

Report of the Board of Management according to section 71 para. 1 no. 8 sentence 5 German stock corporation act (AktG) in conjunction with section 186 para. 4 sentence 2 AktG – agenda item 10

Under agenda item 10, the Board of Management and Supervisory Board propose that a new authorisation to acquire and use treasury shares be granted. In accordance with section 71 para. 1 no. 8 sentence 5 AktG in conjunction with section 186 para. 4 sentence 2 AktG, the Board of Management submits this report on the reasons for the authorisations provided for in the proposed resolution to exclude shareholders' tender rights when acquiring treasury shares and subscription rights when using treasury shares, which is as part of this invitation available online at <https://www.leifheit-group.com/en/investor-relations/general-meeting/> and will be available for inspection during the Annual General Meeting:

The Annual General Meeting 2020 passed a resolution authorising the acquisition and use of treasury shares, which is limited until 29 September 2025. Due to the expiry of the authorisation in the current financial year, a new authorisation is to be granted, which will apply from 30 September 2025 (00:00 CEST) and will expire on 27 May 2030 (24:00 CEST).

The new authorisation provides for the acquisition to be carried out as a purchase via the stock exchange or by means of a public purchase offer addressed to all shareholders. The public purchase offer addressed to all shareholders can also be made by means of an invitation to submit offers. In the purchase offer or the invitation to submit offers, each shareholder of the company who is willing to sell can decide how many shares and – if a price range is set – at what price they would like to offer them. If the number of shares tendered or offered at the fixed price exceeds the number of shares requested by the company, acceptance may be based on the ratio of shares tendered or offered. It should be possible to provide for preferential acceptance of small offers or small parts of offers up to a maximum of 100 shares per shareholder. This option serves to avoid fractional amounts when determining the quotas to be acquired and small residual holdings, thereby facilitating technical processing.

The treasury shares acquired in accordance with this or previously granted authorisations may be used for all legally permissible purposes.

It should be possible to resell treasury shares via the stock exchange or by means of an offer to all shareholders. In this way, the principle of equal treatment of shareholders is satisfied when shares are resold. If the shares are sold by means of an offer to all shareholders, the Board of Management is to be authorised to exclude shareholders' subscription rights for fractional amounts. This serves to ensure a technically feasible subscription ratio. The shares excluded from shareholders' subscription rights as free fractions will be realised either by sale on the stock exchange or in some other way in the best possible way for the company. The potential dilution effect is low due to the restriction on fractional amounts.

The Board of Management is to be authorised to exclude shareholders' subscription rights in accordance with section 186 para. 3 sentence 4 AktG for shares up to a notional amount of 10% of the share capital existing at the time this authorisation comes into effect or – if this value is lower – at the time this authorisation is exercised, whereby the 10% limit may not be exceeded in total, i.e. when added to any other authorisations in accordance with section 186 para. 3 sentence 4 AktG. The option to exclude subscription rights opened by the authorisation serves the company's interest in being able to sell treasury shares to institutional investors, for example. Furthermore, new shareholder groups in Germany and abroad can also be acquired as a result. The possibility of excluding subscription rights enables the Board of Management to utilise the opportunities offered by the respective stock exchange situation without the time-consuming and costly processing of subscription rights, particularly a faster and more cost-effective placement. When exercising the authorisation, the Board of Management will keep any discount on the stock exchange price as low as possible in accordance with the market conditions prevailing at the time of placement. 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.

The Board of Management is also to be authorised to transfer treasury shares to third parties, excluding subscription rights, as part of the acquisition of companies, parts of companies or equity interests in companies or other assets and as part of business combinations. In the face of global competition, Leifheit must be able to always act quickly and flexibly in the interests of its shareholders on national and international markets. This also includes the option of acquiring companies, parts of companies, shareholdings or other assets to improve the competitive position by granting treasury shares or merging with other companies. In negotiations, it may therefore be necessary to offer shares rather than cash as consideration. The ability to offer shares in the company as consideration is particularly necessary in international competition by interesting acquisition targets and creates the necessary range to take advantage of opportunities to acquire companies, parts of companies, shares in companies, shares in companies and other assets. The company is authorised to use shares to acquire equity interests in companies or other assets or as part of business combinations. In the case of mergers with other companies, the statutory provisions governing the merger may already require the granting of shares. Practice also shows that the owners of attractive acquisition targets often demand the provision of shares in the acquiring company as consideration for a sale, for example for tax reasons or by continuing to be (co-)involved in the previous business. The proposed authorisation is intended to enable the company to quickly and flexibly exploit opportunities that arise to acquire companies, parts of companies or equity interests in companies or other assets or for business combinations where the consideration consists wholly or partly of shares, both nationally and on the international markets. By being able to acquire such acquisition targets, Leifheit AG must be able to grant treasury shares as consideration. The use of treasury shares for acquisitions also has the advantage for existing shareholders that their voting rights are not diluted compared to the situation before the company acquired its own shares.

The Board of Management should also be enabled to use the treasury shares, also excluding subscription rights, to issue them to employees of the company or of companies affiliated with the company, to offer them for purchase and to transfer them to them. Leifheit AG promotes an ownership culture within the company and enables employees to participate in the company and its development. Such participation is also desired by the legislator and is therefore facilitated in several ways. Issuing shares to employees of Leifheit AG or its affiliated companies is intended to strengthen employees' identification with the company. They shall be tied to the company and also participate as shareholders in its long-term development. In the interests of the company and its shareholders, this is intended to strengthen understanding and the willingness to assume greater responsibility, especially economic responsibility.

Finally, the Board of Management is to be authorised to redeem treasury shares acquired in accordance with this or previously granted authorisations without a further resolution by the Annual General Meeting. The proposed authorisation provides for the Board of Management to be able to redeem the shares without a capital reduction. By cancelling the shares without a capital reduction, the proportionate amount of the remaining no-par value shares in the company's share capital increases. In this respect, the Board of Management is authorised to amend the articles of incorporation with regard to the changing number of no-par value shares.

When deciding on the exclusion of subscription rights, the Board of Management will be guided by the interests of the shareholders and carefully weigh up whether the exclusion of subscription rights is necessary in the interests of the company. Only in this case will the subscription right be excluded. In addition, the prior approval of the Supervisory Board is required for the exclusion of subscription rights. Taking all circumstances into consideration, the authorisation to exclude subscription rights is therefore necessary in the interests of the company and appropriate under the conditions described.

The Board of Management will report to the Annual General Meeting on the utilisation of the authorisation.