**Remuneration system for Board of Management members - agenda item 7**

Under agenda item 7, the Supervisory Board – based on the recommendation of its Personnel Committee – proposes to the Annual General Meeting on 28 May 2025 that the following remuneration system for the Board of Management members be approved. It is available as part of the invitation to the Annual General Meeting online at **https://www.leifheit-group.com/en/investor-relations/general-meeting** and will be available for inspection during the Annual General Meeting.

On 23 March 2022, the Supervisory Board last adopted a system for the remuneration of Board of Management members, in accordance with section 87a para. 1 of the German stock corporation act (AktG), which was approved at the Annual General Meeting of Leifheit AG on 25 May 2022 under agenda item 7.

At its meeting on 18 March 2025, the Supervisory Board adopted – based on the recommendation of its Personnel Committee – the amended remuneration system for the Board of Management members presented below.

## 1. Principle

Leifheit AG's Board of Management remuneration system is geared towards sustainable corporate development and is in line with the business strategy. It sets clear performance incentives for the individual members of the Board of Management and for the Board of Management as a whole through significant and differentiated variable remuneration without creating disproportionate risks.

The Board of Management remuneration system reflects the provisions of the German stock corporation act (AktG) and considers the recommendations of the German corporate governance code. It also considers the requirements of institutional investors and proxy advisors.

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

The remuneration system presented below applies to all remuneration decisions to be made by the Supervisory Board from 1 January 2025, in particular for the conclusion, amendment and extension of Board of Management service contracts.

## 2. Maximum remuneration

The remuneration system provides maximum remuneration for all Board of Management members. The maximum remuneration is anchored in the respective service contracts. The total remuneration is limited to a maximum by fully specifying all remuneration components in the service contracts and a cap on the two variable remuneration components. The STI is limited to a maximum of 150% of the target amount stipulated in the service contract. The LTI is limited to a maximum of 200% of the target amount stipulated in the service contract.

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

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

A one-time exception to the above (theoretical) maximum annual remuneration for the Board of Management members applies with regard to the remuneration to be granted in 2025 and paid out in 2026 due to the shortening of the term of the annual LTI tranches. With the adjusted remuneration system for the Board of Management members in 2022, the term of the annual LTI tranches was shortened from four to three years compared to the previous regulation of the remuneration system. Accordingly, the LTI tranche with a four-year term for 2022 and the LTI tranche with a three-year term for 2023 will be granted in 2025 (provided the other requirements are met). This justifies granting remuneration in 2025 that may exceed the aforementioned maximum values. The maximum remuneration to be granted in 2025 and paid out in 2026 amounts to m€ 2.1 for the members of the Board of Management.

**3. Remuneration and business strategy**

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

Based on the budget approved by the Supervisory Board, the STI uses financial performance targets to promote the growth of Leifheit AG and secure its liquidity. The non-financial performance targets defined in advance in annual target agreements are used to promote the individual performance of each Board of Management member, the collective performance of the Board of Management as a whole, stakeholder targets and other suitable targets.

The LTI contributes to promoting the business strategy and, particularly the long-term development of Leifheit AG, by measuring the company's performance against the two performance targets of EPS growth (EPS = earnings per share for the period) and TSR (TSR = total shareholder return), each based on the medium-term plan approved by the Supervisory Board. TSR is calculated as a percentage and corresponds to the arithmetic mean of the closing prices of Leifheit shares in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system) in the last 90 trading days of the performance period (closing price) less the arithmetic mean of the closing prices of Leifheit shares in Xetra trading on the Frankfurt Stock Exchange (or a corresponding successor system) in the last 90 trading days before the start of the performance period (opening price) plus all dividends per Leifheit share, granted for the financial years 2025, 2026 and 2027, divided by the starting price. The use and interaction of these two internal key figures ensures sustainable corporate management. The rolling grant of the LTI (instead of an en bloc grant) also supports sustainable action by the Board of Management and sets identical incentives within the Board of Management. The promotion of the business strategy and long-term development is also ensured by the obligation of the Board of Management to make a personal investment in Leifheit shares, without which the LTI is cancelled.

**4. Composition of the remuneration**

The total remuneration of the Board of Management is made up 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 individual performance of the respective Board of Management member, considering the company's situation. It accounts for 43-55% of the total target remuneration (fixed basic remuneration plus target STI plus target LTI) for the Chair of the Board of Management and for the other members of the Board of Management.

The annual STI amounts to 12-20% of the total target remuneration for the Chair of the Board of Management and for the other Board of Management members (assuming 100% target achievement).

The LTI tranches to be granted annually, each running for three years, amount to 33-40% of the total target remuneration for the Chair of the Board of Management and for the other Board of Management members (assuming 100% target achievement).

The members of the Board of Management do not receive any remuneration for management, administrative or supervisory board activities at subsidiaries in addition to their 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 that go beyond the use of a company car and the payment of employer contributions to health and long-term care insurance. The members of the Board of Management are included in a group accident insurance policy taken out by Leifheit AG and a directors' and officers' liability insurance policy (D&O insurance) at Leifheit AG's expense at the conditions stipulated therein. Except for fringe benefits, the remuneration components are paid in cash.

**5. Assessment criteria for variable remuneration**

a) STI

Group earnings before interest and taxes (EBIT), Group free cash flow (free cash flow) and non-financial performance targets via a modifier are decisive for the annual STI. Free cash flow is the sum of cash flow from operating activities and cash flow from investing activities, adjusted by payments into and out of financial assets and, if applicable, from acquisitions or disposals of divisions.

The EBIT target and the free cash flow target are set in advance for the respective financial year by the Supervisory Board at its own discretion, giving priority to the budget planning prepared annually by the Board of Management and approved by the Supervisory Board. Except for extraordinary developments, the target values or other comparison parameters are not changed retrospectively.

The degree of target achievement regarding the two financial performance targets mentioned above is determined by a target achievement curve defined in advance and set out in the service contract. For both the EBIT target and the free cash flow target, the target achievement range begins with a deviation from the target of less than 20% (a deviation of 20% or more means missing the target) and ends with a cap from a deviation from the target of more than 20%. Intermediate values of a deviation from the EBIT target and the free cash flow target of greater than minus 20% to 0% and of greater than 0% to plus 20% are interpolated linearly in accordance with the target achievement curve set out in the service contract.

The two STI performance targets mentioned above are weighted equally. By focussing on the EBIT and free cash flow performance targets, the focus is placed on operating income on the one hand and on ensuring Leifheit AG's liquidity and ability to pay dividends on the other.

The non-financial performance targets for the STI, such as in particular the respective individual performance of the Board of Management member, the collective performance of the Board of Management and the achievement of stakeholder targets as well as any other targets, are realised via a modifier. The modifier influences the amount of the STI within a range of plus/minus 20 %. The modifier is limited to the maximum target amount. The transparent use of the modifier is ensured by an annual target agreement to be concluded in advance. In this target agreement, the non-financial performance targets and their weighting and the associated measures to promote the business strategy and the long-term development of the company are defined for each individual Board of Management member.

b) LTI

The LTI is granted to the members of the Board of Management in annual tranches, each with a term of three years, and is linked to the two criteria of EPS growth and TSR. LTI tranches are granted with a term of three years.

The EPS growth target and the TSR target are set in advance for each three-year performance period by the Supervisory Board at its reasonable discretion, giving priority to the respective medium-term plan approved by the Supervisory Board, and communicated to the Board of Management member. The same applies to the determination of the minimum EPS growth and the minimum TSR for target achievement as well as the maximum EPS growth and the maximum TSR for the cap. Except for extraordinary developments, the target values or other comparison parameters are not changed retrospectively.

The degree of target achievement regarding the two performance targets mentioned above is determined according to a predefined and contractually agreed target achievement curve. If the EPS growth achieved in the respective three-year period is less than the minimum EPS growth, the degree of target achievement is 0%. If it is the minimum EPS growth, the degree of target achievement is 50%. If the EPS growth achieved is the maximum EPS growth or more, this corresponds to a target achievement level of 200%. Intermediate values between a target achievement of 50% and 100% and between 100% and 200% are interpolated linearly. If the TSR achieved in the respective three-year period is less than the minimum TSR, the degree of target achievement is 0%. If it is the minimum TSR, the degree of target achievement is 50%. If the TSR achieved is the maximum TSR or more, this corresponds to a degree of target achievement of 200%. Intermediate values between a target achievement of 50% and 100% and between 100% and 200% are interpolated linearly.

The two performance targets mentioned above are weighted equally. For this purpose, the degree of TSR achieved and the degree of EPS growth achieved are added together and then divided by two, resulting in the degree of overall target achievement. The degree of overall target achievement is multiplied by 0.8 if the return on capital employed (ROCE) achieved at the end of the performance period according to the approved financial statements of the Group is lower than the ROCE determined in advance by the Supervisory Board at its reasonable discretion. The degree of overall target achievement is multiplied by 1.0 if the ROCE achieved is at least equal to the ROCE determined in advance by the Supervisory Board at its reasonable discretion.

The use and interaction of the two LTI performance targets mentioned above promotes sustainable corporate management and sustainable action by the individual Board of Management members and the Board of Management as a whole. This promotion is also supported by the fact that each Board of Management member is obliged to make a personal investment in Leifheit shares and hold them for the duration of the LTI tranches, but for no longer than two years after the end of the employment relationship (holding period), to avoid losing the LTI. The amount of the personal investment is based on the amount of the respective fixed basic remuneration.

c) Extraordinary developments
In the event of extraordinary developments on the part of Leifheit AG (e.g. measures under transformation law, capital measures, acquisition and/or sale of companies and businesses, realisation of hidden reserves) that have a significant impact on the achievability of 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 appropriately neutralise the effects of the extraordinary developments. Developments that affect the economy as a whole or the industry in which Leifheit AG operates are not extraordinary developments in this sense, if there is no specific hardship for Leifheit AG compared to competitors due to special company-specific circumstances.

**6. Availability of variable remuneration components**
The Board of Management can freely dispose of the STI and LTI payout amounts after the respective due date.

The STI payment amounts are due within four weeks of the Annual General Meeting's resolution on the appropriation of profits for the year for which the STI is granted. The individual LTI tranches fall due four weeks after the Annual General Meeting's resolution on the appropriation of profits for the year in which the respective performance period ends.

There are no deferral periods for the payment of variable remuneration components. The variable remuneration components are granted in cash.

**7. Forfeiture/clawback of variable remuneration components**
The remuneration system provides for the forfeiture of LTI tranches that have not yet completed the respective three-year performance period at the time of termination of the appointment and/or service contract in the event of a bad leaver case. A bad leaver case exists if the service contract and/or the appointment is terminated by Leifheit AG for good cause during its term or if the appointment or the service contract ends at the instigation of the Board of Management member without good cause. This also applies if the Board of Management member does not accept an offer to extend his or her service contract without good cause for refusing to accept it, or if the Board of Management member takes up employment of any kind with a competitor of Leifheit AG during the term of the investment commitment.

The remuneration system does not currently provide for the reclaiming of variable remuneration already paid out (no clawback).

**8. Share price dependence of parts of remuneration**
To avoid losing the LTI, each Board of Management member is obliged to make a personal investment in Leifheit shares and hold them for the duration of the LTI tranches, but for no longer than two years after termination of the employment relationship. Beyond this, no share-based remuneration is included in the remuneration system of Leifheit AG.

**9. Absence of further remuneration-related legal transactions**
The remuneration system does not provide for any remuneration-related legal transactions over and above the remuneration components described above.

**10. External (horizontal) and internal (vertical) comparison**
The Supervisory Board considers the remuneration data of comparable companies listed on the SDAX when assessing the market conformity of the total remuneration.

The Supervisory Board also considers the remuneration of the Leifheit AG workforce when determining the total remuneration of Board of Management members. In the process, it considers the relationship between the remuneration of the Board of Management and the remuneration of the senior management team and the rest of the workforce. The Supervisory Board has defined the senior management team as follows: it consists of all employees who report directly to a member of the Board of Management.

The ratio of the total remuneration of the Board of Management to average personnel expenses is calculated on a flat-rate basis (not according to employee capacity) using the average personnel expenses based on the number of employees.

**Procedure/conflicts of interest**
The Supervisory Board plenum is responsible for determining, implementing and reviewing the remuneration system. The Personnel Committee, which the Supervisory Board has formed, prepares the decisions of the Supervisory Board plenum by making appropriate recommendations. If necessary, the Supervisory Board can call in external consultants. When selecting external remuneration experts, the Supervisory Board ensures their independence. The Supervisory Board also ensures that the same remuneration experts are not selected on a permanent basis.

If the Annual General Meeting does not approve the remuneration system for Board of Management members submitted for approval, a revised remuneration system will be presented at the following Annual General Meeting at the latest.

The Personnel Committee prepares the regular review of the remuneration system by the Supervisory Board and recommends changes if necessary. In the event of significant changes, but at least every four years, the remuneration system for Board of Management members shall again be submitted to the Annual General Meeting for approval.

In special and exceptional circumstances, the Supervisory Board may temporarily except from the remuneration system at the proposal of the Personnel Committee in accordance with section 87a (2) sentence 2 AktG if this is necessary in the interests of the long-term well-being of the company. Such deviations may be necessary, for example, to ensure adequate incentivisation in the event of a significant change in business strategy, a serious corporate crisis or a severe economic crisis. Unfavourable market developments, on the other hand, are not considered special and exceptional circumstances that justify a deviation from the remuneration system. The exceptional circumstances underlying and necessitating a deviation must be determined by a resolution of the Supervisory Board. The components of the remuneration system from which deviation is possible are the procedure, the rules on the remuneration structure and amount, the rules on the financial and non-financial performance criteria and the rules on the individual remuneration components. Even in the event of a deviation from the remuneration system, the remuneration and its structure must continue to be geared towards the long-term and sustainable development of the company and be commensurate with the success of the company and the performance of the Board of Management.

The rules applicable to the handling of conflicts of interest are also observed by the Supervisory Board and the Personnel Committee in the process for determining, implementing and reviewing the remuneration system.

In the case of new contracts that provide for the Board of Management member joins during the year, the STI and LTI regulations may provide for lump-sum payments in the year of joining.