

Report of the Supervisory Board

Dear Ladies and Gentlemen,

Before I inform you about the work of the Supervisory Board in financial year 2023, I would like to take a brief look at the current situation. The Leifheit Group experienced 2023 as a year characterised by consolidation, i.e. adapting flexibly to the “new normal” brought about by complex geopolitical and national crises. In this context, the focus was predominantly on targeted activities aimed at restructuring, optimising processes, and increasing productivity and efficiency, as well as optimising inventories and streamlining our product range. All of these measures will have a lasting positive impact in the years to come.

The Supervisory Board supported the Board of Management constructively, as well as with critical advice, and fulfilled all of its obligations under the law, the articles of incorporation and the rules of procedure. The Board of Management kept us informed of business developments, strategic measures, corporate planning, the risk situation and transactions requiring approval at all times, in writing and verbally, in a timely and detailed manner. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the company. The Supervisory Board made all decisions after thoroughly examining and verifying the plausibility of the corresponding resolutions proposed by the Board of Management. The members of the Supervisory Board had sufficient opportunity within the committees and in the plenary to thoroughly examine the reports and decisions proposed and put forward their own suggestions.

The Supervisory Board carefully and constantly monitored the management activities of the Board of Management and regularly advised it on its management of the company. We were always satisfied with the lawfulness, appropriateness and correctness of the Board of Management’s work. The Board of Management used the risk management system in operating, financial and legal matters and was supported in the process by the finance,



Dr Günter Blaschke

Chairman of the Supervisory Board

controlling, legal affairs and auditing departments. We were regularly and comprehensively informed of risks and opportunities, compliance and cyber security. The remuneration system is the subject of regular discussion and review by the Supervisory Board in connection with concluding and extending Board of Management contracts.

The Supervisory Board held 12 meetings in financial year 2023. Five meetings were held via video conference, three were hybrid meetings, and four were held in person. The members of the Board

of Management took part in Supervisory Board meetings except on occasions when it was considered appropriate for the Supervisory Board to discuss individual issues, such as personnel matters relating to the Board of Management, without the Board of Management being present. Three Supervisory Board meetings took place without the Board of Management. Supervisory Board meetings also regularly include agenda items that provide an opportunity for discussion without the Board of Management.

The Chairman of the Supervisory Board maintained regular personal and telephone contact with the Board of Management. He informed the other members of the Supervisory Board promptly about the results of these discussions. The regular self-evaluation with regard to the effectiveness of the Supervisory Board and of its committees was conducted in spring 2023. It revealed that the requirements for efficient work are being met.

In the reporting period, there was no indication of conflicts of interest among the members of either the Board of Management or the Supervisory Board that would have required immediate disclosure to the Supervisory Board and reporting to the Annual General Meeting.

The Chairman of the Supervisory Board held discussions with a variety of investors on issues relating to the Supervisory Board, in accordance with the recommendation of the German corporate governance code (GCGC).

The members of the Supervisory Board are responsible for completing any training and professional development measures that are required in order to perform their duties. The company provides suitable assistance to members of the Supervisory Board with exercising their duties as well as in taking part in training and educational measures. In 2023, the Chairman of the Supervisory

Board took part in training on the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz, LkSG) and compliance management, while the Chairman of the Audit Committee took part in an update on financial reporting for Supervisory Board members.

Changes in Leifheit AG organs

The following changes occurred in the organs of Leifheit AG in 2023:

- Joachim Barnert, employee representative on the Supervisory Board, sadly passed away at the end of February 2023. His successor as at 1 March 2023 until the end of the current Supervisory Board's term of office is Marcus Kreß.
- Karsten Schmidt resigned from his post as member and Deputy Chairman of the Supervisory Board on 7 June 2023.
- With effect from 8 June 2023, the Annual General Meeting elected Stefan De Loecker to the Supervisory Board for the remaining term of the resigning member.
- With effect from 31 July 2023, Henner Rinsche stepped down as Chairman of the Board of Management (CEO) by mutual agreement.
- Stefan De Loecker assumed the position of Chairman of the Board of Management (CEO) on an interim basis from 1 August 2023 to 30 November 2023. His mandate as a member of the Supervisory Board and Deputy Chairman of the Supervisory Board was suspended for the duration of his appointment as a member of the Board of Management.
- With effect from 1 December 2023, the Supervisory Board appointed Alexander Reindler as the new Chairman of the Board of Management (CEO) until 30 November 2026.
- The Supervisory Board also extended the contract of Marco Keul as Chief Financial Officer (CFO) for a further three years until 30 April 2027. His previous contract runs until 30 April 2024.

Supervisory Board meetings

The members of the Supervisory Board participated as follows in the meetings held in financial year 2023:

Member/meeting	Supervisory Board	Audit Committee	Personnel Committee	Sales/Marketing Committee	Product Range/ Innovation Committee	Nominating Committee
Joachim Barnert †	-	-	-	-	-	-
Dr Günter Blaschke	12/12	5/5	11/11	1/1	-	-
Stefan De Loecker	4/4	-	2/3	-	-	-
Georg Hesse	12/12	-	11/11	1/1	-	-
Marcus Kreß	10/12	-	-	-	-	-
Karsten Schmidt	2/3	-	6/7	1/1	-	-
Thomas Standke	12/12	5/5	-	-	-	-
Dr Claus-O. Zacharias	12/12	4/5	1 1/11	1 1/1	-	-

¹ Guest.

Important topics discussed at meetings

Regular discussions at ordinary Supervisory Board meetings covered the current business situation and earnings performance of the Group, as well as the segments, the financial position, the business situation of the main interests, the strategic focus of the company, the risk situation and cyber security. In financial year 2023, the Supervisory Board discussed and passed resolutions on personnel matters relating to the Board of Management at several meetings.

The Supervisory Board also addressed the following topics:

- At the meeting on 24 March 2023, the Supervisory Board, in the presence of the auditor, intensively discussed and reviewed the consolidated financial statements and the annual statements, the combined management report of Leifheit Aktiengesellschaft and the Leifheit Group, the non-financial Group report, the remuneration report, the resolution regarding the report of the Supervisory Board, the resolution regarding the appropriation of

the balance sheet profit and the agenda for the 2023 Annual General Meeting. The TV budget, significant investments and efficiency and cost-cutting measures were also discussed.

- The meeting on 2 May 2023 focused on business development in the first quarter and the quarterly statement for the period ending 31 March 2023.
- The Supervisory Board meeting following the Annual General Meeting on 7 June 2023 discussed the special election to the Supervisory Board and the report by the committee chairman on the meeting of the Sales/Marketing Committee. The Supervisory Board also dealt with the findings of the self-assessment of the effectiveness and efficiency of its activities.
- At its meetings on 17 July and 29 July 2023, the Supervisory Board discussed personnel matters relating to the Board of Management. On 29 July 2023, the Supervisory Board approved resolutions on the conclusion of a termination agreement with Henner Rinsche, on the negotiations with Alexander Reindler as Mr Rinsche's successor and on the appointment of Stefan De Loecker as interim CEO and Chairman of the Board of Management.

- On 1 August 2023, the Supervisory Board discussed the company's business development in the first half of the year, the financial report for the first half-year, the advertising budget for the second half of 2023 and the reduction of structural costs.
- At its meeting on 9 September 2023, the Supervisory Board discussed and resolved to extend the Board of Management contract with Marco Keul by three years.
- At its meeting on 25 September 2023, the Supervisory Board exchanged views with an investor. It also addressed succession planning for management and was briefed on the progress made in implementing the sustainability strategy.
- The Supervisory Board discussed business strategy, company objectives, the current situation and profitability in detail at the strategy meeting held on 18 and 19 October 2023.
- At its meeting on 30 November 2023, the Supervisory Board discussed the quarterly statement for the period ending 30 September 2023.
- The meeting on 5 December 2023 focused on the budget for 2024. The Supervisory Board also discussed the corporate governance code and the declaration of conformity, the execution of the 2024 Annual General Meeting and prepared the Supervisory Board's efficiency review. It also discussed and agreed on the 2024 targets for the Board of Management based on preliminary work by the Personnel Committee and discussed and resolved the success factors for the short-term incentive and the long-term incentive for the Board of Management in 2024.

Work of the committees

The Supervisory Board has formed an Audit Committee, Personnel Committee, Nominating Committee, Sales/Marketing Committee and Product Range/Innovation Committee. The five committees are primarily tasked with preparing decisions and topics for full Supervisory Board meetings. The committee chairs provided regular and detailed reports on the work of their committees to the Supervisory Board in financial year 2023.

The Audit Committee met five times in financial year 2023 to discuss the monitoring of accounting, the accounting process, the appropriateness and effectiveness of the accounting-related internal control system and the risk management system, the internal audit system, the audit of the annual financial statements, the audit of the non-financial Group report, the audit of the quality of the financial statements and compliance. The Audit Committee also presented a recommendation on the choice of auditor, monitored the auditor's independence, issued the audit engagement to the auditor, prepared certain focal points of the audit and agreed the auditor's fee. The internal control system and the risk management system were also addressed, and the findings of the internal audits were presented and discussed.

The Audit Committee's work focused on the audit of the annual and consolidated financial statements, including the combined management report, the non-financial declaration, the corporate governance declaration and the auditor's reports, as well as the preparation of resolutions to be taken by the Supervisory Board on these items. The Audit Committee also extensively discussed the interim reports (quarterly reports and the financial report for the first half-year) and prepared the focal points of the audit for the annual and consolidated financial statements.

The Board of Management and the Financial Director attended the Audit Committee meetings and gave an in-depth presentation of the annual financial statements as well as all reports to be published, explained them and answered the committee members' questions. The auditors were also present at two meetings and reported in detail on all aspects that arose during planning and performance of the audit which have a direct bearing on the work of the Supervisory Board.

The Personnel Committee examined all employment contracts for the members of the Board of Management, including remuneration and the remuneration system. The Personnel Committee met 11 times in financial year 2023. A key topic was succession planning for the Board of Management, including potential candidates to succeed the Chairman of the Board of Management. It also addressed the conclusion and extension of Board of Management contracts, auditing the remuneration report, the remuneration system for the Board of Management, setting variable remuneration objectives for the Board of Management and determining the extent to which such objectives had been met.

The Sales/Marketing Committee met once in financial year 2023 and dealt primarily with the communication strategy, market development, pricing and the sustainability strategy.

The Product Range/Innovation Committee did not meet in financial year 2023.

The tasks of the Nominating Committee include seeking out and selecting suitable Supervisory Board candidates for election by the Annual General Meeting. The Nominating Committee did not meet in 2023, as there were no further changes regarding the members of the Supervisory Board to be elected by the Annual General Meeting beyond the new appointments resolved at the Annual General Meeting on 7 June 2023, for which the committee had already made intensive preparations in 2022.

Audit and approval of the annual financial statements

The annual financial statements of the Leifheit Group and the combined management report for financial year 2023, which have been prepared in accordance with section 315e of the German commercial code (HGB) on the basis of the International Financial Reporting Standards (IFRS), as well as the financial statements of Leifheit AG for financial year 2023, which have been prepared in accordance with the provisions of the HGB, have been audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, and have not led to any reservations in its audit opinion. The audit – as reflected in the audit reports – did not result in any grounds for objection.

The documents pertaining to the financial statements, as well as the audit reports and the Board of Management's proposal for the appropriation of the balance sheet profit, were handed out to all members of the Supervisory Board. The documents pertaining to the financial statements and the audit reports were discussed in depth at the Audit Committee meeting on 21 March 2024; special attention was paid to the defined focal points of the audit. At the Supervisory Board's balance sheet meeting on 22 March 2024, the Audit Committee and its chair presented an in-depth report to the members of the Supervisory Board.

The auditors took part in the meetings and reported on the key findings of their audit. They also reported their findings on the internal control and risk management systems in relation to the accounting process. They determined that the Board of Management has set up an appropriate information and monitoring system suitable for promptly identifying developments that could jeopardise the continued existence of the company.

The audit opinions were discussed with the auditors. The most significant audit matters in the consolidated financial statements were the impairment testing of goodwill as well as the realisation of turnover and the turnover recognition cut-off. The auditor confirmed that the procedures, accounting and underlying assumptions and parameters were appropriate and in accordance with the applicable valuation principles in both key audit issues. The auditors were available for further questions and information.

Based on its own examination of the annual financial statements, the consolidated financial statements, the combined management report and the remuneration report, as well as the report and the recommendations of the Audit Committee, the Supervisory Board approved the findings of the audit as presented by the auditor. The Supervisory Board has raised no objections to the final results of the audit. The Supervisory Board approved both the financial statements and the consolidated financial statements on 22 March 2024. The financial statements are therefore adopted in accordance with section 172 of the German stock corporation act (AktG).

The Supervisory Board also reviewed and approved the separate non-financial report of the Group (sustainability report) and resolved on the declaration of corporate management and the remuneration report.

The Board of Management and the Supervisory Board resolved to propose an increased dividend of € 0.95 as well as a special dividend of € 0.10 per eligible no-par-value bearer share for financial year 2023 to the Annual General Meeting to be held on 29 May 2024.

The Supervisory Board would like to thank all of the employees, the management team, the Board of Management and the workforce representatives for their extremely dedicated commitment and their work in the past financial year. It would also like to thank the company's customers and shareholders for their trust and support.

Nassau/Buchloe, 22 March 2024

The Supervisory Board

Dr Günter Blaschke
Chairman