DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289D/ 315D OF THE GERMAN COMMERCIAL CODE (January 2023)

The Declaration on Corporate Governance pursuant to Section 289f, 315d of the German Commercial Code (“**HGB**”) is publicly accessible at: https://www.kps.com/de/de/investor-relations/corporate-governance.html.

1. DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The executive board and supervisory board of a company listed in Germany must issue an annual declaration pursuant to Section 161 of the German Stock Corporation Act (“**AktG**”) stating the extent to which they have complied with or are complying with the German Corporate Governance Kodex (“**DCGK**”). Furthermore, reasons shall be provided as to which recommendations of the DCKG have not been or are not being complied with. Each declaration of compliance is made available to the public for a period of five years on the Company's website at www.kps.com under the heading "Investor Relations", "Corporate Governance". The most recent declaration of compliance of both boards relating to the version of the DCGK dated 16 December 2019 published in the German Federal Gazette (*Bundesanzeiger*) on 20 March 2020 and the version of the DCGK dated 28 April 2022 published in the German Federal Gazette on 27 June 2022 was published in January 2023 and states the following:

Declaration by the Executive Board and the Supervisory Board
of KPS AG
on the recommendations
of the “Government Committee of the German Corporate Governance Code”
in accordance with Section 161 of the German Stock Corporation Act
(Declaration of Compliance)

The executive board and supervisory board of KPS AG (hereinafter also referred to as the "**Company**") declare:

I.

KPS AG has complied with the recommendations of the version of the German Corporate Governance Code dated 16 December 2019 ("**Code 2020**") published by the German Federal Ministry of Justice in the official section of the German Federal Gazette (*Bundesanzeiger*) on 20 March 2020 until the publication of the version of the German Corporate Governance Code dated 28 April 2022 in the Federal Gazette on 27 June 2022 ("**Code 2022**"), with the following exceptions:

A.1 The executive board expressly welcomed all efforts to counteract gender discrimination and any other form of discrimination and to promote diversity as appropriate.

When making appointments to management positions in the Company, the executive board was guided primarily by the competence and qualifications of the persons available.

A.2 In the opinion of the management, compliance with the recommendation to implement and disclose an independent compliance management system and to implement a whistleblowing system had not been necessary to date due to the lean hierarchy, the close involvement of the management in day-to-day operations and the manageable number of employees at the Company. Instead, the management was of the opinion that the control and risk management system set up in the Company within the meaning of Section 91 para. 3 of the German Stock Corporation Act ("**AktG**") was sufficient to ensure compliance with statutory provisions and other regulations and to avoid possible compliance violations.

B.1 In determining the composition of the executive board, the supervisory board primarily considered special competence and qualifications; other characteristics such as gender, national affiliation or other diversity aspects were only of secondary importance for this decision.

B.2 The members of the supervisory board and the executive board regularly discussed future appointments and long-term succession on the executive board. The Company did not consider any additional succession planning and its disclosure to be necessary in favor of a flexible personnel competence of the supervisory board.

B.3 The recommendation in B.3 of the Code 2020, according to which the initial appointment of executive board members should be for a maximum period of three years, was not complied with because, in the opinion of the Company, it improperly restricts the supervisory board's freedom of decision.

B.5 The supervisory board did not define an age limit for members of the executive board. A corresponding disclosure was therefore not made. Defining an age limit for executive board members was not in the interest of the Company and its shareholders, as there was no compelling link between a specific age of an executive board member and its performance.

C.1 sentences 1 to 4	In view of the size of the Company's supervisory board and the statutory requirements of the AktG, which sets out the personal requirements for serving on the supervisory board in Section 100 AktG and the duties of the supervisory board in Section 111 AktG and thus, like the Code 2020, also defines the targets for the proposals for the re-election of the supervisory board, the supervisory board refrained from defining specific targets for the composition of the supervisory board and from drawing up a competence profile for the entire body and reporting on this. This also applied in view of Section 100 para. 5 half-sentence 2 AktG, according to which the members of the supervisory board as a whole must be familiar with the sector in which the Company operates.
C.2	No age limit was defined for membership of the supervisory board and no corresponding disclosure was made, as the supervisory board was of the opinion that age does not indicate the ability of a member of a governing body to perform its duties.
C.7 sentences 1 and 2	In the opinion of the management, the added value of the specific expertise and the in-depth knowledge of the Company gained over many years by the supervisory board members Tsifidaris and Grünewald, who are operationally active in the Company, outweighed the potential disadvantages of a supervisory board composed of a majority of independent members.
C.10	In the opinion of the management, Mr. Tsifidaris' extensive knowledge of the Company and specific technical expertise outweighed any lack of independence of the chairman of the supervisory board.
D.1	The rules of procedure of the supervisory board were not made publicly available, as the Company did not consider publication to be of significant added value for shareholders.
D.2, D.5	From 1 January 2022, it was mandatory for public interest entities pursuant to Section 316a sentence 2 of the German Commercial Code (HGB) to form an audit committee. Pursuant to Section 107 para. 4 sentence 2 AktG, a supervisory board consisting of three members also forms the audit committee. Apart from this, no other committees were formed at the Company, and thus no nomination committee. The formation of further committees was not expedient in the case of a supervisory board with three members and – contrary to the case with a larger plenary body –

did not lead to an increase in efficiency. This applied in particular in view of the fact that committees require at least three members.

D.7 The executive board also regularly participated in the meetings of the supervisory board of the Company for reasons of efficiency. However, in the case of particular matters for discussion, especially in connection with executive board personnel matters, the supervisory board met without the executive board.

F.2 The group annual reports and management reports as of 30 September of each business year were published within four months after the end of the relevant reporting period. Financial information during the course of the year in the form of half-year financial reports and quarterly statements were published within two months of the end of the reporting period. The executive board and the supervisory board considered the statutory publication deadlines and the supplementary regulations for the Prime Standard of the Frankfurt Stock Exchange to be sufficient to inform investors regularly and promptly.

F.5 In the past, the Company has only published the currently applicable Declaration on Corporate Governance on its website, as there has been no reason to publish older declarations as well.

G.1 and G.2 For each business year, the supervisory board defined specific targets for the assessment of the performance-related bonus for the members of the executive board, which was based on a multi-year assessment. Taking into account the fixed compensation of the executive board and additional benefits, this resulted in a specific target compensation. However, any higher total target compensation for this business year was subject to the supervisory board issuing stock options to a member of the executive board in the further course of the business year. The compensation system for the executive board also provided the option of defining non-financial performance criteria as well as financial performance criteria for performance-related compensation in form of bonus payments based on a multi-year assessment basis as performance parameters. The selection of these performance criteria and their concrete determination was at the discretion of the supervisory board on the basis of the executive board compensation system approved by the annual general meeting on 21 May 2021. This scope gave the supervisory board the necessary flexibility to make individual compensation decisions in response to operational changes and the associated incentive aspects.

G.3 For the purposes of the horizontal peer group comparison, the supervisory board selected a suitable peer group of companies whose market position was comparable to that of the Company. The focus was on those companies that are comparable to the Company in terms of market capitalization, revenue and industry. However, the supervisory board refrained from disclosing the composition of the peer group. For reasons of flexibility, the supervisory board rather reserved the right to determine an appropriate peer group only in preparation for a concrete compensation decision, taking into account the above criteria. The early disclosure of a comparative group did not do justice the fact that up to this point in time certain companies could be added to or excluded from the peer group.

G.4 In determining the appropriate compensation of the executive board, the supervisory board considered the compensation structure of the upper management of the KPS Group as part of a vertical (internal) comparison, but did not consider the ratio of executive board compensation to the compensation of the workforce as a whole, including the development over time. The recommendation in G.4 of the Code 2020 did not appear to be very practicable due to the particular personnel structure of the Company as a consulting company and, moreover, was not suitable for ensuring that the compensation of the executive board was appropriate in every case.

G.7 According to the recommendation in G.7 of the Code 2020, the supervisory board should define the performance criteria for all variable compensation components for each executive board member for the upcoming business year, which, in addition to operational objectives, should primarily be based on strategic objectives. There have been some deviations from this recommendation with regard to the time component. The supervisory board did not make this definition prior to a business year, but only within the first half of the business year, as it waited for the end of the previous year in order to be able to define performance criteria in a reliable manner on the basis of the audited figures for the previous year and the associated corporate planning.

G.10 The long-term variable compensation components were not primarily granted by the Company based on shares or invested in shares of the Company. In the view of the supervisory board, such a share-based compensation component did not offer any significant increase in the incentive effect for a member of the executive board who, as one of the founders of the Company, already holds a significant stake as a shareholder. Members of the executive board were able to dispose of their long-term variable compensation components before the end of four years, as the supervisory board considered a multi-year assessment basis to be sufficient for the purpose of sustainability.

G.12 If a member of the executive board would have left during the course of a business year, the long-term variable compensation for the year of leaving would have been paid on a pro rata temporis basis, assuming 100% target achievement. After leaving the Company, a member of the executive board would no longer have been responsible for the success or failure of the operating business and, above all, for the bonus parameters linked to key financial indicators.

G.13 Severance payments to an executive board member on premature termination of its contract due to a change of control were not limited in amount to the remaining term of the contract. In the opinion of the supervisory board, such a limit would have restricted the free decision of the executive board member to exercise its right of termination and also deprive the executive board member of financial planning security.

II.

KPS AG has complied with the recommendations of the Code 2022 as of its publication and will continue to comply with them in the future, with the following exceptions:

A.2 The executive board expressly welcomes all efforts to counteract gender discrimination and any other form of discrimination and to promote diversity as appropriate. When making appointments to management positions in the Company, the executive board is guided primarily by the competence and qualifications of the persons available.

B.1 In determining the composition of the executive board, the supervisory board primarily considers special competence and qualifications; other characteristics such as gender, national affiliation or other diversity aspects are only of secondary importance for this decision.

B.2 The members of the supervisory board and the executive board regularly discuss future appointments and long-term succession on the executive board. For the moment, the Company does not consider any additional succession planning and its disclosure to be necessary in favor of a flexible personnel competence of the supervisory board.

B.3 The recommendation in B.3 of the Code 2022, according to which the initial appointment of executive board members should be for a maximum period of three years, was not complied with in the past because, in the opinion of the Company, it improperly restricts the supervisory board's freedom of decision. However, in the future the supervisory board intends to comply with this recommendation.

B.5 The supervisory board does not define an age limit for members of the executive board. A corresponding disclosure is therefore not made. Defining an age limit for executive board members is not in the interests of the Company and its shareholders, as there is no compelling link between a specific age of an executive board member and its performance.

C.1 sentences 1 to 5 In view of the size of the Company's supervisory board and the statutory requirements of the AktG, which sets out the personal requirements for serving on the supervisory board in Section 100 AktG and the duties of the supervisory board in Section 111 AktG and thus, like the Code 2022, also defines the targets for the proposals for the re-election of the supervisory board, the supervisory board refrains from defining specific targets for the composition of the supervisory board and from drawing up a competence profile for the entire body and reporting on this in the form of a qualification matrix. This also applies in view of Section 100 para. 5 half-sentence 2 AktG, according to which the members of the supervisory board as a whole must be familiar with the sector in which the Company operates.

C.2 No age limit was defined for membership of the supervisory board and no corresponding disclosure was made, as the supervisory board is of the opinion that age does not indicate the ability of a member of a governing body to perform its duties.

C.7 sentences 1 and 2 In the opinion of the management, the added value of the specific expertise and the in-depth knowledge of the Company gained over many years by the supervisory board members Tsifidaris and Grünewald, who are operationally active in the Company, outweigh the potential disadvantages of a supervisory board composed of a majority of independent members.

C.10	In the opinion of the management, Mr. Tsifidaris' extensive knowledge of the Company and specific technical expertise outweigh any lack of independence of the chairman of the supervisory board.
D.1	The rules of procedure of the supervisory board are not made publicly available, as the Company does not consider publication to be of significant added value for shareholders.
D.2, D.4	From 1 January 2022, it is mandatory for public interest entities to form an audit committee pursuant to Section 316a sentence 2 of the German Commercial Code (HGB). Pursuant to Section 107 para. 4 sentence 2 AktG, a supervisory board consisting of three members also forms the audit committee. Apart from this, no other committees are formed at the Company, and thus no nomination committee. The formation of further committees is not expedient in the case of a supervisory board with three members and – contrary to the case with a larger plenary body – does not lead to an increase in efficiency. This applies in particular in view of the fact that committees require at least three members.
D. 3 sentences 1, 2 and 4	The recommendations in D.3 sentences 1, 2 and 4 of the Code 2022 are currently not complied with, as Section 100 para. 5 sentence 1 AktG, according to which at least one member of the supervisory board must have expertise in the field of accounting and at least one other member must have expertise in the field of auditing, does not yet have to be applied by KPS AG. Pursuant to Section 12 para. 6 of the Introductory Act to the German Stock Corporation Act (EGAktG), this provision does not have to be applied until a new election of all members of the supervisory board takes place, which is expected to take place at the annual general meeting in 2024. From this point in time, the supervisory board will have members with the appropriate expertise, so that the audit committee will also have members with the expertise required by the recommendations and thus the recommendations in D.3 sentences 1, 2 and 4 of the Code 2022 will be complied with.
D.6	The executive board also regularly participates in the meetings of the supervisory board of the Company for reasons of efficiency. However, in the case of particular

matters for discussion, especially in connection with executive board personnel matters, the supervisory board shall meet without the executive board.

F.2 The group annual reports and management reports as of 30 September of each business year are published within four months after the end of the relevant reporting period. Financial information during the course of the year in the form of half-year financial reports and quarterly statements is published within two months of the end of the reporting period. The executive board and the supervisory board consider the statutory publication deadlines and the supplementary regulations for the Prime Standard of the Frankfurt Stock Exchange to be sufficient to inform investors regularly and promptly.

F.5 In the past, the Company has only published the currently applicable Declaration on Corporate Governance on its website, as there has been no reason to date to publish older declarations as well. The Company will not comply with the recommendation in the future either, as the publication of outdated declarations is not seen as a significant added value for shareholders.

G.1 and G.2 For each business year, the supervisory board defines specific targets for the assessment of the performance-related bonus for the members of the executive board, which is based on a multi-year assessment. Taking into account the fixed compensation of the executive board and additional benefits, this results in a specific target compensation. However, any higher total target compensation for this business year is subject to the supervisory board issuing stock options to a member of the executive board in the further course of the business year. The compensation system for the executive board also provides the option of defining non-financial performance criteria as well as financial performance criteria for performance-related compensation in form of bonus payments based on a multi-year assessment basis as performance parameters. The selection of these performance criteria and their concrete determination is at the discretion of the supervisory board on the basis of the executive board compensation system approved by the annual general meeting on 21 May 2021. This scope gives the supervisory board the necessary flexibility to make individual compensation decisions in response to operational changes and the associated incentive aspects.

G.3 For the purposes of the horizontal peer group comparison, the supervisory board selects a suitable peer group of companies whose market position is comparable to that of the Company. The focus is on those companies that are comparable to the Company in terms of market capitalization, revenue and industry. However, the supervisory board refrains from disclosing the composition of the peer group. For reasons of flexibility, the supervisory board rather reserves the right to determine an appropriate peer group only in preparation for a concrete compensation decision, taking into account the above criteria. The early disclosure of a comparative group would not do justice the fact that up to this point in time certain companies could be added to or excluded from the peer group.

G.4 In determining the appropriate compensation of the executive board, the supervisory board considers the compensation structure of the upper management of the KPS Group as part of a vertical (internal) comparison, but does not consider the ratio of executive board compensation to the compensation of the workforce as a whole, including the development over time. The recommendation in G.4 of the Code 2022 does not appear to be very practicable due to the particular personnel structure of the Company as a consulting company and, moreover, is not suitable for ensuring that the compensation of the executive board is appropriate in every case.

G.7 According to the recommendation in G.7 of the Code 2022, the supervisory board shall define the performance criteria for all variable compensation components for each executive board member for the upcoming business year, which, in addition to operational objectives, shall primarily be based on strategic objectives. There have been and will be some deviations from this recommendation with regard to the time component. The supervisory board does not make this definition prior to a business year, but only within the first half of the business year, as it waits for the end of the previous year in order to be able to define performance criteria in a reliable manner on the basis of the audited figures for the previous year and the associated corporate planning.

G.10 The long-term variable compensation components are not primarily granted by the Company based on shares or invested in shares of the Company. In the view of the supervisory board, such a share-based compensation component does not offer any significant increase in the incentive effect for a member of the executive board who, as one of the founders of the Company, already holds a significant stake as a shareholder. Members of the executive board can already dispose of their long-term variable compensation components before the end of four years, as the supervisory board considers a multi-year assessment basis to be sufficient for the purpose of sustainability.

G.12 If a member of the executive board leaves during the course of a business year, the long-term variable compensation for the year of leaving is paid on a pro rata temporis basis, assuming 100% target achievement. After leaving the Company, a member of the executive board is no longer responsible for the success or failure of the operating business and, above all, for the bonus parameters linked to key financial indicators.

G.13 Severance payments to an executive board member on premature termination of its contract due to a change of control are not limited in amount to the remaining term of the contract. In the opinion of the supervisory board, such a limit could restrict the free decision of the executive board member to exercise its right of termination and also deprive the executive board member of financial planning security.

Unterföhring, January 2023

On behalf of the Supervisory Board Michael Tsifidaris	On behalf of the Executive Board Leonardo Musso

2. Compensation report/Compensation system

At the annual general meeting on 21 May 2021, the compensation system for the compensation of members of the executive board was approved pursuant to Section 87a para. 1 and 2 sentence 1 AktG and the compensation for members of the supervisory board was determined pursuant to Section 113 para. 3 AktG. The compensation system for the executive board and the resolution on compensation for the supervisory board are publicly available on the Company's website at www.kps.com under the heading "Investor Relations", "Corporate Governance". On the same website, the compensation report and the respective auditor's report pursuant to Section 162 AktG for the business years 2021/2022 and following are made publicly available.

3. Relevant corporate governance practices

The KPS Group aligns its corporate actions with the legal systems of the countries in which the Company operates. In addition to responsible corporate governance in accordance with the law, the Company has established internal group regulations that reflect the guiding principles and management principles within the group. The guiding principles of the KPS Group are the best possible customer orientation, a pronounced commitment to performance, safeguarding and improving their quality standards, and creating a positive working environment for our employees (the “Code of Conduct” is publicly available on the Company’s website at www.kps.com under the heading “Investor Relations”, “Corporate Governance”).

4. Accounting principles and auditing of financial statements

The financial statements of the KPS Group are prepared in accordance with International Financial Reporting Standards (IFRS). The individual financial statements of KPS AG are prepared in accordance with the HGB. The auditor is elected by the annual general meeting in accordance with the statutory provisions. The auditor is independent. He is responsible for auditing both the group financial statements and the individual financial statements of KPS AG.

5. Working procedure of the executive board and the supervisory board

If the executive board is composed of several persons, it usually meets monthly and on an ad hoc basis as required, while the supervisory board usually meets four times a year and additionally as required. The executive board informs the supervisory board regularly, promptly and comprehensively about all issues of relevance to the Company relating to corporate strategy, planning, business development and the risk situation. It also presents the group's project and revenue planning for the coming business year to the supervisory board. The executive board informs the supervisory board without delay of important events that are of particular significance for assessing the situation and development of the Company. Significant measures by the executive board are only taken after consultation with and approval by the supervisory board. Neither the executive board nor the supervisory board has formed any committees due to the small number of members, except of the statutory audit committee.

6. Self-assessment and independence of the supervisory board

The supervisory board regularly reviews how effectively it performs its duties. The self-assessment focuses in particular on the procedures in the supervisory board and the flow of information between the supervisory board and the executive board, as well as the timely and sufficient provision of information to the supervisory board. In view of the size of the Company and the uncomplicated flow of information between the supervisory board and the executive board, the self-assessment was carried out without an external consultant. As in the previous year, the result of the examination was positive.

With Hans-Werner Hartmann, the supervisory board has an appropriate number of independent members. In accordance with Section 100 para. 5 AktG (old version), he has expertise in the fields of accounting and auditing. In the opinion of the supervisory board, Mr. Hartmann is able to perform his monitoring and advisory duties in the exclusive interest of the Company in a fully impartial manner despite his many years in office. Mr. Hartmann has no personal or other business relationship with the KPS Group and no conflicts of interest have arisen in the past. Despite this necessary distance from the Company, Mr. Hartmann is very familiar with the core business of the KPS Group thanks to his many years of experience and in-depth knowledge of the Company and can contribute valuable suggestions and advice. Mr. Hartmann is therefore considered to be an independent member despite having been a member of the supervisory board of KPS AG for more than 12 years.

7. Definition of target parameters for the proportion of women on the supervisory board, executive board, and in its two subordinate management tiers

The supervisory board and the executive board have defined targets for the proportion of women on the supervisory board, executive board and in the two management tiers below the executive board for KPS AG by 30 June 2022, the achievement of which is reported on below. At the same time, new targets were defined to be achieved by 30 June 2027:

	Initial position in 2015*	Target by 30 June 2017	Target attainment by 30 June 2017	Target by 30 June 2022	Target attainment by 30 June 2022	New target by 30 June 2027
Supervisory board	0 %	0 %	0 %	0 %	0%	25%
Executive board	0 %	0 %	0 %	0 %	0%	0%
1st management tier	0 %	0 %	0 %	0 %	0%	10%
2nd management tier	9,5 %	9,5 %	6,4 %	20 %	16,7%	25%

* Target parameters as at the latest possible reference date of 30 June 2017 had to be defined for the first time by 30 September 2015.

When defining the target in 2017, the supervisory board defined the target for the proportion of women on the executive board and supervisory board as 0%. The target for the first management tier was defined as 0% and for the second management tier as 20%. As of the reporting date of 30 June 2022, the supervisory board and the executive board did not include any woman. A proportion of women of 0% was achieved in the first management tier of KPS AG and 16.7% in the second management tier. The targets for the composition of the second management tier were thus not met, which is essentially due to the reasons outlined below.

In principle, KPS AG aims to increase the proportion of women within the Company and also within the relevant management bodies. However, it must be taken into account that, as is typical for the industry, the search for suitable applicants, and especially for suitable female applicants, is rather difficult for KPS AG, with the result that the proportion of women within KPS AG as a whole, and especially in management positions, is low. In the search for suitable female and male candidates for the supervisory board, the executive board and the first and second management tiers, KPS AG is guided exclusively by the knowledge, skills and professional experience of the respective person required to perform the respective tasks. Characteristics such as gender were and are of secondary importance in the selection of personnel. These circumstances are ultimately the reason why the targets defined as of 30 June 2022 for the proportion of women in the second management tier below the executive board could not be achieved. KPS AG nevertheless intends to strengthen management positions with qualified women and has therefore defined a target of 25% for the second management tier, which is to be achieved by 30 June 2027.

For the above reasons, the supervisory board has determined a target of 25% for the proportion of women on the supervisory board and 0% on the executive board by 30 June 2027. Similarly, the executive board has set a target of 10% for the proportion of women in the first management tier by 30 June 2027.

8. Diversity concept

The Company also pays attention to diversity in the composition of the executive board and the supervisory board. However, this is not done by pursuing a rigid diversity concept defined in terms of diversity aspects such as age, gender, educational and professional background. The composition of the administrative bodies must ensure effective and sustainable management of the Company in the interests of the Company. In order to ensure that these tasks are performed in a dutiful manner, the Company will continue to be guided primarily by the professional knowledge, skills and experience of the candidates under consideration when appointing members to the executive board and supervisory board.