occasions until 9 May 2029 (inclusive) in a total nominal amount of up to EUR 50,000.000.00 with or without a limited term and to grant or impose option rights or conversion rights to registered no-par value shares in the company with a proportionate amount of the share capital totalling up to EUR 20,576,650.00 on the holders or creditors (together "**holders**") of bonds in accordance with the conditions of these bonds ("**bond conditions**") determined by the Executive Board with the approval of the Supervisory Board.

The terms and conditions of the Bonds may also provide for (i) an option or conversion obligation at the end of the term (or at another time) or (ii) the right of the Company to grant the holders no-par value shares in the Company or another listed company in whole or in part instead of payment of the cash amount due upon final maturity of the Bonds (this also includes maturity due to cancellation) ("**substitution right**").

In addition to the euro, the bonds may also be issued in the legal currency of an OECD country, limited to the equivalent value in euros.

They may also be issued by a subordinated Group company of the company. In this case, the Executive Board is authorised, with the approval of the Supervisory Board, to assume the guarantee for the bonds on behalf of the company and to grant the holders of the bonds option or conversion rights for registered shares in the company or to impose corresponding option or conversion obligations on them.

The bonds can be issued with a fixed or variable interest rate. Furthermore, the interest rate may also be fully or partially dependent on the amount of the company's dividend, as in the case of a participating bond, or the bonds may otherwise participate in the company's profit or be dependent on it. The bonds may also be subordinated and/or structured as mezzanine or hybrid capital.

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

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### bb) Granting of subscription rights, exclusion of subscription rights

The shareholders must generally be granted subscription rights. The subscription right may also be granted in such a way that the bonds are taken over by one or more credit institution(s), one or more companies operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act or a group or consortium of credit institutions and/or such companies with the obligation to offer them to the shareholders for subscription (indirect subscription right). If the bonds are issued by a subordinated Group company, the company must ensure that the statutory subscription right is granted to the company's shareholders in accordance with the above sentences.

However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in full or in part in the following cases:

- (i) to exclude fractional amounts from the subscription right;
- (ii) to the extent necessary to grant the holders of option or conversion rights or option or conversion obligations from bonds previously issued or to be issued by the company or a Group company a subscription right to the extent to which they would be entitled as shareholders after exercising the option or conversion rights or upon fulfilment of the option or conversion obligations;
- (iii) to the extent that bonds with option or conversion rights or option or conversion obligations are issued against cash payment, provided that the Executive Board, after due examination, comes to the conclusion that the issue price of the bonds is not significantly lower than their hypothetical market value determined in accordance with recognised, in particular financial mathematical methods. However, this authorisation to exclude subscription rights only applies to bonds with an option or conversion right or an option or conversion obligation or a right of substitution of the company for shares with a pro rata amount of the share capital that may not exceed a total of 20% of the share capital, either at the time this authorisation becomes effective or - if this value is lower - at the time this authorisation is exercised. Shares that (a) are issued or sold during the term of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG or (b) are or can be issued to service bonds with conversion and/or option rights or conversion and/or option obligations, provided that the bonds are issued from 10 May 2024 in analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights, shall be counted towards this limit of 20% of the share capital.

Insofar as bonds without option or conversion rights or option or conversion obligations are issued for cash (in particular instruments structured as mezzanine or hybrid capital), the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights altogether if these instruments do not confer any voting rights or other membership rights in the company. It must be ensured that the issue price is not significantly lower than the theoretical market value calculated using actuarial methods.

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### cc) Option and conversion right

If bonds with warrants are issued, one or more warrants are attached to each partial bond, which entitle and/or oblige the holder to subscribe to no-par value registered shares in the company in accordance with the terms and conditions of the bond or warrant to be determined by the Executive Board. The subscription ratio is calculated by dividing the nominal amount of a partial bond by the fixed option price for a no-par value share in the company and can be rounded up or down to a whole number. Provision may be made for the option price to be set within a range to be determined depending on the development of the stock market price of the company's shares during the term of the bond with warrants or to be changed as a result of anti-dilution provisions. For warrant-linked bonds denominated in euros issued by the company, the bond or warrant conditions may stipulate that the option price can also be fulfilled by transferring partial bonds and, if applicable, an additional cash payment. If fractions of shares arise, it may be stipulated that these fractions can be added up to the subscription of whole shares in accordance with the terms and conditions of the bond or option, if necessary against an additional payment. The same applies if warrants are attached to a profit participation right or a participating bond.

If convertible bonds are issued, the holders receive the right and/or the obligation to convert their partial bonds into no-par value registered shares of the company or to purchase these in accordance with the terms and conditions of the bonds determined by the Executive Board. The conversion ratio is calculated by dividing the nominal amount or the issue amount of a partial bond that is below the nominal amount by the fixed conversion price for a no-par value share in the company and can be rounded up or down to a whole number. Provision may be made for the conversion ratio to be variable and/or the conversion price to be fixed within a range to be determined depending on the development of the stock market price of the company's shares during the term of the convertible bond or to be changed as a result of anti-dilution provisions. Furthermore, an additional payment to be made in cash and the consolidation or compensation for non-convertible fractions can be determined.

Section 9 para. 1 AktG in conjunction with Section 199 para. 2 AktG must be observed in each case.

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

In the event of the issue of bonds granting option or conversion rights, the option or conversion price to be determined for one no-par value share of the company must, with the exception of cases in which an option or conversion obligation or a right of substitution is provided for, be at least equal to the exercise price. conversion obligation or a substitution authorisation is provided for, amount to at least 80% of the average closing price (arithmetic mean) of the company's shares in electronic Xetra trading on the Frankfurt Stock Exchange or a comparable successor system ("**average Xetra closing price**") on the last ten trading days prior to the date of the resolution by the Executive Board on the issue of the bonds or - in the event that a subscription right is granted - amount to at least 80% of the average Xetra closing price of the company's shares during the subscription period, with the exception of the days of the subscription period, which are necessary to ensure that the option or conversion price

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in accordance with Section 186 para. 2 sentence 2 AktG can be announced in due time.

In the case of bonds with option or conversion rights or obligations, the option or conversion price can be adjusted to preserve value in the event of economic dilution of the value of the option or conversion rights or obligations, notwithstanding Section 9 para. 1 AktG and Section 199 para. 2 AktG, in accordance with the terms and conditions of the bonds, unless the adjustment is already regulated by law or subscription rights are granted as compensation, a corresponding amount is paid in cash or another adjustment mechanism is provided for. This can be done in particular by adjusting the option or conversion price accordingly. In any case, the proportionate amount of the share capital of the shares to be subscribed per partial bond may not exceed the nominal amount per partial bond or a lower issue price. The terms and conditions of the bonds may also provide for an adjustment of the option or conversion rights or option or conversion obligations in the event of extraordinary measures or events (such as extraordinary dividends, acquisition of control by third parties). In the event of a third party gaining control, an adjustment of the option or conversion price in line with market conditions may be provided for.

In the event of an option or conversion obligation or a right of substitution, the option or conversion price may, in accordance with the bond terms and conditions, be at least equal to either the aforementioned minimum price or the average Xetra closing price of the company's shares during a reference period of ten stock exchange trading days prior to the final maturity date or the other date specified for the maturity of the option or conversion obligation, even if this average price is below the aforementioned minimum price of 80 %.

The proportionate amount of the share capital of the no-par value shares of the company to be issued may not exceed the nominal amount of the partial debentures. Section 9 para. 1 AktG and Section 199 para. 2 AktG remain unaffected.

### ee) Granting of new or existing shares, cash payment

The bond conditions may provide for the right of the company not to grant new no-par value shares in the event of the exercise of the option or conversion, but to pay a cash amount corresponding to the average Xetra closing price of the company's shares during the ten trading days following the declaration of the exercise of the option or conversion for the number of shares otherwise to be delivered.

The bond conditions may also provide that, in the event of conversion or exercise of the option, the bonds may, at the discretion of the company or the Group company issuing the bond, be serviced with shares from authorised capital or with existing or to-be-acquired treasury shares of the company or with shares of another listed company instead of with new shares from conditional capital.

### ff) Authorisation to determine further details

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the issue and features of the

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bonds, in particular the interest rate, type of interest, issue amount, term and denomination, dilution protection and option or conversion period and a possible variability of the conversion ratio or to determine these in agreement with the executive bodies of the Group company of KPS AG issuing the option or convertible bond.

### c) Creation of conditional capital 2024 II

The share capital is conditionally increased by up to EUR 20,576,650.00 by issuing up to 20,576,650 no-par value registered shares (Conditional Capital 2024 II). The conditional capital increase will only be carried out to the extent that the holders of option or conversion rights or those obliged to exercise the option or conversion from bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments) issued by KPS AG or a Group company of KPS AG on the basis of the authorisation of the Executive Board by resolution of the Annual General Meeting of 10 May 2024 up to 9 May 2029 (inclusive) or guaranteed by the company exercise their option or conversion rights. or guaranteed by the company, make use of their option or conversion rights or, if they are obliged to exercise the option or conversion, fulfil their obligation to exercise the option or conversion or, if the company exercises an option right, to deliver shares in the company in whole or in part instead of payment of the cash amount due, unless a cash settlement is granted or treasury shares or shares from authorised capital or shares in another listed company are used to service them.

The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorisation resolution. The new shares participate in profits from the beginning of the financial year for which, at the time the new shares are issued, the Annual General Meeting has not yet passed a resolution on the appropriation of net profit.

The Executive Board of the company is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the scope of the capital increase from Conditional Capital 2024 II (also in the event of non-exercise after expiry of the authorisation period), as well as to make all other related amendments to the Articles of Association that only affect the wording.

### d) Amendment of the Articles of Association

Section 5 para. 6 of the Articles of Association is revised as follows:

*The share capital is conditionally increased by up to EUR 20,576,650.00 by issuing up to 20,576,650 no-par value registered shares (Conditional Capital 2024 II). The conditional capital increase will only be carried out to the extent that the holders of option or conversion rights or those obliged to exercise the option or conversion from bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments) issued by KPS AG or a Group company of KPS AG on the basis of the authorisation of the Executive Board by resolution of the Annual General Meeting on 10 May 2024 up to 9 May 2029 (inclusive) or guaranteed by the company exercise their option or conversion rights. or guaranteed by the company, make use of their option or conversion rights*

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*or, if they are obliged to exercise the option or conversion, fulfil their obligation to exercise the option or conversion or, if the company exercises an option right, to deliver shares in the company in whole or in part instead of payment of the cash amount due, unless a cash settlement is granted or treasury shares or shares from authorised capital or shares in another listed company are used to service them.*

*The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorisation resolution. The new shares participate in profits from the beginning of the financial year for which, at the time the new shares are issued, the Annual General Meeting has not yet passed a resolution on the appropriation of net profit.*

*The company's Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.*

*The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the scope of the capital increase from Conditional Capital 2024 II (also in the event that it is not exercised after the authorisation period has expired), as well as to make all other related amendments to the Articles of Association that only affect the wording."*

### **11. Resolution on the election of members of the Supervisory Board**

The terms of office of the Supervisory Board members Michael Tsifidaris, Uwe Grünewald and Hans-Werner Hartmann elected by the Annual General Meeting on 29 March 2019 will each end at the end of the Annual General Meeting on 10 May 2024. New elections to the Supervisory Board are therefore required.

The Supervisory Board of KPS AG is made up of three members in accordance with Article 96 para. 1, Article 101 para. 1 AktG and Article 9 para. 1 of the Articles of Association. In accordance with Article 9 para. 2 of the Articles of Association, Mr Michael Tsifidaris is entitled to delegate one member to the Supervisory Board. Mr Michael Tsifidaris is only entitled to appoint a member as long as he holds shares representing at least 5% of the company's share capital; this is currently the case. As long as Mr Michael Tsifidaris is entitled to a right of appointment, the Annual General Meeting only elects two members of the Supervisory Board. Mr Michael Tsifidaris has already announced that he will appoint himself for the term of office stipulated in the Articles of Association.

The Supervisory Board proposes that the following persons be elected as members of the Supervisory Board with effect from the end of the Annual General Meeting on 10 May 2024 until the end of the Annual General Meeting that resolves on the discharge for the second financial year after the start of the term of office, not counting the financial year in which the term of office begins:

- a) Hans-Werner Hartmann, resident in Grassau-Mietenkam  
Lawyer in own law firm, Grassau-Mietenkam
- b) Josef Richter, resident in Weinstadt  
Management consultant and former executive (Vice President) of the KPS Group

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All candidates and Mr Michael Tsifidaris have given an assurance that, if elected or appointed, they will be able to devote the expected amount of time required for the Supervisory Board mandate.

In the opinion of the Supervisory Board, Mr Hans-Werner Hartmann fulfils the requirements of a financial expert within the meaning of Section 100 para. 5 AktG due to his special knowledge in the field of auditing and accounting. In the opinion of the Supervisory Board, Mr Michael Tsifidaris fulfils the requirements of a financial expert within the meaning of Section 100 para. 5 AktG due to his special knowledge in the field of accounting.

It is intended that Mr Michael Tsifidaris will run for the position of Chairman of the Supervisory Board again if he is appointed.

With reference to Recommendation C.13 of the German Corporate Governance Code, the following is declared: Mr Hans-Werner Hartmann is currently a member of the Supervisory Board of KPS AG. Apart from the relationship described above, there are no significant personal or business relationships between the two candidates proposed for election and KPS AG, the Group companies, the executive bodies of the company or a significant shareholder in the company within the meaning of Recommendation C.13 of the German Corporate Governance Code.

It is intended to have the Annual General Meeting decide on the new elections to the Supervisory Board by way of an individual vote.

Section II. 6 of this invitation to the Annual General Meeting contains the CVs and memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies of commercial enterprises of the candidates proposed for election.

## **II**

### **Supplementary information and reports on the agenda**

#### **1. Remuneration report for the financial year 2022/2023 (agenda item 6)**

##### **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 2022/2023. The report was prepared by the Executive Board and Supervisory Board in accordance with the requirements of Article 162 AktG and complies with the recommendations and suggestions of the German Corporate Governance Code (*Deutscher Corporate Governance Codex; DCGK*) in the version dated 28 April 2022. 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 and recommendations of the DCGK with the exception of the deviations described in the 2024 Declaration of Conformity.

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

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### **II. Review of the 2022/2023 financial 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 approval, which approved the adjusted system for the remuneration of Executive Board members with 81.04%. The adjusted system for the remuneration of Supervisory Board members was also submitted to the 2020/2021 Annual General Meeting for approval, which approved it with 99.13 per cent. The Executive Board consists of only one member, Mr Leonardo Musso.

### **III. Remuneration of the Executive Board in the financial year 2022/2023**

#### **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 that is geared towards the sustainable success of the company as a whole makes a significant contribution to promoting the business strategy.
- The remuneration of the members of the Executive Board 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 the members of the Executive Board is commensurate with the range of tasks and performance of the Executive Board member. Variable remuneration components are made dependent on the achievement of ambitious targets and significant failures to meet targets lead to a noticeable reduction in remuneration.
- Multi-year assessment bases in combination with a bonus and malus system and annual caps for the variable bonus component promote long-term, earnings-orientated growth and avoid incentives to take disproportionate risks.
- The remuneration of the members of the Executive Board is in line with the market, both in terms of amount and structure, and takes into account the size, complexity and economic situation of the company.

#### **1.1. Procedure for establishing, implementing and reviewing the remuneration system**

The remuneration system is adopted by the Supervisory Board as the body responsible for Executive Board remuneration in accordance with the statutory requirements in Sections 87 para. 1 and 87a para. 1 AktG and submitted to the Annual General Meeting for approval in accordance with Section 120a AktG. If the Annual General Meeting does not approve the remuneration system, a remuneration system reviewed by the Supervisory Board will be submitted to it for approval at the following Annual 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 in accordance with Section 161 AktG.

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



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The appropriateness of the remuneration components is reviewed by the Supervisory Board at regular intervals. The Supervisory Board also compares the Executive Board remuneration as part of a vertical (internal) comparison with the remuneration structure of the upper management circle of the KPS Group below Executive Board level. For a horizontal peer group comparison, the Supervisory Board draws on a suitable comparison group of companies whose market position is decisive in comparison with KPS AG. The focus here is on companies that are comparable with KPS AG in terms of market capitalisation, sales and sector. The Supervisory Board also takes into account whether and to what extent a member of the Executive Board holds an interest in the company. In the event of a significant shareholding, this can result in the remuneration of the Executive Board member concerned being below the standard market remuneration with his agreement and in the interests of the company and its shareholders.

If necessary, the Supervisory Board can call in external remuneration experts to assess appropriateness (in particular vertical and horizontal appropriateness). If the Supervisory Board makes use of this option, it shall ensure the independence of the remuneration experts engaged.

In the event of significant changes to the remuneration system, but at least every four years, the remuneration system is submitted to the Annual General Meeting for approval. The Annual General Meeting can pass a confirmatory 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 will inform the Supervisory Board accordingly. A conflict of interest may result in the Supervisory Board member concerned abstaining from voting on a resolution or, in the event of a serious conflict of interest, not taking part in the deliberations. 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 the remuneration of the Executive Board and the remuneration system. No conflicts of interest arose in the financial year 2022/2023.

### **1.4. Remuneration systems applied in the financial year 2022/2023**

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 Section 120a para. 1 AktG and approved by 81.04% (hereinafter referred to as the 2020/2021 remuneration system). The 2020/2021 remuneration system therefore applies to all new or extended Executive Board service contracts to be concluded from 1 October 2021. Due to the extension of Mr Leonardo Musso's appointment as an Executive Board member for the term of office from 1 January 2022 to 31 December 2026, the 2020/2021 remuneration system applies to him.

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

### **2.1. Target remuneration and structure**

The remuneration system for the members of the Executive Board 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 comprises the

## (voluntary and non-binding convenience translation)

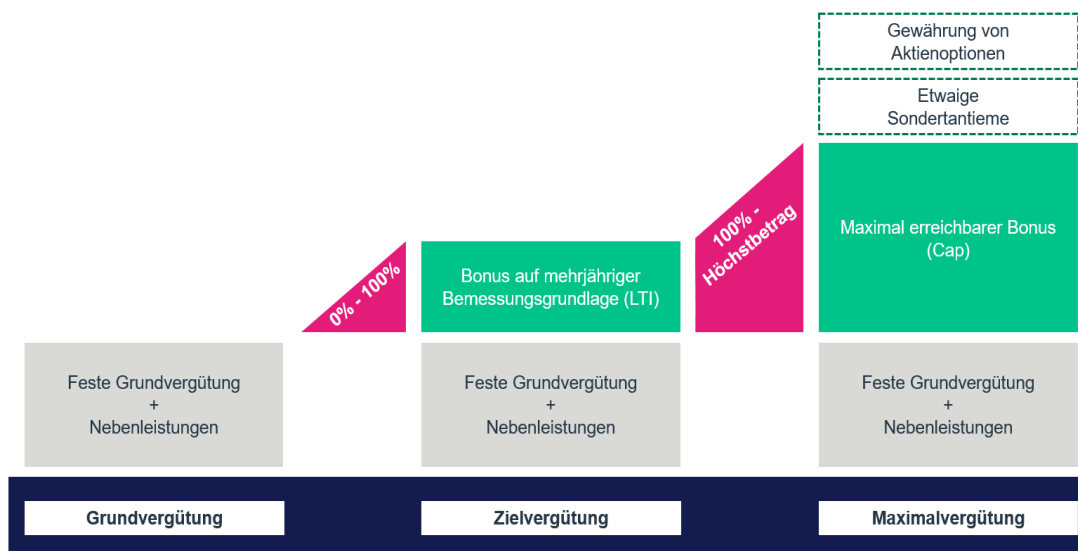
bonus, performance-related special bonuses and share options. No use was made of the option to issue share options in the financial year 2022/2023.

The sum of the basic remuneration, contractual fringe benefits and the target bonus amount equals the target remuneration.

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

The performance-related bonus based on the performance parameters promotes sustainable growth of the KPS Group and strategic and operational management decisions geared to the success of the company as a whole due to the multi-year assessment basis, clarity of calculation based on objective circumstances and the largely profit-oriented structure geared to the company as a whole. 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 (only in German language)



## 2.2. Maximum remuneration

The annual allocation of basic remuneration, variable remuneration components, pension expenses and fringe benefits is limited to a total amount of € 900,000 gross for the Chairman of the Executive Board / sole member of the Executive Board and to a total amount of € 650,000 gross for each other member of the Executive Board (total cap). The maximum remuneration was not reached in the 2022/2023 financial year; please refer to the overview of benefits granted in the section "Individualised disclosure of Executive Board remuneration".

## **(voluntary and non-binding convenience translation)**

In the interests of the shareholders, the Executive Board will thus continue to be offered competitive incentives for outstanding performance and long-term, 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. When determining the amount of basic remuneration, 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 the provision of an appropriate company car for business and private use. Furthermore, the members of the Executive Board receive reimbursement of the usual employer contributions to statutory pension insurance and full statutory contributions to health and long-term care insurance in the case of assumed employment as an employee. Furthermore, the members of the Executive Board receive insurance cover in various areas, in particular in the form of accident insurance and directors' and officers' 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 members of the Executive Board. The performance-related remuneration consists of a bonus, performance-related special bonuses and a share option programme. In order to ensure the sustainable and long-term development of KPS and to align the interests of the Executive Board and 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 evaluating various target criteria over three years. Performance-related special bonuses are paid in the event of exceptional performance by the Executive Board member for the past financial year. The issue of options as part of the share option programme serves as a targeted incentive and at the same time is intended to achieve a loyalty 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 on the basis of the targets achieved up to that point and the estimated 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 instalment payment on the expected bonus for a base year, the amount of which is generally based on the balance of the bonus and malus amounts achieved up to that point.

## **(voluntary and non-binding convenience translation)**

The Supervisory Board is authorised to adjust the amount of the interim payment at its reasonable discretion. The interim payment is due for payment with the next salary instalment after submission of the audited annual and consolidated financial statements to the Supervisory Board. Once the final bonus has been determined, the Executive Board member is obliged to immediately repay to the company any difference between the instalments on a prospective bonus and the final bonus determined. There were no reasons for a clawback or reduction in the financial year 2022/2023.

### **Description of the objectives:**

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

A realised consolidated EBIT in the amount of the target EBIT (and up to 105% of the target EBIT) for the respective financial year of the assessment period means 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 financial year of the assessment period means that 90% of the target has been achieved.

A realised Group EBIT of more than 90% but less than 95% of the target EBIT means that 80% of the target has been achieved.

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

### **Determination of individual targets and evaluation by the Supervisory Board**

The Supervisory Board sets the targets 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 ranges or deviation ranges of financial and, if applicable, non-financial performance criteria are set, which are offset by bonus and malus amounts for each year of the assessment period, depending on the respective target achievement. The targets are determined in each initial financial year for each year of an assessment period, although these targets for the bonus of the initial year remain unaffected by the separate determination of the targets for future assessment periods.

The performance parameters are to be predominantly earnings-oriented. For the past financial year 2022/2023, the performance parameter relevant to the bonus for the sole member of the Executive Board Mr Leonardo Musso is the earnings before interest and taxes (EBIT) reported in the consolidated financial statements of KPS AG for the respective financial year. Group EBIT is of outstanding importance as a key financial figure for corporate management of the KPS Group. A significant increase in earnings over a multi-year assessment period is a key prerequisite for the KPS Group as a consulting company for sustainable corporate growth and implementation of the business strategy. The Supervisory Board can use alternative or additional key earnings figures (EBT, EBITDA) and additional financial performance parameters (level 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, exceptional circumstances and/or non-

## **(voluntary and non-binding convenience translation)**

operational effects. If the Supervisory Board deems it appropriate to promote the business strategy and the long-term development of the company, it may also base the bonus calculation on non-financial performance parameters in the form of management and personnel targets, project and process targets and ESG (environmental social governance) targets, as long as the performance parameters are predominantly earnings-oriented in their weighting.

### **Target achievement bonus in the financial year 2022/2023**

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

Group EBIT amounted to EUR 3.6 million in the financial year 2022/2023, which means a target achievement of 17 per cent in the third year of the 2020/2021 - 2022/2023 assessment period.

The target achievement for the second year of the 2021/2022 - 2023/2024 assessment period is 23 per cent.

The target achievement for the base year of the assessment period 2022/2023 - 2024/2025 is 19 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 resign from office at the time of termination. If the special right of termination is exercised, the Executive Board member may be entitled to a severance payment of 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 set for the year in which the contract is terminated. For the purpose of calculating the bonus in this case, 100 per cent target achievement can generally be assumed for the initial year and based exclusively on this initial year. However, any compensation for waiting time will 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. Accordingly, the respective member of the Executive Board is contractually prohibited from working for a competitor company or exercising a competitive activity 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 compensation 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 Executive Board member, such as transitional allowances and severance payments, are to be offset against the compensation.

## (voluntary and non-binding convenience translation)

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

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

### 5. Further contractual regulations

#### 5.1. Loans to members of the Executive Board

The company did not grant any advances or loans to members of the Executive Board in the financial year 2022/2023. 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 financial year 2022/2023.

### 6. Individual disclosure of the remuneration of the Executive Board

The following tables contain the monetary information on the components of Executive Board remuneration for the financial years 2022/2023 and 2021/2022 presented on the previous pages. The disclosures in accordance with Section 314 HGB are shown in the "Allocation" tables.

The individualised disclosure of the remuneration amounts is based on the model tables "Benefits granted" and "Inflow" in the version of the DCGK dated 7 February 2017 in order to ensure a transparent presentation of the respective benefits and inflows for the financial years 2022/2023 and 2021/2022.

Overview of grants awarded

	I	II	III	IV	V	VI	
<i>a</i>	Leonardo Musso						
<i>b</i>	Executive Board KPS AG						
<i>c</i>	Admission: 01.11.2008						
<i>d</i>	2021 in EUR	2021 in %	2022 in EUR	n in %	2023 in EUR	n in %	
1	Basic salary	300,000	52.0%	300.000	39.9%	300,000	46.4%
2	Fringe benefits	60,984	10.6%	62.328	8.3%	60,984	9.4%
<b>4</b>	<b>Total</b>	<b>360,984</b>	<b>62.6%</b>	<b>362.328</b>	<b>53.3%</b>	<b>360,984</b>	<b>62.6%</b>
4	One-year variable remuneration	0	0.0%	210.00	27.9%	144,000	44.1%
5	Multi-year variable remuneration	0	0.0%	0	0.0%	0	0.0%
5a	Plan 2020/2021, term until 30/09/2023	216,000	37.4%	-216.000	-19.1%	0	-11.1%
5b	Plan 2021/2022, term until 30/09/2024	0	0.0%	324.000	43.1%	-144,000	-22.3%
5c	Plan 2022/2023, term until 30/09/2025	0	0.0%	0	0.0%	216,000	33.4%

**(voluntary and non-binding convenience translation)**

<b>6</b>	<b>Total</b>	<b>216,000</b>	<b>37.4%</b>	<b>318.000</b>	<b>46.7%</b>	<b>216,000</b>	<b>37.4%</b>
7	Supply costs	0	0.0%	0	0.0%	0	0.0%
<b>8</b>	<b>Total remuneration</b>	<b>576,984</b>	<b>100.0%</b>	<b>680.328</b>	<b>100.0%</b>	<b>576,984</b>	<b>100.0 %</b>

Overview of the tributaries

		I	II	III	IV	V	VI
a		Leonardo Musso					
b	<b>Inflows</b>	Executive Board KPS AG					
c		Admission: 01.11.2008					
d		2021 in EUR	2021 in %	2022 in EUR	n in %	2023 in EUR	n in %
1	Basic salary	300,000	83.1%	300,000	61.4%	300,000	39.0%
2	Fringe benefits	60,984	16.9%	62,328	12.8%	60,984	7.9%
<b>4</b>	<b>Total</b>	<b>360,984</b>	<b>100.0%</b>	<b>362,328</b>	<b>74.2%</b>	<b>360,984</b>	<b>46.9%</b>
4	One-year variable remuneration	0	0.0%	0	0.0%	210,000	27.3%
5	Multi-year variable remuneration	0	0.0%	0	0.0%	0	0.0%
5a	Plan 2020/2021, term until 30/09/2023	0	0.0%	126,000	25.8%	-126,000	-16.4%
5b	Plan 2021/2022, term until 30/09/2024	0	0.0%	0	0.0%	324,000	42.1%
5c	Plan 2022/2023, term until 30/09/2025	0	0.0%	0	0.0%	0	0.0%
<b>6</b>	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>126,000</b>	<b>25.8%</b>	<b>408,000</b>	<b>53.1%</b>
7	Supply costs	0	0.0%	0	0.0%	0	0.0%
<b>8</b>	<b>Total remuneration</b>	<b>360,984</b>	<b>100.0%</b>	<b>488,328</b>	<b>100.0%</b>	<b>768,984</b>	<b>100.0 %</b>

*Explanations:*

- a) *Name of the member of the Executive Board*
- b) *Function of the Executive Board member, e.g. Chairman of the Executive Board, Chief Financial Officer*
- c) *Date on which the member of the Executive Board joined/left the company, if n (reporting year) or n-1*
- d) *Financial year under review n (reporting year) or n-1*
  - I. *Grants awarded in the previous financial year n-1 in EUR*
  - II. *Benefits granted in the previous financial year as a % of total remuneration*
  - III. *Benefits granted in the current financial year (reporting year) in EUR*
  - IV. *Benefits granted in the current financial year as % of total remuneration*
  - V. *Achievable minimum value of the respective remuneration component granted in financial year n (reporting year), e.g. zero*
  - VI. *Maximum achievable value of the respective remuneration component granted in financial year n (reporting year)*

## **(voluntary and non-binding convenience translation)**

1. *Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to amounts in the "Inflow" table); 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 "Inflow" table); values in columns II, III and IV are identical*
3. *Total fixed remuneration components (1 + 2) (amounts correspond to amounts in the "Allocation" table); 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, not taking into account deferrable portions (deferral)*
5. *Multi-year variable remuneration (sum of lines 5a-...), e.g. multi-year bonus, deferrals 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. *Total fixed and variable remuneration components (1 + 2 + 4 + 5)*
7. *Service cost in accordance with IAS 19 from commitments for pensions and other post-employment benefits (amounts correspond to amounts in the "Inflows" table); 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 financial year 2022/2023**

#### **1. Remuneration system of the Supervisory Board**

The partially adjusted remuneration system for the Supervisory Board of KPS AG was submitted to the Annual General Meeting on 21 May 2021 for resolution in accordance with Section 113 para. 3 AktG and approved by 99.13 percent. The amended remuneration system for the Supervisory Board came into force retroactively to October 2020. The previous Supervisory Board remuneration system was in place until 30 September 2020.

Supervisory Board remuneration is structured as purely fixed remuneration plus an attendance fee. This corresponds to suggestion G.18 on Principle 24 on page 17 of the DCGK in its version dated 28 April 2022. The purely fixed remuneration of the Supervisory Board strengthens its independence and represents a balance to the remuneration of the Executive Board, which is partly variable and aligned with the growth strategy of KPS AG. It thereby 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 fixed annual remuneration. The fixed remuneration per financial year is EUR 15,000.00. In accordance with suggestion G.17 on Principle 24 on page 17 of the DCGK in its version dated 28 April 2022, the remuneration for the Chairman of the Supervisory Board is EUR 25,000.00 per 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 an attendance fee for each meeting of the Supervisory Board that they attend. The attendance fee amounts to EUR



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600.00. The company also reimburses the value added tax payable on the Supervisory Board member's remuneration (Section 12 para. 3 of the Articles of Association).

Supervisory Board members who have only belonged to the Supervisory Board for part of the financial year receive pro rata remuneration (Section 12 para. 2 of the Articles of Association). The entitlement to payment of the fixed remuneration and the attendance fee is due on the day after the Annual General Meeting that decides on the discharge of the Supervisory Board for the relevant financial year (Section 12 para. 1 sentence 2 of the Articles of Association).

Due to the special nature of the remuneration of the Supervisory Board, which is granted for this specific activity and which differs fundamentally from the activities of the employees of the company and the Group, a so-called vertical comparison with the remuneration of employees cannot be considered. Within the statutory limits, the company is free to decide whether and under what conditions members of the Supervisory Board are employed as employees in the KPS Group.

The level of remuneration of the members of the Supervisory Board at KPS AG is determined by the Annual General Meeting on the basis of Article 12 para. 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 amount of time spent by the Supervisory Board members is decisive. If the Executive Board and 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 Supervisory Board members for the financial year 2022/2023

Overview of Supervisory Board remuneration:

Name	Position	AR activity	AR activity	AR activity	Remuneration	Remuneration	Remuneration
		2020/2021	2021/2022	2022/2023	2020/2021	2021/2022	2022/2023
					EUR	EUR	EUR
Michael Tsifidaris	Chairman Supervisory Board Supervisory Board	All year round	All year round	All year round	29,200	29,200	29,200
Uwe Grünewald		All year round	All year round	All year round	19,200	19,200	19,200
Hans-Werner Hartmann		All year round	All year round	All year round	19,200	19,200	19,200
<b>Total</b>					<b>67,600</b>	<b>67,600</b>	<b>67,600</b>

The remuneration for Supervisory Board activities is made up of the remuneration plus a meeting allowance of EUR 600 per Supervisory Board meeting.

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

**(voluntary and non-binding convenience translation)**

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

Vertical comparison	2020/2021 TEUR	2021/2022 TEUR	2022/2023 TEUR	Change in 2021/2022 %	Change in 2022/2023 %
<b>Executive Board</b>					
Leonardo Musso	361	488	769	35%	57%
<b>Supervisory Board (1)</b>					
Michael Tsifidaris	29	29	29	0%	0%
Uwe Grünewald	19	19	19	0%	0%
Dr Werner Hartmann	19	19	19	0%	0%
average	23	23	23	0%	0%
<b>Employees</b>					
Total workforce	123	124	123	1%	-1%
<b>Earnings development</b>					
Consolidated net income for the year	8,727	9,550	1,536	9%	-84%

(1) These are details of the inflows granted

(2) The Supervisory Board members Michael Tsifidaris and Uwe Grünewald are employed by KPS Transformation GmbH; however, only the Supervisory Board remuneration is listed for the vertical comparison

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

**Declaration on corporate governance**

KPS AG attaches great importance to the principles of responsible corporate management and control (Corporate Governance). This declaration reports on the corporate governance of KPS AG in accordance with the German Corporate Governance Code (*Deutscher Corporate Governance Codex, DCGK*). It also complies with the Group Declaration on Corporate Governance required by Sections 289f and 315d HGB.

## **(voluntary and non-binding convenience translation)**

### **Declaration of compliance in accordance with Section 161 AktG**

The declaration of compliance published in January 2024 in accordance with Section 161 AktG refers to the version of the German Corporate Governance Code dated 28 April 2022, which was published in the Federal Gazette on 29 June 2022.

Unterföhring, 6 March 2024

*Signature*  
Leonardo Musso  
(Executive Board)

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

*Signature*  
Uwe Grünewald  
(Supervisory Board)

*Signature*  
Hans-Werner Hartmann  
(Supervisory Board)

### **REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 PARA. 3 AKTG**

To KPS AG, Munich

#### **Audit judgement**

We have formally audited the remuneration report of KPS AG for the financial year from 1 October 2022 to 30 September 2023 to determine whether the disclosures pursuant to Section 162 para. 1 and para. 2 AktG have been made in the remuneration report. In accordance with Section 162 para. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report includes, in all material respects, the disclosures required by Section 162 para. 1 and 2 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 para. 3 AktG and the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 para. 3 AktG (IDW PS 870 (08.2021)). Our responsibilities under this requirement and this standard are further described in the "Auditor's Responsibilities" section of our report. As an audit firm, we have audited the requirements of the IDW Quality Management Standard: Requirements for Quality Management in the Auditing Practice (IDW QMS 1) applied. We have complied with the professional requirements of the German Public Auditors' Code and the Professional Code for German Public Auditors / Chartered Accountants, including the independence requirements.

#### **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, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they determine

## **(voluntary and non-binding convenience translation)**

is necessary to enable the preparation of a remuneration report 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 remuneration report includes, in all material respects, the disclosures required by section 162 para. 1 and 2 AktG and to issue an auditor's report thereon.

We planned and performed our audit such that we can determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 para. 1 and 2 AktG. In accordance with Section 162 para. 3 AktG, we have not audited the content 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, our responsibility is to read the remuneration report in the light of our knowledge obtained in the audit and, in doing so, to consider whether the remuneration report includes misrepresentations with regard to the accuracy of the content of the information, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misrepresentation exists, we are required to report that fact. We have nothing to report in this context.

### **Limitation of liability**

For the performance of the engagement and our responsibility and liability, including in relation to third parties, the "General Engagement Terms for German Public Auditors and Public Audit Firms" (*Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*) in the version dated 1 January 2017 issued by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*) apply.

Munich, 6 March 2024

Baker Tilly GmbH & Co KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

*Signature*  
Weissinger  
Auditor

*Signature*  
Hars  
Auditor

## **2. Written report of the Executive Board on agenda item 7**

The Executive Board submits the following report on agenda item 7 on the exclusion of subscription rights in accordance with Section 71 para. 1 no. 8 in conjunction with Section 186 para. 4 sentence 2 AktG:

## (voluntary and non-binding convenience translation)

Agenda item 7 contains the proposal to authorise the Executive Board to acquire treasury shares of up to 10% of the share capital itself or via dependent companies or companies majority-owned by the company or via third parties acting on its or their behalf. The authorisation is to apply up to and including 9 May 2029 and thus utilise the legally possible framework of five years in accordance with Section 71 para. 1 no. 8 AktG. The authorisation granted by the Annual General Meeting on 21 May 2021 under agenda item 8 will be cancelled when the new authorisation takes effect.

### a) Authorisation to acquire treasury shares

Section 71 para. 1 no. 8 AktG allows for other forms of acquisition and sale in addition to acquisition and sale via the stock exchange. The proposed resolution stipulates that the shares may also be acquired by means of a public purchase offer addressed to all shareholders or a public invitation to submit offers to sell (collectively "**public purchase offer**"). Section 71 para. 1 no. 8 sentence 4 AktG clarifies that the acquisition via the stock exchange fulfils the principle of equal treatment. Discrimination against shareholders is also excluded in the case of a public purchase offer due to the application of the principle of equal treatment under stock corporation law in accordance with Section 53a AktG.

In the case of a public purchase offer, the number of shares offered by the shareholders may exceed the number of shares intended for purchase by the company or requested by the company. In this case, an allocation must be made in proportion to the number of shares tendered rather than in proportion to the number of shares held. This serves to simplify the allocation procedure. It should be possible to provide for preferential acceptance of smaller offers or smaller parts of offers up to a maximum of 100 shares. This option serves to avoid fractional amounts when determining the quotas to be acquired and smaller residual holdings, thereby facilitating the technical processing of the share buyback. This also avoids any de facto impairment of small shareholders. Finally, it should be possible to provide for rounding in accordance with commercial principles to avoid fractions of shares. In this respect, the acquisition ratio and the number of shares to be acquired by individual tendering shareholders can be rounded to the extent necessary to represent the acquisition of whole shares for settlement purposes. The Executive Board considers the exclusion of any further tender rights of shareholders to be objectively justified and reasonable vis-à-vis the shareholders.

### b) Authorisation to use treasury shares acquired by the company

The acquired treasury shares may be used for all legally permissible purposes, in particular for the following:

Section 71 para. 1 no. 8 sentence 4 AktG permits the treasury shares acquired on the basis of this or an earlier authorisation to be sold via the stock exchange. If the Executive Board sells treasury shares via the stock exchange, it is formally necessary to exclude any direct subscription rights of shareholders vis-à-vis the company. However, shareholders are not unreasonably disadvantaged by this. According to the statutory provisions, the sale of treasury shares via the stock exchange - as well as their acquisition via the stock exchange - fulfils the principle of equal treatment set out in Section 53a AktG.

In addition, the Annual General Meeting should authorise the Executive Board to sell the treasury shares acquired on the basis of this or an earlier authorisation by means of an offer to all shareholders or in another manner. In accordance with the statutory provisions, this also fulfils the principle of equal treatment set out in Section 53a AktG.

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The company should also be able to sell the treasury shares acquired on the basis of this or an earlier authorisation under the conditions of Section 186 para. 3 sentence 4 AktG, excluding subscription rights, other than via the stock exchange or by means of an offer to shareholders in return for cash payment. In particular, this is intended to enable the company to issue shares in the company at short notice. The proposed authorisation serves to ensure that the company has a permanent and appropriate equity base. It makes it possible, for example, to sell treasury shares to institutional investors or to tap into new groups of investors. The prerequisite is that the shares are sold for cash at a price that is not significantly lower than the stock market price of the company's shares at the time of the sale. The sale price for the treasury shares will be finalised shortly before the sale. The Executive Board will minimise any discount on the market price as far as possible. Under no circumstances may the discount exceed 5% of the share price at the time the authorisation is exercised. The proportionate amount of the share capital attributable to the shares to be sold may not exceed a total of 20% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Shares issued during the term of this authorisation from authorised capital with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG are to be counted towards this limit. Furthermore, shares to be issued to service bonds (including profit participation rights) with conversion and/or option rights or a conversion and/or option obligation are to be counted towards this limit, provided that the bonds or profit participation rights are issued during the term of this authorisation with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG. By limiting the number of shares to be sold and the obligation to set the selling price of the shares close to the market price, shareholders are adequately protected against a dilution of the value of their shares. At the same time, it is ensured that the consideration to be realised by the company is appropriate.

It should also be possible to offer treasury shares to third parties in return for contributions in kind, in particular as part of business combinations or for the purpose of (also indirect) acquisitions of companies, parts of companies, investments in other companies or other assets or claims to the acquisition of assets or as part of the realisation of a dividend in kind/elective dividend. This enables the company to strengthen its competitiveness and increase its earning power and enterprise value. It is clear that such projects regularly involve larger units. In many cases, very high consideration must be paid. They should or often cannot be paid in full or in part in cash - also from the point of view of an optimised financing structure. In addition, the sellers often insist on acquiring shares as consideration, as this can be more favourable for them and the sellers can also indirectly participate in the opportunities and risks of the units sold in this way. The option of using treasury shares as an acquisition currency gives the company the necessary scope to utilise such acquisition opportunities quickly, flexibly and in a way that protects liquidity, and enables it to acquire larger units in return for shares. It should also be possible to acquire individual assets in return for shares, either in whole or in part. The ability to offer treasury shares as consideration creates an advantage in the competition for interesting acquisition targets. By offering treasury shares to shareholders with the exclusion of subscription rights, a dividend in kind/elective dividend can also be realised, in which the shareholders' claims to payment of a dividend in cash are contributed as a non-cash contribution in exchange for the issue of treasury shares (so-called scrip dividend), thereby preserving liquidity. When determining the valuation ratios, the Executive Board will always ensure that the interests of the shareholders are adequately safeguarded. In doing so, the Executive Board will take into account the market price of the company's shares.

The company should also have the option of servicing share option rights issued by the company to its Executive Board and its managers as well as to the

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management and managers of its Group companies on the basis of the 2024 share option programme proposed for resolution at the Annual General Meeting on 10 May 2024 (see agenda item 9) with treasury shares in the company. The authorisation to use treasury shares in addition to Conditional Capital 2024 I to service the share option rights increases the company's flexibility. With regard to the structure and conditions of the 2024 share option programme, please refer to the proposed resolution under agenda item 9.

The company should also have the option of using treasury shares to fulfil conversion or option rights granted by the company or a Group company when issuing bonds (including profit participation rights) in the future, or to fulfil conversion or option obligations arising from bonds (or profit participation rights) issued by the company or a Group company in the future. If such instruments are issued in the future on the basis of the authorisation proposed under agenda item 10 or another authorisation, it may be appropriate to service the rights to subscribe to shares arising from such instruments not by means of a capital increase, but in whole or in part with treasury shares. The rights of the shareholders are adequately safeguarded, as the shareholders generally have a subscription right to such instruments and their exclusion is only permitted under special conditions.

The authorisation stipulates that acquired treasury shares can also be redeemed. It should be possible to redeem shares in such a way that the company's share capital is reduced upon redemption or, in accordance with Section 237 para. 3 no. 3 AktG, without such a capital reduction by simply redeeming the shares and simultaneously increasing the proportionate amount of the share capital attributable to the remaining shares (amortisation). The rights of the shareholders are not affected in either of the two aforementioned cases.

The shares may also be used in connection with share-based remuneration or employee share programmes of the company or companies dependent on it or majority-owned by it and may be issued to persons who are or were in an employment relationship with the company or a company dependent on it or majority-owned by it. Share-based remuneration components have long been a proven remuneration element for managers and other employees of listed companies. Employee participation is also desired by the legislator and is therefore facilitated in several ways. In 2021, KPS AG expanded the long-term bonus plan for certain employees (*Long Term Incentive Plan*) in the KPS Group to include a share-based element. The bonus, which in a first assessment stage is generally based on Group earnings, is converted into virtual shares of the company (phantom shares), the market value of which is converted or recalculated after a certain waiting period in a second assessment stage into a final entitlement to a cash payment, which can also be fulfilled in whole or in part in shares of the company at the discretion of the company. Issuing shares to employees can be in the interests of the company and its shareholders, as this can encourage employees to identify with the company, thereby increasing the value of the company and promoting the assumption of shared responsibility. In addition, the early acquisition of treasury shares can secure an increase in the share price and an associated increase in the value of bonus entitlements over the waiting period. In order to be able to offer employees treasury shares for purchase, shareholders' subscription rights to these shares must be excluded. The treasury shares can be granted to employees for the above purpose in return for a subsidised consideration or without consideration. With the approval of the Supervisory Board, the Executive Board will only make use of this option to an appropriate extent and after careful consideration in order to protect shareholders from excessive economic dilution of their shareholding.

In all of the above cases (except in the case of cancellation and in the case of a public offer to all shareholders (with the exception of fractional amounts)),

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shareholders' subscription rights to these shares must be excluded so that they can be used as described. After weighing up all the circumstances, the Executive Board considers the exclusion of subscription rights in the aforementioned cases to be suitable, necessary, objectively justified and appropriate for the reasons outlined.

The Executive Board will examine in each individual case whether treasury shares in the company should be used for the aforementioned measures. In making its decision, it will be guided by the interests of the shareholders and the company and carefully weigh up whether it should make use of the authorisation. Only in this case will the measure be taken and the subscription right excluded.

The Executive Board will report on the decision to utilise the buyback authorisation and the details of the acquisition at the next Annual General Meeting in accordance with Section 71 para. 3 AktG.

### **3. Written report of the Executive Board on agenda item 8**

The Executive Board submits the following report on agenda item 8 on the exclusion of subscription rights pursuant to Section 203 para. 2 sentence 2 AktG in conjunction with Section 186 para. 4 sentence 2 AktG:

According to agenda item 8, the Executive Board is to be authorised to increase the company's share capital by a nominal amount of up to EUR 20,576,650.00 by issuing up to 20,576,650 new registered shares against cash and/or non-cash contributions (authorised capital 2024) in the period up to and including 9 May 2029 with the approval of the Supervisory Board.

When utilising the authorised capital 2024, shareholders generally have subscription rights. However, this subscription right can be excluded in certain cases.

#### **a) Exclusion of subscription rights for fractional amounts**

The Executive Board should be able to exclude subscription rights for fractional amounts with the approval of the Supervisory Board. This is intended to facilitate the handling of an issue with fundamental subscription rights for shareholders. Such fractional amounts may result from the respective issue volume and the presentation of a practicable subscription ratio. Their value per shareholder is generally low, while the cost of the issue without such an exclusion is significantly higher. The exclusion therefore serves the purpose of practicability and the easier realisation of an issue. The new shares excluded from shareholders' subscription rights as fractional amounts are utilised in the best possible way for the company.

#### **b) Exclusion of subscription rights for cash capital increases of up to 20%**

Subscription rights may also be excluded for cash capital increases of up to 20% of the share capital existing at the time the authorisation takes effect or is exercised if the new shares are issued at an amount that is not significantly lower than the market price in accordance with Section 186 para. 3 sentence 4 AktG (simplified exclusion of subscription rights). Shares that are issued or sold during the term of the authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG are to be counted towards the 20% limit. Furthermore, shares issued to service bonds (including profit participation rights) with conversion and/or option rights or a conversion and/or option obligation are to be counted towards this limit, provided that the bonds or



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profit participation rights are issued during the term of this authorisation with the exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 AktG.

This authorisation enables the Executive Board to take advantage of market opportunities quickly and flexibly and, if necessary, to cover any capital requirements arising at very short notice without the need for a subscription offer lasting at least 14 days. The new shares are placed at a price close to the market price, which is generally associated with a lower discount than in the case of rights issues. In addition, the targeted acquisition of new shareholder groups can be achieved with such a placement. The simplified exclusion of subscription rights is the standard legal case in which shareholders' subscription rights can be excluded.

The limitation to 20% of the share capital existing at the time the authorisation becomes effective or is exercised, taking into account further cases of indirect or corresponding application of Section 186 para. 3 sentence 4 AktG, takes into account the shareholders' need for protection with regard to a proportionate dilution of their shareholdings. Shareholders who wish to maintain their shareholding quota can prevent the reduction of their shareholding quota by purchasing shares on the stock exchange. In the case of the simplified exclusion of subscription rights, it is mandatory that the issue price of the new shares is not significantly lower than the market price. This takes appropriate account of the shareholders' need for protection with regard to a dilution of the value of their shareholding. In accordance with the legal assessment of Section 186 para. 3 sentence 4 AktG and after weighing up the circumstances described above, the exclusion of subscription rights within the limits described protects the interests of shareholders to an appropriate extent and is in the interests of the company, particularly with regard to securing the necessary room for manoeuvre.

### c) Exclusion of subscription rights for capital increases against contributions in kind

It should also be possible to exclude subscription rights in the case of capital increases against contributions in kind. The company should continue to be able to acquire companies, parts of companies, equity interests or assets associated with such a project, as well as other assets or claims, in order to strengthen its competitiveness and increase its earning power and enterprise value. It is clear that such projects regularly involve larger units. In many cases, very high consideration must be paid. They should or often cannot be paid in full or in part in cash - also from the point of view of an optimised financing structure. In addition, the sellers often insist on acquiring shares as consideration, as this can be more favourable for them and the sellers can also indirectly participate in the opportunities and risks of the units sold in this way. The option of using treasury shares as an acquisition currency gives the company the necessary scope to utilise such acquisition opportunities quickly, flexibly and in a way that protects liquidity, and enables it to acquire larger units in return for shares. It should also be possible to acquire individual assets in return for shares, either in whole or in part. In all cases, it must be possible to exclude shareholders' subscription rights. As such an acquisition usually has to take place at short notice, it cannot be resolved by the Annual General Meeting, which only takes place once a year, for practical reasons. Authorised capital is required, which the Executive Board - with the approval of the Supervisory Board - can access quickly. By using the authorised capital with the exclusion of subscription rights, a dividend in kind/elective dividend can also be implemented, in which the shareholders' claims to payment of a dividend in cash are contributed as a non-cash contribution in exchange for the issue of new shares (so-called scrip dividend), thereby preserving liquidity. The company does not suffer any disadvantage in the cases described, as the issue of shares in return for a contribution in kind always requires that the value of the contribution in kind is in

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reasonable proportion to the value of the shares to be issued. When exercising the authorisation, the Executive Board will carefully examine the valuation ratio and ensure that the interests of the company and its shareholders are adequately safeguarded and that an appropriate issue price is achieved for the new shares.

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

It should also be possible to exclude subscription rights in the case of cash capital increases if it is necessary to grant holders of bonds or profit participation rights with conversion and/or option rights or conversion and/or option obligations issued by the company or by Group companies in which the company holds a direct or indirect majority interest on the basis of a separate authorisation resolved by the Annual General Meeting a subscription right to new shares in the company to the extent to which they are entitled after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a substitution right. The company is authorised to grant subscription rights to new shares in the company to the extent to which they would be entitled after exercising the option or conversion right or fulfilling the option or conversion obligation or after exercising a right of substitution of the company as a shareholder. Bonds or profit participation rights with conversion and/or option rights or conversion and/or option obligations regularly provide for dilution protection in their issue conditions, which grants the holders or creditors a subscription right to new shares in the event of subsequent share issues and certain other measures. This puts them in the same position as if they were already shareholders. In order to provide these financial instruments with such dilution protection, shareholders' subscription rights to these shares must be excluded. This serves to facilitate the placement of the financial instruments and thus the interests of the shareholders in an optimised financing structure for the company. In addition, the exclusion of subscription rights in favour of the holders or creditors of these financial instruments has the advantage that, if the authorisation is exercised, the option or conversion price for the holders or creditors of existing financial instruments does not have to be reduced in accordance with the respective terms and conditions of the bonds. This enables a higher inflow of funds and is therefore in the interests of the company and its shareholders.

- e) Exclusion of subscription rights in the case of cash capital increases for the purpose of issuing shares as part of remuneration or employee share programmes

Subscription rights may also be excluded in the case of cash capital increases for the purpose of issuing shares to employees and members of the company's Executive Board as well as to employees and members of the management of its dependent companies or companies in which the company holds a majority interest as part of share-based remuneration or employee share programmes, provided that the calculated proportion of the share capital attributable to the shares issued with subscription rights excluded does not exceed 10% of the share capital, either at the time this authorisation comes into effect or at the time it is exercised. The shares can be issued to employees in such a way that the contribution to be made to them is covered by the portion of the net profit for the year that the Executive Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 para. 2 AktG. If shares are to be granted to members of the company's Executive Board, this is decided by the company's Supervisory Board.

Share-based remuneration components have long been a proven remuneration element for managers and other employees of listed companies. Employee participation is also desired by the legislator and is therefore facilitated in several

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ways. In 2021, KPS AG expanded the long-term bonus plan for certain employees (*Long Term Incentive Plan*) in the KPS Group to include a share-based element. In a first assessment stage, the bonus, which is generally based on Group earnings, is converted into virtual shares of the company (*phantom shares*), the market value of which is converted or recalculated into a final entitlement to a cash payment in a second assessment stage after expiry of a certain waiting period, which can also be fulfilled in whole or in part in shares of the company at the discretion of the company. The issuance of new shares to employees instead of remuneration in the form of a cash payment can be in the interests of the company and its shareholders, as this can encourage employees to identify with the company and thus increase the value of the company and assume joint responsibility. In order to be able to offer employees new shares for purchase, shareholders' subscription rights to these shares must be excluded. Within the framework authorised by Section 204 para. 3 sentence 1 AktG, the possibility should also be granted to cover the contribution to be made on the new shares from the portion of the annual net profit that the Executive Board and Supervisory Board could allocate to other revenue reserves in accordance with Section 58 para. 2 AktG. This facilitates the handling of the share issue and reflects the fact that the issue in these cases has the character of remuneration. If the new shares are to be issued to members of the company's Executive Board, it is not the Executive Board that decides on the granting of the shares, but the company's Supervisory Board in accordance with the allocation of responsibilities under stock corporation law.

After weighing up all the circumstances, the Executive Board considers the exclusion of subscription rights in the aforementioned cases to be suitable, necessary, objectively justified and appropriate for the reasons stated, also taking into account the corresponding dilutive effect to the detriment of the shareholders. In each case, the Executive Board will carefully examine whether the utilisation of the authorised capital 2024 is in the interests of the company and its shareholders. The Executive Board will report to the Annual General Meeting on each utilisation of the authorised capital 2024.

#### **4. Written report of the Executive Board on agenda item 9**

As a precautionary measure, the Executive Board submits the following report on agenda item 9 on the creation of the 2024 share option programme and Conditional Capital 2024 I for the information of shareholders:

Under agenda item 9, the Executive Board and Supervisory Board propose to the Annual General Meeting that the Executive Board be authorised to grant up to 4,115,330 subscription rights ("**share option rights**") for up to 4,115,330 no-par value registered shares in the company. Only the Supervisory Board is to be authorised to grant share option rights to members of the company's Executive Board. Furthermore, under agenda item 9, the Executive Board and Supervisory Board propose the creation of contingent capital 2024 I in the amount of up to EUR 4,115,330.00, which can be used to fulfil the company's share option rights issued under the 2024 share option programme. Shareholders' subscription rights to the subscription rights issued as part of the share option programme and, accordingly, to the shares from Conditional Capital 2024 I are excluded.

##### **a) Beneficiaries, allocation of share option rights, issue periods**

As part of the 2024 share option programme, the Executive Board and Supervisory Board are authorised to issue up to 4,115,330 share options, which grant subscription rights to up to 4,115,330 no-par value registered shares in the company, to members of the company's Executive Board (Group 1), members of the management of affiliated companies (Group 3) and selected employees below Executive Board level of the company (Group 2) and below the management of

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affiliated companies (Group 4). Of the maximum 4,115,330 share options, a maximum of 822,800 (corresponding to around 20%) are allocated to Group 1, a maximum of 205,700 (around 5%) to Group 2, a maximum of 822,800 (around 20%) to Group 3 and a maximum of 2,264,030 (around 55%) to Group 4. The Executive Board is responsible for determining the exact group of beneficiaries and the scope of the share option rights to be granted to them with the approval of the Supervisory Board.

The issue takes place in one or more tranches. The issue of share option rights is only possible (i) within a period of four weeks after publication of an annual or half-yearly financial report or a quarterly statement, and (ii) within a period of four weeks after an Annual General Meeting, unless a deviation from this is required for legal reasons. The Supervisory Board decides on the determination and issue of share options to Group 1 beneficiaries who are members of the company's Executive Board. In all other cases (Group 2, Group 3, Group 4), the Executive Board is responsible for granting the options.

### b) Waiting period, period for exercising the option right

In accordance with Section 193 para. 2 no. 4 AktG, subscription rights may be exercised by the beneficiaries for the first time four years after the issue date of the respective tranche. Once this waiting period has expired, the beneficiaries may only exercise the subscription rights granted to them outside the exercise blocking periods. The exercise blocking periods cover the period (i) from the end of the deadline for registration for an Annual General Meeting of the company until the end of the day of the Annual General Meeting, (ii) from the day on which the company publishes an offer to its shareholders to subscribe to new shares until the end of the offer period, (iii) from 30 calendar days before the publication of an annual or half-yearly financial report or a quarterly statement in accordance with the company calendar, and (iv) from 15 December of one year until the end of 15 January of the following year. When exercising subscription rights, any internal rules and statutory requirements must also be observed. In particular, exercise is not permitted if a beneficiary is in possession of insider information (within the meaning of the European Market Abuse Regulation).

### c) Exercise price, issue price and dilution protection

When exercising a subscription right, the beneficiary must pay the exercise price. The exercise price corresponds to 100% of the issue price. The issue price corresponds to the average closing price (arithmetic mean) of the company's shares in the Xetra electronic trading system of the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days prior to the date of issue of the respective share option right. The profit that the option holder can realise by exercising the share option rights in the form of the difference between the exercise rate and the exercise price may not exceed three times the issue price ("**cap**"). If the cap is exceeded, the exercise price of the share option rights concerned is adjusted so that the difference between the exercise rate and the adjusted exercise price does not exceed three times the issue price.

The exercise price represents the issue price of the new share to be issued for a legitimately exercised subscription right from Conditional Capital 2024 I. If the company carries out capital and structural measures during the term of the share option rights, the company's Executive Board or, if members of the company's Executive Board are affected, the Supervisory Board, is authorised to treat the beneficiaries in the same way. This applies in particular if the company increases the share capital by issuing new shares against cash contributions or issues partial

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debentures with option or conversion rights while granting direct or indirect subscription rights to shareholders. Equality can be achieved by reducing the exercise price or by adjusting the subscription ratio or by a combination of both. However, the beneficiaries are not entitled to economic parity or other protection against dilution.

### d) Non-transferability and forfeiture

The share option rights are granted as non-transferable subscription rights. With the exception of inheritance, the share option rights are neither transferable nor can they be sold, pledged or otherwise encumbered. The share option rights expire without compensation if the employment relationship between the option holder and the company or an affiliated company is terminated or ends. This does not apply if the share option rights have vested in accordance with the share option conditions. All unexercised share option rights expire without compensation after the maximum term at the latest.

### e) Performance target

The share option rights can only be exercised if and to the extent that the performance target is achieved: The proposed performance target is met if the company's EBIT for the financial year ending before the expiry of the respective vesting period has increased by at least 50% compared to the EBIT for the financial year ending before the issue of the corresponding share option rights. EBIT is calculated on the basis of the company's audited consolidated financial statements in accordance with IFRS for the respective financial year.

### f) Incentivisation and retention

The Executive Board and Supervisory Board are convinced that the proposed granting of variable remuneration by way of the 2024 share option programme is a suitable and important instrument for sustainably retaining and incentivising programme participants. Programme participants in the 2024 share option programme can benefit indirectly from increases in the company's value through the rise in the company's share price. This creates a special incentive for them to identify with the company and contribute to the growth of the company and thus to increasing its value. In particular, the waiting period of four years, the expiry without compensation of the share options that have not yet vested in accordance with the more detailed share option conditions on termination of the employment relationship between the share option holder and the company or an affiliated company, and the fact that the beneficiaries become shareholders of the company on exercising their subscription rights and thus also participate in the development of the company as shareholders, create a sustainable incentive for identification with the KPS Group. This reduces the risk of programme participants leaving the company or affiliated companies early in a competitive market environment to the detriment of the KPS Group. As the share option programme 2024 is share-based, it also allows the variable remuneration to be granted in a way that protects liquidity.

The 2024 share option programme is limited to 10% of the company's current share capital. It is therefore well below the legally permissible maximum volume of 20% of the share capital. The proportionate dilution effect for shareholders is limited accordingly, which makes it easier for shareholders to acquire the shares required to maintain their shareholding via the stock exchange.

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The Executive Board will report to the next Annual General Meeting on the issue of share option rights and the utilisation of Conditional Capital 2024 I.

### **5. Written report of the Executive Board on agenda item 10**

The Executive Board submits the following report on agenda item 10 on the exclusion of subscription rights in accordance with Section 221 para. 4 sentence 2 AktG in conjunction with Section 186 para. 4 sentence 2 AktG:

The proposed authorisation to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (including instruments structured as mezzanine or hybrid capital) or a combination of these instruments (hereinafter referred to in each case as “**bonds**”) with a nominal value of up to EUR 50,000.000.00 and the creation of the associated contingent capital 2024 II in the amount of up to EUR 20,576,650.00 are intended to expand the possibilities of KPS AG for financing its activities, which are explained in more detail below, and to open up the way for the Executive Board, with the approval of the Supervisory Board, to flexible and prompt financing in the interests of the company, particularly if favourable capital market conditions arise. Adequate capitalisation is an essential basis for the development of the company. By issuing bonds, the company can utilise attractive financing options depending on the market situation in order to provide the company with capital at low current interest rates. By issuing profit participation rights or income bonds, with or without a combination of conversion and/or option rights, the interest rate can also be linked to a future dividend of the company or its profit, for example. The conversion and option premiums realised would also benefit the company upon issue. Practice shows that some financing instruments can only be placed by granting option or conversion rights.

Shareholders are generally entitled to the statutory subscription right to bonds that are linked to option or conversion rights or option or conversion obligations or a right of substitution on the part of the company. The same applies to participating bonds or profit participation rights (Section 221 para. 4 AktG). If shareholders are not allowed to subscribe directly to the bonds, the Executive Board may utilise the option of issuing bonds to a credit institution or a company treated as such by law and in the proposed resolution or a group or consortium of credit institutions and/or such companies with the obligation to offer the bonds to shareholders in accordance with their subscription rights (indirect subscription right).

However, the Executive Board is to be authorised to exclude subscription rights in certain cases.

#### **a) Exclusion of subscription rights for fractional amounts**

The exclusion of subscription rights for fractional amounts makes it possible to utilise the requested authorisation with round amounts and to determine a practicable and technically feasible subscription ratio. This facilitates the handling of a bond issue. The value of the fractional amounts per shareholder is generally low, which is why the potential dilution effect is also considered to be low. In view of the only minor dilution effect associated with the exclusion of subscription rights for fractional amounts and after weighing up the above circumstances, the exclusion of subscription rights within the limits described is appropriate and in the interests of the company.

#### **b) Exclusion of subscription rights for the purpose of dilution protection**

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The Executive Board shall also be authorised to exclude subscription rights to the extent necessary to grant subscription rights to the holders of option or conversion rights or option or conversion obligations from bonds previously issued or to be issued by the company or a Group company to the extent to which they would be entitled as shareholders after exercising the option or conversion rights or fulfilling the option or conversion obligations.

Due to the expectations of the capital market, it is in line with the current market standard to provide bonds with such dilution protection. The exclusion of subscription rights in favour of the holders of such financial instruments has the advantage that the option or conversion price for the bonds already issued does not need to be reduced, thereby enabling a higher overall inflow of funds. After weighing up the above circumstances, the exclusion of subscription rights within the limits described is appropriate and in the interests of the company.

### c) Facilitated exclusion of subscription rights

The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights if the bonds are issued against cash payment at a price that is not significantly lower than the market value of these bonds. This gives the company the opportunity to take advantage of favourable market situations quickly and at very short notice and to achieve better conditions when determining the interest rate, option or conversion price and issue price of the bonds by setting the conditions close to the market. It would not be possible to set conditions close to the market and achieve a smooth placement if the subscription right is maintained. Section 186 para. 2 AktG does allow the subscription price (and thus the conditions of these bonds) to be published by the third-last day of the subscription period. However, in view of the frequently observed volatility on the stock markets, there is still a market risk over several days, which leads to safety discounts when determining the bond conditions and thus to conditions that are not close to the market. The existence of a subscription right also jeopardises the successful placement with third parties due to the uncertainty of its exercise (subscription behaviour) or is associated with additional expenses. Finally, if subscription rights are granted, the company cannot react quickly to favourable or unfavourable market conditions due to the length of the statutory subscription period of at least 14 days, but is exposed to falling share prices during the subscription period, which can lead to unfavourable equity procurement for the company.

In this case of the exclusion of subscription rights, the provision of Section 186 para. 3 sentence 4 AktG applies mutatis mutandis in accordance with Section 221 para. 4 sentence 2 AktG. The limit for the exclusion of subscription rights of 20% of the share capital stipulated therein must be complied with in accordance with the content of the resolution. The volume of conditional capital that may be made available in this case to secure the option or conversion rights or option or conversion obligations may not exceed 20% of the share capital existing when the authorisation to exclude subscription rights in accordance with Section 186 para. 3 sentence 4 AktG comes into effect. A corresponding provision in the authorisation resolution also ensures that the 20% limit is not exceeded even in the event of a capital reduction, as the authorisation to exclude subscription rights may expressly not exceed 20% of the share capital, either at the time the authorisation takes effect or - if this value is lower - at the time this authorisation is exercised. Treasury shares sold with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG and shares issued from authorised capital with the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG, if the sale or issue takes place during the term of this authorisation prior to an issue of

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bonds without subscription rights in accordance with Section 186 para. 3 sentence 4 AktG, are taken into account and thus reduce this amount accordingly.

Section 186 para. 3 sentence 4 AktG also stipulates that the issue price may not be significantly lower than the stock market price. This is intended to ensure that there is no significant economic dilution of the value of the shares. Whether such a dilution effect occurs when issuing bonds without subscription rights can be determined by calculating the hypothetical market value of the bonds using recognised, in particular financial mathematical methods and comparing it with the issue price of the bond. If, after due examination, this issue price is at most insignificantly lower than the hypothetical market price at the time the bonds are issued, the exclusion of subscription rights is permissible in accordance with the meaning and purpose of the provision of Section 186 para. 3 sentence 4 AktG due to the insignificant discount. The resolution therefore stipulates that prior to issuing the bonds, the Executive Board must, after due examination, come to the conclusion that the issue price envisaged for the bonds will not lead to any significant dilution of the value of the shares, as the issue price of the bonds is not significantly lower than their hypothetical market value calculated using recognised, in particular financial mathematical methods. This would reduce the arithmetical market value of a subscription right to almost zero, so that the shareholders cannot suffer any significant economic disadvantage as a result of the exclusion of subscription rights. All of this ensures that there is no significant dilution of the value of the shares as a result of the exclusion of subscription rights.

In addition, shareholders have the opportunity to maintain their share in the company's share capital at any time by purchasing shares on the stock exchange, even after exercising option or conversion rights or fulfilling option or conversion obligations. In contrast, the authorisation to exclude subscription rights enables the company to set conditions close to the market, to ensure the greatest possible security with regard to placement with third parties and to take advantage of favourable market situations at short notice.

### **d) Bonds without option or conversion rights or option or conversion obligations**

Insofar as bonds without option or conversion rights or option or conversion obligations are issued for cash (in particular instruments structured as mezzanine or hybrid capital), the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights altogether if these instruments do not confer any voting rights or other membership rights in the company. It must be ensured that the issue price is not significantly lower than the theoretical market value calculated using actuarial methods.

The issue of such instruments without option or conversion rights or option or conversion obligations does not result in any change in the shareholding structure or voting rights under stock corporation law. For the acquirer, participation in the company is not the main focus, especially as these instruments do not securitise a share in the company's appreciation in value. However, these instruments regularly have features similar to equity. This risk can be taken into account by an increased coupon payment, which can lead to a reduction in the company's dividend capacity. This may be offset by considerable financial disadvantages that the company may incur if the subscription right cannot be excluded when raising equity through the issue of such instruments. This applies in particular if these instruments are to be issued at short notice to specialised lenders in order to create a balanced and economically sensible financing mix for the company. In these cases in particular, the company must be able to issue quickly and flexibly if required.



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In addition, Section 186 para. 3 sentence 4 AktG generally stipulates that subscription rights can be excluded if the capital increase against cash contributions does not exceed 20% of the share capital and the issue price is not significantly lower than the market price. Even if the provision of Section 186 para. 3 sentence 4 AktG on the simplified exclusion of subscription rights is not directly applicable to the issue of profit participation rights and instruments structured as mezzanine or hybrid capital without conversion or option rights or conversion or option obligations in particular, it can be inferred from it that market requirements can justify the exclusion of subscription rights if the shareholders would suffer no or only an insignificant disadvantage due to the type of pricing, which would ensure that the economic value of a subscription right would be close to zero. As the proposed authorisation ensures that the issue price is not significantly lower than the theoretical market value calculated using financial mathematical methods, the shareholders' interests are not impaired or are impaired as little as possible.

After weighing up all the circumstances, the Executive Board considers the exclusion of subscription rights in the aforementioned cases to be suitable, necessary, objectively justified and appropriate for the reasons stated, also taking into account the corresponding dilution effect to the detriment of the shareholders.

The Executive Board will carefully examine in each individual case whether it will make use of the authorisation to issue bonds with the exclusion of shareholders' subscription rights. It will only do so if, in the opinion of the Executive Board and the Supervisory Board, it is in the interests of the company and therefore its shareholders.

The Executive Board will report to the next Annual General Meeting on the issue of bonds and the utilisation of Conditional Capital 2024 II.

### **6. Brief CVs of the Supervisory Board candidates (agenda item 11)**

#### **a) Curriculum vitae Mr Hans-Werner Hartmann**



Born on 16 March 1953 in Geislingen/Stg.  
Resident: Grassau-Mietenkam  
Nationality: German  
Lawyer, practising as an individual lawyer, Grassau-Mietenkam

Memberships of other statutory supervisory boards:

*none*

Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

*none*

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Mr Hans-Werner Hartmann studied business administration at the Universities of Augsburg and Fulda University of Applied Sciences with a focus on auditing, tax law and finance and accounting as well as law (2nd state examination) at the University of Augsburg. From 1979 to 2008, he also worked as Head of Finance and Accounting at DMT Maschinenbau GmbH, Salzburg, Aix Les Bains, among others, and subsequently took over the management of various production companies. In 2004, he was appointed to the Supervisory Board of Haitec AG. Following its reverse takeover by KPS AG, he was confirmed as a member of the Supervisory Board of KPS AG. In his consulting work as a lawyer and business economist, he has implemented numerous solutions to reduce costs and increase earnings in the areas of logistics, asset management, human resources, M&A and organisation. In connection with his many years of diverse management experience and his legal and business training, Mr Hans-Werner Hartmann has special knowledge and experience in the field of auditing annual and consolidated financial statements. Today, Mr Hartmann advises international companies in the area of M&A.

### **b) Curriculum vitae Josef Richter**



Born on 8 June 1959 in Stephanskirchen  
Resident: Weinstadt  
Nationality: German  
Management consultant and former executive (Vice President) of the KPS Group

Memberships of other statutory supervisory boards:

*none*

Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

*none*

After studying business administration, Mr Josef Richter began his career at the German automotive supplier Webasto, where he took over the management of the spin-off IT Informationssysteme GmbH as CIO in 1991. In 2003, he moved to the German fashion and luxury goods group Hugo Boss in Metzingen, where as CIO he was responsible for one of the first and largest SAP transformation initiatives in the Fashion & Retail division. Josef Richter joined KPS in 2009 and from then on managed major international projects for KPS clients throughout Europe. Josef Richter has 25 years of experience as a consultant in the

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fashion, luxury goods, fast moving consumer goods and automotive industries and was Vice President at KPS until 31 December 2023.

A brief curriculum vitae of Mr Michael Tsifidaris is available on the company's website at <http://www.kps.com> (in the "Company" section under "Management team").

### **III.**

#### **Further information and notes**

##### **1. Conducting the Annual General Meeting as an in-person meeting**

This year's Annual General Meeting will be held in the form of an in-person meeting.

##### **2. Registration for the Annual General Meeting**

In accordance with Section 15 para. 1 of the Articles of Association, only those shareholders who register for the Annual General Meeting in text form (Section 126b BGB) and are entered in the company's share register are entitled to attend the Annual General Meeting and exercise their voting rights. Registration to attend the Annual General Meeting must be received by the company no later than

#### **Expiry of 3 May 2024, 24:00 (CEST)**

in text form (Section 126b BGB) at the following address or e-mail address:

KPS AG  
c/o Computershare Operations Centre  
80249 Munich  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

The company continues to offer its shareholders the opportunity to register online via the shareholder portal, which can be accessed via the company's website at, subject to the above registration deadline.

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

reach. To access the shareholder portal, shareholders need their shareholder number and the corresponding password. The relevant access data will be sent to the shareholders entered in the share register in accordance with legal requirements.

A universally usable registration, authorisation and instruction form, which can also be used to issue authorisations and instructions to the proxies appointed by the company in text form, is available on the Internet at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

available for download

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Shareholders or their authorised representatives who are entitled to attend the Annual General Meeting will be sent admission tickets to the Annual General Meeting, unless they authorise proxies or vote by postal vote when registering. Shareholders who register via the shareholder portal have the option of printing out their admission ticket directly or having it sent to them by e-mail.

### **3. Disposals of shares and transfers in the share register**

The number of shares entered in the share register on the day of the Annual General Meeting is decisive for participation and voting rights. This shareholding will correspond to the shareholding at the registration deadline on 3 May 2024, 24:00 (CEST) (technical record date), as for technical reasons no transfers will be made in the share register in the period from the registration deadline up to and including the day of the Annual General Meeting (transfer stop). However, the registration stop does not mean that the disposal of the shares is blocked. Shareholders can therefore continue to freely dispose of their shares even after registration. However, purchasers of shares whose applications for re-registration are received by the company after 3 May 2024, 24:00 (CEST), will not be able to exercise their participation and voting rights unless they have themselves authorised or empowered to exercise such rights. In these cases, participation and voting rights remain with the shareholder entered in the share register until the change of registration. Purchasers of shares in the company who are not yet entered in the share register are therefore requested to submit applications for change of registration as soon as possible.

Intermediaries and other equivalent persons pursuant to Section 135 para. 8 AktG may only exercise voting rights for shares that do not belong to them but for which they are entered in the share register as the holder on the basis of an authorisation. Section 135 AktG regulates this in more detail.

### **4. Voting by electronic postal vote**

On a voluntary basis and as a simplification for the shareholders, the Executive Board makes use of the authorisation pursuant to Section 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.

However, postal votes may only be cast for votes on resolutions proposed by the management and announced by the company prior to the Annual General Meeting and for votes on resolutions proposed by shareholders and announced by the company prior to the Annual General Meeting at the request of a minority pursuant to Section 122 (2) AktG, as a counter-motion pursuant to Section 126 (1) AktG or as an election proposal pursuant to Section 127 AktG. It is not possible to cast postal votes on other votes, in particular on motions that are not submitted until the Annual General Meeting. Shareholders and their authorised representatives can cast their votes by electronic postal vote via the shareholder portal at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

submit your vote. Voting via the shareholder portal is limited in time and only possible until 9 May 2024, 18:00 (CEST). Until this time, votes cast electronically can also be changed or revoked via the shareholder portal. We would like to point out that the voting function for postal votes via the shareholder portal will be closed upon expiry of the above deadline.

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Please also note that no other means of communication are available for postal voting, in particular no sending of postal votes by post or e-mail.

If an individual vote is held on an agenda item without this having been communicated in advance of the Annual General Meeting, the vote cast by postal vote on this agenda item as a whole shall also be deemed to be a corresponding vote for each item of the individual vote.

### **5. Procedure for the granting of voting proxies**

Shareholders may authorise third parties to exercise their voting rights. The shareholder must also fulfil the requirements set out in section 2 above (registration for the Annual General Meeting) in the case of proxy voting. If a shareholder authorises more than one person, the company may reject one or more of them.

The power of attorney may be granted to the authorised representative or to the company.

Authorisation can be granted using the shareholder portal or by other declarations in text form, stating the name of the person making the declaration. It is also possible to submit a proxy authorisation upon admission to the Annual General Meeting and during the Annual General Meeting on site.

Proxies can only be granted, amended or revoked via the shareholder portal until 9 May 2024, 18:00 (CEST). We would like to point out that the proxy authorisation function via the shareholder portal will be closed upon expiry of the above deadline.

Please note that special provisions apply to the authorisation of intermediaries, shareholders' associations, voting rights advisors or other persons pursuant to Section 135 para. 8 AktG who offer to exercise voting rights at the Annual General Meeting on behalf of shareholders (see below under the section "Authorisation of other persons").

#### ***Authorisation of the proxies of the company***

We also offer our shareholders and their authorised representatives the opportunity 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 authorisation(s) and instructions for exercising voting rights.

Powers of attorney and instructions to the company's proxies can be issued, amended or revoked via the shareholder portal until 9 May 2024, 18:00 (CEST). We would like to point out that this function via the shareholder portal will be closed upon expiry of the above deadline.

In addition, authorisation and instructions may be issued to the company's proxies by means of other declarations in text form, naming the person making the declaration, and sent to the company at the following address or email address by 9 May 2024, 18:00 (CEST; receipt by the company is decisive):

KPS AG  
c/o Computershare Operations Centre  
80249 Munich  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

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### **(“KPS contact addresses”)**

It is also possible to authorise proxies and issue instructions upon admission to the Annual General Meeting and during the Annual General Meeting on site.

If an individual vote is 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 for this agenda item as a whole shall also apply as a corresponding authorisation and instruction for each item of the individual vote.

It should be noted that the proxies will not submit any motions or questions for the shareholders or declare any objections. They will only exercise voting rights on those agenda items for which they have received instructions from the shareholders. The company 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 rights advisor within the meaning of Section 134a para. 1 No. 3 AktG, a shareholders' association or other persons, institutions or companies with equivalent status with regard to the exercise of voting rights pursuant to Section 135 para. 8 AktG are to be authorised, the granting of proxy and its revocation must be made in text form (Section 126b BGB). If the proxy is granted by declaration to the company, additional proof of authorisation is not required. However, if the proxy is granted by declaration to the person to be authorised, the company may request proof of authorisation in text form. The proof can be sent to the company by 9 May 2024, 18:00 (CEST; the date of receipt by the company is decisive), to one of the KPS contact addresses defined above. Proof of authorisation can also be submitted upon admission to the Annual General Meeting and during the Annual General Meeting on site.

The text form requirement does not apply to the granting of a proxy to intermediaries, voting rights advisors within the meaning of Section 134a para. 1 no. 3 AktG, shareholders' associations and other persons, institutions or companies treated as such by Section 135 para. 8 AktG with regard to the exercise of voting rights, nor does it apply to the revocation and proof of such authorisation. However, the proxy must record the authorisation in a verifiable manner. It must be complete and may only contain declarations related to the exercise of voting rights. However, a breach 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 agreed with the respective proxy in advance.

### ***Supplementary information on exercising voting rights***

If voting rights are exercised or authorisation and, if applicable, instructions are issued in several ways before the day of the Annual General Meeting, these will be taken into account in the following order regardless of the time of receipt: 1. electronically via the shareholder portal, 2. by e-mail and 3. by letter.

If several postal votes or authorisations and instructions are received by the same means of transmission within the deadline, the declaration received last shall be binding.

If a shareholder attends the Annual General Meeting in person, all previously issued authorisations and, if applicable, instructions or votes cast via the shareholder portal by postal vote will be revoked.

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**6. Information on the rights of shareholders in accordance with Sections 122 para. 2, 126 para. 1, 127, 131 para. 1 AktG**

**a) Motions for additions to the agenda at the request of a minority in accordance with Section 122 para. 2 AktG**

Shareholders whose shares together amount to one twentieth of the share capital (this corresponds to 2,057,665 shares) or the proportionate amount of EUR 500,000.00 (this corresponds 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 by the end of 9 April 2024, 24:00 (CEST) at the latest. Please send requests for additions to the agenda to the following address:

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

Pursuant to Section 122 para. 1 and 2 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 these shares until the Executive Board decides on the request. Section 121 para. 7 AktG applies accordingly to the calculation of the deadline. The receipt of the request is therefore not to be counted. A postponement of the deadline from a Sunday, a Saturday or a public holiday to a preceding or subsequent working day is out of the question. Sections 187 to 193 BGB shall not apply accordingly.

**b) Countermotions and election proposals in accordance with Sections 126 para. 1, 127 AktG**

In accordance with Section 126 para. 1 AktG, every shareholder is entitled to submit countermotions to the resolutions proposed by the Executive Board and Supervisory Board on the items on the agenda without this requiring any announcement, publication or other special action prior to the Annual General Meeting. The same applies to counter-proposals to nominations for the election of Supervisory Board members and auditors (Section 127 AktG).

However, shareholders may also submit countermotions to a proposal by the Executive Board and/or Supervisory Board on items on the agenda and nominations for election prior to the Annual General Meeting. Such motions must 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](mailto:ir@kps.com)

Counter-motions and election proposals from shareholders received at these contact details by no later than 14 days before the Annual General Meeting, i.e. by

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no later than 24:00 (CEST) on 25 April 2024, will be published by the company - subject to Sections 126 para. 2 and 3 and 127 AktG - on the company's website at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

without delay. Any comments by the administration will also be published at the above 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 submission to the company remains unaffected.

### **c) Right to information pursuant to Section 131 para. 1 AktG**

At the Annual General Meeting, the Executive Board must provide each shareholder with information on company matters, the company's legal or business relationships with affiliated companies and the situation of the Group and the companies included in the consolidated financial statements, insofar as this is necessary for the proper assessment of an item on the agenda. Requests for information must generally be made verbally during the discussion at the Annual General Meeting. The Executive Board may refuse to provide information for the reasons stated in Section 131 para. 3 AktG.

Further information on shareholder rights can be found on the company's website at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

## **7. Information and documents for the Annual General Meeting**

From the date on which the Annual General Meeting is convened, the documents specified in Section 124a AktG will be published on the company's website at

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

for inspection and download. It should be noted that the legal obligation is met by making the financial statements available on the company's website.

## **8. Total number of shares and voting rights**

At the time this Annual General Meeting is convened, the company's share capital amounts to EUR 41,153,300.00 and is divided into 41,153,300 no-par value registered shares. Each no-par value share grants one vote. The company does not hold any treasury shares at the time this Annual General Meeting is convened.

## **9. Notes on data protection**

Your personal data is processed for the purpose of maintaining the share register, for communication with you as a shareholder, as part of the registration process for our Annual



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General Meeting and for its organisation, and when using the shareholder portal. This is done to enable shareholders to exercise their rights at the Annual General Meeting.

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

<https://kps.com/de/de/company/investor-relations/general-meetings/2024.html>

Unterföhring, March 2024

KPS AG  
The Executive Board