

THE KPS SUPERVISORY BOARD

Dear Shareholders,

In this report, the Supervisory Board provides information on its activities in financial year 2022/2023, discussing in particular the ongoing dialogue with the Executive Board, the main topics for discussion at the meetings of the Supervisory Board and the audit of the Annual and Consolidated Financial Statements.

In the past year, the Supervisory Board performed the tasks incumbent upon it in accordance with the law and the Articles of Association with great commitment. In the past financial year, it dealt intensively with the situation and prospects of the company as well as various special issues at the ordinary Supervisory Board meetings and during many informal meetings with the Executive Board and other members of management and employees. The Executive Board's management of the company was monitored conscientiously on a regular basis. In addition, the Executive Board was advised on the strategic development of the company and on decisions regarding significant individual measures. The monthly reports of the Executive Board, the regular working meetings of the Audit Committee in collaboration with the Finance Director and regular personal and telephone meetings formed the basis for monitoring developments and providing advice.

The Supervisory Board's basic and regular focus topics included the ongoing review of the market and how the company's business was developing and the various consulting segments, the rolling planning for the company, its finances and investment planning, the risk situation, the company's risk control system and Executive Board matters. The past financial year was characterised by considerable challenges, particularly due to the negative developments in the German market, which continued to necessitate extensive restructuring measures. These challenges included the insolvencies of some of our major customers, which required additional measures and close monitoring of the situation. In this dynamic phase, the Supervisory Board performed its role intensively and provided close guidance in order to support the strategic direction and make the necessary decisions. Continuous analysis of business developments and forward-looking management continued to be the guiding principles for coping with the effects of these difficult conditions. As Chairman of the Supervisory Board, I would like to take this opportunity to thank all members of the Supervisory Board, the Executive Board, our managers and, last foremost, our employees for their extraordinary commitment in mastering this challenging situation!

Over the course of financial year 2022/2023, the Executive Board informed the Supervisory Board regularly, promptly and comprehensively about issues of relevance to the company relating to planning, development of the business, the risk situation, strategic measures and important business transactions and projects. The reports on the individual segments were prepared and reviewed by the Supervisory Board in advance of the respective Supervisory Board meetings. Any deviations in the course of business from the established plans and targets were explained to the Supervisory Board, stating the reasons, and discussed by the Supervisory Board. Deviations in the course of business included, in particular, the measures taken to deal with further waves of the coronavirus. The Supervisory Board always had sufficient opportunity to critically review the reports and draft resolutions submitted by the Executive Board and convince itself of the legality, expediency, and correctness of how the business was managed.

Important measures by the Executive Board were only taken after discussing them with and gaining the approval of the Supervisory Board. The Executive Board was also in regular contact with the Chairman of the Supervisory Board outside of Supervisory Board meetings and always informed him immediately of the latest developments in the business situation and significant business transactions.

In addition to many informal meetings, phone calls and video conferences, the Supervisory Board convened for 18 official meetings in financial year 2023/2024. Some of the Supervisory Board meetings were held in the form of video conferences. The performance of the past periods and the current state of business were discussed at each of the meetings; the measures taken by the respective updated

development of business areas with plan deviations were discussed in detail, as were the opportunities for development in the various segments.

At the meeting held on 8 November 2023, a circular resolution was passed to commission Mr Hans-Werner Hartmann, a member of the Supervisory Board, to identify EU funding programmes with a mandate volume of 10 days.

On 13 November 2023, the auditors discussed the audit process and the key areas for the audit for financial year 2022/2023.

At the meeting that took place on 29 November 2023, the status of planning was analysed, including the respective parameters, framework conditions and measures for financial year 2023/2024. The planning was unanimously approved.

On 6 December 2023, the Supervisory Board passed a circular resolution instructing the Executive Board to adjust the transfer pricing model in Germany, Denmark, the Netherlands and Switzerland.

The status of the Annual Financial Statements was discussed in a meeting with the auditors on 18 December 2023.

At the meeting held on 18 January 2024, the auditors presented the progress of their work in connection with the Annual Financial Statements. Furthermore, the Declaration of Conformity with the German Corporate Governance Code was reviewed and approved, and a resolution was passed to determine the bonus and profit-sharing payment for the Executive Board for the past financial years since 2021/2022 in accordance with the current remuneration system.

On 25 January 2025, a meeting was held in response to the development of the economic situation of the KaDeWe Group, one of KPS's major customers. The Executive Board was instructed to initiate appropriate measures to ensure that liquidity was secured on an ongoing basis. The status of the 2022/2023 audit was discussed with the auditors again on 26 January 2024.

The announcement of the planned insolvency of KaDeWe and its effects were discussed at the meeting on 29 January 2024. In response to the insolvency, the shareholder loan was approved on 5 February 2024 as part of the measures already taken to secure liquidity.

The auditors presented the results of the audit at the meeting held on 6 March 2024. The Supervisory Board approved both the Annual and the Consolidated Financial Statements.

The resolution to increase the share capital against cash contributions to up to EUR 41,153,300.00 was passed at the meeting on 7 March 2024 and was deemed to have been carried out and submitted to the commercial register for entry on 11 March 2024.

The meeting held to prepare the Annual General Meeting took place on 21 March 2024. The invitation and the accompanying draft resolutions were approved on 25 March 2024.

Mr Michael Tsifidaris was unanimously elected Chairman of the Supervisory Board and Hans-Werner Hartmann was unanimously elected Deputy Chairman of the Supervisory Board on 10 May 2024. Moreover, a resolution was passed to authorise the Executive Board to commission Baker Tilly to conduct an SAP migration audit of the companies in Spain, Belgium and the United Kingdom, as these companies have been migrated to SAP HANA and the audit is considered a separate service. Other topics such as the Group structure in the context of business planning were then discussed.

The meeting on 3 July 2024 dealt with the monthly results for April and May 2024 and the current state of the business and economic development. Furthermore, resolutions were passed on the liquidation of KPS Strategie-, Prozess- und IT-Consulting GmbH, Vienna, Austria, and on the date for the next Annual General Meeting.

At the last Supervisory Board meeting in financial year 2023/2024, the Chief Financial Officer presented the preliminary results of the financial statements for the third quarter as of 30 June 2024 that were discussed in detail by the Supervisory Board. The discussions focused on the development of sales, earnings expectations and the financial situation of KPS Group. The Chief Financial Officer also presented an overview of short-term and medium-term liquidity planning.

The members of the Supervisory Board are responsible for taking the necessary training and professional development measures for their tasks. They receive appropriate support from the company in doing so.

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. As at the reporting date, there were no indications in any material respects that the internal controls and risk management system were inappropriate or ineffective as a whole. On 18 January 2024, 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 2025 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.

Composition of the Supervisory Board:

The following persons were members of the Supervisory Board for the entire financial year 2023/2024:

Mr Michael Tsifidaris (Chairman), Hamburg, Management Consultant, Authorised Signatory of KPS Transformation GmbH, Unterföhring

Mr Uwe Grünewald, (until May 2024), Münster, Management Consultant, Authorised Signatory of KPS Transformation GmbH, Unterföhring

Mr Josef Richter (from May 2024), Badia Blava, Spain, retired Management Consultant

Mr Hans-Werner Hartmann (Deputy Chairman), Grassau-Mietenkam, Attorney

There was a change in the composition of the Supervisory Board during the reporting period. Mr. Uwe Grünewald, a long-standing member of the Supervisory Board, left the Board and Mr. Josef Richter was newly elected. The election of Mr. Richter, a former longstanding executive at KPS, helps to maintain the comprehensive expertise of the Board and to ensure that the tasks and duties of the Supervisory Board are performed at a high level on an ongoing basis. We would like to take this opportunity to thank Mr. Grünewald for his outstanding services as a founding member, long-standing member of the Executive

Board and later Supervisory Board member of KPS AG! I wish him happiness and good health in the next stage of his life! Mr. Richter was immediately supported during his inauguration and received all the necessary information about the structure, strategy and governance of the Group

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

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

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 2023/2024:

Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Munich, the firm elected auditor of the Annual and the Consolidated Financial Statements by the Annual General Meeting on 10 May 2024, audited the accounting, the Annual Financial Statements of KPS AG and the Consolidated Financial Statements including the combined Management Reports for financial year 2023/2024 and in each case issued an unqualified audit opinion. There are no doubts as to the independence of the auditor; the auditor issued the required Declaration of Independence. The requirements of the German Corporate Governance Code regarding the contractual relationship between the company and the auditor have been met. The auditor reported on the results of the audit in detail; 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 there to answer any further questions.

The documents to be audited and the auditor's audit reports were submitted promptly to the members of the Supervisory Board. The auditor attended the Supervisory Board's balance sheet meeting on 27 January 2025 and reported on the key findings and focal points of the audit. The Supervisory Board took note of and concurred with the auditor's reports. The result of our own (random sampling) audit carried out on a random basis is in accordance with to the result of the audit. The Supervisory Board had no reason to raise any objections to the management or the financial statements submitted.

We concur with the results of the audit. Following the final result of our detailed examination and discussion with the auditor, no objections are to be raised. The Supervisory Board approved the Annual Financial Statements of KPS AG and the Consolidated Financial Statements prepared by the Executive Board, including the combined Management Report, on 27 January 2025. The Annual Financial Statements of KPS AG are thus adopted. The Report by the Supervisory Board for financial year 2023/2024 was also adopted.

The Supervisory Board would like to thank the Executive Board and all employees of the Group for their outstanding commitment under challenging market conditions during the past financial year.

The Supervisory Board

Michael Tsifidaris

Chairman of the Supervisory Board

