

Report of the Supervisory Board

Dear Ladies and Gentlemen

I would like to inform you below of the work performed by the Supervisory Board in financial year 2017:

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. It was at all times informed promptly and in depth by the Board of Management with regard to business development, strategic measures, corporate planning and transactions requiring approval. The Supervisory Board was directly involved in all decisions of fundamental importance for the company at an early stage. The Supervisory Board made all decisions following thorough examination and discussion of the corresponding resolutions.

The Supervisory Board carefully and constantly monitored the management activities of the Board of Management. It confirms that the Board of Management acted properly, in accordance with the law and economically in every way. The Board of Management used the risk management system in operating, financial and legal matters and was supported in the process by the finance, controlling, legal affairs and auditing departments. The Supervisory Board was informed regularly and comprehensively about risks, opportunities and compliance. 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.

In 2017, the Supervisory Board held four regular meetings and two extraordinary conference call meetings. Attendance at the meetings of the Supervisory Board and its committees stood at 100% respectively. As a result, no member of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board or of the committees of which he or she is a member.

The members of the Board of Management took part in Supervisory Board meetings, barring other decisions by the Chairman of the Supervisory Board. Furthermore, 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 self-evaluation of the Supervisory Board, which is to be performed regularly, revealed that all requirements for working efficiently have been 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 the Annual General Meeting.

Changes in Leifheit AG organs

The appointment of Mr Ivo Huhmann as a member of the Board of Management went into effect as at 1 April 2017. Upon the conclusion of the Annual General Meeting on 24 May 2017, Dr Claus-O. Zacharias stepped down as a member of the Board of Management, and Mr Huhmann assumed responsibility for the finance, controlling and business processes/IT divisions, as well as for ESG issues.

Mr Karsten Schmidt resigned his seat on the Supervisory Board on 21 December 2017 with effect as at 31 January 2018. The Supervisory Board and the Board of Management of Leifheit AG would like to thank Mr Schmidt for his 11 years Supervisory Board service and his great commitment to the board.

Important topics discussed at meetings

The Supervisory Board meetings regularly covered the development of turnover, results and employment at the Group, as well as the segments, the financial position, the main interests, the strategic focus of the company, potential acquisitions and the risk situation.

During an extraordinary conference call meeting on 9 February 2017, the Supervisory Board addressed the medium-term planning for 2017 to 2019.

At the meeting on 28 March 2017, 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 draft resolution regarding the report of the Supervisory Board and the agenda of the Annual General Meeting on 24 May 2017. Other issues included the Leifheit brand's repositioning, market shares, distribution, the assessment of management potential and the departure of Dr Zacharias from the Board of Management. The results of the Supervisory Board's self-evaluation were presented and discussed. There were no further comments or suggestions for improvement.



Helmut Zahn
Chairman of the Supervisory Board

The Supervisory Board meeting on 24 May 2017 dealt with the preparations for the Annual General Meeting. Following the Annual General Meeting, the Supervisory Board attended to the Board of Management reports on strategy, strategic projects for 2017, quality management and the product development process. The specified targets for the proportion of women on the Supervisory Board, Board of Management and the first management level were also updated.

The medium-term planning for the period from 2018 to 2020 was discussed at the meeting on 21 September 2017. The Supervisory Board also addressed succession planning at management level. Amendments to the rules of procedure for the Board of Management and the Supervisory Board were discussed and approved. The Supervisory Board also took a close look at the corporate governance code and the Board of Management report on the supply chain. The Supervisory Board adopted the diversity concept for the composition of the Board of Management and the Supervisory Board

During an extraordinary conference call meeting on 6 November 2017, the Supervisory Board dealt with the current development of turnover at the Group.

The Supervisory Board's meeting on 6/7 December 2017 focused on the insights gleaned from business performance in 2017 for the current "Leifheit 2020" strategy. In addition, the Supervisory Board dealt with operational planning for 2018 and new products, and approved the corporate governance declaration of conformity.

Work of the committees

The Supervisory Board has formed Audit, Personnel and Nominating Committees.

The Audit Committee met twice to discuss the monitoring of accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the annual audit and compliance. The Audit Committee also presented a recommendation on the choice of auditor, monitored the auditor's independence and services additionally provided by it, issued the audit engagement to the auditor, determined certain focal points of the audit and agreed the auditor's fee. The Board of Management and the Financial Director attended both 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. Furthermore, the internal control system and the risk management system were examined, and the findings of the internal audits were presented and discussed. The auditors were also present at both meetings and reported in detail on all events that arose during 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 four times in financial year 2017 and looked intensively into the issue of succession planning for the Board of Management and into the Board of Management's remuneration system. In addition, the Personnel Committee addressed the departure of Dr Zacharias from the Board of Management.

The Nominating Committee's tasks include searching for and selecting suitable Supervisory Board candidates for election by the Annual General Meeting. It was not necessary for the Nominating Committee to meet in financial year 2017.

Audit and approval of the annual financial statements

The annual financial statements of the Leifheit Group and the combined management report for financial year 2017, 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 2017, 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 22 March 2018; special attention was paid to the defined focal points of the audit. At the Supervisory Board's balance sheet meeting on 23 March 2018, the Audit Committee and its chair presented an in-depth report to all members of the Supervisory Board. The auditors took part in the

meetings and reported on the key findings of their audit. Furthermore, they presented their findings on the internal control system and risk management with regard to the accounting process and found that the Board of Management had set up an appropriate information and monitoring system that was capable of promptly identifying developments that jeopardise the company's continued existence. The audit opinion was discussed with the auditors. The auditors were available for further questions and information. The Supervisory Board also reviewed and approved the separate non-financial report of the Group (sustainability report).

Based on its own examination of the annual financial statements, the consolidated financial statements and the combined management report, as well as the report and the recommendations of the Audit Committee, the Supervisory Board approved the findings of the audit by the auditor. The Supervisory Board has raised no objections to the final results of the audit. The Supervisory Board has approved both the financial statements and the consolidated financial statements. The financial statements are therefore adopted in accordance with section 172 of the German stock corporation act (AktG). On the recommendation of the Audit Committee, and following its own examination, the Supervisory Board endorses the Board of Management's proposal for the appropriation of the balance sheet profit involving the payment of a dividend of € 1.05 per dividend-bearing no-par-value bearer share for financial year 2017.

The Supervisory Board would like to thank all of the employees of the Group, the Board of Management and the workforce representatives for their dedicated commitment and their work in the past financial year. We would also like to thank our customers and shareholders for their trust and support.

Nassau/Starnberg, 23 March 2018

The Supervisory Board



Helmut Zahn
Chairman