

THE KPS SUPERVISORY BOARD

Dear Shareholders,

The Supervisory Board provides information on its activities during financial year 2021/2022 in the following report. The report focuses in particular on the continuous dialog with the Executive Board, the main issues for consultation at the meetings of the Supervisory Board, and the audit of the Annual and Consolidated Financial Statements.

Over the past year, the Supervisory Board showed great commitment in carrying out all the functions allocated to it under the legal regulations and the company statutes. During the past financial year, it engaged intensively with the situation and prospects of the company, and with a variety of specific issues in the course of discussions at ordinary meetings of the Supervisory Board and many informal meetings with the Executive Board, as well as other members of management and employees. The management of the Executive Board was monitored conscientiously on a regular basis. Furthermore, advice was provided to the Executive Board in the context of the strategic ongoing development of the company and on decisions relating to important individual measures. The monthly reports of the Executive Board, the regular working meetings of the Audit Committee in cooperation with the Finance Director and regular personal and telephone meetings served as the basis for monitoring developments and providing advice.

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

Over the course of financial year 2021/2022, the Executive Board regularly kept the Supervisory Board informed by providing prompt and comprehensive reports on issues relevant to the company relating to planning, business development, the risk position, strategic measures, as well as important business transactions and projects. Written reports on the individual business segments were prepared in good time prior to the individual meetings of the Supervisory Board and were then reviewed by the Supervisory Board. Any deviations in the business performance from the defined plans and targets were explained to the Supervisory Board with appropriate substantiation, and these issues were discussed by the Supervisory Board. The deviations in business performance relate in particular to the measures for overcoming the new waves of the coronavirus. The Supervisory Board always had adequate opportunity to engage critically with the reports and resolution proposals of the Executive Board and to obtain appropriate assurance of the lawfulness, expediency, and properness of how the business was managed.

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

Besides many informal meetings, telephone calls and video conferences, the Supervisory Board convened for a total of seven official meetings in financial year 2021/2022. The members of the Supervisory Board and the Chief Executive Officer attended the Supervisory Board meeting on 18 May 2022 in person. All the other Supervisory Board meetings were held in the form of videoconferences for health and safety reasons.

The course of the past periods and the current business situation were examined at each of the meetings; the measures of the updated development in connection with the corona crisis and individual segments with negative plan deviations were discussed in detail, as were opportunities for company acquisitions.

The audit priorities and the course of the audit for financial year 2020/2021 were discussed with the auditor at the meetings held on 12 November 2021 and 16 December 2021. The status of planning for financial year 2021/2022 was also reviewed.

At the meeting held on 14 January 2022, the Declaration of Compliance with the German Corporate Governance Code was reviewed and the Chairman of the Supervisory Board was granted the power to sign the document. The auditors and the Executive Board then presented the provisional Annual Financial Statements, including the Management Report, the audited Consolidated Annual Financial Statements and Group Management Report of the company, in each case for financial year 2021/2022, along with the respective audit reports. They reported on the key results and focuses of the audit examination. The Supervisory Board resolved to approve the Annual Financial Statements at a special meeting. The contractual situation relating to the expiry of the contract of the Chief Executive Officer on 31 December 2021 was then discussed with a view to a contractual extension. The Audit Committee was also set up and its chairman elected.

On 19 January 2022, the Annual Financial Statements along with the Management Report and the Consolidated Financial Statements including the Group Management Report were approved for financial year 2020/2021 and the Report of the Supervisory Board was also adopted for financial year 2020/2021. The Executive Board then reported on the economic development in the first quarter of financial year 2021/2022.

In the Supervisory Board meeting held on 16 March 2021, the Supervisory Board first approved the changes to the (fiscal) structure of the Group. In light of the current situation with the coronavirus, the modalities for holding a virtual general meeting again were then decided on. The invitation and the agenda for the Annual General Meeting were then presented by the Executive Board and approved by the Supervisory Board.

The Supervisory Board meeting on 18 May 2022 dealt with the course of the Annual General Meeting held on that day, the half-year results explained by the Executive Board, the tasks of the Audit Committee in financial year 2021/2022 and the bonus and target agreement for the Executive Board. No further resolutions were passed.

In the last meeting of the Supervisory Board on 22 September 2022, the Supervisory Board dealt with the development of the company, including its organic and inorganic growth strategy. In addition, the earnings situation for the current financial year and the effects of inflation on daily rates for customers and salary developments for employees were discussed.

Self-assessment:

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

Corporate Governance:

The requirements of the German Corporate Governance Code constituted another important matter. The Executive Board and the Supervisory Board decided to adopt the recommendations of the German Corporate Governance Code with various exceptions that are related to the size of the company. The

Executive Board and the Supervisory Board regard the Code as an important step towards transparency, Corporate Governance, and control. On 15 January 2022, the Supervisory Board devoted time to the regular discussion of the topic of Corporate Governance and passed a resolution on the new joint Declaration of Compliance of the Supervisory Board and the Executive Board for the year 2022 pursuant to Article 161 of the Stock Corporation Act (AktG). This will be published permanently on the Internet pages of the company together with the old Declaration of Compliance. One of the exceptions to the Corporate Governance Code includes the fact that the Supervisory Board does not form separate committees because of its size. The internal compliance issues within the Group were also the topic of the regular discussion and review at this meeting.

Composition of the Supervisory Board:

The following persons were Members of the Supervisory Board during the entire financial year 2021/2022:

Mr Michael Tsifidaris, Chairman

Mr Hans-Werner Hartmann, Deputy Chairman

Mr Uwe Grünewald

Mr Hans-Werner Hartmann is a member of the Supervisory Board who has expertise in the areas of accounting and auditing of financial statements pursuant to Section 100, paragraph 5 of the Stock Corporation Act (AktG). He was elected Chairman of the Audit Committee until the next Supervisory Board is elected. All members of the Supervisory Board are familiar with the industry the company is active in.

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

Review of possible conflicts of interest:

The members of the Executive Board and the Supervisory Board must disclose any conflicts of interest to the Supervisory Board. However, no such conflicts of interest occurred in the year under review.

Annual and Consolidated Financial Statements for 2021/2022:

The auditing firm Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Munich, appointed as auditor of the Annual Financial Statements and the Consolidated Financial Statements by the Annual General Meeting held on 18 May 2022, audited the bookkeeping, the Annual Financial Statements of KPS AG, and the Consolidated Financial Statements, including the Management Reports for financial year 2021/2022 and granted each of the documents in each case an unqualified audit opinion. There are no doubts as to the independence of the auditor of the financial statements who submitted the required Declaration of Independence. The requirements of the German Corporate Governance Code regulating the terms of engagement between the company and the auditing firm have been complied with. The auditor reported in detail on the result of the audit; the complete Annual Financial Statements of the Group and all subsidiaries as well as the report on the audit of the Consolidated Financial Statements and the audit of the individual financial statements of KPS AG were available. The auditor was also able to answer any additional questions.

The documents and audit reports drawn up by the auditor were submitted promptly to the members of the Supervisory Board for review. The auditor was present at the balance sheet meeting of the Supervisory Board on 13 January 2023 and reported on the key results of the audit and the auditing focuses. The Supervisory Board took note of the reports provided by the auditor and concurred with the result. The outcome of our own audit (carried out on a random test basis) is in accordance with the result of the audit

of the financial statements. The Supervisory Board had no reason to raise any objections in relation to the management and the financial statements submitted.

We concur with the results of the audit of the financial statements. We have no objections on the basis of the final result of our thorough audit and discussions with the auditor of the financial statements. The Supervisory Board approved the Annual Financial Statements of KPS AG and the Consolidated Financial Statements drawn up by the Executive Board, including the Management Reports, on 13 January 2023. The Annual Financial Statements of KPS AG are thus adopted. The Report by the Supervisory Board for financial year 2021/2022 was also approved in the course of these deliberations. The proposal for the appropriation of the profit submitted and explained by the Executive Board was agreed by the Supervisory Board after it had carried out its own audit and taking into account the earnings performance and financial situation of the company. The Supervisory Board considers the proposed dividend to be appropriate.

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

The Supervisory Board

Michael Tsifidaris

Chairman of the Supervisory Board