

Remuneration report for financial year 2021

The Board of Management and Supervisory Board of Leifheit AG report clearly and transparently on the remuneration granted and owed to the members of the Board of Management and the Supervisory Board in financial year 2021 in accordance with section 162 of the German stock corporation act (AktG). The remuneration report was audited by the auditor. The audit opinion can be found at the end of this report. This remuneration report will be presented to the Annual General Meeting for approval on 25 May 2022. Detailed information on the Board of Management and Supervisory Board remuneration systems as well as the remuneration report pursuant to the AktG and the auditor's opinion pursuant to section 162 para. 3 sentence 3 of the German commercial code (HGB) will be published on the company website at corporate-governance.leifheit-group.com.

This report contains additional key financial figures that are not specific in relevant accounting frameworks and are or can be regarded as alternative performance indicators. These additional key financial figures should not be taken in isolation with regard to the assessment of the net assets, financial position and results of operations of Leifheit or regarded as an alternative to the key financial figures presented in the consolidated financial statements in accordance with relevant accounting frameworks. Other companies that present or report alternative performance indicators with a similar name may calculate them differently. Explanations of the key financial figures used can be found in the combined management report in the annual report 2021. To improve readability, only male nouns and pronouns are used in this report to represent all genders.

Minor differences may occur when using rounded amounts and percentages due to commercial rounding. This is the English translation of the remuneration report. In the event of any discrepancies between this translation and the German version, the German version will take precedence.

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1. Remuneration of members of the Board of Management

1.1 Application of the remuneration system

Following corresponding discussions and deliberations, in its meeting on 23 March 2021 the Supervisory Board resolved the system of remuneration for the members of the Board of Management of Leifheit AG in accordance with the requirements of section 87a para. 1 AktG in consideration of the recommendations of the German corporate governance code (DCGK) as amended as at 16 December 2019. Regarding the recommendations of the DCGK, please refer to the declaration of conformity, which is published on the company's website at corporate-governance.leifheit-group.com.

The system of remuneration for members of the Board of Management, as presented by the Supervisory Board of Leifheit AG based on the recommendations of its Personnel Committee, was approved by the Annual General Meeting on 2 June 2021. It applies to all new Board of Management contracts concluded after the 2021 Annual General Meeting and all existing Board of Management contracts extended after the 2021 Annual General Meeting. The Board of Management contracts applying in financial year 2021 were all concluded prior to the 2021 Annual General Meeting. The remuneration system applied in financial year 2021 for the contracts of incumbent members of the Board of Management was described in detail in the annual financial report 2020, which is also publicly available online at financial-reports.leifheit-group.com. The current applicable long-term variable remuneration in the form of the long-term incentive (LTI) was agreed effective as at 1 January 2019. In terms of the remaining Board of Management contracts of current members of the Leifheit AG Board of Management, the terms and conditions agreed in these contracts will continue to apply until the intended contract end date.

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1.2 Overview of the remuneration system

The remuneration system of Leifheit AG is geared as a whole to sustainable corporate development and is closely aligned with the business strategy. It provides clear performance incentives both for the individual members of the Board of Management and for the Board of Management as a whole through substantial yet differentiated variable remuneration, without creating undue risks.

The remuneration system reflects the provisions of the AktG and takes the recommendations of the DCGK into account. It also considers the requirements of institutional investors and proxy advisors.

Members of the Board of Management receive a fixed basic remuneration and a variable component. The variable remuneration is divided between a short-term incentive (STI) and a long-term incentive (LTI). Within variable remuneration, the focus is on the LTI.

The remuneration system presented below applies to all Board of Management service contracts that are newly entered into or prolonged after the Annual General Meeting in 2021.

The system provides for a maximum remuneration for all members of the Board of Management. The maximum amount is set out in their respective contracts of employment. The maximum total remuneration is limited by means of an end-to-end definition of all remuneration components in the employment contracts and a cap on the two variable components. The short-term incentive (STI) is limited to a maximum of 150% of the target amount stipulated in the contract of employment. The long-term incentive (LTI) is limited to a maximum of 200% of the target amount stipulated in the contract of employment.

In detail, the (theoretical) annual maximum remuneration for the members of the Board of Management amounts to:

- Chairperson of the Board of Management	m€ 2.0 gross
- Other members of the Board of Management	m€ 1.5 gross

The remuneration of the members of the Board of Management is aligned with the business strategy and long-term development of Leifheit AG through a fixed basic remuneration and a substantial variable remuneration; variable remuneration is in turn based on financial and non-financial targets appropriate for Leifheit AG, with an emphasis on long-term key performance indicators.

Using the respective budget approved by the Supervisory Board as a starting point, the short-term incentive (STI) helps to promote the growth of Leifheit AG and secure its liquidity by defining financial performance targets. The non-financial performance targets set in advance in annual target agreements serve to encourage the individual performance of each Board of Management member and the collective performance of the Board of Management as a whole, as well as stakeholder targets and other relevant goals.

The long-term incentive (LTI) helps to promote the business strategy, particularly the long-term development of Leifheit AG, by measuring corporate success against the two performance targets of EPS growth and ROCE, based in each case on medium-term planning approved by the Supervisory Board. Using and combining these two internal key performance indicators ensures a sustainable business strategy. Furthermore, the share price development over a four-year period is a decisive factor in establishing the amount of the LTI which also contributes to the company's sustainability and long-term development. Granting the LTI on a rolling basis (instead of all at once) also encourages the members of the Board of Management to act sustainably and creates the same incentives for all members. Furthermore, a requirement for members of the Board of Management to make a personal investment in Leifheit shares, without which the LTI is forfeited, ensures that they actively promote the business strategy and long-term development.

The overall remuneration of the Board of Management consists of three components:

1. fixed annual basic remuneration
2. short-term variable remuneration (STI)
3. long-term variable remuneration (LTI)

The fixed annual basic remuneration is based on the area of responsibility and the individual performance of each respective Board member, considering the company's situation. Of the total target remuneration (fixed basic remuneration plus target STI plus target LTI), it accounts for

- 43% to 55% for the chairperson of the Board of Management and
- 43% to 55% for the other members of the Board of Management.

Assuming 100% target attainment, the annual STI amounts to

- 12% to 20% of total target remuneration for the chairperson of the Board of Management and
- 12% to 20% of total target remuneration for the other members of the Board of Management.

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Assuming 100% target attainment, the annually granted LTI tranches, extending over a period of four years each, account for

- 33% to 40% of total target remuneration for the chairperson of the Board of Management and
- 33% to 40% of total target remuneration for the other members of the Board of Management.

The members of the Board of Management do not receive remuneration for their work on the Board of Management, Administrative or Supervisory Boards at subsidiaries in addition to the remuneration for their activities as members of the Board of Management of Leifheit AG.

There are no share option programmes. There are no defined benefit obligations under IFRS.

Leifheit AG does not provide fringe benefits other than the use of a company car and the reimbursement of travel expenses.

Except for fringe benefits, the remuneration components are granted in cash.

The annual STI is based on earnings before interest and taxes (EBIT) and the sum of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets as well as, if existing, from the acquisition and divestiture of divisions (free cash flow), as well as on non-financial performance targets via a modifier.

The EBIT target and free cash flow target are defined in advance for the respective financial year by the Supervisory Board at its own discretion, taking into particular account the budget planning prepared annually by the Board of Management and approved by the Supervisory Board. Except for extraordinary developments, there are no subsequent changes to the target values or other parameters of comparison.

The degree of achievement regarding the two financial performance targets mentioned above is determined according to a target achievement curve defined in advance and laid down in the employment contracts. If the target value achieved falls short of the set target value by 20% or more, the degree of target achievement is 0%. If the target value achieved exceeds the set target value by more than 20%, the degree of target achievement is a maximum of 150%. Intermediate values between target achievement from 0% to 100% and from 100% to 150% are calculated on a linear basis in each case. This applies to both performance targets, i.e. both the EBIT target and the free cash flow target.

The two above-mentioned performance targets are given equal weighting.

By applying the performance targets EBIT and free cash flow, the focus is put on operating earnings while ensuring liquidity and the ability of Leifheit AG to pay dividends.

A modifier is used to apply the non-financial performance targets in the STI, particularly the respective individual performance of each member of the Board of Management, the collective performance of the Board of Management and the attainment of stakeholder targets, as well as other targets where applicable. The modifier influences the amount of the STI within a range of plus and minus 20% and is capped at the maximum target amount. A target agreement, to be concluded annually in advance, ensures that the use of the modifier is clear and comprehensible. This target agreement sets out the non-financial performance targets, their weighting and the associated measures for promoting the business strategy and long-term development of the company for each individual member of the Board of Management.

The LTI is granted to the members of the Board of Management in annual tranches, each with a term of four years, and is linked to the two ROCE and EPS criteria as reported in the respective consolidated financial statements as well as to the performance of the Leifheit AG share price.

The targets for ROCE and EPS are set in advance for each four-year performance period by the Supervisory Board at its own discretion, taking into particular account the respective medium-term planning approved by the Supervisory Board, and communicated to the members of the Board of Management. The same applies to defining the minimum ROCE and minimum EPS for target attainment as well as the maximum ROCE and EPS for the cap. Except for extraordinary developments, there are no subsequent changes to the target values or other parameters of comparison.

The degree of achievement in relation to the two financial performance targets mentioned above is determined according to a target attainment curve defined in advance and laid down in the employment contracts. If the average ROCE achieved in the respective four-year period is less than the minimum ROCE, the degree of target attainment is 0%; if it is the minimum ROCE, the target attainment is 50%; and if the average ROCE achieved in the respective four-year period is the maximum ROCE or more, this corresponds to a target attainment of 150%. Intermediate values between a target attainment of 50% to 100% and 100% to 150% are calculated on a linear basis. If EPS growth in the respective four-year period is less than the minimum EPS, the degree of target attainment is 0%; if it is the minimum EPS, the target attainment is 50%; and if EPS growth in the respective four-year period is the maximum EPS or more, this corresponds to a target attainment of 150%. Intermediate values between a target attainment of 50% to 100% and 100% to 150% are calculated on a linear basis.

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The two above-mentioned performance targets are given equal weighting, resulting in “overall target attainment” as one key indicator for calculating the payout amount for the respective LTI tranche.

The second step for calculating the payout amount for the respective LTI tranche is based on the performance of the Leifheit AG share price as follows: The performance of the Leifheit AG share is determined by the starting share price (measured over the last 90 trading days before the start of the respective performance period) and the ending share price, which is measured over the last 90 trading days before the end of the respective performance period. In this regard, the closing prices in the Xetra trading system of Deutsche Börse AG shall apply.

The LTI payout amount for each individual LTI tranche is calculated as follows: The target amount of the respective LTI tranche is converted into a number of conditionally granted virtual shares based on the starting share price. The number of virtual shares conditionally granted in this way is multiplied by the overall achievement of the ROCE and EPS targets described above, as shown in this notional example: If, for instance, 1,000 virtual shares are conditionally granted at the beginning of the respective four-year performance period of an LTI tranche and the overall achievement of target is 110%, this produces 1,100 virtual shares.

In the next step, the number of virtual shares calculated in this way (in this case, 1,100) is multiplied by the final share price.

Factoring in the share price performance over four years for each annually granted LTI tranche encourages both the individual Board members and the Board of Management as a whole to sustain their activities over the longer term. This incentive is given added weight by the fact that, in order to avoid losing the LTI, each member of the Board of Management is obliged to make a personal investment in Leifheit shares and to hold them for the duration of the LTI tranches, but for no longer than two years after the end of their contract of employment (holding period). The amount of personal investment is linked to the amount of fixed basic remuneration for each member.

In the event of extraordinary developments on the part of Leifheit AG (e.g. measures under reorganisation law, share buyback, capital measures, acquisition and/or sale of companies and businesses, leveraging of hidden reserves) that have a significant impact on the ability to achieve the target values of the STI and/or the LTI, the Supervisory Board is entitled to unilaterally adjust the contractual terms and other parameters of the STI and/or the LTI in order to neutralise the effects of the extraordinary developments in an appropriate way.

1.3 Deviations from the remuneration system

In the matters explained below, actual remuneration for 2021 under the current contracts of the members of the Board of Management deviates from the approved remuneration system of the Board of Management, as these contracts were concluded prior to the introduction of the Board of Management remuneration system.

- Maximum remuneration (H. Rinsche, I. Iraeta Munduate, M. Keul)
The remuneration system provides for maximum annual remuneration (gross) of m€ 2.0 for the chairman of the Board of Management and m€ 1.5 for other members of the Board of Management. Under their existing contracts, the chairman and other members of the Board of Management are entitled to maximum remuneration of m€ 1.5 and m€ 1.03 respectively.
- One-off remuneration (H. Rinsche)
H. Rinsche received one-off remuneration of k€ 150 for his interim position as CFO from 31 March 2020 to 30 April 2021 as well as a signing bonus of k€ 83. The signing bonus totals k€ 250 and will be paid pro rata temporis over the three-year term of the position.
- Remuneration structure (M. Keul)
The remuneration system for members of the Board of Management is structured as follows: 43-55% fixed basic salary + 12-20% short-term variable remuneration (STI) + 33-40% long-term variable remuneration (LTI). Mr Keul's current contract does not contain an LTI component for financial year 2021. His fixed remuneration is 68% of the basic salary and the STI accounts for 32%.
- STI measurement criteria (H. Rinsche, I. Iraeta Munduate, M. Keul)
The remuneration system sets the level of target attainment at 0% if the attained value falls 20% or more short of the target value. Intermediate values for target attainment between 0% and 100% are calculated on a linear basis. The Supervisory Board set the level of target attainment for financial year 2021 at 50% if the attained value falls 20% or more short of the target value. Intermediate values for target attainment between 50% and 100% are calculated on a linear basis.

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- LTI measurement criteria (M. Keul)

No LTI is agreed with Mr Keul for financial year 2021. As a result, the focus of Mr Keul's variable remuneration is STI and not LTI, which is why Mr Keul's variable remuneration in financial year 2021 was not geared towards sustainable corporate development or the development of the share price. It has been agreed with Mr Keul that he is obliged until the end of 31 December 2022 to utilise 25% of his annual STI payments to acquire Leifheit shares.

1.4 Remuneration in financial year 2021

Leifheit defines granted and owed remuneration pursuant to section 162 para. 1 sentence 1 AktG as follows: The stated remuneration contains all amounts actually received by each member of the Board of Management or Supervisory Board in the reporting period (granted remuneration) and all legally owed remuneration that has not yet been received (owed remuneration).

It is assumed that the remuneration is disclosed in the remuneration report pursuant to section 162 para. 1 sentence 2 no. 1 AktG in the financial year in which the remunerated service (in one year or over multiple years) has been completed. Short-term variable remuneration is therefore regarded as *owed remuneration*, as the underlying service has been fully completed by the respective balance sheet date. As a result, short-term variable remuneration payout amounts are stated for the reporting year even though the amounts will actually be paid after the end of the respective reporting period.

LTI does not constitute *granted* or *owed* remuneration, as its payment hinges on the attainment of the defined targets at the end of the four-year performance period. Given that the current performance period ends on 31 December 2024, any remuneration from the LTI 2021-2024 will be disclosed in the remuneration report for financial year 2024 in accordance with the above provisions.

Granted/owed remuneration 2021 in k€	Not-performance-related fixed remuneration			Performance-related variable remuneration			One-off remuneration	Share of one-off remuneration ¹	Total remuneration	
	Fixed remuneration	Fringe benefits	Total	Share of fixed remuneration	Short-term variable remuneration (STI)	Long-term variable remuneration (LTI) ¹				Share of variable remuneration
Marco Keul (2021-2024)	167	10	177	72%	70	0	28%	–	–	247
Igor Iraeta Munduate (2018-2022)	330	11	341	77%	102	0	23%	–	–	443
Henner Rinsche (2019-2025)	425	11	436	53%	153	0	18%	233	28%	822
Total	922	32	954		325	0		233		1,512

¹ The long-term variable remuneration for financial year 2019 will be vested in 2022; for financial year 2020 will be vested in 2023; for financial year 2021 will be vested in 2024.

Former members of the Board of Management that served on the Board of Management in the past ten years were not granted or owed any remuneration in financial year 2021. Pensions amounting to k€ 535 were paid in financial year 2021 to former members of the Board of Management or their surviving dependents whose active service period was longer than 10 years ago.

There are no share option programmes and no defined benefit pension commitments. The remuneration system for the members of the Board of Management does not provide any opportunity to claim back remuneration components.

No member of the Board of Management was promised or granted any benefits from third parties. In addition, no benefits were promised for the premature or regular end to his term of service. No benefits of this nature were promised or granted to any other former member of the Board of Management.

The company maintains directors and officers (D&O) liability insurance for the members of its boards and certain employees in the Leifheit Group. The insurance is agreed or extended on an annual basis. The insurance covers personal liability in the event of any claims asserted against an insured party relating to the performance of their duties. The policy for members of the Board of Management for financial year 2021 includes an insurance excess that meets the requirements of the AktG

The remuneration structure, consisting of the three components of fixed annual basic remuneration, short-term variable remuneration (STI) and long-term variable remuneration (LTI), is based on the fixed basic remuneration plus the STI and LTI target values. The remuneration structures for Mr Rinsche and Mr Iraeta Munduate for the year 2021 were in compliance with the remuneration system.

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k€	Marco Keul				Igor Iraeta Munduate				Henner Rinsche			
	Target	Share	Range ¹	Maximum	Target	Share	Range ¹	Maximum	Target	Share	Range ¹	Maximum
Fixed remuneration	250	68%	43-55%	250	330	47%	43-55%	330	425	44%	43-55%	425
STI	120	32%	12-20%	180	120	17%	12-20%	180	180	19%	12-20%	270
LTI	—	—	33-40%	—	250	36%	33-40%	500	350	37%	33-40%	700
Total remuneration	370	100%		1,030	700	100%		1,030	955	100%		1,500

¹ According to the remuneration system.

The maximum defined remuneration for the STI (150% of the contractually agreed target) was complied with for all Board of Management member contracts. The maximum defined remuneration for the LTI and total remuneration per year can only be determined once the amounts granted for the LTI have been determined following the four-year performance period at the end of 2024.

The performance criteria for the STI are Group EBIT, Group free cash flow and the modifier. Group EBIT and Group free cash flow are determined in the annual financial statements 2021. The modifier was set at 1.2 by the Supervisory Board in its meeting on 7 December 2021. The performance criteria for the LTI will only be determined following the end of the four-year performance period at the end of 2024.

The following table lists the criteria for variable remuneration and the individual weighting of each component.

	Description of criteria for remuneration component	Relative weighting of performance criteria	Information on performance targets		a) Measured performance and actual remuneration granted	
			a) Minimum target attainment threshold and b) corresponding bonus/remuneration	a) Maximum target attainment and b) corresponding bonus/remuneration		
Marco Keul (CFO)	Group EBIT 2021 (STI)	50%	a)	m€ 17.2	a) m€ 25.8	a) 84%
			b)	50.0%	b) 150.0%	b) k€ 35
	Group free cash flow 2021 (STI)	50%	a)	m€ 9.6	a) m€ 14.4	a) 56%
b)			50.0%	b) 150.0%	b) k€ 23	
Individual performance 2021 ¹ (STI)		a)	—	a) —	a) 1.2	
		b)	0.8	b) 1.2	b) k€ 12	
Igor Iraeta Munduate (COO)	Group EBIT 2021 (STI)	50%	a)	m€ 17.2	a) m€ 25.8	a) 84%
			b)	50.0%	b) 150.0%	b) k€ 51
	Group free cash flow 2021 (STI)	50%	a)	m€ 9.6	a) m€ 14.4	a) 56%
			b)	50.0%	b) 150.0%	b) k€ 34
	Individual performance 2021 ¹ (STI)		a)	—	a) —	a) 1.2
b)			0.8	b) 1.2	b) k€ 17	
EPS 2024 compared to 2020 (LTI)	50%	a)	30.0%	a) 90.0%	a) —	
		b)	50.0%	b) 150.0%	b) —	
Average ROCE 2021-2024 (LTI)	50%	a)	14.6%	a) 21.9%	a) —	
		b)	50.0%	b) 150.0%	b) —	
Henner Rinsche (CEO)	Group EBIT 2021 (STI)	50%	a)	m€ 17.2	a) m€ 25.8	a) 84%
			b)	50.0%	b) 150.0%	b) k€ 77
	Group free cash flow 2021 (STI)	50%	a)	m€ 9.6	a) m€ 14.4	a) 56%
			b)	50.0%	b) 150.0%	b) k€ 51
	Individual performance 2021 ¹ (STI)		a)	—	a) —	a) 1.2
b)			0.8	b) 1.2	b) k€ 25	
EPS 2024 compared to 2020 (LTI)	50%	a)	30.0%	a) 90.0%	a) —	
		b)	50.0%	b) 150.0%	b) —	
Average ROCE 2021-2024 (LTI)	50%	a)	14.6%	a) 21.9%	a) —	
		b)	50.0%	b) 150.0%	b) —	

¹ The modifier for individual performance is applicable to the total STI and results in an STI of between 80% and 120% of the target amount.

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2. Remuneration of members of the Supervisory Board

2.1 Applying the remuneration

In accordance with section 113 para. 3 AktG in the version of the Act implementing the second shareholders' rights directive (ARUG II), the Annual General Meeting of a listed company must resolve on the remuneration of members of the Supervisory Board at least once every four years as well as in the case of proposals to amend remuneration regulations.

The remuneration of Supervisory Board members is defined in article 12 of the articles of incorporation of Leifheit AG as well as by resolution of the Annual General Meeting of 29 May 2019 as item 9 of the agenda (resolution on a long-term variable remuneration for the Supervisory Board). Remuneration pursuant to article 12 paras. 1 to 7 and paras. 9 to 11 of the articles of incorporation and the resolution of the Annual General Meeting of 29 May 2019 as item 9 of the agenda as well as article 12 para. 8 of the articles of incorporation (maximum remuneration) was amended effective from 1 January 2020 by the Annual General Meeting of 2 June 2021.

2.2 Overview of the remuneration

Overall, the remuneration system of Leifheit AG is geared towards sustainable corporate development and is aligned with the business strategy. For the members of the Supervisory Board individually and for the Supervisory Board as a whole, it provides an incentive to perform their duties with a view to the long-term, successful development of the company.

The remuneration system reflects the provisions of the AktG and takes the recommendations of the DCGK into account.

The members of the Supervisory Board receive fixed remuneration, attendance fees and variable remuneration. The variable remuneration is divided into a short-term variable remuneration and a long-term variable remuneration component.

The remuneration system provides for a maximum remuneration for all members of the Supervisory Board. The maximum remuneration is set out in article 12 para. 8 of the articles of incorporation and is based on the resolution of the Annual General Meeting of 29 May 2019 on agenda item 9 (resolution on long-term variable remuneration for the Supervisory Board).

In the financial years 2020 to 2022, the total annual remuneration (the sum of fixed remuneration, performance-related remuneration and attendance fees) will in future be limited to a maximum of € 150,000.00 for an ordinary member of the Supervisory Board, € 265,000.00 for the deputy chairperson of the Supervisory Board, € 170,000.00 for the chairperson of the Audit Committee and € 340,000.00 for the chairperson of the Supervisory Board. From financial year 2023, the total annual remuneration (the sum of fixed remuneration, performance-related remuneration and attendance fees) is limited to a maximum of € 80,000.00 for an ordinary member of the Supervisory Board, € 150,000.00 for the deputy chairperson of the Supervisory Board, € 100,000.00 for the chairperson of the Audit Committee and € 200,000.00 for the chairperson of the Supervisory Board.

The remuneration of the members of the Supervisory Board is aligned with the business strategy and long-term development of Leifheit AG through fixed remuneration and attendance fees as well as a short-term and a long-term remuneration component, which in turn are based on financial targets that are appropriate for Leifheit AG, with an emphasis on long-term key performance indicators.

In addition to the reimbursement of their expenses and any value added tax incurred for their Supervisory Board activities, each member of the Supervisory Board receives annual fixed remuneration in the amount of € 35,000.00. The chairperson of the Supervisory Board receives € 100,000.00 and their deputy receives € 70,000.00. Inasmuch as they relate to telecommunications, postage or other office costs, expenses are reimbursed with the payment of a lump sum in the amount of € 1,000.00 per year. Each member of a committee, except the Audit Committee, receives an additional fixed remuneration of € 2,500.00; the chairperson of a committee, except for the Audit Committee, receives € 5,000.00. Each member of Audit Committee receives an additional fixed remuneration of € 5,000.00; the chairperson of the Audit Committee receives € 10,000.00.

In addition, the Supervisory Board members receive an attendance fee of € 1,500.00 for each meeting (in person, by telephone or video conference of at least two hours in duration) of the Supervisory Board and its committees in which they participate. For several meetings that take place on one day, the attendance fee is paid only once. The chairperson of the Supervisory Board and the respective chairperson of a Supervisory Board committee receive twice the meeting attendance fee in the first sentence above for participating in meetings they chair.

In addition, each Supervisory Board member receives a performance-related remuneration for their membership of the Supervisory Board during the previous financial year, provided that the earnings per share (EPS) for the period calculated in accordance with IFRS accounting principles exceeds the comparable amount of the previous financial year.

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Moreover, one part of the remuneration comprises the member's theoretical per head share of a directors and officers liability insurance policy (D&O insurance) concluded on behalf of Leifheit AG at standard market conditions for the members of the Supervisory Board, the costs of which are borne by Leifheit AG.

If a member is only a member of the Supervisory Board or a Supervisory Board committee for part of a financial year, the fixed and performance-related remuneration shall only be granted pro rata temporis and the maximum remuneration shall also be reduced pro rata temporis.

Furthermore, members of the Supervisory Board are granted a long-term variable remuneration component. The participating members of the Supervisory Board receive a one-time bonus payment that depends on the degree to which certain performance targets are met over a three-year period and on the personal investment in shares of Leifheit AG made by each Supervisory Board member. The bonus payment is calculated by multiplying a multiplier by the number of shares purchased by the Supervisory Board members as their own investment by a reference price. The maximum multiplier is 1.2.

The short-term variable remuneration amounts to € 500.00 for each cent by which the earnings per share (EPS) for the period calculated in accordance with IFRS accounting principles exceeds the comparable amount of the previous financial year.

By basing remuneration on the EPS performance target, the focus is placed on earnings while ensuring the ability of Leifheit AG to pay dividends.

To receive these remuneration components, a Supervisory Board member must make a personal investment in shares of the company (personal investment shares) by 31 July 2020. Shares in Leifheit AG already held by a Supervisory Board member at the time the resolution was adopted by the Annual General Meeting on 29 May 2019 are also deemed to be personal investment shares, even if the member was not yet a member of the Supervisory Board at the time the shares were purchased. The chairperson of the Supervisory Board may participate with a personal investment of up to 10,000 shares, his or her deputy with up to 7,500 shares. The other members of the Supervisory Board may participate with a personal investment of up to 5,000 shares.

The performance targets, which must be achieved by 100% in each case to be counted, are:

- average annual growth rate in earnings per share for the period of at least 21% during the period from 1 January 2020 to the end of 31 December 2022 – “incentive period” (EPS target);
- more than 15% ROCE on average during the incentive period (ROCE target);
- average annual free cash flow growth rate of at least 15% during the incentive period (free cash flow target).

The annual growth rates are calculated based on the key performance indicators for financial year 2019 as at 31 December 2019. If, according to the audited and approved consolidated financial statements of the company as at 31 December 2019, EPS for financial year 2019 is less than € 0.65 per share, an amount of € 0.65 per share is to be used as the basis for calculating the annual growth rates for EPS.

The participating Supervisory Board members are only entitled to a bonus payment if they have achieved at least one of the performance targets by 100%. The bonus payment is calculated by multiplying a multiplier by the number of personal investment shares multiplied by the reference price.

- Full performance: If all three performance targets are achieved, the multiplier is 0.5.
- Partial performance: If only two of the three performance targets are met, the multiplier is 0.33. If only one of the three performance targets is met, the multiplier is 0.17.
- Exceeding the EPS target: If the free cash flow target and the ROCE target are achieved and the average annual growth rate of EPS during the incentive period is 21.8% or more, the multiplier is between 0.66 and 1.2, as shown in the following table:

Average growth rate of EPS	Multiplier
21.8%	0.66
23.6%	0.83
25.3%	1.01
26.9%	1.20

The reference share price is the volume-weighted average price of the company's shares in Xetra trading or a successor system on the Frankfurt Stock Exchange during the last three months of the incentive period. If the volume-weighted average price of the company's shares in Xetra trading or any successor system on the Frankfurt Stock Exchange during the last three months of the incentive period exceeds € 35.00, the reference price shall be € 35.00. In the event of a change in the number of shares due to a stock split or a reverse stock split, the reference price for the calculation of the bonus

Remuneration report for financial year 2021

payment shall be adjusted accordingly; for this purpose, the reference price shall be divided by the number of shares before the stock split or reverse stock split and multiplied by the number of shares after the stock split or reverse stock split. Even in the event of such an adjustment, the relevant reference price for the calculation shall not exceed € 35.00.

The Supervisory Board's responsibility for sustainable corporate development is appropriately reflected in the linking of long-term variable remuneration to EPS, ROCE and free cash flow. Furthermore, due to the long-term variable remuneration, there is an additional incentive for members of the Supervisory Board to focus their exercise of office on the long-term, successful development of the company.

2.3 Remuneration in financial year 2021

The fixed remuneration, the attendance fee and the short-term variable remuneration are regarded as *owed* remuneration, as the remunerated service has been completed in full by the respective balance sheet date. As a result, the table below lists remuneration for the reporting period even though the amounts will actually be paid out after the end of the respective reporting period.

By contrast, the LTI does not constitute *granted* or *owed* remuneration as the bonus payment hinges on the attainment of performance targets at the end of the three-year incentive phase between 2020 and 2022. Given that the incentive phase ends on 31 December 2022, any remuneration from the LTI 2020-2022 will be disclosed in the remuneration report for financial year 2022 pursuant to section 162 AktG in accordance with the above provisions.

The short-term variable remuneration target for financial year 2021 was achieved after Group earnings per share for financial year 2021 calculated according to IFRS accounting principles exceeded the amount reported in the previous financial year. Group earnings per share (EPS) for financial year 2021 amount to € 1.49, up from € 1.32 in the previous year. As a result, each Supervisory Board member received short-term variable remuneration of € 8,500.00.

The remuneration system approved by the Annual General Meeting on 2 June 2021 for the members of the Supervisory Board is fully represented in the articles of incorporation. The remuneration of the members of the Supervisory Board for financial year 2021 was determined on the basis of the requirements set out in the articles of incorporation and is therefore in accordance with the resolved remuneration system.

Granted/owed remuneration in 2021 in k€	Not-performance-related fixed remuneration						Performance-related variable remuneration			Total remuneration	
	Supervisory Board membership ¹	Attendance fee Supervisory Board membership	Committee membership	Attendance fee Committee membership	Fringe benefits ²	Total	Share of fixed remuneration	Short-term variable remuneration (STI)	Long-term variable remuneration (LTI) ³		Share of variable remuneration
Joachim Barnert (2019-2023)	36.0	15.0	2.5	1.5	0.1	55.1	87%	8.5	0	13%	63.6
Dr Günter Blaschke (2019-2023)	101.0	30.0	20.0	9.0	3.9	163.9	95%	8.5	0	5%	172.4
Georg Hesse (2018-2023)	36.0	13.5	7.5	10.5	0.0	67.5	89%	8.5	0	11%	76.0
Karsten Schmidt (2019-2023)	71.0	15.0	12.5	6.0	0.0	104.5	92%	8.5	0	8%	113.0
Thomas Standke (2004-2023)	36.0	15.0	2.5	1.5	0.0	55.0	87%	8.5	0	13%	63.5
Dr Claus-O. Zacharias (2019-2023)	36.0	10.5	12.5	16.5	0.0	75.5	90%	8.5	0	10%	84.0
Total	316.0	99.0	57.5	45.0	4.0	521.5		51.0	0		572.5

¹ Including expense allowance.

² Travel costs.

³ The multi-year variable remuneration for financial years 2020 to 2022 is only vested in 2022.

The performance criterion for the single-year variable remuneration is the change in the net result for the period per share (earnings per share/EPS) compared to the previous financial year. The change in EPS can be determined in the annual financial statements for 2021 and 2020.

There are no share option programmes.

The option of claiming back variable remuneration components was not utilised in the financial year as the requirements for this measure were not met.

No remuneration was granted or owed to former members of the Supervisory Board in financial year 2021.

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3. Vertical comparison

The vertical comparison pursuant to section 162 para. 1 sentence 2 no. 2 AktG encompasses the development of earnings at Leifheit, the year-on-year change in the remuneration of the members of the Board of Management and of the Supervisory Board and the year-on-year change in the average remuneration of employees on a full-time-equivalent basis.

Total remuneration, Change ¹	2017 vs 2016		2018 vs 2017		2019 vs 2018		2020 vs 2019		2021 vs 2020	
Board of Management remuneration										
Marco Keul (CFO) since May 2021	—		—		—		—		k€ 247	n/a
Igor Iraeta Munduate (COO) since November 2018	—		k€ 82	n/a	k€ 499	509%	k€ 433	-13%	k€ 443	2%
Henner Rinsche (CEO) since June 2019	—		—		k€ 486	n/a	k€ 651	34%	k€ 822	26%
Ivo Huhmann (CFO) April 2017 - March 2020	k€ 326	n/a	k€ 389	19%	k€ 672	73%	k€ 113	-83%	—	
Ansgar Lengeling (COO) November 2016 - April 2018	k€ 405	1,127%	k€ 121	-70%	—		—		—	
Thomas Radke (CEO) January 2014 - October 2018	k€ 557	-88%	k€ 398	-29%	—		—		—	
Dr Claus-O. Zacharias (CFO) December 2008 - May 2017	k€ 2,444	375%	—		—		—		—	
Supervisory Board remuneration										
Joachim Barnert (Member) since May 2019	—		—		k€ 34.6	n/a	k€ 80.0	131%	k€ 63.6	-20%
Dr Günter Blaschke (Chairman) Since April 2019	—		—		k€ 106.1	n/a	k€ 186.4	76%	k€ 172.4	-8%
Georg Hesse (Member) since May 2018	—		k€ 26.1	n/a	k€ 59.3	127%	k€ 80.0	35%	k€ 76.0	-5%
Karsten Schmidt (Deputy chairman) since May 2019, formerly January 2007 - January 2018	k€ 53.8	23%	k€ 3.4	-94%	k€ 64.5	1,799%	k€ 133.7	107%	k€ 113.0	-15%
Thomas Standke (Member) since May 2004	k€ 32.5	0%	k€ 33.5	3%	k€ 42.3	26%	k€ 80.0	89%	k€ 63.5	-21%
Dr Claus-O. Zacharias (Member) since May 2019	—		—		k€ 46.3	n/a	k€ 100.0	116%	k€ 84.0	-17%
Ulli Gritzuhn (Member) February 2016 - March 2019	k€ 32.5	-9%	k€ 66.9	106%	k€ 19.1	-71%	—		—	
Baldur Groß (Member) May 2014 - May 2019	k€ 32.5	0%	k€ 34.0	5%	k€ 11.3	-67%	—		—	
Sonja Wärntges (Member) February 2016 - February 2019	k€ 42.5	5%	k€ 55.2	30%	k€ 5.2	-91%	—		—	
Helmut Zahn (Chairman) April 2001 - March 2019	k€ 102.5	-13%	k€ 129.3	26%	k€ 33.1	-74%	—		—	
Company performance ²										
Group EBIT	k€ 18,840	-15%	k€ 13,056	-31%	k€ 9,876	-24%	k€ 18,783	90%	k€ 20,071	7%
Group free cash flow	k€ 1,494	-90%	k€ 3,695	147%	k€ 10,053	172%	k€ -5,547	-155%	k€ 9,559	272%
Group earnings per share (EPS)	€ 1.35	-12%	€ 0.88	-35%	€ 0.61	-31%	€ 1.32	116%	€ 1.49	13%
Net income Leifheit AG	k€ 3,949	-70%	k€ 10,269	160%	k€ 7,945	-23%	k€ 7,630	-4%	k€ 4,349	-43%
Operating result Leifheit AG	k€ 10,851	-41%	k€ 10,124	-7%	k€ 7,948	-21%	k€ 13,964	76%	k€ 15,181	9%
Average employee remuneration										
Company employees – Leifheit AG employees ³	—		—		—		k€ 63.9	6%	k€ 62.1	-3%

¹ Percentage changes in the first and last year of contract are only comparable to a limited extent, as the figures do not cover a full calendar year.

² Group key performance indicators according to IFRS accounting standards, Leifheit AG KPIs according to the German commercial code (HGB).

³ Based on the reference figure of all employees according to German commercial law requirements on a full-time-equivalent basis.

Earnings development is presented using the performance indicators Group EBIT, Group free cash flow and Group earnings per share (EPS) for the Leifheit Group – each reported according to IFRS – as well as on the basis of the net income and operating result of Leifheit AG reported according to the German commercial code (HGB).

Remuneration report for financial year 2021

Independent auditor's assurance report on examination of the remuneration report pursuant to section 162 (3) AktG

To Leifheit Aktiengesellschaft, Nassau/Lahn,

Opinion

We have formally examined the remuneration report of Leifheit Aktiengesellschaft, Nassau/Lahn, for the financial year from January 1st to December 31st, 2021 to determine whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with section 162 (3) AktG, we have not examined the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to section 162 (1) and (2) AktG. Our opinion does not cover the content of the remuneration report.

Basis for opinion

We conducted our examination of the remuneration report in compliance with section 162 (3) AktG taking into account the *IDW assurance standard: Examination of the remuneration report pursuant to section 162 (3) AktG (IDW AsS 870 (08.2021))*. Our responsibilities under this regulation and this standard are further described in the "Our Responsibilities" section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The management and the Supervisory Board of Leifheit Aktiengesellschaft, Nassau/Lahn, are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our objectives are to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to section 162 (1) and (2) AktG, and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with section 162 (3) AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

Frankfurt/Main, 25 March 2022

KPMG AG Wirtschaftsprüfungsgesellschaft

Original German version signed by

gez. Hergarten	gez. Eifert
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)