Report of the Management Board on agenda item 16 (Authorisation to use equity derivatives in connection with the acquisition of own shares pursuant to Section 71 para. 1 no. 8 AktG and to exclude tender and subscription rights)

In the context of the acquisition of own shares pursuant to Section 71 para. 1 no. 8 AktG, the Company shall also be enabled to use certain derivatives in addition to the options to acquire own shares provided for in agenda item 15. This authorisation gives the Company more flexibility in designing buyback strategies and programmes. The use of put options, call options and forward purchases or a combination of these instruments (all aforementioned structures hereinafter "derivatives") may - also in combination with otherwise permissible transactions not covered by this authorisation - be advantageous compared to direct acquisition or, for example, offer advantages for the financial optimisation of an acquisition strategy and improve a repurchase of own shares. The authorisation is intended to be used by the Company, companies in which the Company holds a majority interest and through third parties acting for the account of the Company or a company in which the Company holds a majority interest.

The authorisation proposed under agenda item 16 does not lead to an extension of the maximum limit for the acquisition of own shares provided for in agenda item 15 (up to a total of 10 % of the share capital existing at the time of the resolution, whereby the shares acquired on the basis of the authorisation under agenda item 8 together with other shares of the Company, which the Company has already acquired and still holds or which are attributable to it pursuant to Section 71d and Section 71e AktG, may at no time exceed 10% of the share capital), but merely opens up further acquisition modalities within the envisaged maximum limit of a maximum of 5% of the share capital of the Company existing at the time the resolution is adopted or - if this amount is lower - of the share capital existing at the time the authorisation is exercised.

The term of the derivatives must be selected in such a way that the acquisition of the shares in accordance with the derivative conditions does not take place after 18 May 2027. This ensures that the Company will no longer acquire treasury shares on the basis of this authorisation after the authorisation to acquire treasury shares valid until 18 May 2027 expires. In this way, the authorisation is to use the legally possible framework of 5 years in principle. In addition, however, the term of the individual derivatives is limited to a maximum of 18 months. This ensures that obligations from the individual derivatives are appropriately limited in time.

When selling put options, the acquirer of the put option is granted the right to sell shares in the Company to the Company at a price specified in the put option, the exercise price. In return, the Company receives an option premium which, taking into account, among other things, the exercise price, the term of the option and the volatility of the LEG share, corresponds to the value of the right to sell. If the put option is exercised, the option premium paid by the acquirer of the put option reduces the total consideration paid by the Company for the acquisition of the share. Exercising the put option usually makes economic sense for the option holder if the price of the LEG share is below the exercise price at the time of exercise, because he can then sell the share at the higher exercise price. From the Company's point of view, the share buyback using put options can, for example, offer the advantage that the exercise price is already fixed when the option transaction is concluded, while the liquidity only flows out on the exercise date. In addition, the acquisition price of the shares for the Company as a whole is lower than the share price at the time of the conclusion of the option transaction due to the option premium received.

If the option holder does not exercise the option because the share price on the exercise date is above the exercise price, the Company cannot acquire its own shares in this way, but it retains the option premium received.

When acquiring a call option, the Company receives, against payment of an option premium, the right to purchase a predetermined number of LEG shares at a predetermined price, the exercise price, from the seller of the option, the writer. The authorisation enables the Company to conclude and exercise such options. Exercising the call option makes economic sense for the Company if the price of the LEG share is higher than the exercise price, as it can then buy the shares from the writer at the lower exercise price. In addition, the Company's liquidity is only charged the agreed exercise price when the fixed price for the shares must be paid upon exercise of the call option.

In the case of forward purchases, the Company acquires the shares in accordance with the agreement with the forward seller on a certain date in the future at the purchase price fixed when the forward purchase is concluded. If the date is reached, the company pays the forward seller the forward price and the forward seller delivers the shares in return. It may make sense for the Company to enter into forward purchases if it wishes to secure a requirement for its own shares at the forward date at a certain price level. Unlike an option transaction, the forward purchase already creates obligations for both parties at the time of conclusion, the fulfilment of which is merely postponed.

The specifications for the design of the derivatives contained in the authorisation are intended to ensure that the principle of equal treatment of shareholders can also be observed when using such derivative transactions and that shareholders are not put at an economic disadvantage. The purchase price paid by the company for derivatives may not be significantly higher and the sale price received by the company for derivatives may not be significantly lower than the theoretical market value of the respective derivatives determined according to recognised financial mathematical methods, the determination of which must take into account, among other things, the agreed exercise price. Through the described determination of option premium and exercise or acquisition price as well as through the obligation to be included in the derivative terms and conditions to service options and forward purchases only with shares acquired on the stock exchange in compliance with the principle of equal treatment of shareholders, it is excluded that shareholders are economically disadvantaged by such an acquisition of own shares. Since the company collects or pays a fair market price, the shareholders not involved in the derivative transactions do not suffer any significant disadvantage in terms of value. In this respect, this corresponds to the position of the shareholders in the case of share buybacks via the stock exchange, where not all shareholders can actually sell shares to the company.

The derivative transactions must be concluded with one or more credit institution(s) or one or more other companies fulfilling the requirements of Section 186 para. 5 sentence 1 AktG. It must be contractually agreed in the derivative terms and conditions that the derivatives will only be supplied with shares previously acquired in compliance with the principle of equal treatment of shareholders (Section 53a AktG); the acquisition of shares via the stock exchange is sufficient for this purpose.

Both the specifications for the design of the derivatives and the specifications for the shares suitable for delivery ensure that the principle of equal treatment of shareholders is also comprehensively taken into account in the acquisition of own shares via derivatives. In this respect, it is justified by analogous application of Section 186 para. 3 sentence 4 AktG that the right of shareholders to conclude transactions with the company via derivatives is excluded.

In the case of the acquisition of own shares using derivatives, shareholders shall only have a right to tender their shares to the extent that the company is obliged to accept the shares from them under the derivatives. Otherwise, the use of derivatives in the context of the repurchase of own shares would not be possible and the associated advantages for the Company would not be achievable. After careful consideration of the interests of the shareholders and the interests of the Company, the Management Board considers the non-granting or restriction of the right to tender shares to be justified due to the advantages that may result for the Company from the use of derivatives.

For the use of treasury shares acquired using derivatives, the provisions set forth in letters d) to i) and k) of the proposed resolution on agenda item 15 shall apply accordingly. To the extent that the shareholders' subscription rights to treasury shares are excluded when the treasury shares are used in accordance with the authorisations under letters e), g), h) and i) of the proposed resolution on agenda item 15, reference is made to the report of the Management Board on agenda item 15 for the reasons for this.

The Management Board will report to the next Annual General Meeting on each use of the authorisation.