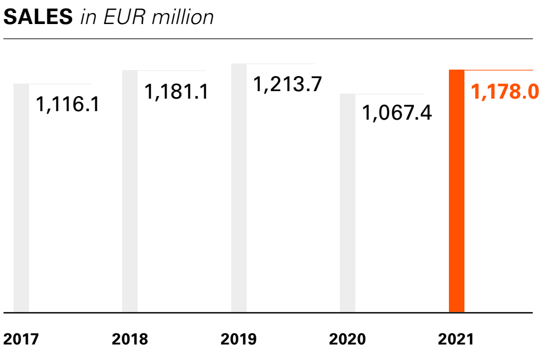
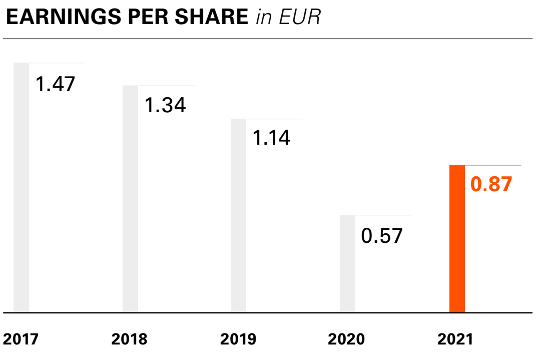
TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

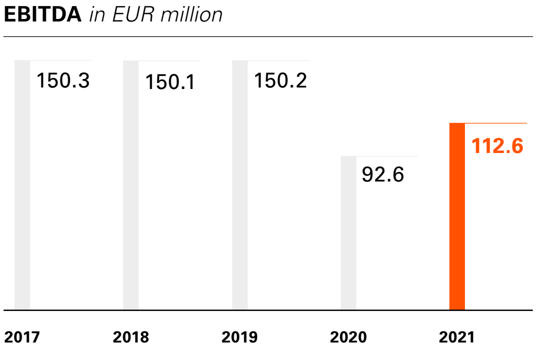
BRINGING NEW WORLDS OF WORK TO LIFE

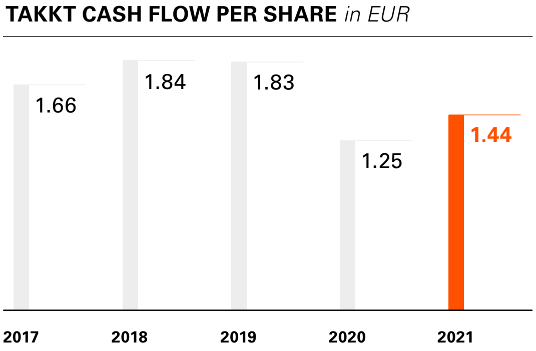
ANNUAL REPORT OF
TAKKT GROUP 2021

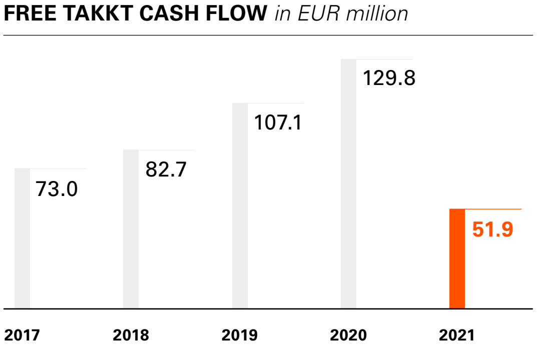
SELECTED KEY FIGURES

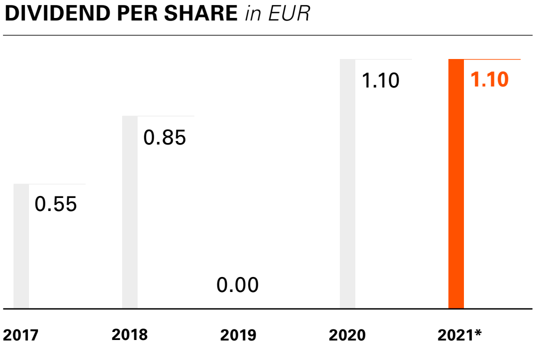












** The Management Board proposes a dividend payment of EUR 1.10 per share.*

KEY FIGURES OF TAKKT GROUP

in EUR million	2017	2018	2019	2020	2021
Sales	**1,116.1**	**1,181.1**	**1,213.7**	**1,067.4**	**1,178.0**
Change in %	–0.8	5.8	2.8	–12.0	10.4
EBITDA	**150.3**	**150.1**	**150.2**	**92.6**	**112.6**
in % of sales	13.5	12.7	12.4	8.7	9.6
EBIT	**123.2**	**122.5**	**108.8**	**52.4**	**73.9**
in % of sales	11.0	10.4	9.0	4.9	6.3
Profit before tax	**115.0**	**116.9**	**100.6**	**46.6**	**72.8**
in % of sales	10.3	9.9	8.3	4.4	6.2
Profit	**96.3**	**88.1**	**74.7**	**37.2**	**57.0**
in % of sales	8.6	7.5	6.2	3.5	4.8
TAKKT cash flow	109.1	120.8	120.4	82.0	94.3
Capital expenditure for investments	27.8	25.0	24.7	13.3	18.3
Free TAKKT cash flow	73.0	82.7	107.1	129.8	51.9
Capital expenditure for acquisitions	6.7	57.7	20.7	0.0	0.0
Depreciation, amortization and impairment	27.1	27.5	41.4	40.2	38.7
TAKKT cash flow per share in EUR	1.66	1.84	1.83	1.25	1.44
Earnings per share in EUR	1.47	1.34	1.14	0.57	0.87
Dividend per share in EUR	0.55	0.85	0.00	1.10	1.10*
Non-current assets	**692.6**	**758.6**	**835.5**	**781.1**	**812.2**
in % of total assets	74.6	73.1	75.9	77.8	72.8
Total equity	**567.8**	**631.4**	**644.2**	**649.6**	**694.0**
in % of total assets	61.2	60.8	58.5	64.7	62.2
Net financial liabilities	**135.2**	**150.8**	**189.8**	**75.4**	**105.0**
Total assets	**928.5**	**1.037.1**	**1.100.7**	**1.004.3**	**1.115.4**
ROCE (Return on Capital Employed) in %	14.6	14.0	11.1	5.6	8.0
TAKKT value added	43.1	30.4	9.8	–23.2	–3.1
Employees (full-time equivalent) at year-end	**2.405**	**2.530**	**2.483**	**2.327**	**2.496**

** The Management Board proposes a dividend payment of EUR 1.10 per share.*

GROUP STRUCTURE AS OF JANUARY 1, 2022

INDUSTRIAL & PACKAGING	OFFICE FURNITURE & DISPLAYS	FOODSERVICE	DIVISIONS

OPERATIONS	TECHNOLOGY & DATA	GROUP FUNCTIONS
HUMAN RESOURCES	FINANCE	

CONTENT

BRINGING NEW WORLDS OF WORK TO LIFE

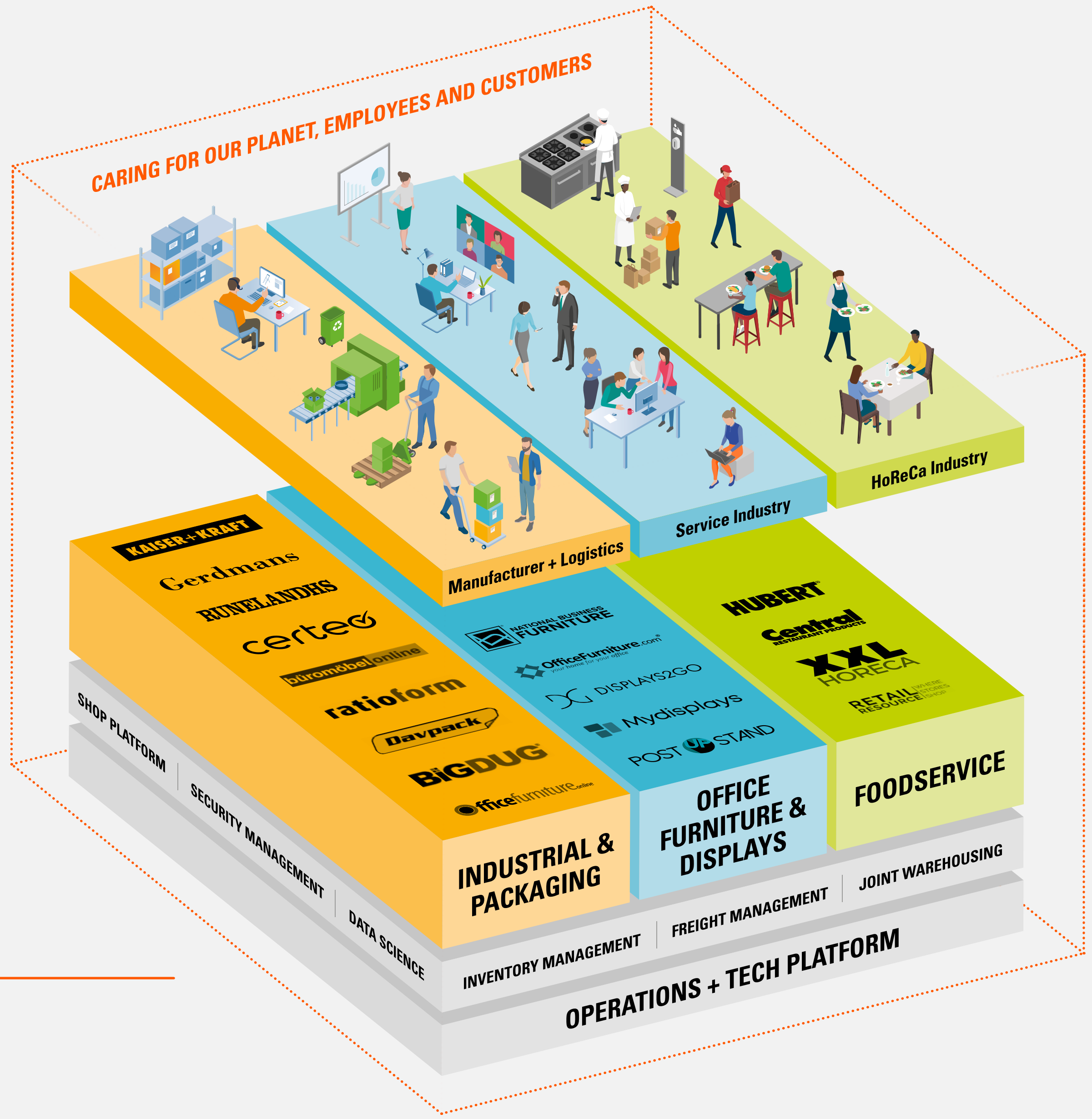
By caring about environmental resources, people and customer success

We are shaping the working worlds of tomorrow

Our worlds of work are undergoing a process of fundamental change that the coronavirus pandemic has only served to accelerate. This development is being driven by megatrends such as increasing digitalization, mounting competition for labor, the ever-growing importance of sustainability and much more flexible forms of work in line with the New Work trend.

We are helping our customers to shape the working worlds of tomorrow. Our organizational structure, with its three divisions, reflects this objective. Each division has a focused product portfolio that is primarily geared to a specific work environment. In Industrial & Packaging, the work environment is the factory floor or warehouse in the manufacturing and logistics industries. Office Furniture & Displays specializes in products for service providers. This includes equipment for working at the office or from home. The FoodService area offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments.

Together with our customers, we are creating attractive working environments for employees and customers alike, laying the foundation for shared success.



Let our products help you

DO THE HEAVY LIFTING

The strong growth in e-commerce, increasing digitalization and supply chain disruptions are just some of the trends that are fueling lasting changes in the working environment in production and logistics.

Transport packaging no longer just needs to be functional and protect the products being transported.It is also used to get advertising messages across and is expected to meet sustainable criteria. People, machinery and workpieces are networked with each other, and processes are becoming faster, more individual and more efficient. At the same time, requirements regarding documentation and occupational safety are becoming increasingly stringent. Our products and consulting services in the Industrial & Packaging division help prepare our customers for these new challenges.

Let our products help you

FEEL WELCOME WHEREVER YOU WORK TODAY

New Work has changed office working environments a lot in recent years, a process that is set to continue. We have the flexibility to decide for ourselves when, where and how we want to work. Employers that impose rigid requirements will have a hard time recruiting employees and keeping them within the company. And the office environments of tomorrow have to be so appealing and versatile that they offer employees real advantages compared to working from home. This calls for workplaces equipped with modern and ergonomic office furniture, but also areas for one-on-one discussions, rooms featuring technology for both face-to-face and virtual meetings, and quiet work zones. Our brands in the OF&D division help our customers to create these attractive working environments.

Let our products help you

MEET THE TASTE OF EVERY GUEST

The pandemic has created a whole new set of challenges for the restaurant and catering industries. The increasing popularity of take-away, delivery services and self-service options is placing new demands on restaurants, canteens and hotels. At the same time, it is becoming increasingly difficult to find employees to work in this industry. On the one hand, process automation and standardization will become more important as a result; on the other, companies will be forced to create jobs that are as appealing as possible for applicants. Our FoodService division supports our customers not only by offering products for food preparation and presentation, but also by helping them to create sustainable working environments.

DIVISION
INDUSTRIAL & PACKAGING

230.000
Products

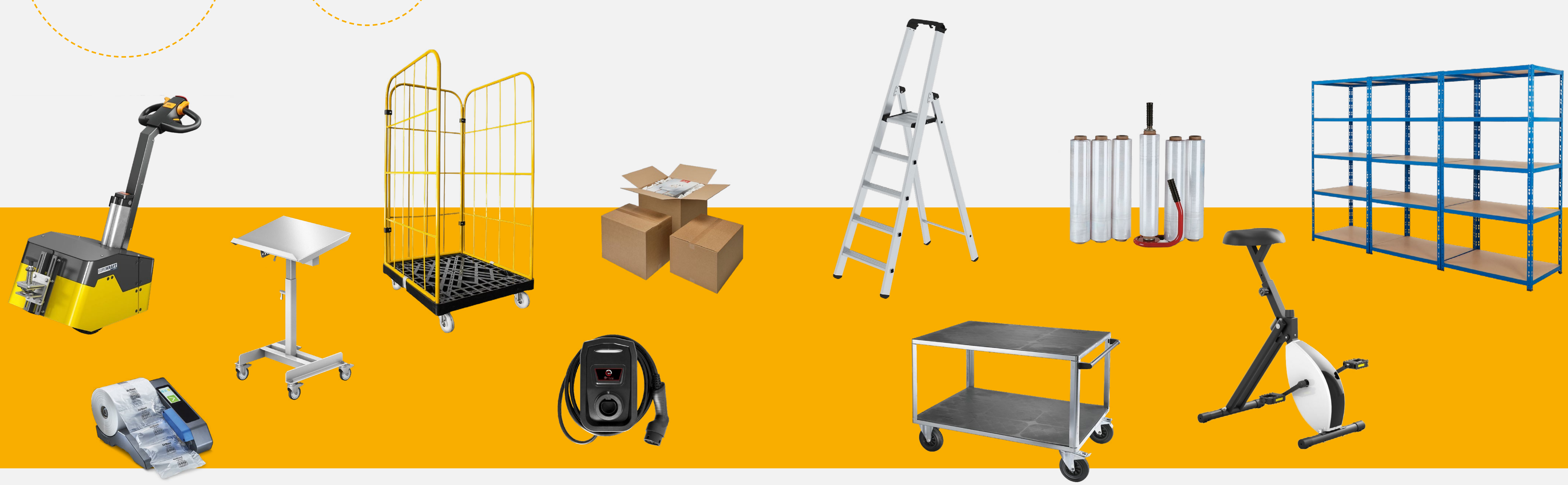
9
Brands

1.770
Employees

KAISER+KRAFT
Gerdmans
RUNELANDHS
certeo
bürömöbelonline
ratioform
Davpack
BiGDUG
officefurnitureonline

The I&P division offers a focused product portfolio in Europe for the work environment on the factory floor and in the warehouse in the manufacturing or logistics industries. Typical customers include manufacturing facilities such as mechanical engineering companies or automotive suppliers, but also service and retail companies and public institutions.

The KAISER+KRAFT brand offers a broad product range of plant, warehouse and office equipment. These include pallet lifting trucks, universal cabinets and swivel chairs as well as special-purpose products such as environmental cabinets and containers for hazardous materials. The Certeo and Büromöbelonline brands sell office and business equipment to smaller corporate customers. The range offered by packaging specialists ratioform and Davpack encompasses collapsible boxes, package padding, shipping pallets and stretch film. BIGDUG and OfficeFurnitureOnline offer a vast product range of office furniture and business equipment in the UK.



DIVISION OFFICE FURNITURE & DISPLAYS

NATIONAL BUSINESS FURNITURE

OfficeFurniture.com

DISPLAYS2GO

Mydisplays

POST UP STAND

OF&D specializes in products for service providers. These include office equipment for day-to-day use on the company premises or when working from home, but also promotion products at the point of sale or at events. This positioning gives OF&D a very broad range of customers that includes both office operators as well as companies that are seeking to present themselves or their products in an attractive way. They include large industrial corporations, smaller service providers such as lawyers and architects, but also public institutions like government agencies and schools.

The division's activities focus on the American market. The National Business Furniture (NBF) and OfficeFurniture.com brands offer an extensive range of office equipment. These include office chairs and desks, conference tables and furniture for reception areas. Displays2Go's products include advertising banners, digital display stands, mobile trade booths and fixtures. The Mydisplays brand sells similar products in Germany.

27.000 Products

5 Brands

500 Employees

DIVISION
FOODSERVICE

375.000
Products

4
Brands

380
Employees

HUBERT

Central RESTAURANT PRODUCTS

XXL HORECA

RETAIL RESOURCE WHERE STORES SHOP

The FS division offers its customers all products required for meal and food preparation and presentation. The range of products offered for the HoReCa (Hotels, Restaurants and Catering) work environment includes smaller products like pots and pans, but also larger appliances like ice machines or deep fryers. Customers include canteens in schools or universities, foodservice businesses catering for events such as sports venues, food retailers, but also small family-run restaurants.

The division's activities focus on North America. The range offered by the Hubert brand includes equipment for the foodservice industry and food retail sector as well as merchandising products. Examples of products include buffet equipment such as serving platters and food baskets.
The product range offered by the Central brand includes all the equipment and supplies required for the operation of small to mid-sized restaurants, such as kitchen stoves and freezers. XXL Horeca offers foodservice supplies with a focus on large appliances in Europe.

OUR CORE BEHAVIORS

Our Core Behaviors define and explain what is expected of each employee in their daily work. They drive the cultural change within the TAKKT Group and serve as a basis for regular performance reviews.

THINK CUSTOMER FIRST

**We make it easy to do business with.
Our customer is the center of everything we do.**

EMPOWER OTHERS

We engage our employees through open feedback, collaboration, transparency and teamwork.

IMPROVE EVERY DAY

**We challenge the status quo and quickly embrace change.
We keep it simple and impactful.**

TAKE OWNERSHIP

We are accountable for our targets and always deliver on our commitments.

COMPETE FOR SUCCESS

We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

TO THE SHAREHOLDERS

INTERVIEW WITH THE CEO

Maria, you have been CEO of TAKKT since the beginning of August. How do you see the company – what strengths and challenges have you identified?
I am really excited about the potential that our company has. We are a B2B distributor with a fast-growing share of e-commerce. We have long-standing customer relationships and score high on customer satisfaction. We are also very diversified, both regionally in Europe and North America and in terms of our customers, serving a vast range of businesses from hotels, restaurants and caterers to manufacturing companies and public-sector service providers. This is unique and offers enormous potential for growth. We address a market with a volume of around EUR 100 billion that is hardly consolidated. This presents a huge opportunity for TAKKT.

"I am really excited about the potential that our company has."

Maria Zesch
CEO

The second huge opportunity, but also the biggest challenge for us, is change – in other words, the rapid process of transformation in the market and internally within our company. We are seeing drastic changes in our customers' working environments – moving away from conventional office to hybrid office environments, from conventional restaurants to take-away & self-service trends, from packaging designed to protect products to sustainable and environmentally friendly packaging solutions that are used as advertising media. This requires us to come up with innovative new products and services – and to enter into new partnerships with suppliers across the globe.

That makes it sound like TAKKT has a whole range of opportunities open to it going forward. Does TAKKT have a vision?
We bring WOW to our customers. WOW stands for Worlds of Work. We help our customers to design new working environments for their employees and customers. That's where our passion lies. This is an area in which we have identified huge demand due to the rapid transformation in working worlds fueled by developments such as the shortage of skilled labor, digitalization and New Work, which have picked up even more speed due to the impact of the pandemic.

What are the three most important factors for TAKKT's success in the future?
Growth, customer centricity and greater corporate integration.

That sounds very clear. What strategy do you plan to use to achieve your goals and lead the company into the future?
We are focusing on B2B customers in Europe and North America in three specific customer segments: manufacturing/logistics, HoReCa (hotels, restaurants, catering) and service companies. These are the three markets we aim to grow in. In order to achieve this, we

have revamped our structure to create three divisions. As we seek to increase our high level of customer satisfaction even further, we are focusing on expanding our e-commerce activities and using OneTAKKT to improve key processes within the Group. OneTAKKT is our program aimed at accelerating our transformation into an integrated company. The aim is to bundle support functions such as logistics, technology, data, finance and HR at Group level. This allows for greater scaling and the exploitation of additional synergy potential and makes it easier to establish real competence clusters, for example for data & analytics or logistics processes. At the same time, the revamped setup allows our new divisions to focus fully on interaction with their customers.

Customer contact is also very important to you personally and you always take time for customer meetings. What message do you give your customers – what can they look forward to at TAKKT in the future?

Direct customer feedback is important in order to improve. Dialogue gives us a better understanding of the challenges facing our customers. We are constantly working to expand our product range to meet the needs of the new working worlds and to include innovative solutions that respond to key trends, such as collaborative working, in our portfolio. Sustainability is another very important issue. We certify our products as "enkelfähig", using criteria that determine whether they add value for the generations to come. And we are always on the lookout for new, more sustainable materials and are also working on even more sustainable supply chains, be it by cutting emissions or by ensuring further supplier certification. Our new divisional structure will also benefit our customers in that they will receive more products from a single source. This allows our customers to process everything in one order. For example, a warehouse buyer can place just one order to cover everything from pallet lifting trucks to wet vacuums and padded shipping cartons.

"We expect the transformation process to allow us to increase our organic growth rate to a long-term average of ten percent."

Those are ambitious plans. How do you plan to implement them and what sort of results do you expect?

We started the new year at full speed. The newly established Executive Team started work on January 01, 2022, and is now working on the systematic implementation of our strategy. There are areas where I already see initial success, for example in a project for the joint use of warehouse capacities in the USA and with the sourcing of container capacities for shipping to the UK. I expect the new structure to translate into continuous improvements over the coming months, allowing us to shift our growth rate up another gear. It is likely to take three years to implement our strategy in full. We expect the transformation process to allow us to increase our organic growth rate to a long-term average of ten percent. This marks a significant improvement over the pre-pandemic years.

How will the transformation process be reflected in earnings?

While our clear focus is on growth, it is important that we do not lose sight of our earnings and cash flow strength. This means that our additional growth will be associated with an improvement in profitability and a sustainable increase in EBITDA and cash flow. We want to maintain our reliable dividend payments. For the past fiscal year, we are proposing a dividend payment of EUR 1.10 per share. Besides our financial goals, customer satisfaction is, of course, an important anchor. As I mentioned earlier, achieving continuous improvements in customer satisfaction is a top priority for me personally. And satisfied employees are the lever for ensuring satisfied customers. This means that the corresponding key figures, which we measure at regular intervals, are an important indicator of the success of our transformation process.

Before we look further ahead into the future and talk about the expectations for this year, it is also worth looking back on 2021. As in the previous year, business development was once again impacted by the pandemic. What exactly were the implications?

The last fiscal year had surprises in store for us in several respects. On the one hand, the economic recovery in our target markets progressed at a faster rate than expected at the start of the year. On the other, unexpected new challenges emerged due to the ongoing supply bottlenecks and inflation. We responded well to these conditions and were able to achieve an organic sales increase of more than eleven percent, the strongest organic growth achieved in the company’s history. So it was a successful fiscal year for us. This is particularly evident if we look at our order intake, which was already up slightly on the 2019 level and would have allowed for even stronger sales growth. The difficulties regarding product availability and transportation that I mentioned earlier delayed deliveries to our customers, increasing our order backlog considerably. Without the delivery problems, our growth would have been significantly higher. We increased our EBITDA considerably to EUR 113 million. Once again, had it not been for the restrictions on product availability, we could have achieved significantly higher earnings.

"We [...] were able to achieve an organic sales increase of more than eleven percent, the strongest organic growth achieved in the company’s history."

When do you expect the delivery issues to ease? And what are your expectations for this year as a whole, also with regard to the order backlog and increased inflation?

Also due to the conflict in Ukraine and its potential impact, we do not expect the supply situation to quickly improve, though we hope for gradual improvement during the course of the year. And we have not seen any noticeable increase in cancellations of existing orders. This means that our competitors are being hit at least just as hard by the difficulties. Thanks to our established supplier contacts and efficient warehouse and logistics infrastructure, we are confident that the realization of the existing order backlog will help us achieve growth this year. We also aim to pass the increased prices on to our customers in full so as to keep our gross profit margin stable at over 40 percent. We expect organic growth in the high single-digit percentage range for the year as a whole. Moreover, we are driving forward the transformation by means of more strongly integrated positioning and development of the Group functions, which will affect earnings in 2022. Overall, the EBITDA is expected to increase at a similar rate to sales, to between EUR 110 and 130 million.

I would like to conclude with a personal question: What are you looking forward to most over the next few months, Maria?

I look forward to many things. But there are also extremely worrying developments. I am very concerned about the conflict in Ukraine. TAKKT, and I personally, stand in solidarity with the people in Ukraine. We are supporting the country by means of donations and offers such as additional paid vacation for employees who provide assistance. In addition, we have decided to end our business relationships in and with Russia. We all hope that peace will soon be restored. That is the most important thing.

As I look to the coming weeks and months in the company, I am excited to work to create new work environments for our customers. And of course, I also look forward to the Shareholders’ Meeting and the dialogue with our shareholders, especially regarding our growth strategy.

I’d like to finish by saying a big thank you to our employees. Thank you for your tireless effort, your enormous commitment to our customers and the considerable impetus you have provided for the process of improvement. I am very proud to be part of this team.

MEMBERS OF THE MANAGEMENT BOARD

MARIA ZESCH
CEO

CLAUDE TOMASZEWSKI
CFO

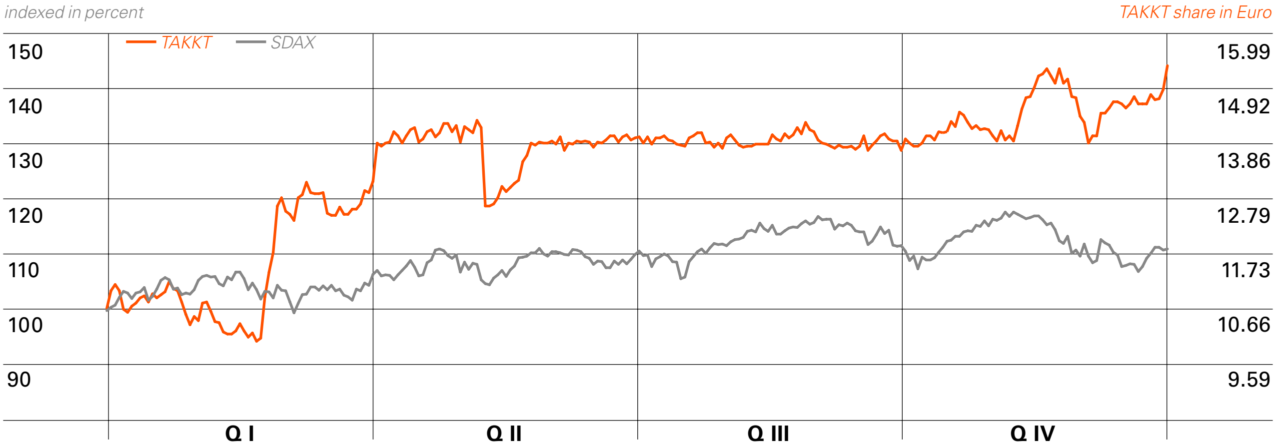
TAKKT SHARE AND INVESTOR RELATIONS

CAPITAL MARKETS BENEFIT FROM IMPROVED ECONOMY AND EXPANSIONARY MONETARY POLICY

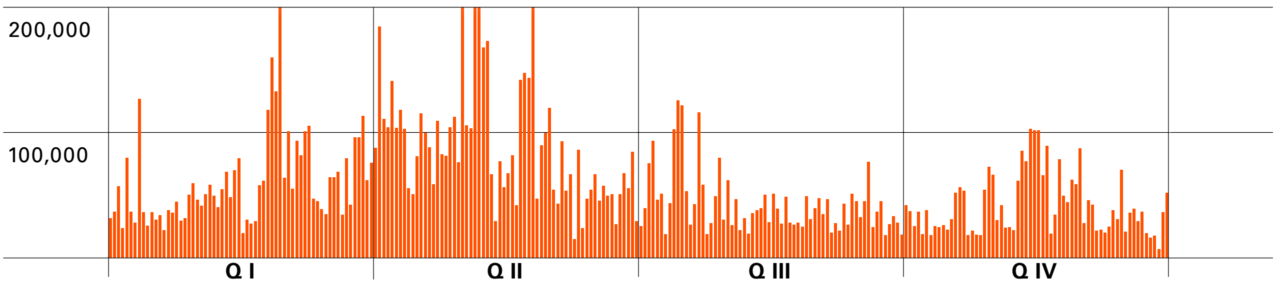
The global stock markets once again developed very positively in 2021. As a result of lockdowns continuing longer than expected in many regions, the stock markets initially trended sideways at the beginning of the year. Driven by the economic recovery and continued expansionary monetary and fiscal policy, the global indexes rose significantly and reached new highs in the middle of the year. After temporary setbacks due to the spread of the delta variant of the coronavirus and ongoing difficulties in global supply chains, the capital markets resumed their upward trend at the end of the year. The German stock indexes reached new all-time highs several times in the past year and closed with significant price gains. The DAX increased by 15.8 percent and the SDAX rose by 11.2 percent.

The TAKKT share price also showed an initial horizontal trend at the beginning of the year. In February, the share decreased slightly and hit its annual low of EUR 10.02. The share saw a significant increase with the publication of the preliminary figures and the dividend proposal. In addition to the payment of a dividend for the 2020 fiscal year, TAKKT also made up for the base dividend suspended in the previous year. By the time of the Shareholders' Meeting on May 11, the TAKKT share had gone up to EUR 14.30 in a positive stock market environment overall. The price decline as a result of the dividend payment of EUR 1.10 was quickly recovered in the following weeks. At the beginning of June, the share price was once again close to EUR 14. Prior to publication of the figures for the first nine months, the share traded within a relatively narrow range around the EUR 14 mark. At the beginning of November, the share initially saw a marked increase before suffering another

Performance of the TAKKT share *(52-week comparison, SDAX as benchmark)*



Trading volume of the TAKKT share *(daily volume on Xetra in number of shares in 2021*)*

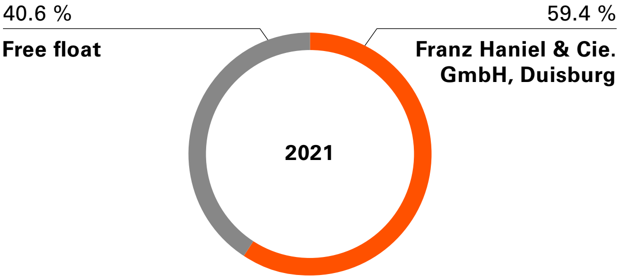


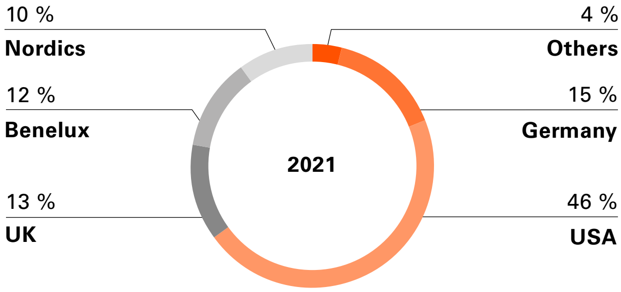
** On individual days, more than 200 thousand TAKKT shares were traded on Xetra.*

setback. In December, the share once again climbed above the EUR 15 threshold. The closing price of EUR 15.36 was also the high for the year (year-end 2020: EUR 10.66). Including the dividend, the return on the TAKKT share was plus 54.4 percent, which was well above that of the market as a whole. All data is based on daily closing prices in the Xetra trading system.

TAKKT is listed in the SDAX index of Deutsche Börse and had a share of 0.73 percent as of the end of the year. In the Deutsche Börse ranking list encompassing all companies listed on the DAX, MDAX and SDAX, TAKKT AG occupied position 158 at year-end in terms of market capitalization on the basis of the free float. It was in position 160 in the previous year. The slightly better ranking is attributable to the significant above-average performance of the TAKKT share and would have been even better without the large number of IPOs and spin-offs. On the most important trading platform, Xetra, an average of 61.0 (88.7) thousand TAKKT shares were traded on each trading day, which was significantly less than in 2020. The sharp decrease is mainly due to the high trading volumes during the first phase of the pandemic in March and April 2020.

Shareholder structure and regional distribution of free-float shares of institutional investors as of December 31, 2021*





* *For regional distribution approximation values, based on Bloomberg data*

Key figures relating to TAKKT share *(five year perspective)*

	Unit	2017	2018	2019	2020	2021
Trade data						
Year-end closing price	EUR	18.87	13.64	12.58	10.66	15.36
Highest price	EUR	23.13	23.05	15.78	12.78	15.36
Lowest price	EUR	18.87	12.30	10.66	5.80	10.02
Market value at year-end	EUR million	1,238.1	894.9	825.4	699.4	1,007.8
Average daily turnover	thousand shares	46.0	70.5	55.1	88.7	61.0
Issued shares at year-end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share	EUR	0.55	0.85	0.00	1.10	1.10*
Payout ratio	percent	37.5	63.3	0.0	193.8	126.6
Dividend yield	percent	2.9	6.2	0.0	10.3	7.2
Valuation ratios						
Earnings per share (EPS)	EUR	1.47	1.34	1.14	0.57	0.87
TAKKT cash flow per share	EUR	1.66	1.84	1.83	1.25	1.44

* *Dividend proposal: Payment of a dividend of EUR 1.10 consisting of a base dividend of EUR 0.60 and a special dividend of EUR 0.50.*

Basic data of the TAKKT share	
WKN (securities identification code)	744600
ISIN	DE0007446007
Ticker symbol	TTK
Reuters symbol	TTKG.F (Frankfurt)
Bloomberg symbol	TTK.GR
Number and type of shares	65,610,331 no-par-value bearer shares
Share capital	EUR 65,610,331
First listing	September 15, 1999
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Hauck Aufhäuser Lampe ODDO BHF

COMPREHENSIVE INFORMATION FOR THE FINANCIAL COMMUNITY

TAKKT's investor relations work focuses on providing information to shareholders, analysts and investors in a transparent and reliable manner. The company places great importance on timely and informative reporting and presents interim results within one month after the end of each quarter at the latest. In the "Investors' Darling" competition organized every year by manager magazin together with the HHL Leipzig Graduate School of Management, TAKKT achieved seventh place in the SDAX in 2021. TAKKT ranked 38th in the overall ranking of all 160 companies listed in the DAX indexes. The competition assesses the companies with regard to their financial communications, such as financial reporting, IR presentations and the website. The evaluation also takes into account share price performance over the longer term and the perception of the company in the capital market, which is based on a survey of experts (perception study).

The range of information provided on the TAKKT website is designed to meet the information needs of all capital market participants and financing partners. Besides financial reports, mandatory announcements, press releases and information about the share, interested persons can find roadshow and analyst presentations there. It also provides explanations regarding the company's strategy and Corporate Governance. In addition, conference calls are held when quarterly figures are published or for important corporate events.

CLOSE COMMUNICATION WITH INVESTORS AND ANALYSTS

TAKKT seeks to communicate regularly and transparently with institutional and private investors, financial analysts, potential investors and financial journalists. In 2021, talks with investors and conferences were predominantly held in a virtual format due to the coronavirus pandemic:

- At the end of March 2021, TAKKT presented its consolidated financial statements at the virtual analyst conference, where it discussed the corporate strategy and outlook for the fiscal year with analysts and investors.

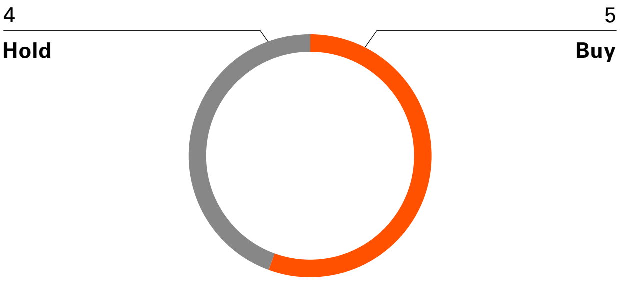
- The Management Board regularly participates in capital market conferences. These include the German Equity Forum organized by Deutsche Börse every year in November, the capital market conferences of Kepler Cheuvreux and Crédit Mutuel CIC, as well as the capital market conference of Berenberg and Goldman Sachs. In addition, the investor relations team participated in the Oddo BHF Forum, CEE Consumer Conference of the Erste Group Bank and the Berenberg Madrid Seminar.

- The company also held talks with investors during digital roadshows.

TAKKT makes the documents presented at the events available on its corporate website. The number of financial analysts who regularly observe the TAKKT share also reflects the perception of the company on the capital market. As of March 11, 2021, five analysts recommended buying the share. Four analysts advised holding the share. The average target price set by the analysts was EUR 15.9.

Institution	Analyst
AlsterResearch	Thomas Wissler
Berenberg	Catharina Claes
DZ Bank	Thomas Maul
Hauck Aufhäuser Lampe	Christian Salis
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Thomas Hofmann
Metzler Capital Partners	Tom Diedrich
M.M. Warburg	Thilo Kleibauer
Pareto Securities	Mark Josefson

Analyst recommendations



SHAREHOLDERS' MEETING AND DIVIDEND

The 22nd ordinary Shareholders' Meeting of TAKKT AG was once again held virtually on May 11, 2021. The shareholders were able to follow the live video and audio transmission of the Shareholders' Meeting online and exercise their voting rights via the shareholder portal. Questions to the Management Board of TAKKT AG could also be submitted through the shareholder portal up to one day before the meeting. Felix Zimmermann, reported at the meeting, which was also his last day as CEO, on the personnel changes on the Management Board, business development and the organizational realignment. Afterwards, Felix Zimmermann answered all the questions submitted by the shareholders. The Shareholders' Meeting ratified all of the items on the agenda by a large majority. In addition to the payment of a dividend of EUR 0.55 for the 2020 fiscal year, the shareholders endorsed making up the base dividend of EUR 0.55 that was suspended in the previous year. The Management Board proposes a dividend payment of EUR 1.10 per share for the past fiscal year. This would comprise a base dividend of EUR 0.60 per share plus a special dividend payment of EUR 0.50.

FINANCIAL CALENDAR 2022

The financial calendar for 2022 is shown on the last page of this annual report. It can also be accessed on the TAKKT website, where it is regularly updated.

INVESTOR RELATIONS CONTACT

The investor relations team is available to answer any questions related to the TAKKT share and can be reached at:

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Michael Loch/Benjamin Bühler
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Telephone: +49 711 3465-8222
Fax: +49 711 3465-8104
Email: investor@takkt.de
http://www.takkt.de

SUPERVISORY BOARD REPORT

Thomas Schmidt
Chairman of the Supervisory Board

LADIES AND GENTLEMEN,

in the past fiscal year, which was also shaped by the effects of the pandemic, we as the Supervisory Board supported and advised the Management Board as accustomed. Compared to the crisis year of 2020, there was a substantial increase in customer demand. However, deliveries to customers were affected by limited product availability in some cases due to global supply chain delays. Despite these circumstances, TAKKT was able to increase its sales and earnings significantly in 2021.

With respect to the long-term development of our Group, the consultations between the Management and Supervisory Boards focused on reviewing the strategic direction and organizational structure of the company. As the Supervisory Board, we support the transformation of TAKKT into a more integrated, growth-oriented group, which will provide the basis for the future success of TAKKT AG.

CHANGES IN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The composition of the Management Board has changed over the course of the past fiscal year. As announced in 2020, longtime CEO Felix Zimmermann left TAKKT AG following the Shareholders' Meeting in May 2021. The Supervisory Board thanks Felix Zimmermann for the many years of successful work. Zimmermann was appointed to the TAKKT Management Board in 1999 and headed the company since 2009. With his value-oriented, responsible and pragmatic leadership, he not only guided TAKKT very successfully through the financial and Corona crisis, but also drove the company's steady development from a B2B catalog mail order company to an e-commerce provider.

Maria Zesch has been leading TAKKT Group as new CEO since August 1, 2021. We are very pleased that we have been able to secure such an experienced leader and proven marketing, sales and service expert for our company. Her comprehensive digital and B2B know-how as well as her merger and transformation expertise and more than 20 years of management experience in international companies make her the right person for the successful future of our business.

Tobias Flaitz, member of the TAKKT AG Managment Board responsible for the Web-focused Commerce segment and digital transformation, left the company at the end of 2021 to pursue new professional challenges. The Supervisory

Board would like to thank Tobias Flaitz for his work at TAKKT AG. In 2021, a change was also made in the distribution of roles on the Supervisory Board as planned. Thomas Schmidt, CEO of TAKKT's majority shareholder Haniel, was elected as the new chairman by the Supervisory Board in May. Florian Funck will remain a member of the Supervisory Board.

WORK OF THE SUPERVISORY BOARD

The Supervisory Board supported and monitored the Management Board in an advisory capacity in the past fiscal year and was in dialogue with the Management Board, particularly with regard to strategic issues. It met on six occasions in the 2021 fiscal year. This consisted of four regular meetings and two extraordinary meetings. The individualized disclosure of participation in the meetings of the Supervisory Board and the personnel committee can be found at the end of this report.

The main topics of the Supervisory Board meetings in the year under review were the current business performance and the future strategic direction of TAKKT Group. In addition, the Supervisory Board discussed the establishment of an audit committee, the Management Board remuneration system and setting targets for the share of women on the Management and Supervisory Boards. Other topics covered at the meetings were business performance planning, the risk situation including the quantification of significant risks, the risk management system, the internal control system, compliance and the activities in the area of internal audit.

At its meeting in December, the Supervisory Board established an audit committee effective January 1, 2022. The Supervisory Board assigned the audit committee the task of monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system. Furthermore, the audit committee deals with matters relating to the audit, in particular the selection and independence of the auditors, the quality of the audit and additional services provided by the auditor.

The personnel committee met four times in the year under review. Items discussed included the appointment of Maria Zesch as CEO of TAKKT AG and the departure of Tobias Flaitz from the Management Board. In addition, the committee dealt with the remuneration system and the areas of responsibility of the Management Board.

CONSTRUCTIVE COOPERATION IN A SPIRIT OF PARTNERSHIP

The start of the new CEO led to even closer collaboration between the Supervisory Board and the Management Board. In particular, Maria Zesch and Thomas Schmidt discussed important topics in depth on a regular basis both in writing and verbally. In the meetings between the Supervisory Board and Management Board engaging and constructive discussions took place. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner and passed formal resolutions where necessary. In the 2021 fiscal year, the Supervisory Board also conducted a differentiated internal efficiency review aimed at continuous improvement.

ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board places importance on conducting its control tasks continuously and with great intensity. This self-commitment will also define its work in the future since it makes a significant contribution to responsible corporate governance at TAKKT. In this connection, the Management and Supervisory Boards again signed, effective December 31, 2021, the declaration of conformity to the recommendations made by the German Corporate Governance Code (DCGK) Government Commission in the version dated December 16, 2019. Additional information regarding corporate governance and the declaration of compliance can be found in the Declaration on Corporate Governance, which has been published on the company's website.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF TAKKT AG APPROVED

Following the proposal of the Supervisory Board, the Shareholders' Meeting appointed Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2021 fiscal year. The auditors issued a declaration of independence to the

Supervisory Board. The Supervisory Board reviewed the independence of the auditor as per section 107(3) sentence 2 of the German Stock Corporation Act (AktG).

The audit focus topics for the 2021 fiscal year specified by the Supervisory Board were the recognition and valuation of pension provisions as well as the disclosures on financial risk management in the notes to the consolidated financial statements. With regard to the consolidated financial statements, the auditors also focused on the goodwill impairment tests, reportings from auditors of foreign subsidiaries, the consolidation measures, the notes to the consolidated financial statements and the combined management report of TAKKT AG and the Group. The auditors in charge from Ebner Stolz GmbH & Co. KG reviewed the financial statements of TAKKT AG in addition to the consolidated financial statements of the Group and the combined management report and issued an unqualified audit certificate. The TAKKT Group's system for early risk detection was also audited and its suitability confirmed.

The auditors in charge attended the audit committee's annual accounts meeting on March 23, 2022. They informed the members of the audit committee about the key findings of the audit and answered more detailed questions. The audit committee discussed the auditors' findings at length and approved them. At the meeting on March 25, 2022, the audit committee reported to the Supervisory Board on the results of the annual accounts meeting. At this meeting, the Supervisory Board reviewed and approved the consolidated financial statements, the financial statements of TAKKT AG, as well as the management report of TAKKT AG and the TAKKT Group, including the non-financial statement. The financial statements of TAKKT AG were thus adopted and the consolidated financial statements approved.

SUPERVISORY BOARD APPROVES DEPENDENCY REPORT

Franz Haniel & Cie. GmbH, Duisburg, also held the majority of TAKKT shares in the 2021 fiscal year. In accordance with section 312 of the German Stock Corporation Act (AktG), the Management Board therefore prepared a report on relations with affiliated companies for the past fiscal year. Ebner Stolz GmbH & Co. KG prepared an auditors' report as required under section 313 of the German Stock Corporation Act (AktG). No reservations were expressed as a result of the audit. The auditor issued the following unqualified opinion: "Having conducted a proper audit and appraisal, we confirm that, first, the actual disclosures set out in the report are correct, second, payments made by the company for transactions covered in the report were not unduly high and, third, no circumstances covered in the report indicate a substantially different assessment than that given by the Management Board." The Supervisory Board reviewed the report on the relations of the company to affiliated companies and the corresponding auditors' report and approved them according to section 314 of the German Stock Corporation Act (AktG). The Board had no objections to the dependency report and the closing statement made by the Management Board therein, which can be found in the "Corporate Governance" section of this annual report.

We would like to thank the TAKKT AG shareholders for the trust they placed in us again in 2021. We also want to thank all employees of TAKKT Group for their ongoing high level of commitment in the transformation of our Group and their successful work during the past fiscal year. Thanks also go to the Management Board for their trusting and constructive cooperation founded on partnership.

Stuttgart, March 2022

Thomas Schmidt
(Chairman of the Supervisory Board of TAKKT AG)

MEMBERS OF THE SUPERVISORY BOARD

Thomas Schmidt
Chairman

Chairman of the Management Board
of Franz Haniel & Cie. GmbH,
Duisburg

Dr. Johannes Haupt
Deputy Chairman

Chairman of the Management Board
of Blanc & Fischer Familienholding GmbH
(until December 31, 2021), Oberderdingen

Dr. Florian Funck

Member of the Management Board
of Franz Haniel & Cie. GmbH,
Duisburg

Thomas Kniehl

Employee for customer support
of KAISER+KRAFT GmbH,
Stuttgart

Dr. Dorothee Ritz

Managing Director of E.ON Energie Deutschland GmbH,
Munich

Christian Wendler

Chairman of the Executive Board of Lenze SE,
Aerzen

MEMBERS OF THE PERSONNEL COMMITTEE

Thomas Schmidt
Chairman

Dr. Johannes Haupt
Deputy Chairman

Christian Wendler

MEMBERS OF THE AUDIT COMMITTEE

Dr. Johannes Haupt
Chairman

Dr. Florian Funck
Deputy Chairman

Thomas Kniehl

Board members' participation in Supervisory Board meetings in the fiscal year 2021

	Board meetings	Attendance	Personnel committee	Attendance
Thomas Schmidt	6/6	100 %	2/2	100 %
Johannes Haupt	6/6	100 %	4/4	100 %
Florian Funck	6/6	100 %	2/2	100 %
Thomas Kniehl	6/6	100 %	-	-
Dorothee Ritz	6/6	100 %	-	-
Christian Wendler	6/6	100 %	4/4	100 %

MANAGEMENT REPORT

MANAGEMENT REPORT FOR TAKKT AG AND THE TAKKT GROUP

BUSINESS ACTIVITIES

ORGANIZATION AND BUSINESS AREAS

The TAKKT Group specializes in B2B distance selling for business equipment. Sales are carried out mainly via e-commerce, and customers are also addressed through print marketing and key account managers. The divisions and brands operate in attractive markets and focus primarily on the sale of durable and less price sensitive equipment as well as special items that are needed regularly to corporate customers in various industries and regions. The product ranges that are offered mostly encompass durables that companies use for their business activities. The TAKKT companies supply products such as pallet lifting trucks to German automobile suppliers, computer cabinets to Swiss mechanical engineering companies, custom-printed advertising banners for trade shows, shipping cartons to European industrial companies and food service equipment to commercial kitchens in the US.

NEW ORGANIZATIONAL STRUCTURE

Until the end of 2021, TAKKT was divided into three segments across different sales channels. Since the beginning of 2022, the Group has addressed the market with the following three divisions:

- Industrial & Packaging (I&P)
- Office Furniture & Displays (OF&D)
- FoodService (FS)

Supporting Group functions such as IT and logistics are coordinated and managed at the TAKKT AG level.

The presentation of the Group's business activities in this report follows the new organizational structure, whereas the reporting on the past fiscal year is based on the structure in place until the end of 2021 with the three previous segments.

THREE DIVISIONS FOR THREE SPECIFIC WORK ENVIRONMENTS

Each division has a focused product portfolio that is primarily geared to a specific work environment. In I&P, the work environment is the factory floor or warehouse in the manufacturing and logistics industries. OF&D specializes in products for service providers. This includes equipment for working at the office or from home. The FS area offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments.

The aim of the new organizational alignment along product categories and sales markets is to realize greater sales potential. The work of the divisions will focus on market and customer-related functions such as sales, marketing, e-commerce and product portfolio management. These tasks are being increasingly coordinated and bundled within the divisions across the individual sales brands. This allows for better use of internal resources and skills, such as through the expansion of cross-selling.

BUNDLING GROUP-WIDE FUNCTIONS TO GENERATE GREATER SYNERGIES

In the future, TAKKT plans to further integrate supporting functions that are critical for success and to bundle them at the Group level. The focus will be on logistics, technology & data, finance and HR. Integrating these functions centrally offers greater synergies and the larger areas of responsibility make it easier to recruit experts and develop core areas of expertise in the Group. Future acquisitions will be integrated more closely than before into the structures of a segment and thereby contribute more to value generation within the Group. Full implementation of the transformation is expected to take three years. The new organizational structure is shown on page 35.

OVERVIEW OF BUSINESS AREAS

The I&P division primarily comprises the following European activities:

- As a supplier of business equipment, KAISER+KRAFT offers around 120,000 products for transport, plant, warehouse and office equipment in about 20 European countries. Customers include industrial enterprises such as automotive suppliers, service and retail companies and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and swivel chairs as well as special-purpose products such as environmental cabinets and containers for hazardous materials. The Certeo and Büromöbelonline brands sell a similar product range to smaller corporate customers in the DACH region and France.

- Packaging specialists ratioform and Davpack offer around 14,000 different products in seven European countries for companies in different industries as well as customer-specific packaging solutions. Some examples of products are collapsible boxes, package padding, shipping pallets and stretch film.

Group structure (as of January 1, 2022)

- The OfficeFurnitureOnline and BiGDUG brands, both based in the UK, sell office furniture and business equipment such as desks, chairs, cabinets and workbenches to small and medium-sized companies.

The OF&D division is mainly active in the US:

- National Business Furniture (NBF) offers around 15,000 office furniture products in the US. The customers include companies and service providers such as lawyers and architects as well as public institutions like government agencies and schools. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.

- Displays2go offers around 13,000 sales promotion products in the US. Products include advertising banners, digital display stands, mobile trade booths and fixtures. Mydisplays offers a similar product range in Germany.

The FS division's main focus is North America and includes a smaller company in Europe:

- Hubert offers around 260,000 products in the US and Canada. The range includes equipment for the food service industry and food retail sector as well as merchandising products. The customers mainly include operators of large cafeterias, food service businesses and food retailers. Products include buffet equipment such as serving platters and food baskets.

- Central sells around 80,000 products for restaurant equipment in the US. Restaurant operators are the core customer group of the Central business. The product range includes all the equipment and supplies required for the operation of small to mid-sized restaurants. Some examples of products are kitchen stoves and freezers.

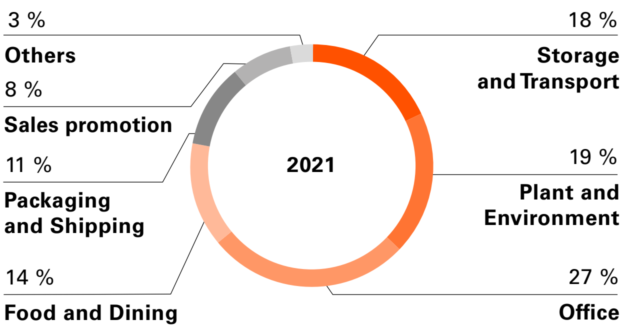
- XXLhoreca, an e-commerce direct marketing specialist for food service equipment based in the Netherlands, mainly supplies hotels, restaurants, cafeterias and catering companies. The range includes around 35,000 products with a focus on large appliances such as refrigerators and freezers.

An overview of all the Group companies is provided by the share ownership list of the TAKKT Group, which can be found in the Notes to the consolidated financial statements under "Other notes" in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual report.

DIVERSIFIED POSITIONING

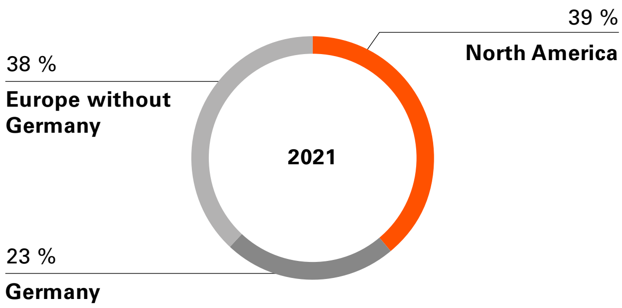
Due to its presence in different regions and the focus on different product and customer groups, the TAKKT Group is broadly based. At the product level, TAKKT differentiates between products for operations & environment, warehouse & transportation, office, packaging & shipping, food service and sales promotion. TAKKT diversifies broadly to compensate for fluctuations in demand. The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in M&A activities in the future.

Diversification of product ranges



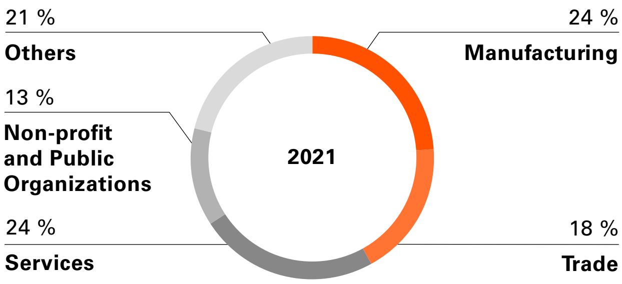
At the regional level, TAKKT differentiates between Germany, Europe without Germany and North America. In the past, this has proven to be a pillar of the TAKKT Group. This has allowed economic fluctuations in certain target markets to be partially offset by opposite developments in other regions. TAKKT will continue to focus on its presence in Europe and North America in the future, and will strengthen its activities in these regions both organically and through acquisitions.

Diversification of regions



At the customer level, the divisions serve a broad customer base consisting of manufacturing businesses, retailers and service providers as well as nonprofit and public organizations to compensate for the cyclical fluctuations experienced by the individual target groups. Orders from manufacturing businesses – the original core business of the TAKKT Group – represent a quarter of the sales volume. TAKKT wants to continue to generate a balanced share of sales with the manufacturing industry, the trade and service sectors, and nonprofit and government institutions. This diversification across different customer groups stabilizes the TAKKT Group as a whole.

Diversification of customer groups



MARKET POSITION AND COMPETITIVE ENVIRONMENT

TAKKT positions itself in the market as an omnichannel direct marketing specialist for business equipment with a comprehensive range of services. Its niche positioning allows the Group companies to create significant added value for both customers and suppliers. The competitive environment is highly fragmented and shaped by the growing importance of the e-commerce business.

Market differentiation…	Market attributes	TAKKT
…by customer	• B2B • B2C	• B2B
…by type of distribution	• Store-based retailing • Omnichannel Commerce • Online-only retail	• Omnichannel Commerce
…by product range depth	• Generalists • Specialized retailers	• Specialized retailers
…by industry focus	• Horizontal alignment (product specialists) • Vertical alignment (industry specialists)	• Product specialists and industry specialists
…by service	• Pure distributors • Marketplaces • Distribution of goods and additional services	• Distribution of goods, advising and comprehensive range of services

TAKKT's market environment can be defined by means of the criteria shown in the table above. The TAKKT Group companies position themselves as specialized Omnichannel distributors (excluding store-based retailing) of business equipment with a comprehensive range of services.

The market niche of B2B distance selling is advantageous from TAKKT's perspective in the following ways:

- The TAKKT companies use a fragmented supplier pool of product specialists and maintain long-term relationships with suppliers that they work well with. The customer base is also broadly diversified. This means that the TAKKT companies cater to customers of various sizes and from different industries and are therefore mostly independent from single large orders or major customers.

- The market environment of many TAKKT companies is characterized by different levels of business model-specific market entry barriers. For example, a potential new Omnichannel competitor first has to make significant investments in marketing, IT and logistics and incur several years of start-up losses. Barriers to entry are lower in online-only retail. Main parts of the service and value chain are often outsourced or purchased from third parties (e.g., purely drop shipment business, purchase of IT services, etc.), while providers concentrate on marketing activities.

ADDED VALUE FOR CUSTOMERS AND SUPPLIERS

The companies of the TAKKT Group operate in attractive market segments. In the B2B environment, the customer considers the price in relation to product, quality and service. This means that distance selling is especially appealing to customers if they can find and order good products at attractive prices quickly and easily. They also expect a high level of advice and service with respect to the actual product. TAKKT's strength lies in its ability to address and serve these different customer needs in a targeted way. The services are listed in the table below.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side (see table on page 38).

Added value for customers	
Easy ordering and fast delivery	• Customers order through the channel that is best for them • Digitalization allows better integration of the order channels • Fast delivery through logistics partners in the individual countries • Immediate availability of most products
Needs-based products and well-organized presentation	• Comfortable, user-friendly and customer-specific presentation on different channels • Detailed product information such as mainly self-produced videos, images and product descriptions • Wide range of private labels and a carefully curated product preselection • Continuous and, where necessary, short-term adaptation of the product range to the needs of the customers • Support for resource-conserving business activities by offering sustainable products
Personalized advising and individual offers	• Sales employees and product experts advise customers through different channels and media • Individual offers and support with selection process
Customized solutions	• Special procurement and custom-made products possible if there is no immediate solution available for the specific customer request • Individual project planning • Mobile customer service (spare parts, repair, maintenance) • Delivery to the point of use and assembly service • Integration into customer purchasing processes (e.g. e-procurement)
Project management	• Coordination of specific customer projects by employees in telesales and field activities • Special service requirements taken into consideration (e.g., when equipping several facilities)
Long warranty periods	• Warranty periods beyond the legal requirements and after-sales guarantee of several years

Added value for suppliers	
Opening up enormous customer potential	• Access to entire customer base of the sales company • Opportunity to benefit from cross-selling with product categories of other manufacturers
Professional product sales	• TAKKT provides targeted marketing through the sales channels online, print advertising, telesales and key account managers • Listing with one of the TAKKT companies is seen as a seal of quality in the market for the manufacturer's products
Presence in many different domestic markets	• Customers are reached through web shops and catalogs in all sales regions where the TAKKT company operates • Avoidance of natural market entry barriers due to country-specific factors such as language, currency or tax and legal conditions • Supplier does not have to set up own sales structure abroad
Easy onboarding and intensive support	• Close supplier management, regular interaction and joint product development based on needs of the customer
Greater efficiency	• One-time shipment of larger volumes to a central warehouse instead of many individual deliveries to customers

Inclusion in the product range of a TAKKT company brings benefits for these suppliers compared to independently distributing their products. They obtain direct access to a very large number of customers in different countries and thus circumvent natural market entry barriers that result from the different currencies, languages and legal frameworks, especially in Europe.

FRAGMENTED COMPETITIVE ENVIRONMENT

The competitive environment in the markets that are relevant for the TAKKT companies is generally characterized by a large number of store-based retailers and distance sellers. Omnichannel providers as well as online-only retailers and marketplaces (intermediary platforms) are active in distance selling. Based on industry studies, TAKKT expects further significant growth in distance selling over the coming years – especially through digital channels. This trend has been accelerated by the effects of the coronavirus pandemic. The company believes that the online web shop business and online marketplaces in particular will benefit from the increasing importance of distance selling. The projected market share shift should have a medium to long-term beneficial impact for the TAKKT companies, which already generate significantly more than half of order intake on average via e-commerce.

Compared to the various competitors, the TAKKT companies position themselves as follows:

- For B2B customers, distance selling is far more efficient and comfortable than procurement from local store-based retailers. The scalability of the business allows TAKKT to offer a broader selection of products and more comprehensive service.

- In the distance selling sector, TAKKT's main competitors in the medium-sized to large B2B customer market are other service-oriented retailers. For this customer group, a reliable procurement process, comprehensive product advice and complementary services are just as important as price, which is why more transaction-oriented online distributors are less relevant for these customers.

- TAKKT's purely e-commerce companies act as experts with regard to more price-conscious, transaction-oriented and generally smaller corporate customers. In terms of purchasing and advice, they have a great deal of expertise with respect to their specific product range. This allows them to offer an attractive price level and also position themselves against marketplace models and similar providers with an extremely broad product range.

The table below gives an overview of the competitive environment of the TAKKT companies and lists examples of competitors.

TAKKT market environment and exemplary competitors

		Competitors in Europe		Competitors in USA		
		Plant and warehouse equipment	Packaging solutions	Merchandising and food service equipment	Sales displays	Office equipment
Store-based retailers		Numerous store-based retailers				
Distance sellers	Omnichannel providers	• Manutan • Schäfer Shop • Jungheinrich Profishop	• Raja • Transpak • Hoffmann	• Trimark • Edward Don • Wasserstrom	• Allen Display • Braeside Displays	• Staples • Office Depot
Distance sellers	Online-only retailers	• Contorion • Rapid Racking • Profishop	• Karton.eu • Hilde24	• WebstaurantStore • Katom • Instawares	• Ace Exhibits • DisplayIt	• BizChair • Cymax
Distance sellers	Online marketplaces	Various marketplaces, e.g. Amazon Business				

CORPORATE GOALS AND STRATEGY

Following a review in the second half of the year, TAKKT has defined a new strategic positioning at the end of 2021. The new strategy will speed up the Group's transformation into a more strongly integrated, customer-focused and growth-oriented company. It comprises the three pillars of Growth, OneTAKKT and Caring and the measures and goals affiliated with them. As part of the new strategy, TAKKT intends to increase sales to EUR two billion by 2025, to generate EBITDA of EUR 240 million and to do even more justice to the interest of important stakeholders.

NEW STRATEGIC FOCUS

TAKKT is aiming to position itself as a more integrated, customer-focused and growth-oriented company in the future. With this goal in mind, the Group launched an organizational transformation process in 2020 as a first step, focusing on two segments. A joint team led by CEO Maria Zesch comprising representatives of TAKKT AG and the business units conducted a review of the strategic and organizational structure last year. The results of the review served as confirmation of the Group's fundamental focus on greater integration and more growth. Further results were the acceleration of the transformation process and an even more compact corporate structure.

This prompted TAKKT to make adjustments to its organizational structure in a second transformation step at the beginning of 2022. In the future, the company will address the market through customer-oriented operating divisions that will be supported by various Group functions. Integrating these functions at Group level, for example for technology or logistics, offers greater advantages than operating parallel structures in the segments. This is why TAKKT will be integrating key support functions and bundling and strengthening tasks that are critical to the Group's success. The focus will be on operations (warehousing and logistics), technology & data, finance and HR. The Group expects the new orientation to enable a more efficient utilization of resources.

Each division has a focused product portfolio that is geared to the customer target groups, namely industry/logistics, service providers, HoReCa (hotels, restaurants, catering). The organizational alignment along product categories and sales markets allows the company to realize greater sales potential. The work of the divisions will focus on market and customer-related functions such as sales, marketing, e-commerce and category management.

STRATEGIC GOALS FOR 2025

The new orientation is also associated with new, ambitious strategic goals that TAKKT is aiming to achieve by 2025. As part of a comprehensive approach, these goals include financial aspects such as a significant increase in sales, earnings and free cash flow as well as moves to address the concerns of key stakeholders by improving customer satisfaction and employee motivation and conserving natural resources. The strategy is based on three pillars Growth, OneTAKKT and Caring. The table below gives an overview of TAKKT's new strategic goals.

Strategic goals until 2025	
GROWTH	• Sales of EUR two billion
OneTAKKT	• EBITDA of EUR 240 million • TAKKT free cash flow of EUR 150 million
CARING	• Customer NPS of 60 • Employee NPS of 50 • Share of women in executive positions of 45 percent • Share of "enkelfähig" products of 40 percent • Complete reduction or compensation of CO_2 emissions (Scope 1 and Scope 2)

GROWTH

TAKKT is aiming to use its new strategic orientation and a clear customer focus to increase its business volume to EUR 2 billion by 2025. Slightly more than half of the additional sales is expected to come from organic growth and the rest from value-creating acquisitions.

Organic growth

TAKKT is aiming to achieve a marked increase in the Group's sales over the coming years and raise the organic growth rate to an average of ten percent per year. In the years prior to the coronavirus pandemic, the Group averaged organic growth in the low to mid single-digit range. TAKKT is convinced that the new orientation and strategy will allow it to achieve much higher growth rates in the future. The products that the divisions offer allow them to address a very large and fragmented market in which even leading brands like KAISER+KRAFT have a market share that is only in the very low single-digit percentage range, meaning they offer a lot of potential for growth.

This should be driven in particular by even stronger e-commerce growth. The evolution of TAKKT's business model has already been connected with a steady increase in the e-commerce business in recent years, which by now accounts for well over half of the business volume. TAKKT believes that the changes in customer behavior and the increasing shift towards e-commerce will accelerate further in the B2B sector due to the experience of the pandemic. In the future, the Group intends to achieve organic e-commerce growth of 15 percent per year on average in the long term. Relevant e-commerce functions will be coordinated Group-wide and managed within the divisions to achieve this. The project will involve improving and further standardizing the web shop technologies and the methods for measuring success, efficiency gains resulting from the shared use of the IT infrastructure, as well as measures to expand Group-wide cooperation.

On division level, the different sales brands will cooperate more closely in marketing and sales to offer their customers a wide product range of various product groups. This way, for example, a logistics buyer will be able to procure products for the storage and transport of their goods as well as packaging from a single source. With this increase in cross-selling, TAKKT expects an increase in business volume with its existing customer base and therefore positive contributions to growth. In addition to increasing e-commerce and expanding cross-selling, the Group believes that sustainable products and business models offer considerable growth potential.

TAKKT also sees a major opportunity for additional growth in an improved and intelligent pricing strategy and has launched a Group-wide project to this end. The aim is to expand the functions involved in this, to define prices that are geared more towards customer and competitive data, and to use algorithms for flexible and customer-specific pricing.

Greater strength through acquisitions

In addition to organic growth, TAKKT also wants to continue to grow through acquisitions. For this, suitable companies are sought whose products and solutions strengthen and complement the existing activities. With a view to strengthening existing businesses, TAKKT makes sure that an acquisition target has an attractive customer base. Another aim is to enhance the added value within the Group through future acquisitions. TAKKT also wants to acquire companies offering products or services that expand the existing range of services for customers. These could be, for example, solutions for manufacturing, refining or adapting products as well as service offerings.

With regard to acquisitions, TAKKT aims to achieve a strong integration of a target company. This allows the acquired companies to benefit from the competencies and expertise at the divisional and Group level (e.g., in logistics, IT, data & analytics, purchasing and marketing). In addition to taking advantage of synergies, growth will be accelerated through improved scalability. Both result in a higher increase in value as opposed to the acquired company continuing to operate independently.

ONETAKKT

One key component of the new strategic orientation is a more compact and integrated corporate structure. This includes both the central coordination and management of key Group functions, like logistics and IT, and much greater cooperation in the marketing activities of the various brands within a division. TAKKT expects this more compact line-up to bolster growth, but also to improve profitability through economies of scale and the more efficient use of resources. Starting from an EBITDA margin in the high single digits last year, the Group aims to increase its profitability by two to three percentage points and lift its EBITDA to EUR 240 million by 2025.

Improvement in profitability, earnings and free TAKKT cash flow

TAKKT achieves high levels of profitability by positioning itself as a B2B distance seller in attractive niche markets and using efficient processes. The starting point is a gross profit margin, which should exceed 40 percent for the Group average. The relatively high margin results from the market position as a provider of business equipment as well as from targeted long-term measures such as the expansion of private labels and increasing the share of direct imports from Asia and Eastern Europe. The current environment with mounting inflation rates poses new challenges in terms of pricing, which TAKKT intends to address through a margin management project.

TAKKT aims to significantly increase absolute EBITDA to EUR 240 million by 2025. In addition to high organic growth, acquisitions are also expected to contribute to this. The Group also aims to increase the EBITDA margin from currently below ten percent by two to three percentage points. Two main effects will contribute to this. First of all, organic growth and better infrastructure utilization should reduce the cost ratios for marketing, personnel and other expenses. Second, TAKKT expects to see considerable economies of scale and efficiency gains from the stronger integration of Group functions, as well as from moves to expand cooperation between the various brands within a division.

TAKKT's business model is not only characterized by above-average profitability, but also enables the company to generate high free cash flows. In addition to sales and earnings growth, the change in net working capital is another decisive factor in free cash flow development. The Group will be paying even more attention to allocating capital as efficiently as possible. The goal is to achieve a long-term increase in the free TAKKT cash flow to EUR 150 million by 2025.

An important part of the new strategy is the repositioning of activities that do not currently perform according to expectations. This relates in particular to Displays2go and Hubert, whose market environment has changed for the long term during the pandemic. TAKKT has launched extensive repositioning projects at both companies. These involve redefining the customer groups and markets that the companies focus on and reviewing the product range and additional services that are offered. The aim is to generate stronger growth and to return to previous levels of profitability.

CARING

The new strategy is not limited to improving the company's financial success, but pursues a comprehensive approach. TAKKT is convinced that addressing the concerns of all important stakeholder groups is the prerequisite for sustainable financial success. This is why TAKKT has set itself ambitious goals for 2025 relating to customer satisfaction, employee engagement, and the environment and climate.

Increasing customer satisfaction

By focusing more strongly on the customer, TAKKT wants to improve their shopping experience and satisfaction. This can be measured with the customer NPS (cNPS), which shows a customer's willingness to recommend and is monitored continuously. TAKKT's goal is to achieve a cNPS of 60 points. To this end, the various business units are working on improving customer satisfaction further in a targeted manner. This includes continuously developing the product range with new, innovative products, providing better advice and problem-solving expertise in customer service, and even faster and more reliable delivery to customers. The more integrated structure will also allow customers to benefit from standardized processes for order entry, processing and delivery, and consequently from higher process quality.

Dedicated and motivated employees

Dedicated employees are the key element for excellent performance and the best customer service. The Group wants to further strengthen employees' identification with the company and its attractiveness as an employer. While the cNPS indicates a customer's willingness to recommend, the employee NPS (eNPS) provides information about the attractiveness of the employer and the willingness of employees to recommend it to others. This value is measured on a regular basis. TAKKT's goal is to achieve an eNPS of 50 points in the long term. In order to achieve this, the business units are working on specific measures to boost employee commitment and identification with the company. This can include factors such as development opportunities or improving communication within the company. Details on the calculation of cNPS and eNPS can be found in the Management system section starting on page 43.

TAKKT is convinced of the advantages of assembling diverse teams at all hierarchical levels. Diversity refers to attributes such as cultures, nationalities, ethnic and social backgrounds, age, sexual orientation and also genders. The Group has set itself the goal of significantly increasing the share of women in executive positions by 2025, to 45 percent.

Preserving natural resources and combating climate change

TAKKT has also revised its sustainability strategy and defined new goals as part of its new orientation. The Group is convinced that sustainability represents competitive advantages across all stages of the value chain and enhances company value for the long term. As a result, the Group aims to differentiate itself even more from other market players in this area. In addition to further improvements in the company's own processes and in the supply chain, the main focus will be on products. In addition, TAKKT intends to review the feasibility of business models that do justice to the idea of the circular economy.

Sustainable product ranges are increasingly sought-after, making them an important growth driver. At the beginning of 2022, TAKKT introduced a product classification system to help it measure the sustainability of its products and make this information visible, namely a rating system using criteria that determines whether products add value for the generations to come. By 2025, TAKKT wants to increase the share of "enkelfähig" products to 40 percent and thus make a significant contribution to resource-conserving business.

Moreover, TAKKT is committed to combating climate change. By 2025, all direct and indirect CO_2 emissions (Scope 1 and Scope 2 according to the GHG Protocol) that result from the consumption of electricity, heat and steam will be reduced or offset. In 2022, the Group will extend the emissions survey to all activities and define and initiate a project with specific targets for their gradual reduction.

Further details on these sustainability goals and measures are presented in the new sustainability report, which will be published together with this annual report.

MANAGEMENT SYSTEM

In the course of its organizational and strategic realignment, TAKKT adjusted individual key indicator targets to reflect the new strategy and has revised its key performance indicators in the area of sustainability. The system takes both the financial and the operational perspective into account. The Group's three divisions are managed based on the same key figures.

ORGANIC GROWTH

- The organic sales development serves as a measure for the growth of the company without the inclusion of company acquisitions and disposals or the impact of fluctuating exchange rates. The short-term development of sales is influenced by the economic cycles. With the new structure and its strategic initiatives, the Group wants to achieve average annual organic growth of ten percent over the long term. More information regarding the growth ambitions can be found in the "Corporate goals and strategy" section starting on page 39.

- Organic e-commerce growth reflects the development of the online business adjusted for acquisitions, disposals and the effects of currency fluctuations. For this, TAKKT includes order intake via e-procurement systems, web shops, online marketplaces and orders placed through traditional channels that were initiated over the internet. TAKKT believes that this area offers considerable growth potential and is aiming to increase its e-commerce business organically by an annual average of 15 percent in the long term.

Definition and target values

Key figure	Definition	Target values
Organic development of sales	Benchmark for company growth without acquisitions	10 percent p.a. on average in the long term
Organic e-commerce development	Benchmark for e-commerce growth without acquisitions	15 percent p.a. on average in the long term

COSTS AND EARNINGS

- The gross profit is calculated by deducting the material costs (cost of sales and freight costs) from sales and adding other changes in inventory whose sum is not significant and own work capitalized. The TAKKT Group pursues the goal of achieving a gross profit margin – gross profit in relation to sales – of over 40 percent. The reason for this is the company's focus on the benefit to the customer and the provision of versatile additional services as opposed to the mere distribution of goods. TAKKT will pass higher prices for products and shipping due to increased inflation on to its customers in full.

- EBITDA is an important key figure for the short-term operating earning power of the individual Group companies because the effects of the country-specific differences in tax rates and financing structures are not relevant for this key figure. As the figure does not include depreciation and amortization of non-current assets, it permits a direct comparison between existing and newly acquired companies. TAKKT intends to increase EBITDA sustainably to EUR 240 million by 2025. The Group is also aiming to improve its profitability as against the 2021 level and increase the EBITDA margin by two to three percentage points in the medium to long term. Detailed information regarding the earnings targets can be found in the "Corporate goals and strategy" section starting on page 39.

Definition and target values

Key figure	Definition	Target values
Gross profit margin	Measure for added value (e.g., for customers and suppliers)	Stable at over 40 percent of sales
EBITDA	Measure for operating profitability	Sustainable increase to EUR 240 million by 2025

CASH

- The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in net working capital. As with EBITDA, the company also wants to increase TAKKT cash flow over the long term. In 2025, its value is expected to be EUR 190 million.

- The free TAKKT cash flow is calculated from the cash flow from operating activities, which includes effects from changes in net working capital, less capital expenditures in non-current assets and adding proceeds from the disposal of non-current assets and, if applicable, from the disposal of consolidated companies. It thus provides information about the cash surplus, which the company can use for the repayment of liabilities, dividend payments and the financing of acquisitions. As with EBITDA and the TAKKT cash flow, free TAKKT cash flow is also expected to increase sustainably. The target for 2025 is EUR 150 million. One-time effects from the sale of real estate, consolidated companies or investments can have a material impact on this key figure in individual fiscal years.

- The capital requirements for maintenance, expansion and modernization of the business operations are comparatively small at the established companies of the TAKKT Group. At the same time, IT infrastructure is becoming more important, fueling a corresponding need for investment, for example in web shop technology and ERP. The capital expenditure ratio is expected to average two percent of sales over many years. In individual fiscal years in which, for example, a business unit's warehouse capacities are expanded significantly or substantial IT investments are made, the ratio can exceed two percent.

Definition and target values

Key figure	Definition	Target values
TAKKT cash flow	Measure for internal financing capability	Sustainable increase to EUR 190 million by 2025
Free TAKKT cash flow	Cash surplus available for acquisitions, repayments and dividend payments	Sustainable increase to EUR 150 million by 2025
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Two percent of sales on average in the long term

CUSTOMER AND EMPLOYEE PERSPECTIVE

- TAKKT collects and analyzes the customer Net Promoter Score (cNPS) in all business units as an indicator of customer satisfaction. For the survey, customers are asked how likely they would be to recommend the respective brand to others. The likelihood was rated using a scale from 0 to 10 and customers were then grouped into three categories (promoters, detractors and passives). Those with a score of less than seven are considered detractors, while customers with a nine or ten are labeled promoters. The cNPS is calculated by subtracting the percentage of detractors from the percentage of promoters. It can thus generate a score between –100 and +100. At the Group level, TAKKT strives for a cNPS of over 60 points in the long term.

- While the cNPS indicates a customer's willingness to recommend, the employee NPS (eNPS) provides information about the willingness of employees to recommend. The method used to determine the eNPS is the same as that for the cNPS. Employees are classified as promoters, passives or detractors based on their willingness to recommend. The eNPS is calculated based on the responses. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values. Employees can be dedicated and motivated top performers, even if they are dissatisfied with some working conditions and therefore not considered promoters based on their rating. A score of over 0 means that the majority of employees would recommend their employer to others. Due to the considerable strategic importance of a high recommendation rate, TAKKT's goal is to achieve an eNPS over 50 in the long term. The cNPS and eNPS are generally linked to one another: Satisfied employees are more dedicated, which has an indirect effect on customers due to the higher service quality. TAKKT has therefore set targets for both key figures and continuously works on the willingness to recommend among its employees and customers.

- TAKKT believes in the benefits of having a high level of diversity among its employees. Diversity comprises different dimensions. The current focus is on advancing women in executive positions. The Group has set itself the goal of having 45 percent of the executive positions filled by women by 2025.

Definition and target values

Key figure	Definition	Target values
cNPS	Measure of likelihood to recommend among customers	Values above 60 by 2025
eNPS	Measure of likelihood to recommend among employees	Sustainable increase to 50 by 2025
Share of women in executive positions	Measure of equal opportunity and diversity	Sustainable increase to 45 percent by 2025

SUSTAINABILITY

- A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group applies an adequate product classification system with this in mind. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Particularly sustainable products are awarded the "enkelfähig" label – testimony to their ability to add value for the generations to come – once a defined score threshold has been reached. The goal is to increase the share of sales of these products to 40 percent by 2025.

- TAKKT has committed to taking urgent action to combat climate change. Within the Group, this relates in particular to reducing CO_2 emissions wherever this is possible and makes sense. By 2025, the aim is to eliminate or offset direct and indirect emissions (Scope 1 and Scope 2 according to the GHG Protocol) resulting from the consumption of electricity, heat and steam, for example. Further details on the sustainability goals are presented in the sustainability report, which will be published together with this annual report.

Definition and target values

Key figure	Definition	Target values
Sales share of "enkelfähig" products	Measure for the sustainability of the product portfolio	Sustainable increase to 40 percent by 2025
CO_2 emissions (Scope 1 and Scope 2)	Contribution to fight climate change through carbon neutrality	Complete reduction or compensation by 2025

OVERVIEW OF MANAGEMENT SYSTEM

Reporting on the key performance figures for the past fiscal year includes the key figures from the management system presented in last year's annual report. A presentation and analysis of the development of these key figures are included in the Sales and earnings review, Financial position, Assets position and Company performance sections. The key figures for the customer and employee perspective, together with the sustainability indicators, are relevant non-financial key figures for the management of the Group. Moreover, the forecast report looks at how TAKKT anticipates the partially revised key performance figures to develop in 2022.

CORPORATE GOVERNANCE

The term corporate governance stands for responsible management with the aim of creating long-term added value. Good corporate governance increases the company's value in the long run. Values like responsibility, reliability and trust are therefore a priority at TAKKT. Detailed information regarding the topic of corporate governance at TAKKT can be found in the Declaration on Corporate Governance on the company's website at www.takkt.de. It also includes the current declaration of conformity with the German Corporate Governance Code.

DIVISIONS SHAPE THE DEVELOPMENT OF TAKKT AG

TAKKT AG is responsible for functional activities that apply to the entire Group, which is why they can best be implemented at the Group level. This includes functions such as finance, strategy development, M&A, continuous improvement and human resources. TAKKT AG is also increasingly assuming the coordination of, and responsibility for, operating activities in Operations (supply chains and logistics) and Technology & Data (IT infrastructure and data analysis) within the Group in order to bundle and strengthen tasks that are critical to the Group's success. The operating business in terms of sales and marketing is handled within the divisions. Their results therefore have a considerable influence on the net assets, financial position and results of operations as well as the opportunities and risks for the future development of TAKKT AG.

INFORMATION REQUIRED UNDER TAKEOVER LAW

According to section 289a(1) and section 315a(1) no. 1–9 of the German Commercial Code (HGB), the following details must be disclosed regarding TAKKT AG and the TAKKT Group:

TAKKT AG's share capital totaling EUR 65,610,331 corresponds to 65,610,331 no-par-value bearer shares. These are not subject to any restrictions regarding voting rights or the transfer of shares.

As of December 31, 2021, TAKKT AG is a 59.4 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, Germany. There are no other shareholders holding more than ten percent of voting rights.

Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 5 of the company's articles of association apply for appointing and removing members of the Management Board, while Sections 179 and 133 of the German Stock Corporation Act (AktG) apply for changing the articles of association.

In accordance with the resolution passed at the Shareholders' Meeting of May 8, 2018, the Management Board is authorized to increase the share capital subject to the approval of the Supervisory Board, once or several times, by an amount of up to EUR 32,805,165 by issuing new no-par-value bearer shares by May 7, 2023, taking shareholders' subscription rights into account.

In addition, the Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 8, 2018, subject to section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares up to an amount of ten percent of share capital. There is no reverse subscription right or a right to tender in the case of purchasing, nor is there a subscription right for shareholders in the case of selling. The company can exercise this authorization in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until May 7, 2023.

One member of the Management Board has the right to terminate the contract of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT within the meaning of sections 29 et seq. of the German Securities Acquisition and Takeover Act (WpÜG). Further details concerning this can be found in the remuneration report on page 169.

At the balance sheet date, an amount of EUR 20.5 million in liabilities from various financial institutions was subject to a change of control clause as per sections 289a(1) no. 8 and 315a(1) no. 8 of the German Commercial Code (HGB).

Additional disclosures as required by section 315a(1) no. 2 of the German Commercial Code (limitation of voting rights), no. 4 (shares with special rights), no. 5 (controlling voting rights of employees) and no. 9 (compensation agreement with the Management Board or employees in case of a takeover offer) are not relevant for TAKKT AG or TAKKT Group.

DEPENDENCY REPORT SUBMITTED

Franz Haniel & Cie. GmbH, Duisburg, Germany is the majority shareholder of TAKKT AG. The Management Board has therefore properly provided the Supervisory Board with a report on relations with affiliated companies as stipulated in section 312 of the German Stock Corporation Act (AktG). The dependency report concludes with the following statement: "In summary, we declare that TAKKT AG has received adequate consideration for every transaction according to the circumstances known at the time when the transactions were undertaken, and was not put at a disadvantage as a result of the measures."

EMPLOYEES

Human resources at TAKKT is a key element in achieving the goals of the Group. In line with the new strategic and organizational direction, it will pursue an even more uniform approach throughout the entire Group and all the companies. In the past fiscal year, collaboration was once again strongly influenced by the consequences of the pandemic. Other key topics related to HR included expanding talent management throughout the Group and increasing diversity.

RELIABLE AND FLEXIBLE: DEALING WITH THE PANDEMIC

In 2021, TAKKT retained the proven regulations for protecting employees and working together during the pandemic that were established in the previous year and continuously adapted them to the current conditions. With the exception of some activities (e.g., warehousing and logistics), the majority of TAKKT employees can perform their jobs without having to be physically present at the workplace. Depending on the regional infection rate and legal requirements, at certain times more priority was given to avoiding contact through remote work last year. At other times, however, employees were also able to return to the office and take advantage of the associated benefits.

In 2021 as well, TAKKT fulfilled its responsibility to the employees during the ongoing pandemic. In addition to the general measures to protect against infection and vaccination programs at many locations, this also includes receiving possible financial assistance through a relief fund for employees in difficult economic situations.

MANY WAYS TO WORK TOGETHER

Establishing new and different ways to work together is an integral part of human resources at TAKKT. The shift as a result of the pandemic has helped to drive forward the development of more flexible working arrangements and further strengthened employees' sense of personal responsibility. Working together with colleagues, external partners and customers is also generally possible without daily face-to-face interaction. These experiences encourage TAKKT to continue offering employees the room and space to engage in flexible and hybrid forms of collaboration, even after the pandemic-related restrictions have ended. In this regard, TAKKT asked employees last year about the workplace of the future. The responses will be used as the basis to develop regulations and models for collaboration in the Group over the years to come.

The core behaviors of customer centricity, employee empowerment, continuous improvement, accountability and striving for success define the collaboration in the TAKKT Group. They are drivers of transformation and serve as the basis for a common corporate culture. At the same time, they are also the basis for the Group-wide performance evaluation of the employees. Another goal of the organizational transformation is to strengthen Group-wide exchange and collaborative learning. In 2021, employees met in virtual formats on a regular basis in "communities of practice" to discuss the topics of strategy, lean and talent as well as to exchange information on current projects and best practice examples.

EMPLOYEES ARE DRIVERS OF TRANSFORMATION

Together with its employees, TAKKT wants to continue to develop the work environment and corporate culture. The aim is to combine success orientation and efficiency with a high level of mutual respect and acceptance. Therefore, the companies of the Group regularly measure satisfaction and willingness to recommend among employees using the employee Net Promoter Score (eNPS) method. The different areas review the results in workshops in order to develop specific measures to boost employment dedication and identification with the company. In the year under review, the average eNPS for the TAKKT Group rose from 12 to 16. As part of the strategic realignment, TAKKT has set itself the ambitious goal of reaching an eNPS of 50 by 2025. The transformation into an even more growth-oriented, integrated company can only happen if employees believe that the change will be successful and support it. They also need to feel that their opinions matter in decision-making. Information on calculation of the eNPS can be found in the Management system starting on page 43. Furthermore, TAKKT places great importance on involvement in social and sustainable initiatives and supports employees by granting special leave days and opportunities to take part in such activities.

STRENGTHENING DIVERSITY

TAKKT wants to ensure equal opportunities for all employees in their everyday work life and career development and a discrimination-free working environment. Diversity is a key factor for the success of the Group because it enables innovations to be driven forward and different customers to be better served and supported. TAKKT promotes the targeted advancement of women in executive positions by introducing new work models such as "Shared Leadership" in 2021. In this case, positions are shared in order to make balancing work and family easier, also in managerial positions. Furthermore, target quotas for internal succession planning make it possible to recruit for management positions from a very diverse pool of candidates. In general, TAKKT wants to provide more support for diverse talent in their career paths through development plans and training. In 2021, employees and executives were offered training opportunities in order to improve awareness of this issue. Since 2020, coordination of the various measures to promote diversity is managed by a central committee in cooperation with the Management Board.

Women currently make up 43.0 (42.0) percent of all employees in the TAKKT Group. This share has therefore increased slightly compared to the previous year. The share of women in executive positions also increased compared to the previous year to 27.3 (23.5) percent. The share of women at the top levels of the Group rose to 18.6 (14.0) percent. TAKKT has set itself the goal of increasing the proportion of women among executives in the TAKKT Group to 45 percent by 2025.

Share of women in the TAKKT Group *in %*

	12/31/2020	12/31/2021
Employees	42.0	43.0
Executives*	23.5	27.3
Top executives**	14.0	18.6

* *New allocation logic compared with the 2020 Annual Report*

** *Mainly the Management Board of TAKKT AG, presidents and vice presidents*

IDENTIFYING AND DEVELOPING TALENTS

Talent management at TAKKT means identifying top performers, developing potential in a targeted manner and helping to pave internal career paths. The goal is to fill key positions internally wherever possible. In order to achieve this, TAKKT pursues a uniform Group-wide talent management approach, which includes annual talent conferences, regular interim feedback and individual talent development. Uniform standards ensure greater transparency and allow for talents to develop within the company specifically for successors in key positions throughout the entire Group.

In addition to supporting and developing internal talent, TAKKT is equipping itself with skill sets that were not previously available in the company to a sufficient extent through the use of targeted recruiting measures. There is a standardized process established for this, in which all applicants are considered individually. The emphasis in recruiting is on in creating a more diverse and international workforce to foster the increased integration of activities and functions across national borders.

PROMOTING SKILLS ACQUISITION

TAKKT wants to create a framework that allows employees to develop according to their individual strengths. In regard to this, TAKKT offers external and internal training. In addition, emphasis is being given to on-the-job development. This includes transferring project responsibility early on as well as promoting work shadowing and rotations within the TAKKT Group. Furthermore, TAKKT offers an international development program for young professionals in the TAKKT Group. The networking and development of talent promotes personal growth and identification with the company as well as a shared understanding and exchange within the TAKKT Group. In addition, emphasis is on further developing TAKKT's management culture in view of the conduct guidelines and the operating model.

DEVELOPMENT OF EMPLOYEE FIGURES

The number of employees (full-time equivalents) in the Group increased by 169 compared to the previous year. The increase in headcount was mainly a result of the capacity adjustments carried out as the economy recovered. The number of employees (full-time equivalent) was increased significantly in the Omnichannel and Web-focused Commerce segments in order to capitalize on growth opportunities. In the previous year, the use of short-time labor and comparable tools also had a negative effect on the number of employees (full-time equivalent). This effect no longer applied in the year under review.

The reporting logic of the employee structure changed in 2021 with respect to the definition of executive personnel and is therefore not comparable with the 2020 reporting period. The number of executives decreased slightly in 2021.

Number of employees

	12/31/2020	12/31/2021
in full-time equivalent	**2,327**	**2,496**
thereof Omnichannel Commerce	1,389	1,497
thereof Web-focused Commerce	558	610
thereof Foodservice Equipment & Supplies	333	338
thereof TAKKT AG	47	51
in headcount	2,536	2,712

Employee structure

	12/31/2020	12/31/2021
Employees (without executives)	2,289	2,481
Executives*	247	231
thereof top executives**	57	59

* *New allocation logic compared with the 2020 Annual Report*

** *Mainly the Management Board of TAKKT AG, presidents and vice presidents*

In accordance with the law on equal opportunities for women and men in management positions, which TAKKT AG is subject to as a listed company without co-determination, the following binding targets exist for the Supervisory Board, the Management Board and the top management level of the holding company.

- Supervisory Board: The target for the share of women on the Supervisory Board of TAKKT AG by the end of 2026 is 33.3 percent. Currently, one woman is represented on the six-member Board with Dr. Dorothee Ritz.

- Management Board: The target for the share of women on the Management Board of TAKKT AG by the end of 2026 is 50.0 percent. This target had been met by the end of 2021.

- Top management level: At the top management level of TAKKT AG, 30.0 percent of the positions were held by female executives as of the end of 2021. The aim is to at least achieve this share by the end of 2026 and not fall below.

FISCAL YEAR

GENERAL CONDITIONS

After the historic slump as a result of the coronavirus pandemic in 2020, economic growth picked up again significantly in 2021. The pace and extent of the economic rebound in the various regions were largely determined by vaccine availability and monetary and fiscal policy. In Europe and North America, which are the relevant regions for TAKKT, economic performance grew more robustly than forecast at the beginning of the year. Unexpected negative effects due to capacity and transport bottlenecks as well as the rising inflation rates did not have a lasting impact on recovery last year. The relevant industry-specific indicators for TAKKT, and especially the Purchasing Managers' Index in Europe, were generally positive.

OVERALL ECONOMIC CONDITIONS

Following the deepest recession in decades in the previous year, economic expectations for 2021 were optimistic on the whole. For the annual forecast, TAKKT therefore assumed significant positive growth rates in the target markets, which were surpassed by the actual developments. In the year under review, the eurozone reported significant GDP growth of 5.3 percent. The southern European countries and especially France experienced significant economic growth. Economic performance in Germany rose less strongly at 2.9 percent. One reason for this was the more stable development of the GDP in Germany compared to the eurozone in the previous year. In addition, since Germany has a high share of production and exports, it was particularly hard hit by supply chain problems.

Although economic performance in the US declined less sharply in 2020, the growth rate of 5.7 percent in 2021 was once again higher than in the eurozone. Bolstered by persistently high fiscal spending and a loose monetary policy, the US GDP has already exceeded its pre-pandemic level from 2019. The eurozone and Germany will probably not regain this level until 2022.

GDP growth for the eurozone, Germany and the USA

	GDP growth in percent		
	Actual 2020	Forecast 2021	**Actual 2021**
Eurozone	−6.4	3.8	5.3
Germany	−4.6	3.2	2.9
USA	−3.4	4.6	5.7

Sources: Statistical offices

Strong demand, bottlenecks in production and transport capacities and the ensuing limited supply resulted in a noticeable increase in the price of many raw materials and products in the year under review. Consumer price inflation compared to the corresponding month of the previous year rose to the mid-to-high single-digit percentage range over the course of the year. In 2021, the increase of producer prices for raw materials and industrial products rose to a double-digit percentage level. For the TAKKT companies, this resulted in increased shipping costs as well as higher purchase prices from manufacturers and suppliers.

INDUSTRY-SPECIFIC CONDITIONS

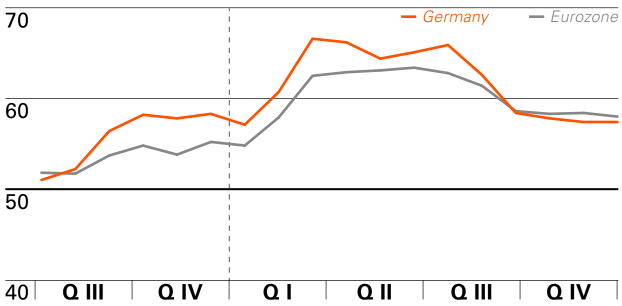
Among other things, TAKKT uses different Purchasing Managers' Indexes (PMI) in order to better assess the anticipated development in the sales regions in the medium term. This refers to data from the manufacturing industry, which is compiled by different research institutes together with national associations and aggregated in an index. For TAKKT, purchasing manager indexes with a lead time of three to six months are indicators for order intake from the manufacturing industry and therefore particularly relevant for the equipment business of the European activities of KAISER+KRAFT.

- Values below the reference level of 50 points indicate that market volumes are in decline and that sales potential is deteriorating.

- By contrast, values over 50 suggest increased market volume and a better business outlook.

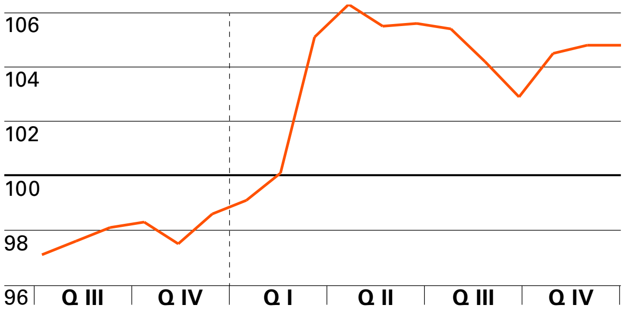
In the past fiscal year, the European PMI figures initially maintained the upward trend from mid-2020. The annual high of 63.4 points in June was also the index's highest level since records began. In the subsequent months until December, the PMI decreased to 58.0 points amid increasing inflation concerns and supply chain restrictions. Still, the index was consistently well above the reference value of 50 points in 2021. As a whole, the PMI for Germany developed similarly to the indicator for the eurozone and after an annual high of 66.6 points in March dropped to 57.4 points at the end of the year.

Purchasing Managers' Indexes July 2020 to December 2021



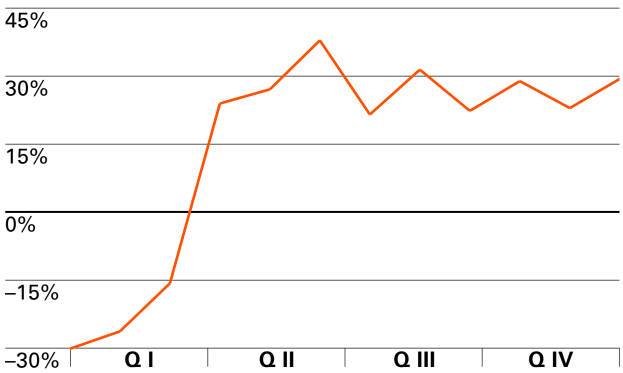
For the US companies Hubert and Central, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments of the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. Bolstered by rising vaccination rates, the easing of protective measures and a return to restaurant dining, the RPI consistently remained above 100 points from February onwards in 2021. The average of the monthly values also showed a positive market assessment at 104.0 (98.0).

Restaurant Performance Index July 2020 to December 2021



BIFMA's assessment of the order intake of furniture manufacturers is an industry indicator for the environment of the US-based NBF. BIFMA ("Business and Institutional Furniture Manufacturers Association") gathers the approximate order intake of the past month by means of a survey of companies in its industry. This order intake, which covers a good portion of the industry according to BIFMA, is compared with the figure of the previous year. A forecast function like the PMI, and to a lesser extent also the RPI, is not part of the BIFMA assessment. For the full year of 2021, the order intake reported by BIFMA was 14.5 percent above the previous year's level. Order intake was still impacted heavily by the effects of the pandemic at the beginning of the year in particular. April marked the beginning of a significant positive development with double-digit order intake growth.

BIFMA order intake in 2021 compared to the corresponding month of the previous year



On the whole, GDP growth rates developed better than forecast at the beginning of the year. Business development during the course of the year was increasingly affected by supply chain problems and price increases. In terms of the industry-specific conditions, the relevant indexes consistently pointed to a positive market assessment despite weakening of the PMI over the course of the year.

BUSINESS DEVELOPMENT

As in 2020, business development in 2021 was also strongly influenced by the effects of the coronavirus pandemic. While business performance in the previous year was mainly affected by the temporary massive drop in customer demand, the impact on development in the year under review was attributable to disruptions in the global supply chains and increasing inflation rates.

On the whole, TAKKT achieved strong positive organic growth in the reporting period following the decline in sales in the previous year. The start to the fiscal year was initially subdued as expected. The extension of protective measures to prevent infection in many regions put a damper on customer demand. In addition, the previous year's figures in January and February 2020 were not affected by the pandemic. There was a noticeable increase in demand starting in March. This upturn continued in the following months. Compared to the previous year, which was severely affected by the pandemic, TAKKT achieved organic growth of almost 25 percent in the second quarter, the strongest in the history of the company. This was followed by a decline in growth rates due to the significant increase in the comparison basis from the previous year. Buoyed by sustained high demand, TAKKT was also able to achieve double-digit percentage growth in the third and fourth quarters.

GLOBAL DELIVERY BOTTLENECKS HAMPER GROWTH

The easing of protective measures in many regions led to strong demand momentum starting in the spring. During the first phase of the pandemic, global manufacturing and freight capacities had been scaled back and were therefore unable to handle the surge in demand. This caused increased difficulties and disruptions in global supply chains. At TAKKT this also meant that certain products could not be delivered to customers or were delayed. The delivery problems were expected to be short-lived, however, this proved to be incorrect. In order to improve the availability of its products, TAKKT placed orders earlier and increased its inventories in the second half of the year.

The delivery difficulties have affected all business units of the TAKKT Group, although to different degrees. Simpler products such as packaging materials and other consumables remained relatively easy to deliver. More complex products, however, such as pieces of equipment that are made from different raw materials and produced in several steps, were often difficult to obtain and required long lead times. The activities of KAISER+KRAFT, NBF and Central were therefore particularly affected by the delivery problems.

As a result, TAKKT was not able to fully convert the strong order intake into sales and correspondingly lower sales growth was realized. The order backlog increased significantly in the course of the fiscal year. Since the difficulties in delivery capacity affected the entire market, order cancellations remained at a low level.

SHARP RISE IN INFLATION

There was a significant increase in inflation during the year under review. The increase in product prices accelerated, particularly in the second half of the year, which also led to higher product and freight costs at TAKKT. Based on the assumption that this was a temporary effect, TAKKT initially passed on only the absolute increase in purchase prices to customers. Due to the ongoing price hikes, the companies increasingly began to also calculate their own margin requirements in order to keep the gross profit margin stable.

STRONG ORGANIC GROWTH FOR OMNICHANNEL COMMERCE AS OF THE SECOND QUARTER

Organic sales in the Omnichannel Commerce segment in the first quarter were on par with the previous year's level. The segment then went on to achieve a consistent double-digit organic growth rate, which was particularly high in the second quarter at 37.0 percent. The high growth was attributable to the above-average decline in sales in the previous year as well as strong demand from customers in all three business units of the segment.

The recovery of the plant, warehouse and office equipment business of KAISER+KRAFT continued in 2021. Due to the higher comparison basis and the lockdowns in Europe, organic sales development in the first quarter was still slightly negative. In the second quarter, KAISER+KRAFT generated strong double-digit organic growth. The high customer demand also continued in the second half of the year. Growth rates remained in the double digits, though they declined slightly because the comparison basis from the previous year increased.

With a product range geared to meet the recurring need for packaging solutions, the development of ratioform in 2020 was relatively stable and benefited from the increase in distance selling. The high demand for packaging also continued in 2021, and ratioform consistently delivered double-digit percentage growth rates. Due to the lower basis of comparison, the strongest growth was realized in the second quarter.

In North America, NBF started the year with a slight decrease in sales. Demand for office furniture in the US then started to pick up, following the significant decline in business in the previous year due to the pandemic. From the second quarter on, NBF achieved organic growth in the double-digit percentage range.

DIFFERENT DEVELOPMENT OF BUSINESS UNITS IN WEB-FOCUSED COMMERCE

After an organic decline in sales in the first quarter, business performance in the Web-focused Commerce segment improved over the course of the year. In the second to fourth quarters, sales increased in the high single-digit or double-digit range. The two business units developed very differently.

In the first half of the year, the Newport companies, which focus on the needs of small and medium-sized business customers, were able to continue their strong organic growth of the previous year. The growth rate slowed down somewhat in the second half of the year. After single-digit growth in the third quarter, Newport was able to achieve double-digit organic growth in the final quarter.

The Displays2go business, which is geared to events such as conferences and trade shows, remained challenging. Although infection control measures in the US were eased during the year, the number of large events such as trade shows or conferences was still significantly lower than before the pandemic. After a decline in sales in the first two quarters, Displays2go was able to achieve positive organic growth rates again as of the third quarter for the first time since the beginning of the pandemic.

CENTRAL SEES STRONG GROWTH IN FOODSERVICE EQUIPMENT & SUPPLIES SEGMENT

At the beginning of the year, development in the Foodservice Equipment & Supplies segment was still subdued, which was reflected in the high single-digit organic decline in sales. As the protective measures were relaxed, business regained momentum starting in the second quarter and saw high single-digit percentage growth. In the final quarter, the segment realized double-digit growth.

Hubert's customers include large canteens and cafeterias in sports facilities or educational institutions. Since their operations were still restricted in the first half of the year, organic sales at Hubert initially showed a double-digit decline. Business recovered noticeably in the second half of the year. As a result, Hubert achieved single-digit organic growth in the third quarter and double-digit organic sales growth in the fourth quarter.

Central's business, which is geared toward smaller, family-run restaurants, benefited from the easing of restrictions during the first half of the year. Sales were still down slightly in the first quarter. As patrons began to return to restaurants, both orders and order intake saw a sharp increase. Central was therefore able to achieve high organic sales growth as of the second quarter. Growth in the second and fourth quarters was in the double-digits and in the third quarter it was in the high single-digit range. If there had not been delivery difficulties for many products, Central would have been able to realize even stronger sales growth due to customer demand.

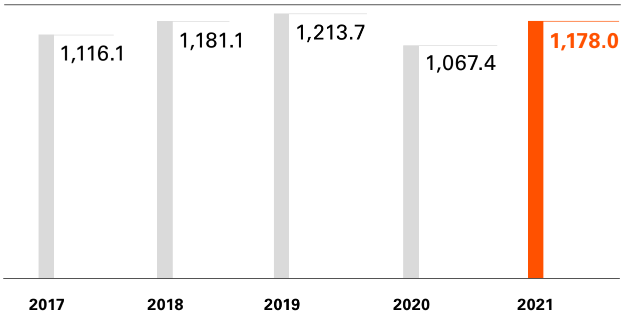
SALES AND EARNINGS REVIEW

In 2021, TAKKT increased sales by 10.4 percent. The Group benefited from the ongoing economic recovery and the associated dynamic development of demand. In organic terms (i.e., adjusted for the effects of acquisitions, disposals and exchange rates), sales growth came to 11.4 percent. The strong customer demand and high order intake could have generated even greater sales growth. However, TAKKT was not able to fully meet this demand due to limited product availability. The order backlog increased by a total of EUR 55 million in 2021. EBITDA rose significantly to EUR 112.6 million. The Group was able to increase earnings more significantly than sales.

STRONG ORGANIC SALES GROWTH

Compared to the previous year, which was severely affected by the coronavirus pandemic, sales at the TAKKT Group rose by 10.4 percent to EUR 1,178.0 (1,067.4) million. Currency effects had a negative impact on sales of minus 1.0 percentage point. In organic terms (i.e., adjusted for these effects), TAKKT realized growth of 11.4 percent, the strongest in the history of the company. In the past fiscal year, the easing of restrictions in many regions and ongoing economic recovery led to a noticeable boost in customer demand. Individual markets and product groups were still impacted by the effects of the pandemic in 2021. Despite this, all three segments contributed to organic growth.

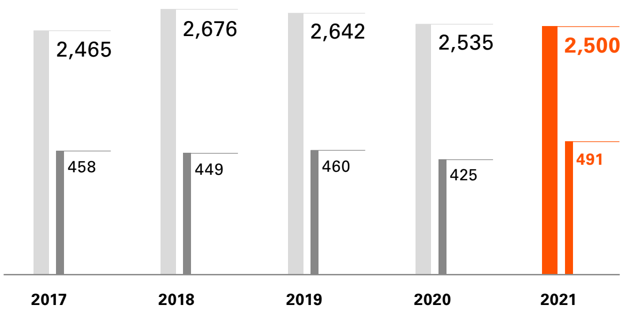
Sales *in EUR million*



SIGNIFICANT INCREASE IN ORDER INTAKE AND ORDER BACKLOG

Order intake at TAKKT was significantly higher than sales in the year under review and increased by 14.1 percent. The volume of order intake amounted to EUR 1,228.5 (1,076.5) million. In organic terms, order intake rose by 15.2 percent, putting it well above the previous year and also surpassing the pre-coronavirus level of 2019. The number of orders remained stable over the past year at 2.5 (2.5) million, while the average order value increased significantly to EUR 491 (425). Organically, the average order value increased by 16.7 percent. The different development between order values and order numbers is partly attributable to the significant drop in smaller orders for pandemic-related products for infection control and the home office. The price increases also had a positive effect on the average order value. In addition, structural effects from the different growth of the business units resulted in a higher average order value.

Number of orders *in thousands*
Average order value *in EUR*



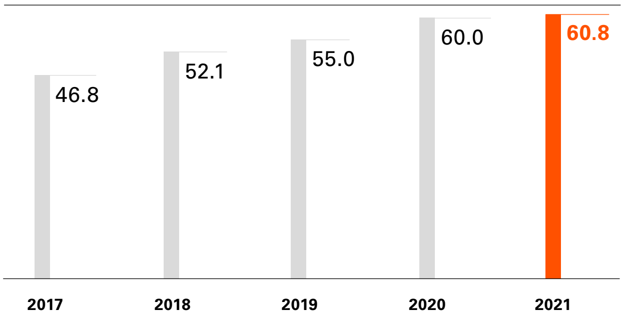
In the past fiscal year, a surge in demand and bottlenecks in production and transport capacities resulted in the limited availability of many products worldwide, which also affected the TAKKT companies. As a result, not all customer orders could be fulfilled as quickly as usual. The delivery of equipment supplies from Central, NBF and KAISER+KRAFT was especially impacted by restrictions. Since the difficulties in product availability affected the entire market, cancellations remained at a low level. As a result, the order backlog of the TAKKT companies increased by around EUR 55 million over the course of the year. If there had not been delivery difficulties, the Group would have been able to achieve even stronger growth.

STRONG E-COMMERCE GROWTH

In TAKKT's business model, a differentiation is made between marketing and sales impulses on the one hand and the order intake method on the other. When allocating incoming orders, only the method by which the order has been received can be determined directly. In the year under review, order intake via e-commerce performed slightly above average. Organic e-commerce growth came to 16.3 percent. E-commerce growth in the Omnichannel Commerce and Foodservice Equipment & Supplies segments was markedly stronger than in the Web-focused Segment, which was negatively affected by the weak display business.

The TAKKT Group's e-commerce share of total order intake increased once again and rose to 60.8 (60.0) percent. This also includes orders that were placed with TAKKT companies through traditional channels but initiated via the internet. Orders generated through traditional sales activities such as print advertising, telephone sales and field sales also grew, although to a lesser extent than e-commerce. Traditional sales channels accounted for 39.2 (40.0) percent of order intake.

E-commerce share in order intake *in %*

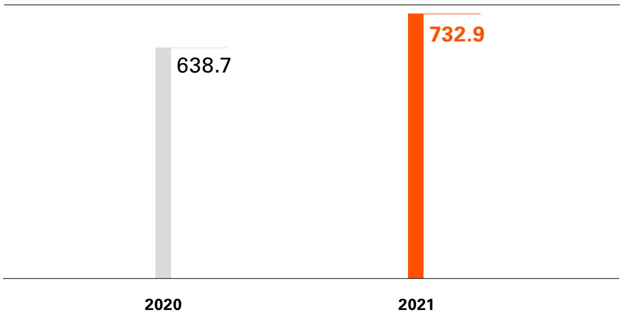


OMNICHANNEL COMMERCE: DOUBLE-DIGIT GROWTH IN ALL BUSINESS UNITS

Sales in the Omnichannel Commerce segment increased by 14.8 percent to EUR 732.9 (638.7) million in the year under review, corresponding to a share of 62.0 percent of Group sales. Currency effects had a negative impact of 0.8 percentage points on reported sales. All three business units of the segment significantly increased their business compared to the previous year. As a result, the Omnichannel segment generated by far the strongest growth within the Group with an increase of 15.6 percent.

ratioform benefited from the consistent growth in online retail and significantly increased its packaging solutions business. The strong growth is particularly remarkable because ratioform was able to maintain stable sales in the previous year. The increase therefore did not primarily reflect a recovery effect. After a difficult year in 2020, the plant, warehouse and office equipment of KAISER+KRAFT showed a strong recovery with double-digit organic growth. The office equipment business of NBF suffered the highest drop in sales within the segment in the previous year. By contrast, it achieved the strongest organic growth in 2021. Limited product availability prevented both KAISER+KRAFT and NBF from posting an even higher sales increase.

Sales Omnichannel Commerce *in EUR million*

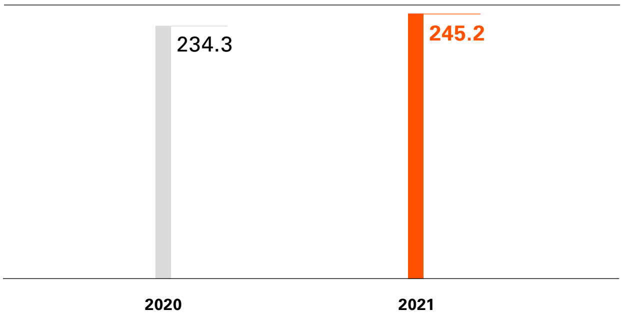


WEB-FOCUSED COMMERCE: SUSTAINED STRONG GROWTH AT NEWPORT

At EUR 245.2 (234.3) million, sales in the Web-focused Commerce segment were 4.7 percent above the previous year. Its share of Group sales therefore came to 20.7 percent. Changes in exchange rates had a slight overall positive effect of 0.5 percentage points. Organic sales growth came to 4.2 percent.

As in the previous year, the two business units of the segment developed very differently. The Newport companies benefited from the sustained high demand for office equipment products and saw double-digit organic growth once again despite the strong previous year. Displays2go sells products such as advertising banners, portable trade fair stands and stand-up displays, which are frequently used at conferences or other events. Since the number of events remained at a low level as a consequence of the pandemic, sales at Displays2go saw a decline in the low double-digit percentage range.

Sales Web-focused Commerce *in EUR million*

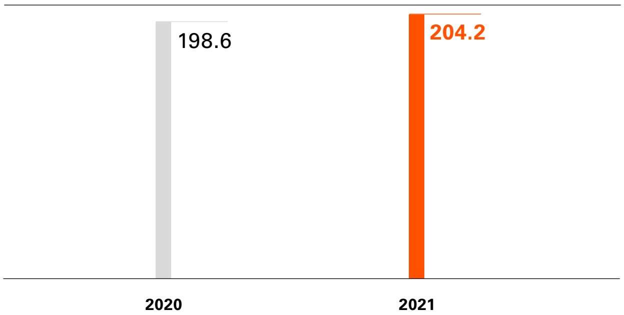


FOODSERVICE EQUIPMENT & SUPPLIES: STRONG CUSTOMER DEMAND AT CENTRAL

Sales in the Foodservice Equipment & Supplies segment increased by 2.8 percent to EUR 204.2 (198.6) million, corresponding to a share of 17.3 percent of Group sales. The weaker US dollar on average for the year lowered growth by 3.4 percentage points. Adjusted for this effect, organic growth came to 6.2 percent.

Hubert and Central provide equipment and supplies for the food service industry, but address different customer groups. Central mainly sells to smaller and often independent, family-run restaurants. Due to the easing of protective measures and return to in-person dining in the first half of the year, Central was able to benefit from the strong demand and realize double-digit organic growth. The kitchen equipment business was especially hard hit by the limited product availability. A large part of the increase in the TAKKT Group's order backlog in the 2021 fiscal year was attributable to Central. Hubert's customers are operators of canteens in educational institutions or sports facilities. Since demand in these sectors was also muted in the second year of the pandemic, organic sales at Hubert declined in the mid-single-digit percentage range.

Sales Foodservice Equipment & Supplies *in EUR million*



SALES GROWTH IN ALL REGIONS

Affected by the differing performance of business in the individual countries as well as currency effects, the regional sales split developed as follows

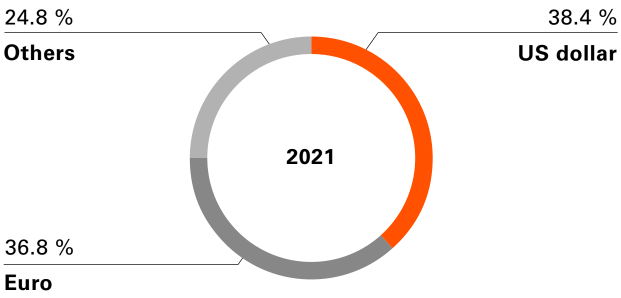
- Sales of the business in Germany increased to EUR 268.2 (235.1) million. Its share of Group sales therefore came to 22.8 (22.0) percent.

- Sales of the other European business increased to EUR 448.8 (387.3) million. Its share of consolidated sales increased to 38.1 (36.3) percent.

- In North America, sales rose only slightly to EUR 461.0 (445.0) million due to negative currency effects as well as the weak organic sales performance at Displays2go and Hubert. Its share of Group sales thus decreased to 39.1 (41.7) percent.

36.8 (35.6) percent of the consolidated turnover was realized in the reporting currency of euros. The portion in US dollars came to 38.4 (40.7) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, had a total share of 24.8 (23.7) percent.

Sales by currency



GROSS PROFIT MARGIN ABOVE 40 PERCENT

The gross profit margin increased to 40.2 (39.7) percent in the year under review. The margin was negatively impacted by effects of the pandemic in the year under review as well as in the previous year. In particular, additional range deductions were carried out on existing inventories in the previous year because stocked products were sold slower. This effect was partially reversed in 2021. In the year under review, TAKKT was confronted with significant price increases for products and shipping. TAKKT passed on the higher costs for products over the course of the year. As a result, the product margin was kept constant. In contrast, the unexpected sharp increase in freight costs had a negative impact on the gross profit margin in 2021.

INCREASE IN PERSONNEL EXPENSES

In the previous year, TAKKT used short-time labor and similar tools to manage costs during the pandemic. In addition, the performance-based variable remuneration components were significantly below the usual level. Compared with this lower baseline, personnel expenses were considerably higher in 2021. They increased by 6.6 percent to EUR 196.6 (184.4) million. The amount of one-time effects related to personnel expenses decreased significantly. In the year under review, these were partly attributable to structural adjustments in the Omnichannel Commerce segment.

Adjusted for one-time expenditures, personnel expenses increased by 13.0 percent compared to the previous year and thus somewhat stronger than sales. Product availability issues and the resulting lower level of sales and earnings had a negative effect on the personnel expense ratio. The personnel expenses associated with the acquisition and processing of these orders have not yet been offset by corresponding contributions to earnings.

FURTHER EXPANSION OF ONLINE MARKETING

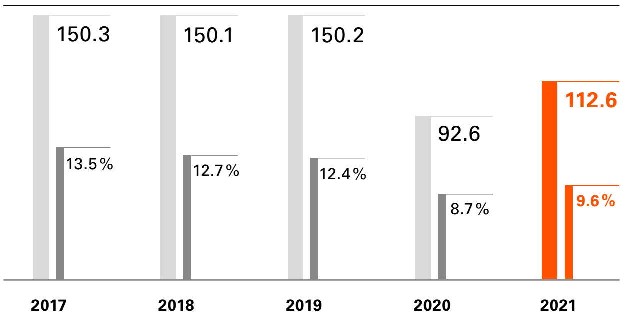
In order to capitalize on growth opportunities and increase market share, TAKKT expanded marketing expenses considerably again in 2021 following the decline in the previous year. This included the continuous shift of the marketing budget from print advertising toward more online marketing. Expenditures for online advertising saw a double-digit percentage increase. Due to the limited product availability and the not yet realized sales, the marketing cost ratio has not improved significantly over the previous year. It remained virtually unchanged.

EARNINGS INCREASE OF OVER 20 PERCENT

Compared to the weak previous year, TAKKT was able to increase its earnings significantly. EBITDA increased by 21.7 percent to EUR 112.6 (92.6) million. Changes in exchange rates had a negative effect of around one million euros. In addition to higher sales and the increase in gross profit margin, the growth in earnings was also driven by slightly lower negative one-time effects. These had an overall negative impact on earnings of EUR 6.1 (8.6) million in the year under review. These were mainly attributable to one-time personnel expenses as well as the creation of a risk provision due to a specification of sales tax regulations in the US.

Adjusted for the aforementioned one-time effects, EBITDA increased by around 17 percent in the year under review. TAKKT increased the EBITDA margin to 9.6 (8.7) percent. Without the one-time effects, the Group would have achieved double-digit profitability of 10.1 percent.

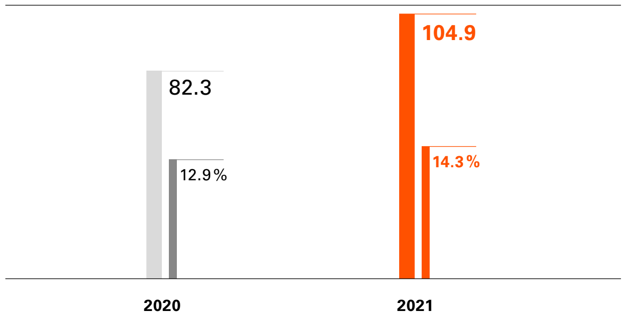
EBITDA *in EUR million*/**margin** *in %*



OMNICHANNEL COMMERCE: EBITDA SIGNIFICANTLY ABOVE EUR 100 MILLION

In the Omnichannel Commerce segment, EBITDA increased by 27.3 percent to EUR 104.9 (82.3) million in the reporting period. The strong increase is attributable to the dynamic development of the business and the related positive economies of scale as well as significantly lower one-time expenses. One-time effects totaled EUR 1.9 (7.3) million and resulted from the structural adjustments mainly at KAISER+KRAFT in the year under review. Adjusted for one-time effects in both years, EBITDA increased by around 19 percent. The EBITDA margin rose to 14.3 (12.9) percent in 2021.

EBITDA Omnichannel Commerce
in EUR million/**margin** *in %*

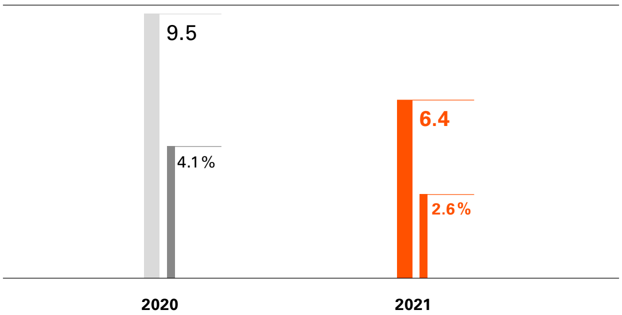


WEB-FOCUSED COMMERCE: CHALLENGING ENVIRONMENT

EBITDA in the Web-focused Commerce segment was EUR 6.4 (9.5) million, corresponding to 32.7 percent below the previous year. The reasons for the decline in earnings despite positive sales growth were the aforementioned one-time expense of EUR 2.7 million for a risk provision at Displays2go due to a specification of sales tax regulations as well as supply chain disruptions. The latter mainly impacted earnings in the UK as a result of higher costs for warehousing and logistics. The EBITDA margin was 2.6 (4.1) percent.

EBITDA Web-focused Commerce

in EUR million/**margin** *in %*

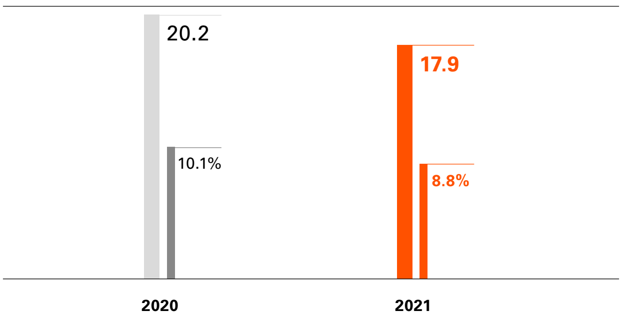


FOODSERVICE EQUIPMENT & SUPPLIES: ADJUSTED EARNINGS UP BY AROUND 10 PERCENT

The Foodservice Equipment & Supplies segment generated EBITDA of EUR 17.9 (20.2) million in 2021. The decline of 11.2 percent was attributable to non-recurring earnings contributions in the previous year totaling EUR 4.0 million from the sale of real estate. Adjusted for the one-time gain in the previous year, EBITDA increased by around ten percent. The EBITDA margin reached 8.8 (10.1) percent.

EBITDA Foodservice Equipment & Supplies

in EUR million/**margin** *in %*



DEPRECIATION AND AMORTIZATION ONCE AGAIN BELOW PREVIOUS YEAR

Depreciation and amortization decreased slightly to EUR 38.7 (40.2) million in the year under review. This was mainly attributable to the lower amortization of intangible assets from acquisitions. It decreased to EUR 4.2 (6.5) million. Extraordinary expenses such as the impairment of recognized goodwill were not incurred in 2021 or in the previous year. Earnings before interest and tax (EBIT) of EUR 73.9 (52.4) million rose sharply, representing an increase of 41.1 percent over the previous-year figure. The EBIT margin rose to 6.3 (4.9) percent.

LOWER FINANCE COSTS

There was a positive contribution to the financial result of EUR 2.5 million as a result of the sale of an investment. As a result of this income and lower interest expenses, the financial result improved significantly to minus EUR 1.1 million (minus EUR 5.7 million). Earnings before tax increased to EUR 72.8 (46.6) million.

TAX RATIO STILL AT A LOW LEVEL

Income tax expense increased significantly to EUR 15.8 (9.4) million as a result of the higher income. Although the tax ratio rose to 21.7 (20.2) percent, it remained at a low level. The profit for the period increased by 53.2 percent to EUR 57.0 (37.2) million. Earnings per share increased accordingly to EUR 0.87 (0.57) based on the unchanged number of shares of 65,610,331.

FINANCIAL POSITION

TAKKT has a centralized financial management, which ensures the creditworthiness and financing capability of the Group for the long term. In addition to the payment of a dividend, it is also intended to provide the Group with sufficient financial flexibility to seize acquisition opportunities at short notice. Despite the high dividend payment and cash outflows for building up net working capital, liabilities to banks at the end of the year were at a very low level.

CENTRALIZED FINANCIAL MANAGEMENT LIMITS FINANCIAL RISKS

The financial management of the TAKKT Group includes the management and allocation of all financial resources with the primary goal of securing liquidity at any time. In addition, TAKKT pursues the following goals within the scope of financial management:

- Safeguarding the independence and flexibility of the Group and of all the Group companies through a diversified financing structure with sufficient available credit lines at all times. This goal proved to be appropriate, especially in the difficult environment at the start of the coronavirus pandemic in March and April 2020.

- Limiting financial risks through the hedging of interest and currency risks as well as limiting counterparty risks.

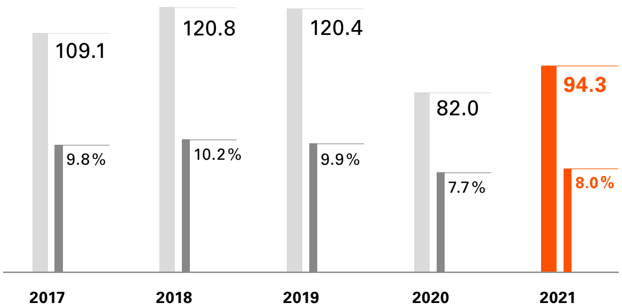
- Optimization of financing conditions through an appropriate mix of short and long-term financing instruments.

- Efficient use of the Group's internal liquidity through the use of cash pooling agreements, whereby liquidity surpluses of the individual companies are used for financing the liquidity requirements of other Group companies.

HIGH POSITIVE TAKKT CASH FLOW

One of the key strengths of the TAKKT business model is its strong internal financing capability. In the past fiscal year, the Group was able to significantly increase TAKKT cash flow to EUR 94.3 (82.0) million as a result of the dynamic business development. The increase was lower compared to the development of EBITDA. This was mainly due to non-cash effects from the valuation of inventories, which had a negative impact on earnings in the previous year. The cash flow margin (i.e., the TAKKT cash flow in relation to sales) came to 8.0 (7.7) percent. The TAKKT cash flow per share was EUR 1.44 (1.25).

TAKKT cash flow *in EUR million* **and cash flow margin** *in %*



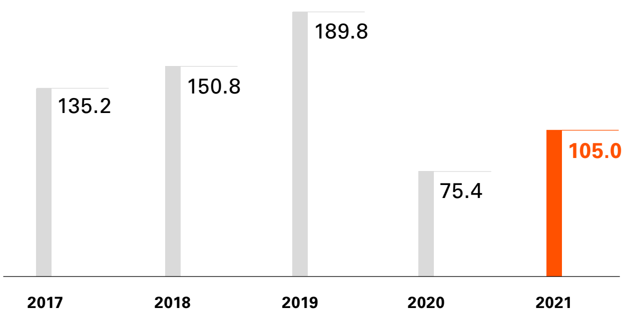
In contrast to the previous year, the changes in net working capital in the reporting period resulted in a cash outflow of EUR 38.0 million. Trade receivables rose significantly due to the good growth trend. Inventories also increased significantly. This was caused in part by the upturn in business and rising purchasing and transport prices. Furthermore, in view of the significantly longer delivery times for orders, inventories have been built up to improve delivery capacity. In the previous year, however, TAKKT was able to release EUR 38.5 million in cash through extensive measures to reduce net working capital. As a result, cash flow from operating activities was at EUR 56.3 (120.5) million, which was significantly below the level of the previous year.

Overall, the business model of the TAKKT Group is not very capital intensive. After the Group significantly reduced capital expenditures in the previous year due to the coronavirus crisis, in 2021 these increased as expected and amounted to EUR 18.3 (13.3) million. These were mainly related to capital expenditures in regard to ERP systems and web shops. The capital expenditure ratio (the ratio of capital expenditure for maintenance, expansion and modernization of the business operations to sales) came to 1.6 (1.2) percent. Cash inflow from disposals came to EUR 13.9 (22.6) million in 2021. In the year under review, this resulted mainly from the sale of other investments for a total of EUR 13.4 million. Of this amount, more than EUR 10 million resulted from the sale of the start-up investment parcelLab. In the previous year, TAKKT realized cash inflow of EUR 21.9 million from the sale of a property in the US.

As expected, due to the opposing development of net working capital and lower cash inflows from disposals, the free TAKKT cash flow of EUR 51.9 (129.8) million in the year under review was significantly lower than in the previous year. In addition to the payment of a dividend for the 2020 fiscal year, TAKKT also made up for the base dividend suspended in the previous year. This corresponded to a total distribution to shareholders of EUR 72.2 million in the year under review.

Net financial liabilities (i.e., financial liabilities less cash and cash equivalents) increased to EUR 105.0 (75.4) million at the end of year. A higher percentage of the liabilities resulted from the leasing of buildings, plant and equipment, which are reported as lease liabilities in accordance with IFRS 16. Cash and cash equivalents came to EUR 2.8 (4.3) million as of December 31, 2021. For further details on the generation and usage of cash flow, please refer to the cash flow statement of this annual report.

Development of net financial liabilities *in EUR million*



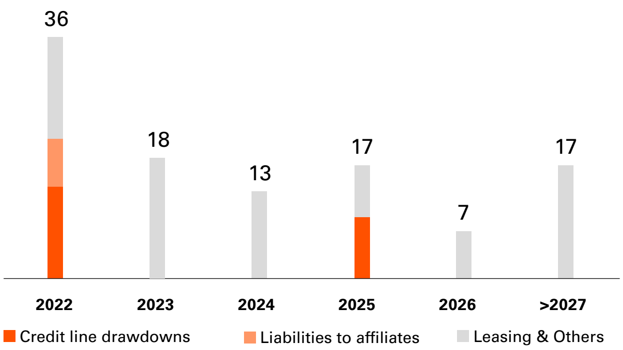
DIVERSIFIED FINANCING

TAKKT places great importance on the conservative, long-term oriented and diversified financing of the business. The financing activities of the Group are centrally managed with funding mainly denominated in the EUR and USD currencies. TAKKT primarily uses the following financing instruments:

- Dedicated bilateral credit lines with twelve financial institutions are the focus of the financing portfolio. Short-term (terms of less than 18 months) and long-term (terms of more than 18 months) credit lines have mainly been concluded. These are renewed for an additional year on an annual basis. Long-term credit lines are mainly concluded for five-year periods. The credit agreements are unsecured and do not include any financial covenants. As of year-end 2021, there were liabilities to banks from financing activities in the amount of EUR 22.7 (1.3) million.
- Leased buildings and plant installations are reported as finance leases in accordance with IFRS 16. Lease liabilities as of the end of the reporting period came to EUR 75.4 (79.0) million.

The maturity structure of the financial liabilities as of the end of the reporting period is as follows:

Maturity profile of financial liabilities *in EUR million*



In addition to the credit line drawdowns, the Group also had free approved credit lines of EUR 235.3 (273.8) million available to it, of which EUR 104.3 (143.8) million are short-term credit lines and EUR 131.0 (130.0) million are long-term credit lines. In the previous year, TAKKT responded to the economic impact of the coronavirus pandemic by extending existing credit lines with banks ahead of time and increasing the committed volumes. Since business development was stable in 2021, TAKKT has reduced these lines. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

The independence and degree of flexibility available to the TAKKT Group in its business decisions are ensured in the long term through the diversification of the financing portfolio with regard to financing sources and terms. The relationship of trust that the

Managerial presentation of free TAKKT cash flow *in EUR million*

	2017	2018	2019	2020	2021
TAKKT cash flow	**109.1**	**120.8**	**120.4**	**82.0**	**94.3**
Change in net working capital as well as other adjustments	–8.7	–21.4	10.4	38.5	–38.0
Cash flow from operating activities	**100.4**	**99.4**	**130.8**	**120.5**	**56.3**
Capital expenditure in non-current assets	–27.8	–25.0	–24.7	–13.3	–18.3
Proceeds from disposal of non-current assets	0.4	8.3	1.0	22.6	13.9
Proceeds from the disposal of consolidated companies	0.0	0.0	0.0	0.0	0.0
Free TAKKT cash flow	**73.0**	**82.7**	**107.1**	**129.8**	**51.9**

company has built with its lenders over many years also contributes to this. Regular face-to-face meetings and an annual Bankers' Day are held to provide detailed information on the current development and performance of the company.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS ONLY FOR HEDGING PURPOSES

As a global player, TAKKT is exposed to risks arising from fluctuations in exchange rates and market interest rates. The purpose of financial risk management is to regularly monitor these financial risks and limit them insofar it is economically advisable. In dealing with derivative financial instruments, harmonized regulations ensure that no financial transactions are conducted outside of an established framework without the prior approval of the Management Board. Derivative financial instruments are only used for hedging purposes in relation to the hedged item. In addition, financial transactions are carried out exclusively with business partners who have been approved for this purpose and meet a certain credit rating. In line with the hedging policy, TAKKT's goal for interest rate risks is a hedge ratio of 60 to 80 percent of net financial liabilities. Currency risks are hedged to around 70 percent of the net position. Details on the use and evaluation of these financial instruments can be found in the risk report as well as the notes to the consolidated financial statements.

INTERNAL COVENANTS REMAIN AT A VERY GOOD LEVEL

Most of the covenants that TAKKT uses internally for the long-term management of its financial structure were within the internally set target corridor as of the end of the reporting period. The equity ratio was even above the target corridor. This underscores the solid financing of the Group and provides the framework for future growth. TAKKT strives to achieve a balance between financial independence and return on total capital. The objective is to ensure sufficient financial scope for growth and for difficult times on the one hand as well as an appropriate return on total capital employed on the other.

As in the previous year, the equity ratio of 62.2 (64.7) percent at the end of the reporting period was slightly above the level of the target corridor of 30 to 60 percent. Gearing increased slightly to 0.2 (0.1) in the year under review due to the increase in net financial liabilities. The increase in TAKKT cash flow together with lower average net financial liabilities resulted in a decrease of the debt repayment period to 0.9 (1.4). In the year under review, TAKKT was able to decrease interest expenses compared to 2020. At the same time, the operating result before amortization of goodwill increased significantly, whereby the interest cover improved to 20.1 (11.0). The interest cover was thus again significantly above the target value. The method of calculation and definition of the key figures are presented in the notes to the consolidated financial statements.

Internal covenants

	Self-imposed target	2017	2018	2019	2020	**2021**
Equity ratio in percent	30 to 60	61.2	60.8	58.5	64.7	62.2
Debt repayment period in years	< 5	1.4	1.4	1.7	1.4	0.9
Interest cover	> 4	16.3	23.8	16.7	11.0	20.1
Debt-equity-ratio (gearing)	< 1.5	0.2	0.2	0.3	0.1	0.2

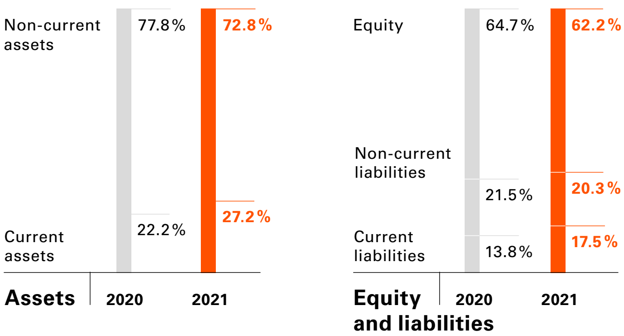
ASSETS POSITION

TAKKT's balance sheet structure remained very solid in 2021 with only minimal changes. The Group therefore continues to have strong financial stability.

ASSETS IMPACTED BY CURRENCY EFFECTS

Currency effects, especially from the stronger exchange rate of the US dollar, had a positive impact on assets reported in euros of around EUR 37 million as of the end of the reporting period. In addition, the increase in trade receivables and inventories in particular resulted in an increase in assets of around EUR 74 million. The total value of assets at year-end increased from EUR 1,004.3 million to EUR 1,115.4 million.

Balance sheet structure of the TAKKT Group



Non-current assets of EUR 812.2 (781.1) million account for around three-quarters of the assets. The majority of this consists of goodwill from past company acquisitions, which at 52.9 (56.5) percent represents a good half of the total assets.

No impairment of goodwill was necessary on the basis of the impairment tests performed. Currency effects led to an increase in the balance sheet item of EUR 21.9 million. Assets tied up in property, plant and equipment decreased to EUR 126.4 (131.6) million in the year under review. As in the previous year, this decline was mainly attributable to the restraint on capital expenditure, which resulted in significantly higher depreciation of property, plant and equipment than investment volume.

Customer and supplier relationships, brand names, web shops, domain names or internal expertise can, regardless of their significance for the TAKKT Group, only be recognized as intangible assets if they are in accordance with IAS 38. This is not the case with regard to the intangible assets generated within the TAKKT Group. Accordingly, these figures are not recognized. Where entire companies are acquired, some intangible assets are recorded in the consolidated financial statements as required by IFRS 3 for first-time consolidation as long as they are identifiable and can be measured independently. The corresponding recognition in the statement of financial position is a good indicator for the value potential of these assets. At TAKKT, this mainly applies to the internet domains, web shops, brand names and customer relationships. The reduced amortized value of these assets as of the end of the reporting period came to a total of EUR 36.1 (38.7) million. The value of the brands with an indefinite useful life recognized as of December 31, 2021 came to EUR 27.9 (26.6) million.

Key figures for assets position *(in EUR million)*

	2017	2018	2019	2020	2021
Non-current assets	**692.6**	**758.6**	**835.5**	**781.1**	**812.2**
in % of Total assets	74.6	73.1	75.9	77.8	72.8
Current assets	**235.8**	**278.5**	**265.2**	**223.2**	**303.2**
in % of Total assets	25.4	26.9	24.1	22.2	27.2
Total assets	**928.5**	**1,037.1**	**1,100.7**	**1,004.3**	**1,115.4**
Total Equity	**567.8**	**630.4**	**644.2**	**649.6**	**694.0**
in % of Total equity and liabilities	61.2	60.8	58.5	64.7	62.2
Non-current liabilities	**222.8**	**250.3**	**267.6**	**215.8**	**226.3**
in % of Total equity and liabilities	24.0	24.1	24.3	21.5	20.3
Current liabilities	**137.8**	**156.4**	**188.9**	**138.9**	**195.0**
in % of Total equity and liabilities	14.8	15.1	17.2	13.8	17.5
Total equity and liabilities	**928.5**	**1,037.1**	**1,100.7**	**1,004.3**	**1,115.4**

Current assets accounted for around one-quarter of total assets and amounted to EUR 303.2 (223.2) million as of December 31, 2021. Inventories and trade receivables comprised almost 90 percent of current assets. Both items increased significantly over the course of the year compared with the exceptionally low level at the end of 2020 due to the coronavirus crisis. Total inventories increased to EUR 146.2 (105.0) million. In order to meet rising demand and respond to the difficulties in supply chains, TAKKT increased inventories significantly. Positive currency effects also contributed to the increase in inventories. Trade receivables increased significantly to EUR 119.4 (86.9) million due to the dynamic sales growth.

Customers' payment behavior was low once again with a write-off rate of 0.1 (0.2) percent. Consequently, there was no significant impact on the development of trade receivables. The payment period for accounts receivable was 31 (28) days.

In the TAKKT Group, there are no off-balance-sheet financial instruments such as the sale of receivables or asset-backed securities.

EQUITY RATIO STABLE ABOVE 60 PERCENT

Total equity increased to EUR 694.0 (649.6) million in 2021. Contributing factors include the addition from profit for the period of EUR 57.0 million together with positive effects from currency fluctuations and the valuation of investments as well as other effects recognized directly in equity totaling EUR 59.6 million. This was offset by the negative effect of the dividend payment in the amount of EUR 72.2 million. The equity ratio decreased slightly to 62.2 (64.7) percent. It is therefore still slightly above the target corridor of 30 to 60 percent.

Accounting for 20.3 (21.5) percent of the equity and liabilities were non-current liabilities amounting to EUR 226.3 (215.8) million. Non-current financial liabilities increased slightly to EUR 71.7 (67.8) million. Deferred taxes as of year-end amounted to EUR 68.1 (57.9) million. They exist mainly as a result of the reduced tax value of goodwill in the US Group companies.

Current liabilities increased significantly to EUR 195.0 (138.9) million, corresponding to a share of 17.5 (13.8) percent of total assets as of December 31, 2021. This was attributable to currency-related effects and an increase in trade payables as well as similar obligations, especially due to the high inventory order volume and considerably higher customer payments on account. Financial liabilities also increased.

COMPANY PERFORMANCE

TAKKT provides information on the development of the key performance figures in the Company performance section. As described in the Management system section starting on page 42, the key figures that are relevant for controlling were partially revised as part of the organizational and strategic realignment process, and target values were adjusted to reflect the new ambition. As the new key figures were not yet relevant performance indicators in 2021, the information below is based on the management system explained in the 2020 annual report. TAKKT also provides information on the key figures for the order situation, as well as product range and value-based key figures, in the Corporate performance section. TAKKT benefited from the ongoing economic recovery in the year under review and achieved a significant overall improvement in the financial and value-based figures compared to the previous year. The product range key figures improved or remained stable. TAKKT achieved a partial improvement in its sustainability indicators.

SIGNIFICANT IMPROVEMENT IN FINANCIAL KEY FIGURES

The year-on-year development of the key figures of organic sales development, organic e-commerce development, gross profit margin and EBITDA is explained in the Sales and earnings review section of this annual report. The TAKKT cash flow, the free TAKKT cash flow and capital expenditure ratio are described in the Financial position section.

Looking back over a longer period, organic sales development was shaped by the economic conditions of the individual fiscal years. In 2017 and 2019, the growth rates were below the target values due to difficult economic conditions; in 2020, the coronavirus pandemic had a significant negative impact. In the course of the economic rebound and the associated dynamic development in demand, TAKKT once again achieved a significant increase in organic sales in the year under review.

The organic growth in order intake via e-commerce has surpassed the organic development in sales and order intake in all fiscal years. TAKKT was able to increase the e-commerce share in five years from around 47 percent to around 61 percent in the last fiscal year.

The number of orders and average order value, the two relevant factors influencing the order situation, were in line with expectations up until 2019. Aside from structural and currency effects, there was little change in the average order value, whereas the number of orders developed according to the economic conditions. In 2020, the pandemic-related change in customers' ordering behavior led to a decline in both indicators. In 2021, TAKKT increased the average order value considerably, while the number of orders remained constant.

The gross profit margin has decreased in recent years, also due to structural effects resulting from acquisitions. In addition, TAKKT now pays slightly higher freight costs or generates lower freight margins than a few years ago. This effect was exacerbated by global supply chain problems last year. Compared to 2020, when the margin was hit by effects from the valuation of inventories, TAKKT increased the gross profit margin to over 40 percent again.

The development of EBITDA is influenced by the economic environment as well as one-time gains and expenses. EBITDA was stable at EUR 150 million for a long time. Beginning in 2019, reported EBITDA has benefited from the adoption of IFRS 16 by around EUR 10 million. In 2020, it declined noticably due to the weak sales development as a result of the pandemic. Thanks to the positive growth trend, TAKKT was able to increase its earnings significantly again in the year under review.

Development of financial key figures

	2017	2018	2019	2020	2021
Organic sales development	0.4%	3.4%	–1.4%	–11.8%	11.4%
Organic growth in order intake via e-commerce	7.9%	11.6%	2.0%	–3.6%	16.3%
Number of orders in thousands	2,465	2,676	2,642	2,535	2,500
Average order value in EUR	458	449	460	425	491
Gross profit margin	42.5%	41.5%	41.3%	39.7%	40.2%
EBITDA in EUR million	150.3	150.1	150.2	92.6	112.6
TAKKT cash flow in EUR million	109.1	120.8	120.4	82.0	94.3
Free TAKKT cash flow in EUR million	73.0	82.7	107.1	129.8	51.9
Capital expenditure ratio	2.1%	1.8%	1.8%	1.2%	1.6%

The high level and stable development of the TAKKT cash flow over the past years, with the exception of 2020, which was dominated by the pandemic, are an indicator of the Group's high internal financing capability. The free TAKKT cash flow has also remained at a high level overall over the past few years. While the drop in net working capital had a positive impact on the free TAKKT cash flow in the previous year, the latter indicator fell considerably in the year under review due to the increase in trade receivables and the buildup of inventories. In 2018, 2020 and 2021, the TAKKT cash flow also benefited from proceeds from the sale of property or investments.

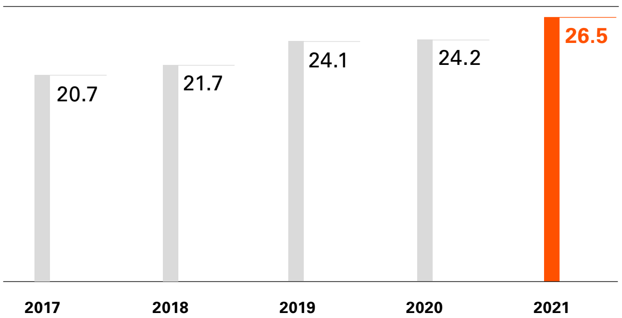
The investment requirement in the past five years – measured as the capital expenditure ratio as a percentage of sales – was between one and two percent. The long-term average target value was thus achieved.

PRODUCT RANGE KEY FIGURES SHOW POSITIVE LONG-TERM TREND

TAKKT wants to expand its business with private labels as well as direct imports in the long term. In the past two years, changes in the demand behavior of customers and the impact of the crisis on delivery routes partially resulted in a different composition in the product mix of the business units.

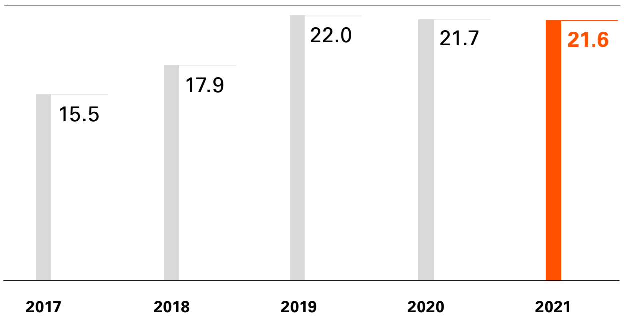
The share of sales attributable to private labels rose further in the year under review and now stands at 26.5 (24.2) percent. KAISER+KRAFT in particular contributed to the improvement last year. The positive trend of previous years is expected to continue in the coming years.

Share of private labels *in %*



In the year under review, the share of direct imports remained stable overall despite supply chain restrictions. Whereas the share of direct imports declined at KAISER+KRAFT in 2021, Newport and NBF were able to increase their shares. At the Group level, the overall share of direct import sales came to 21.6 (21.7) percent. TAKKT expects the volume of direct imports to increase again in the future and the trend of the previous years to continue.

Share of direct imports *in %*



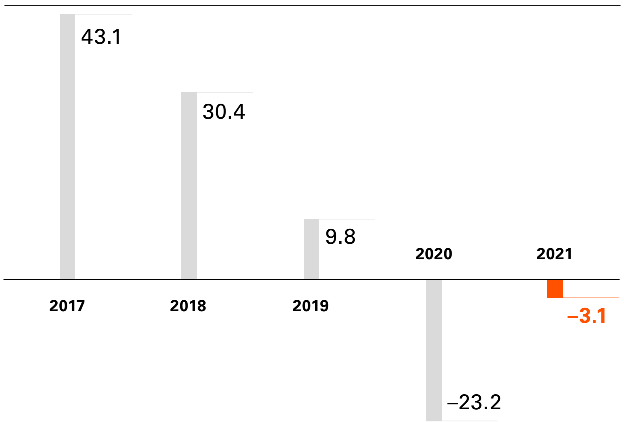
VALUE-BASED FIGURES: TAKKT VALUE ADDED AND ROCE UP YEAR-ON-YEAR

In 2020 and 2021, the TAKKT Value Added was affected to a considerable degree by the lower earnings as a result of the pandemic. The increase in earnings in the year under review saw the TAKKT Value Added improve as well, bringing it to minus EUR 3.1 (minus 23.2) million.

The resulting operating result after tax generated for calculation of the TAKKT Value Added increased over the previous year by a total of EUR 18.8 million and amounted to EUR 61.0 (42.2) million. The average capital employed also dropped slightly. The weighted average cost of capital (WACC) after tax used to calculate the total cost of capital remained unchanged at 7.5 (7.5) percent. TAKKT assumed a value-based capital structure of 70 percent equity and 30 percent debt capital for this. The cost of shareholders' equity was nine percent. An imputed cost of four percent was used for debt capital. Total cost of capital in 2021 thus came to EUR 64.2 (65.4) million.

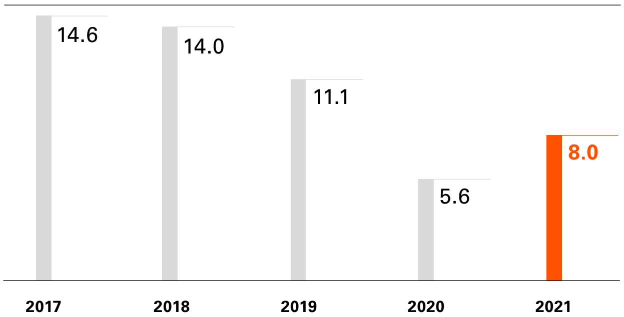
Prior to 2020 and 2021, two years that were impacted by the consequences of the pandemic, TAKKT generated a significantly positive TAKKT Value Added. The very high figure achieved in 2017 was also attributable to positive one-time gains in that year.

TAKKT value added *in EUR million*



The return on capital employed (ROCE) of 8.0 (5.6) percent in the year under review was significantly higher than the figure for the previous year. This is due to the marked improvement in earnings in the year under review.

ROCE *in %*



EMPLOYEE AND CUSTOMER PERSPECTIVE

Since 2020, all of the business units have been gathering key figures, which provide information about the current development of the customer and employee perspective. For customers, it is the cNPS and for employees the eNPS. The definition and calculation method used for these key figures is described in detail in the Management system section starting on page 43. In 2021, TAKKT achieved an average cNPS of 58 (57) and an eNPS of 16 (12) at the Group level, marking an improvement in both key figures.

SUSTAINABILITY INDICATORS PARTIALLY IMPROVED

TAKKT takes various sustainability indicators into account in its management system. Their definition and calculation is shown on page 44 in the Management system section. The relevant indicators have improved significantly during the last few years. In the year under review, TAKKT was partially able to make additional progress.

The Group is convinced of the added value of having mixed management teams and considers it a Group-wide duty to ensure the same career development opportunities for women and men. It increased the share of women in top executive positions to 18.6 (14.0) percent in the year under review.

The share of sales attributable to sustainable products increased further, to 11.7 (10.8) percent. As part of its quest to combat climate change, TAKKT has significantly increased the share of carbon-neutral activities in recent years. The advertising materials were completely carbon-neutral also in 2021. Following an increase in the previous year, the share of carbon-neutral parcel delivery declined slightly to 91.1 (93.5) percent and the share of carbon-neutral general cargo delivery declined to 77.2 (87.1) percent. The lower share of carbon-neutral general cargo delivery is primarily the result of a sharp increase in corresponding shipments at ratioform, which have not been offset to date.

Additional information on the development of sustainability key figures is presented in the sustainability report. The non-financial statement for the TAKKT Group can be found on the following website: http://www.takkt.de/nfs

Sustainability indicators* *in %*

Key figure	2017	2018	2019	2020	2021
Share of women in top executive position	10.5	12.3	15.1	14.0	18.6
Share of sales from sustainable products	9.3	9.5	9.5	10.8	11.7
Share of carbon-neutral advertising materials per year	12.1	19.9	60.5	100.0	100.0
Share of carbon-neutral parcel delivery	91.4	93.5	92.2	93.5	91.1
Share of carbon-neutral general cargo delivery from distribution center	44.7	48.9	54.8	87.1	77.2

* *The Newport companies are only included in the sustainability indicators for the proportion of women.*

MANAGEMENT REPORT

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT

TAKKT had expected the 2021 fiscal year to bring significantly positive growth rates in the eurozone and North America in the wake of the economic recovery and, on this basis, predicted organic growth of between seven and twelve percent and EBITDA in the range of EUR 100 to 120 million. The forecast was, however, subject to the further course of the pandemic and its economic impact. Higher prices due to inflation prompted TAKKT to lift the organic growth forecast to between twelve and 17 percent in July. After the global supply chain problems became more pronounced, TAKKT adjusted its organic sales growth target to between ten and 13 percent and specified its earnings target as being in the range of EUR 105 to 115 million. The other key figures were largely as expected at the beginning of the year.

While organic sales growth was adjusted to reflect the economic conditions during the year, the other key financial performance indicators, such as organic growth of order intake via e-commerce, EBITDA, the TAKKT cash flow, the free TAKKT cash flow and the capital expenditure ratio developed as expected. The gross profit margin also developed in line with the forecast, although it was hit by effects of the pandemic. In particular, the hike in freight prices had a negative impact on the gross profit margin in the year under review.

The key figures for the customer and employee perspective also developed as expected. eNPS, which provides information about the attractiveness of the TAKKT Group as an employer, showed slight positive development. The cNPS, which indicates a customer’s willingness to recommend, was roughly on a par with the previous year, as expected.

The development of the sustainability indicators in 2021 was only partly in line with the forecast. TAKKT succeeded in increasing the share of women in top executive positions. The share of sales of sustainable products also increased. With regard to the share of carbon-neutral activities, the expectation of a positive development of the key figures was not met. As in the previous year, TAKKT was again able to achieve complete carbon-neutrality for advertising materials. However, the share of carbon-neutral parcel delivery and general cargo delivery from the central warehouse declined.

Comparison of actual and forecast development

	2020	Forecast for 2021	Actual performance in 2021
Organic growth			
Organic sales growth in percent	–11.8	Organic growth between seven and twelve percent In July 2021, increase to between twelve and 17 percent due to inflation In October 2021, adjustment to between ten and 13 percent due to supply chain constraints	11.4
Organic growth in order intake via e-commerce in percent	–3.6	Above-average growth	16.3
Costs and earnings			
Gross profit margin in percent	39.7	Increase in gross profit margin to over 40 percent	40.2
EBITDA in EUR million	92.6	In the range of EUR 100 to 120 million In October 2021 specification to EUR 105 to 115 million	112.7
Cash			
TAKKT cash flow in EUR million	82.0	Significant increase to EUR 80 to 100 million	94.3
Free TAKKT cash flow in EUR million	129.8	Significantly below the previous year's level	51.9
Capital expenditure ratio in percent	1.2	Between one and two percent of sales or slightly higher	1.6
Customer and employee perspective			
cNPS	57	At previous year's level	58
eNPS	12	Slight improvement	16
Sustainability*			
Share of women in top executive position in percent	14.0	Positive development	18.6
Share of sales from sustainable products in percent	10.8		11.7
Share of carbon-neutral advertising materials per year in percent	100.0		100.0
Share of carbon-neutral parcel delivery in percent	93.5		91.1
Share of carbon-neutral general cargo delivery from distribution center in percent	87.1		77.2

* *The Newport companies are only included in the sustainability indicators for the proportion of women.*

OUTLOOK

RISK AND OPPORTUNITIES REPORT

In the course of its business activities, TAKKT is exposed to opportunities and risks. The opportunities and risk management of the Group serve to detect and assess these early. It also adopts appropriate control measures. The Management Board and Supervisory Board are regularly informed of the current risk situation of the Group and all of the major Group companies. The relationship between opportunities and risks in 2021 remained largely unchanged from the previous year from the perspective of the TAKKT Management Board. The presentation of risks in this report only includes risks above relevant threshold values with regard to probability of occurrence and impact on earnings.

SYSTEMATIC OPPORTUNITIES AND RISK MANAGEMENT

TAKKT has an opportunity and risk management system that systematically identifies, quantifies, manages and monitors all material risks and opportunities. In accordance with German Accounting Standard 20, a risk is defined as the danger of a negative deviation from the goals of the company. An opportunity is defined as the possibility of exceeding these goals. TAKKT strives to achieve a balance of risks and opportunities in all activities for the purpose of sustainably increasing the value of the company in the interest of all stakeholders.

Organizationally, the opportunities and risk management is structured as follows:

- The Management Board is responsible for establishing and overseeing the opportunities and risk management system.

- It is supported by the division presidents, the managing directors of the Group companies and the Group functions of TAKKT AG such as Operations, Technology & Data, Finance, HR, Audit and Legal.

- Important components of the opportunities and risk management system are a uniform risk management directive, a process integrated into planning for the standardized recording, evaluation and reporting of risks and opportunities; the controlling of all companies, uniform rules of management and the two-man rule applied throughout the Group.

- The Supervisory Board deals with the effectiveness of the opportunities and risk management system within the scope of its monitoring function.

- As an independent entity, the external auditor reviews the setup and suitability of the early risk detection system according to section 317(4) HGB.

- The internal auditing department continuously supervises the major processes of all Group companies to ensure that they perform well, are cost-effective and satisfy internal directives.

UNIFORM STEERING AND CONTROL SYSTEMS

The TAKKT Group's management relies on a range of uniform steering and control systems to manage the various divisions with their operating companies. The Management Board holds discussions with the subsidiaries each year on the operational planning for the coming year and the results of the risk monitoring. It is also regularly informed about the current order intake levels. The analysis and discussion of the monthly reports between the Management Board and Controlling help to actively manage risks and opportunities, also with respect to gross profit. Special report formats that provide information on significant cost blocks such as personnel and marketing costs also provide a basis for the uniform management of cost risks. The long-term management rests on planning for several years ahead. This planning is carried out annually.

In principle, all control and reporting structures begin at the level of the subsidiaries and lead up to the Management Board and Supervisory Board. The Supervisory Board's approval is required for important decisions. Internal controls have been established at all levels and at every stage of the process. Companies that have been newly founded or acquired are included in the controlling system and in the risk and opportunity management system as part of a structured integration process. They are expected to meet the same requirements as the established companies in the Group.

INTERNAL CONTROL SYSTEM FOR ACCOUNTING PROCESS IN ACCORDANCE TO SECTIONS 289 (5), 315 (2)(5) HGB

The internal control system related to financial reporting extends to the financial reporting of the entire TAKKT Group. Its purpose is to ensure the correctness and reliability of the internal and external accounting, including the necessary consolidation processes for the consolidated financial statements. It is part of the entire internal control system of the TAKKT Group and is based on the internationally recognized "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission).

The effectiveness of accounting processes is documented in a recurrent process comprising risk analysis, control analysis and an assessment of the effectiveness of these internal controls. In these processes, data is first collected, updated and reviewed in relation to key risk areas according to predefined qualitative and quantitative criteria. On this basis, existing controls are identified and new control measures that are designed to limit the risks are implemented. The effectiveness of the controls is reviewed and documented at regular intervals through a self-assessment of the control officers. The results are also verified by the auditor and presented to the Supervisory Board.

TAKKT ensures the Group-wide application of Generally Accepted Accounting Principles (GAAP) and the current International Financial Reporting Standards (IFRS) by means of mandatory requirements, including accounting guidelines that are updated on an ongoing basis, a standardized chart of accounts for reporting purposes, a Group-wide schedule for the preparation of financial statements, and various manuals. If necessary, external experts or qualified consultants are called in, for example for the evaluation of pension obligations or to obtain an expert opinion on the purchase price allocation for company acquisitions. All employees who are responsible for accounting and financial reporting receive regular training.

The preparation of financial statements of the individual companies as well as their consolidation for the consolidated financial statements are carried out using a modern standard software solution. Information for the preparation of the notes is recorded with a web-based application.

Extensive testing procedures are designed to ensure the completeness and reliability of the information contained in the consolidated financial statements. The IT systems in accounting are protected against unauthorized access. IT change management systems ensure that no data is lost when changes are made to the IT infrastructure. The internal control system is fundamentally based on the principle of cross-checking by a second person for all accounting-related processes. Within the scope of the audit of the consolidated financial statements, external auditors report on the most important audit results and weaknesses in the control system for the units audited in the context of the consolidated financial statements.

CONTINUOUS ANALYSIS AND MONITORING OF OPPORTUNITIES AND RISKS

The opportunities and risks relevant for the TAKKT Group are listed by topic in the table on page 70 and explained later in the risk report. The process for the evaluation of all opportunities and risks is as follows:

- The TAKKT Group continuously analyzes the market and competitive environment of the divisions and reviews its own potential to determine whether adjustments to the business model could lead to a better market position. This systematic observation enables it to identify opportunities and risks at an early stage.

- The goal of evaluating the individual opportunities and risks is to reveal the anticipated negative or positive effect on TAKKT. The evaluation is carried out based on the criteria of probability of occurrence and the extent of the loss or opportunity. Measures already taken by the company to manage opportunity or risk are taken into account in the evaluation. Materiality thresholds are used with respect to the potential gain or loss depending on the level of analysis. This is done in order to show the relevance of the opportunities and risks under discussion.

- Based on this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks and allow the opportunities to be used.

The individual risks and opportunities of TAKKT are shown on the following page. The risks of the Group are explained in the following; the opportunities are discussed starting on page 77.

Overview of opportunities and risks

	Economy and competition	Corporate strategy and positioning	Operating processes	Finance and legal
Possible risks	Economic downturn and pandemic Competition from established providers and new market participants	Structural changes in demand Implementation risk in relation to the transformation Integration risks associated with acquisitions Risks associated with disposals Loss of major customers Increasing dependence on e-commerce	Limited product availability and rising purchasing prices Disruption of operational business Limited availability and performance of the IT and communications systems Introduction of new IT systems Cybercrime Quality problems related to direct imports	Exchange rate risks: Transaction risks and translation risks Increased loss of receivables Legal and compliance risks Risks from tax and tariff changes More restrictive data protection regulations
Possible opportunities	Economic upswing	New strategic and organizational positioning Increasing market shares for distance selling and strong growth in e-commerce Value-creating acquisitions and start-ups Sustainability as a competitive advantage	Further development of IT applications Increased use of new technologies	Good access to capital

ECONOMY AND COMPETITION

Economic downturn and pandemic

B2B distance selling for business equipment is generally dependent on the underlying economic conditions. TAKKT's business model is therefore subject to general economic risk. The Group has mostly managed to cushion the effects of economic fluctuations in individual countries, industries and fields through broadly diversified positioning.

- TAKKT addresses customers of all sizes from various industries with its three divisions, Industrial & Packaging, Office Furniture & Displays and FoodService.
- The TAKKT companies have a very wide range of products in different categories.
- Through its presence in over 25 countries in Europe and North America, TAKKT reduces its independence on individual markets.

In particularly severe economic crises such as the months following the outbreak of the coronavirus pandemic in 2020, TAKKT is only able to benefit from the diversification of its business to a limited extent because most customer groups in nearly all industries and regions strongly refrain from making investments in these circumstances. A crisis triggered by a pandemic is particularly challenging because customer demand can decline much faster and more sharply than in the case of economic crises attributable to purely financial factors. There is also the risk that the operational processes in procurement, as well as in warehousing and logistics, will be severely restricted as a result of the pandemic and the protective measures that are implemented.

TAKKT is able to react relatively quickly to economic crises and flexibly adjust a large part of the costs and capital expenditures to new conditions. Accordingly, in 2020 TAKKT responded to the economic consequences of the coronavirus pandemic with cost-saving measures, particularly in the area of marketing costs and personnel expenses through the use of short-time labor and similar tools. TAKKT has also significantly reduced other expenses. The aforementioned savings helped TAKKT to offset the pandemic-related decline in gross profit by around a quarter for the year as a whole. Overall, EBITDA before one-time effects decreased by around one third year-on-year in 2020. As a consequence of the global financial and economic crisis, there was also a sharp decline in sales in 2009, which came to a little more than 25 percent. With a margin of around ten percent, EBITDA decreased by around 50 percent compared to the previous year.

At the time of writing the annual report, the economic impact of the Russian invasion of Ukraine cannot yet be foreseen. TAKKT has no activities in Ukraine or Belarus. In addition, the volume of Russian business accounts for a negligible share of Group sales of well below one percent. The direct consequences of the conflict therefore do not pose a significant risk for the TAKKT Group. However, the mutual sanctions could put a noticeable damper on the economic climate and customers' willingness to invest, which would lead to a significant deterioration of economic conditions. If this is the case, negative effects on the TAKKT Group's sales and earnings can be expected. Besides economic risk, the consequences of the conflict can also affect risks in the areas of energy and purchasing prices, reliance on e-commerce, and cybercrime. The potential effects are shown in the corresponding sections of the risk report.

As in the previous year, TAKKT still considers the probability of occurrence of the risk of an economic downturn to be possible. The potential impact on earnings from this risk also remained unchanged compared to the previous year at over EUR 20 million. It therefore represents a significant risk for TAKKT.

Competition from established providers and new market participants

The activities of the TAKKT Group in their respective markets compete with other providers. An overview of the competitive environment can be found on page 38 of this annual report. The entry of new market participants or more aggressive competitive behavior by established providers could result in TAKKT losing market shares or at least falling short of its growth ambitions. However, market entry barriers exist both for traditional competitors and online-only retailers because setting up the supplier structures, logistics and customer base is costly and time-consuming. New competitors must expect many years of initial start-up losses. Compared to start-up companies, established providers like the TAKKT companies benefit from economies of scale in purchasing and distribution.

Supported by the new organizational structure in three divisions for specific work environments, the TAKKT companies aim to have an even more customer-oriented market positioning in the future and also stand out from the competition. Integrating different sales brands within one division and bundling sales and marketing activities will also allow TAKKT to address customers with cross-selling offers and meet their needs for a wide range of products. In addition, TAKKT's offering stands out from the competition through its clear focus on sustainable products. Along with quality, prices, service and availability, the impact of production, marketing, delivery and the use and disposal of products on the environment and natural resources also play an increasingly decisive role in purchasing decisions in the B2B sector.

TAKKT rates the probability of occurrence of the risk from established providers and new market participants as possible, with a potential negative impact on earnings of more than EUR 20 million. This risk is therefore considered to be significant.

CORPORATE STRATEGY AND POSITIONING

Risk from structural changes in demand

The way in which people collaborate is also changing as a result of the digital transformation of the business world. Given the established use and further development of technologies like video conferencing systems, it is likely that more flexible forms of working will become more common and remote working will increase. This already existing trend has been accelerated further by the coronavirus pandemic. As a result, there is the risk that the need for traditional office space and thus corporate demand for traditional office equipment will decrease in the medium term. However, there is also the potential to profit from the increased demand for products for new office concepts, remote work and to facilitate working from home.

Similar to the growing prevalence of flexible formats in daily collaboration, the changes brought about by the coronavirus pandemic will have a lasting impact on conferences, trade shows and other event formats. TAKKT believes that in-person events will not have the same importance after the pandemic as they did before. Instead, it can be expected that conferences and trade fairs will continue to be held virtually in some cases or in a hybrid format with both on-site and virtual participation possible. A long-term decline in the number and importance of in-person events could mean a permanent lower demand for advertising banners and displays.

TAKKT is observing these trends and the demand behavior of customers and continuously adapting the product ranges to the new circumstances. TAKKT also has diversified positioning both internationally and in terms of its products. This reduces its dependence on individual product groups such as office equipment or displays. TAKKT considers the probability of occurrence of the risk from structural changes as possible with a potential impact on earnings of more than EUR 20 million. TAKKT therefore classifies this risk as significant.

Implementation risk in relation to the transformation

TAKKT wants to accelerate and intensify the transformation that was started in 2020. The goal is to have an even more integrated structure and further improve the focus on customers. Further information on the new structure can be found in the sections "Organization and business areas" starting on page 34 and "Corporate goals and strategy" starting on page 39 of this report. TAKKT expects the transformation to result in stronger organic growth. Delays could occur during the course of this change process, causing goals or partial goals to be achieved late or results to be unsatisfactory. This mainly involves the creation of new structures for the group functions and the bundling of the sales and marketing activities in the divisions. In addition, the implementation could incur higher costs than expected or not have the desired effect on sales and earnings figures.

In order to address these risks, the organizational and strategic transformation will be planned and managed centrally. The Group relies on experts within the company. At the same time, it also receives support from external specialists for organizational transformation. For planning and controlling, TAKKT uses project management methods to implement the strategy and organizational realignment across the entire hierarchy. This allows TAKKT to keep a close eye on the implementation and success of the transformation and take early countermeasures if there are impending deviations from target.

There are also personnel risks associated with this change. As part of the organizational transformation, TAKKT will realign the functions and areas of responsibility. This could mean that employees may have to give up their previous roles, while elsewhere employees may be needed for newly established functions. Recruiting employees with digital skills and knowledge about the implementation and management of continuous improvement processes represents a particularly challenging task. TAKKT considers the probability of occurrence of the implementation risk from the transformation to be possible. The potential loss could come to over EUR 20 million. TAKKT therefore considers this risk to be significant.

Integration risks associated with acquisitions

The TAKKT Group makes targeted acquisitions to strengthen the existing businesses and to expand the value proposition. This is, on the one hand, associated with a host of opportunities. These are covered further on in this section. On the other hand, acquisition and integration risks could, for example, result from the following:

- the integration of acquired companies or their products and services into TAKKT's business activities may take longer or incur higher costs than expected,
- the development of growth and earnings that was assumed would take place with the acquisition may not occur,
- goodwill and other intangible assets need to be written down due to business performance being worse than originally predicted.

The annual impairment tests performed on goodwill in the year under review once again confirmed the value of these assets. No impairments had to be carried out in the past year.

TAKKT has decades of experience with acquisitions. Acquisitions are carefully prepared and reviewed and carried out only if there is a sufficient likelihood of the acquired company contributing to the success of the TAKKT Group in the long run. In view of this, the Group imposes stringent requirements and conducts thorough due diligence before the acquisition. Furthermore, companies are integrated into the Group according to defined processes that are based on past experience.

The TAKKT investment company holds shares in young companies with an innovative but not yet proven business model. The probability that these shareholdings turn out to have no substantial value is deemed to be higher.

Risks associated with disposals

Another risk could arise if a company in the Group does not develop satisfactorily and TAKKT recognizes this too late and therefore fails to take timely countermeasures. As a result of delays in the sale or discontinuation of activities, the Group may realize lower sales proceeds or incur higher costs. In order to prevent this, the development of the existing activities is continuously monitored and analyzed as part of various standard processes. In principle, all operational and strategic options are open in the event of difficulties in a Group company. These range from additional investments or changing the marketing strategy to repositioning, selling or phasing out the brand, i.e., the gradual discontinuation of marketing activities.

Loss of major customers

The customer structure of the business models in the TAKKT Group is relatively highly diversified. This includes companies from many different industries, such as the service sector, public authorities and the manufacturing industry. Contributions to sales are also generated in part within the scope of larger project orders. TAKKT generates a low single-digit percentage of its sales in relation to Group sales with a very small number of corporate customers, which are each spread across different locations. Negative effects from the loss of individual corporate customers are therefore limited for the Group as a whole. On the level of the individual business units, and especially at Hubert or NBF, the loss of a single corporate customer can nevertheless have a noticeable effect on business performance.

TAKKT caters to customers of many different sizes – from self-employed people to hotel chains and public bodies as well as single workshops to large-scale manufacturing facilities. The TAKKT companies will also address a broad customer base in the future.

Increasing dependency on e-commerce

TAKKT is driving forward the expansion of the e-commerce business by continuously improving its websites and web shops. However, the operation of websites and web shops means that unauthorized persons could gain access to the company network and sensitive customer data. Targeted attacks on web shops and the company network could slow down or disrupt internal processes. An increase in the probability of occurrence of such attacks could result as an indirect consequence of the war in Ukraine and the sanctions against Russia.

This is counteracted by continuously monitoring web shop performance. In addition, regular penetration testing is carried out to reduce the risk of unauthorized access to internal systems. Technological progress also places constantly changing demands on the online presence. Consequently, the content and structure of the web shop have to be continuously adapted to the changing algorithms of the search engines so that the company's own website does not fall behind in the ranking, causing the shops to lose potential customers. The TAKKT companies counter this risk through the continuous management of online marketing measures and by optimizing them with regard to the constantly changing underlying conditions. Ongoing monitoring of developments in online marketing allows the TAKKT Group to seize and implement technical trends and new developments quickly in its own solutions. In addition, the company is in continual dialogue with search engine operators.

OPERATING PROCESSES

Limited product availability and rising purchasing prices

In the event of limited availability of products over a longer period of time as a result of fully utilized transport or manufacturing capacities, TAKKT would not be able to meet existing customer demand and incoming orders with the usual speed. This would lead to an increase in order backlogs as well as delayed recognition of sales and earnings. In addition, there is an increased risk of order cancellations and a decline in future orders. In order to minimize this risk, TAKKT continuously monitors the difference between order intake and sales and also adjusts its purchasing behavior with regard to suppliers and inventories if necessary. In the 2021 fiscal year, the order backlog also increased by EUR 55 million as a result of global delivery difficulties. Without the difficulties, TAKKT would have been able to achieve significantly higher sales and EBITDA in 2021.

In addition to product availability, a risk could also arise in the event of an exceptionally rapid increase in purchasing or transport prices. As a rule, TAKKT contracts external logistics companies for shipping. In general, the TAKKT companies pass on price increases for products or transport in full to customers in order to keep their gross profit margin stable. Particularly sharp or unexpected price increases, such as a rise in inflation, may only be passed on to customers with a time delay or not in full. A surge in energy and fuel prices, as is currently being triggered by the conflict in Ukraine, can significantly increase the costs associated with production and especially transport. This also means that a temporary negative impact on earnings cannot be ruled out.

In order to counter this risk, TAKKT can adjust its prices at shorter intervals than usual if necessary. In addition, the Group starts price negotiations with suppliers and major customers early in such cases. An exceptionally high level of inflation can also have an indirect negative impact on economic conditions and customer demand.

With a possible probability of occurrence and potential impact on earnings of between EUR 10 and 20 million, TAKKT deems the risk from restricted product availability and rising purchasing prices to be significant.

Disruption of operational business

TAKKT generally stores products in large mail order centers and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. In addition, TAKKT can benefit from better pricing by bundling product purchases. The business units only set up smaller regional warehouses to provide optimum delivery services if necessary, such as in the Nordics, Eastern Europe or the US. Due to the focus on a small number of central warehouses, this could result in temporary restrictions or even a breakdown of operations in the event of a severe disruption in one of the warehouses. Such a disruption could occur in the case of a fire, natural disaster or due to a temporary closure of the location during a pandemic.

TAKKT covers these risks wherever possible with insurance against fire, theft or business disruptions. In addition, each business unit regularly reviews its warehouse concepts, thereby ensuring consistently high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the companies can also deliver the majority of their goods by drop shipment. If necessary, the warehouses are adapted to new requirements. Due to the coronavirus pandemic, TAKKT implemented extensive protective and precautionary measures in the warehouses such as separating the staff into different shifts.

Limited availability and performance of the IT and communications systems

TAKKT depends on powerful and reliable IT systems, such as communication systems, ERP system software, product management systems and web shops. Failure or impaired operation of the IT systems could result in significant risks for the TAKKT Group because business processes would be affected. In order to address this risk, TAKKT relies on powerful technologies and has back-up solutions in place that can take over in the event of problems in the primary system.

The TAKKT companies are using cloud solutions, meaning that software and hardware functions are no longer only hosted locally but rather in an external infrastructure. This has the advantage that storage space, processing power and the necessary software can all be chosen precisely and can be adapted to actual requirements at any time. At the same time, this brings with it risks, like losing connection to the external infrastructure or the service itself.

The TAKKT companies also make use of central high-availability systems to protect data and functionality. A server handles the day-to-day business operations. The data is also continuously copied to a backup system. This system handles operations only in the event of server failure. The required storage capacity is usually held on external servers or leased from third-party providers in order to minimize the risk of failure.

The Group uses non-interruptible power supply and back-up systems in order to ensure telephone availability and protect itself against failures and faults. Calls can also be rerouted to other sites. The company continuously monitors how easy it is for customers to contact the companies' sales offices. This monitoring allows TAKKT to flexibly align telesales capacities with business volumes.

For successful performance in the market, it is of vital importance that the TAKKT companies be reachable via their web shops without interruption. In addition to continuous availability with regard to the web shops, performance (i.e., the speed at which the web shop can be navigated) is also important. In this regard, the TAKKT companies always rely on current web shop technologies.

Introduction of new IT systems

Increased risks can arise in relation to the introduction of new IT systems, especially ERP and web shop systems, if the smooth continuation of business processes is affected as a result of complications during integration of a new IT system. In order to address the risks associated with the introduction of new IT systems, TAKKT carries out extensive test runs and quality assurance measures. New systems are gradually being introduced within the scope of pilot projects so that only a limited region or individual work flows are affected in the event of problems.

Risk matrix

Earnings risk	unlikely	possible	very likely
more than EUR 20 million		• Economic downturn and pandemic • Competition risk • Structural changes in demand • Implementation risk in relation to the transformation	
EUR 10 to 20 million	• Risks associated with disposals • Introduction of new IT systems	• Limited product availability and rising purchasing prices	
less than EUR 10 million	• Disruption of operational business • Performance of the IT and communications systems • Quality problems associated with direct imports • Increased loss of receivables • Legal and compliance • Data protection regulations	• Integration risks associated with acquisitions • Loss of major customers • Dependence on e-commerce • Cybercrime • Exchange rate risks • Tax and tariffs	

Probability of occurrence

Cybercrime

Risks can also arise from fraud attempts initiated via emails and social media. One particular example of this is the risk of fraudsters who use identity theft in an attempt to trigger unauthorized payments to third-party accounts. Cyberattacks could also lead to the disruption of business operations, thereby resulting in financial loss and reputational damage. As a result of the war in Ukraine and the sanctions against Russia, there is the danger that the number of such fraud attempts will rise, thereby increasing the likelihood of occurrence of the risk. TAKKT addresses the cybercrime risk by establishing defined processes such as cross-checking by a second person and individually verifying any changes in the payment data of the recipient. Furthermore, employees receive ongoing fraud-awareness training. TAKKT addresses potential unauthorized access to IT systems through technical preventive measures.

Quality problems related to direct imports

TAKKT is increasingly sourcing products via direct imports, i.e., products that come from countries outside the home markets of the respective Group company. For products that are procured from direct import countries in Asia or other third countries, there is a greater risk that these goods have quality defects and thus do not meet the standards of the sales markets in Europe and North America. Besides product quality, this also applies to potential problems with regard to certifications or test seals. The products concerned can either not be offered or only offered at a greatly reduced price. In order to address this risk, TAKKT carries out standardized checks of suppliers and product sample testing through official testing bodies.

FINANCE AND LEGAL

Exchange rate risks: Transaction and translation risks

Currency risks arise from transactions not processed in euros, which is the reporting currency. When it comes to volatility in exchange rates, a distinction should be made between transaction risks and translation risks.

- Transaction risks result primarily from buying and selling goods and services in different currencies. The Group protects itself against these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated sales – mainly from intercompany transactions. The open net items are identified based on the sales forecasts of the individual companies. The resulting currency risks are generally assumed by the respective service provider and hedged through derivative financial instruments to an amount of around 70 percent, preferably with forward foreign exchange contracts. In general, forecast sales and cash flows are hedged for a period of several months.

- Translation risks arise for the TAKKT Group's statement of financial position and income statement when the individual financial statements of foreign subsidiaries are translated into euros, the reporting currency. The fluctuations of the US dollar in particular therefore influence the absolute value of the financial key figures reported in euros (also see the explanations starting on page 79). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

Increased loss of receivables

In the course of TAKKT's business activities, receivables from customers may not be collectible and therefore have to be written off. Systematic receivables management and regular checks on the creditworthiness of customers prior to transactions mean that TAKKT has a very low loss rate of well below half a percent in relation to sales. Economic crises, such as the one caused by the coronavirus pandemic, pose the risk of heightened losses on receivables due to the insolvency or financial difficulties of customers. In such cases, TAKKT may demand advance or installment payments or block customers with a negative payment history.

Legal and compliance risks

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. However, this litigation does not have a material impact on the economic situation of the Group, neither individually nor collectively. TAKKT is subject to different compliance requirements such as in connection with antitrust law or capital markets. Non-compliance can lead to legal consequences and sanctions and ultimately have a negative impact on earnings. In order to address this risk, the Group pursues a central compliance management strategy, trains employees in the respective issues and has set up a hotline for reporting possible violations.

Risks from tax and tariff changes

Against the background of the ongoing trade policy discussions after Brexit as well as with regard to the US government, there is still a risk that countries will increase import tariffs on imported goods. Direct imports in particular could be less attractive due to such trade barriers. The bulk of goods that the TAKKT companies sell, however, will still continue to be purchased from suppliers in their respective market. Competitors would be affected by such a development to a similar extent. The increased public debt may also result in taxation rule changes and a greater number of tax audits in certain countries. TAKKT keeps a close watch on tax conditions in order to be prepared for possible changes. Import tariffs are mainly passed on to the customer through price adjustments.

More restrictive data protection regulations

TAKKT uses customer data for targeted online and print marketing. The Group always observes the applicable legal conditions in the respective countries. Where there is a data protection officer assigned to a company, this person works within their power to ensure compliance with data protection laws. The regulations concerning the use of data are usually less restrictive in B2B than for private customers. However, there is the risk that individual countries will tighten the applicable legal regulations, thereby making it difficult to address individual customers in a targeted manner. TAKKT monitors proposed and current legislative developments in this area very closely in order to take possible changes into account early on.

OVERALL ASSESSMENT OF THE MANAGEMENT BOARD

In the 2021 fiscal year, there was a balanced relationship between the opportunities and risks for the TAKKT Group. Based on the information currently available, the Management Board does not believe that there are any risks at present or in the forecast period that may be a risk to the Group as a going concern. The business model generates strong cash flows and the company has solid financing. This means that neither the risks as a whole nor a renewed global recession would generally threaten the viability of the Group as a going concern. The probability of occurrence and severity of the aforementioned risks are shown in the matrix on page 75. The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy.

There is also the risk that the entry of new providers and online marketplace models or a change in the behavior of established providers could lead to a more aggressive competitive environment and a consequent negative impact on sales and gross profit.

In addition, there are significant risks in connection with the implementation of TAKKT's transformation. Goals or measures may be achieved later or results may not be satisfactory. The implementation could incur higher costs than expected or not have the desired effect on the development of sales and earnings.

TAKKT also deems the risk from structural changes in demand to be significant. The trend towards new forms of collaboration and virtual or hybrid event formats has been accelerated by the consequences of the coronavirus pandemic. This could result in long-term market changes. As a result, there is the risk of decreased demand for office equipment and displays in the medium term.

Limited product availability and rising purchasing prices also represent a significant risk for TAKKT. For example, if sales and earnings are delayed due to limited product availability and/or cannot be fully recognized or rising purchasing prices cannot be passed on in full.

As a whole, TAKKT places the highest priority on the monitoring and limitation of controllable risks and has therefore taken precautionary measures to detect and limit these early. Risks from economic and currency fluctuations due to external factors can only be controlled by TAKKT to a limited extent.

OPPORTUNITIES OF THE TAKKT GROUP

Attractive growth opportunities continue to arise for TAKKT. Within the scope of the integrated opportunities and risk management system, the TAKKT Group has identified a series of opportunities for the development of the company for the years to come. In addition to the opportunities arising from an economic upswing, also outlined in detail in the forecast report, the significant additional opportunities are explained in the following section.

New strategic and organizational structure

TAKKT is accelerating the transformation into a more integrated and customer-oriented group (see "Business areas" and "Corporate goals and strategy" sections). In the future, the sales brands will collaborate in their sales and marketing activities in the newly created divisions catering to specific markets. In addition to efficiency and synergy gains, this allows customers to benefit from increased cross-selling across different product groups. For warehouse operations, for example, padded shipping cartons and pallet lifting trucks will be offered from a single source. Lastly, the new structures will allow the sales teams to focus even more on their customers and concentrate on sales and marketing activities without having to deal with logistics or IT processes. This will be done by the respective Group-wide functions in the new structure.

For this transition, TAKKT will implement a stronger integration of support functions, bundling and strengthening tasks that are critical to the Group's success. The focus will be on logistics, technology, data, finance and HR. TAKKT expects the stronger integration to enable more effective utilization of resources, greater scaling, the use of additional synergies and an improvement of important operational processes through the development of competence clusters e.g. for data & analytics or logistics. The goal of the changes at the division and Group level is to achieve stronger organic growth, higher market shares and a sustained improvement in earnings.

Increasing market shares for distance selling and strong growth in e-commerce

As discussed in the presentation of the competitive environment on page 38, the majority of products offered by TAKKT are sold through local retailers. The market share of distance selling models is growing steadily, which also benefits TAKKT. At the same time, more and more products are being ordered online. This can be seen in the significant above-average growth of the e-commerce business in the market as a whole as well as in TAKKT's activities. In the latter, the online share already accounts for significantly more than half of the business volume. This development is also expected to continue in the future.

In order to maximize the resulting growth potential, an essential part of the strategy involves strengthening e-commerce expertise, which will be managed and controlled centrally throughout the Group in the future. The initiative also includes improvement and greater standardization of the web shop platforms, efficiency gains through the shared use of IT infrastructure, and the expansion of Group-wide collaboration.

Value-creating acquisitions and start-ups
Additional opportunities for increasing Group sales and earnings will be created through acquisitions in the coming years. High demands are put on the growth prospects and business model of the target company. TAKKT is able to participate in growth trends in selected industries and generate above-average gains through targeted company acquisitions. In addition to acquisitions to strengthen existing businesses, TAKKT increasingly wants to buy companies with the aim to expand the value proposition. Achieving this calls for the acquisition of other companies offering products or services that expand the existing range of services for customers.

In the past, TAKKT often benefited from the additional contributions to sales and earnings of the acquisitions. In addition, the company has gained special expertise that can be used throughout the Group through these acquisitions. TAKKT has long-standing experience with integrating new companies into the Group. The integration of supporting functions such as IT or logistics will allow even closer integration of newly acquired companies in the future. TAKKT will consequently be able to leverage the advantages of greater scalability and higher potential for achieving added value with future company acquisitions. Exploring and taking advantage of value-creating acquisition opportunities will therefore also be a focus in the future. TAKKT also plans to expand existing business models to new markets where economically feasible.

Active control and management of the Group not only includes acquisitions and start-ups but also the periodic review of existing activities and the discontinuation of companies whose performance with respect to the value and growth drivers does not meet the long-term requirements of the Group.

Sustainability as a competitive advantage
Sustainability has been an integral part of the corporate strategy at TAKKT for many years. TAKKT is convinced that providers who focus on sustainability will be better able to compete better in the long run. B2B customers are increasingly demanding responsible and sustainable action from their suppliers and partners as well as products that meet sustainable criteria. In order to meet this need, TAKKT has developed a uniform product classification system for sustainable ("enkelfähig") products. This involves taking into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. TAKKT sees great opportunity for growth in marketing these products and wants to increase their share of sales to 40 percent by 2025.

Further development of IT applications
TAKKT is in the process of further optimizing the complex IT processes in communication systems, ERP software, product management systems and web shops in many of the Group companies. As part of the transformation process, the system landscape will be simplified and aligned step by step. This also includes the introduction of new ERP systems and CRM software for some activities. The Group expects this to result in efficiency gains, reduced complexity and ultimately lower costs per transaction.

Increased use of new technologies
In addition to using an infrastructure geared to reliability and stability for the day-to-day operations, TAKKT will have the opportunity to develop new solutions quickly based on new technologies and introduce them to the market. This allows TAKKT to react quickly and flexibly to new customer requirements and changes in behavior patterns. Examples include linking external solutions easily by creating standardized interfaces, analyzing customer data in the web shop in real time or implementing new collaboration tools for dialogue with customers.

Good access to capital
TAKKT has good access to capital due to a diversified and long-term oriented financing structure. Sufficient credit lines are available for short-term acquisition opportunities. As a stock-listed company, TAKKT can also use the equity market for raising capital in the event that the opportunity arises for the Group to make an acquisition that cannot be solely financed with debt capital.

FORECAST REPORT

RUSSIAN ATTACK ON UKRAINE BURDENS ECONOMIC GROWTH

The economic conditions in the markets are a significant factor regarding the extent that the TAKKT Group will be able to use the opportunities described in the risk and opportunities report. Material influencing factors for the 2022 economic development are the pandemic, increased inflation and continued difficulties in global supply chains. Despite these challenges, comparatively high GDP growth rates for 2022 were forecast for Europe and North America in January and February.

However, these forecasts had not yet taken into consideration the Russian attack on Ukraine and its economic consequences. The war is likely to weigh on growth through rising prices for raw materials and energy and the resulting weakening of economic momentum. It is currently not possible to predict how severe this burden will be and how long it will last. Current forecasts are therefore subject to great uncertainty.

- In a mid-March 2022 estimate, Berenberg Bank adjusted its growth expectation for the eurozone downward due to the war and expected GDP growth of 3.2 percent in 2022. For Germany, the bank expected economic growth of 2.8 percent.

- In a mid-March assessment, the Conference Board research institute also saw negative economic consequences from the war for the US. According to the estimate, GDP growth in 2022 should be 3.0 percent.

DETERIORATION OF INDUSTRY-SPECIFIC INDICATORS EXPECTED

The statements regarding the fundamental business prospects are complemented by the performance of relevant industry indicators. For example, purchasing manager indexes are indicators of the order trend of the I&P division, especially for KAISER+KRAFT with a time delay of three to six months. Values under 50 points generally signal a decline, while levels above 50 indicate an increase in order intake. The economic recovery after the decline caused by the pandemic put the 2021 figures in the eurozone and Germany consistently well above 50 points. In February 2022, the values were 58.4 points for Germany and 58.2 points for the eurozone, indicating positive general conditions for the I&P division.

The other industry indicators also showed an overall positive picture at the beginning of 2022. The Restaurant Performance Index provides information about the situation of the US restaurant industry and is a relevant indicator for the FoodService division. In January, it was at 103.2 points and thus above the expansion threshold of 100. This indicates a continued positive business performance among US restaurant operators, now that the interim negative effects caused by the omicron variant of the virus have been overcome. TAKKT also expects a good overall environment for the office furniture market in the US.

The effects of the war in Ukraine are not yet reflected in the industry-specific indicators mentioned above. TAKKT expects the values to decline from March onwards. The economic indicator of the Centre for European Economic Research (ZEW), which is meaningful for the German economy, fell more sharply than ever before in mid-March and dropped into clearly negative terrain.

CUSTOMER FOCUS AND STRATEGIC INITIATIVES TO CONTRIBUTE TO HIGH GROWTH

In 2022, TAKKT intends to build on the strong increase in sales from last year and maintain the pace of organic growth at a high level. An even stronger focus on the expansion of the e-commerce business and the further growth initiatives described in the Corporate goals and strategy section starting on page 39 are expected to contribute to this. TAKKT expects additional contributions to growth from the reduction of high order backlog. Assuming that the impact of the war in Ukraine on business development remains limited, the Group aims to achieve high single-digit percentage organic sales growth in 2022. In this case, the e-commerce business is expected to achieve double-digit organic growth.

POTENTIAL EFFECTS ON SALES AND EARNINGS FROM ACQUISITIONS AND DISPOSALS

TAKKT intends to tap into additional growth potential through acquisitions in the future. They would contribute to sales in 2022 from the acquisition date, if applicable. The Group decided at the end of 2021 to continue and further develop the activities of Hubert and Central under the umbrella of TAKKT. Nevertheless, changes in the composition of the Group through divestments cannot be ruled out in 2022 if individual companies do not develop as expected. TAKKT presents the effects of acquisitions and disposals on sales and earnings in the financial reporting in a transparent manner.

US DOLLAR AFFECTS KEY FIGURES

In addition to the acquisitions and disposals, fluctuations in exchange rates also have an impact on reported sales growth and earnings. TAKKT generates approximately 40 percent of its sales in North America. Fluctuations in the exchange rate of the US dollar therefore have a significant impact on the Group's key figures reported in euros (translation risk). When translated into the reporting currency of euros, a strong US dollar leads to higher sales. When the dollar is weaker compared to the euro, Group sales are diminished. This can be illustrated using the following scenarios:

- If the EUR/USD exchange rate increases by five percent against the previous year (i.e., the US dollar becomes weaker), the increase in reported sales (in euros) will be around two percentage points below the currency-adjusted growth.
- If the EUR/USD exchange rate decreases by five percent against the previous year (i.e., the US dollar becomes stronger), the increase in reported sales (in euros) will be around two percentage points higher than the currency-adjusted growth.

In addition to the fluctuation effects from the US dollar mentioned above, fluctuations in other currencies such as from the British pound can also have an impact on the reported Group key figures. To illustrate currency effects clearly and depict business performance objectively, the Group does not only report sales development in the reporting currency but also adjusts for currency effects.

STABLE GROSS PROFIT MARGIN DESPITE HIGH INFLATION

TAKKT aims to keep the Group's gross profit margin above the 40 percent mark in the long term. The current high inflation rates and especially further increases in energy prices are a particular challenge for managing the own price setting. All Group companies generally pass on the higher price levels for products and transportation of goods in full to customers to keep margins stable. Price adjustments are made much more frequently and to a greater extent than in previous years. Temporary effects and time delays may nevertheless have a temporary negative impact on the gross profit margin. Overall, the Group expects a stable development of the gross profit margin slightly above 40 percent in 2022.

FURTHER IMPROVEMENTS IN EARNINGS AND ACCELERATION OF THE TRANSFORMATION

Earnings development in 2022 will be significantly influenced by the level of organic growth and the implementation of the Group's new, integrated position. The expected continuation of high organic growth should contribute to higher EBITDA in 2022. In addition, TAKKT anticipates a noticeable positive impact on profitability, which should result from continued good growth. Better utilization of the infrastructure, positive economies of scale and more efficient use of resources should have a positive impact on the EBITDA margin of around one percentage point.

At the same time, TAKKT expects higher expenses for implementing the transformation and strategic initiatives, which will offset the positive effects on the margin. Overall, the costs related to the transformation should have a volume of around EUR 20 million. Of this, a high single-digit million-euro amount is attributable to one-time expenses for structural changes, while TAKKT intends to invest a low double-digit million-euro amount in 2022 in building up the Group functions and the more integrated position. As a result of the higher transformation costs, the reported EBITDA margin in 2022 is expected to be around the level of the previous year. In the following years, profitability is expected to increase noticeably with decreasing one-time costs and increasingly positive contributions from economies of scale due to the strong growth and the more integrated positioning.

If the effects from the war in Ukraine remain limited and organic growth is in line with expectations, TAKKT expects EBITDA to reach an amount of EUR 110 to 130 million. In addition to growth and transformation costs, currency effects and possible acquisitions and divestments may have a noticeable influence on earnings. Corresponding effects from currency fluctuations, acquisitions and divestments are not included in the forecast.

INCREASE IN TAKKT CASH FLOW AND FREE TAKKT CASH FLOW, STABLE CAPITAL EXPENDITURE RATIO

Essentially the same influencing factors are relevant for the development of the TAKKT cash flow as for EBITDA. The Group therefore expects an increase in TAKKT cash flow to between EUR 90 and 110 million in the current year. TAKKT's free cash flow in 2021 was negatively impacted by the value of net working capital. Due to the high growth, TAKKT also expects net working capital to increase in the current year. However, the increase is expected to be significantly lower than in the previous year. TAKKT free cash flow should therefore increase noticeably more than EBITDA and TAKKT cash flow. Capital expenditures for the maintenance, expansion and modernization of the existing business are again expected to account for slightly less than two percent of sales.

STABLE DEVELOPMENT OF CNPS AND ENPS, INCREASE IN THE PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

TAKKT has set long-term targets with regard to the likelihood to recommend among customers and employees and continuously work on measures that contribute to achieving these goals. In the current year, the Group expects a slight improvement in the eNPS, which provides information about the attractiveness of the TAKKT Group as an employer. The cNPS, which indicates a customer's willingness to recommend, should not change much in 2022 and will likely be around the same high level as in the previous year. TAKKT is convinced of the benefits of more diverse teams and intends to further increase the proportion of women among executive personnel. For 2022, TAKKT anticipates a slight increase. However, the share can also stagnate or even decline slightly within a single year due to personnel changes.

GROWTH IN SUSTAINABLE PRODUCTS AND PROJECT TO REDUCE CO_2

TAKKT expects to make further progress on the topic of sustainability in 2022. The Group will significantly expand its offering with sustainable products classified as "enkelfähig." Around 15 percent of the business is expected to be accounted for by these products in 2022. To combat climate change, TAKKT aims to completely reduce or offset its CO_2 emissions (Scope 1 and Scope 2 according to the GHG Protocol) by 2025. In 2022, the Group will extend the emissions survey to all activities and define and initiate a project with specific targets for their gradual reduction.

DIVIDEND PROPOSAL

TAKKT intends to continue to allow shareholders to participate in the Company's success by paying dividends. The Management Board proposes to distribute a dividend totaling EUR 1.10 per share for the past financial year. This comprises a base dividend of EUR 0.60 per share plus a special dividend payment of EUR 0.50.

GENERAL STATEMENT ON THE EXPECTED DEVELOPMENTS OF THE GROUP

Business performance in 2022 will also depend on the impact of the war in Ukraine. If these impacts remain limited, the Management Board of TAKKT AG expects high single-digit percentage organic sales growth for 2022. EBITDA is expected to be between EUR 110 and 130 million with the planned organic growth and excluding acquisitions or divestments.

TAKKT cash flow and TAKKT free cash flow are also expected to increase, while the capital expenditure ratio will change only slightly. TAKKT expects a slight increase in the willingness of employees to recommend the company to others and a stable development in the willingness of customers to recommend the company to others. The sustainability indicators should continue to improve overall.

GUARANTEE

This annual report and the forecast report include forward-looking statements and information. These statements are estimates made by TAKKT Management based on all the information available to them when the annual report went to press. Should the basic assumptions not be realized, or other opportunities and risks arise, the actual results may differ from those expected. TAKKT Management therefore cannot accept any liability for these statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income of the TAKKT Group *in EUR thousand*

	Notes	2021	2020
Sales	(1)	**1,177,972**	**1,067,430**
Changes in inventories of finished goods and work in progress		449	–635
Own work capitalized		1,957	1,104
Gross performance		**1,180,378**	**1,067,899**
Cost of sales		707,307	644,227
Gross profit		**473,071**	**423,672**
Other operating income	(2)	6,368	9,632
Personnel expenses	(3)	196,606	184,406
Other operating expenses	(4)	170,193	156,316
EBITDA		**112,640**	**92,582**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	38,717	40,204
Impairment of goodwill	(6)	0	0
EBIT		**73,923**	**52,378**
Income from associated companies	(14)	2,489	–707
Finance expenses	(7)	–3,992	–4,948
Other finance result	(8)	391	–82
Financial result		**–1,112**	**–5,737**
Profit before tax		**72,811**	**46,641**
Income tax expense	(9)	15,784	9,408
Profit		**57,027**	**37,233**
attributable to owners of TAKKT AG		57,027	37,233
attributable to non-controlling interests		0	0
Weighted average number of issued shares in million		65.6	65.6
Basic earnings per share (in EUR)	(10)	0.87	0.57
Diluted earnings per share (in EUR)	(10)	0.87	0.57

Consolidated statement of comprehensive income of the TAKKT Group *in EUR thousand*

	2021	2020
Profit	**57,027**	**37,233**
Actuarial gains and losses resulting from pension provisions recognized in equity	9,020	–6,086
Tax on actuarial gains and losses resulting from pension provisions	–2,714	1,795
Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity	27,153	–1,466
Tax on subsequent measurement of investment in equity instruments	–475	0
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**32,984**	**–5,757**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–639	–774
Income recognized in the income statement	809	1,757
Tax on subsequent measurement of cash flow hedges	31	–219
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**201**	**764**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	26,410	–26,885
Income recognized in the statement of income	0	0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**26,410**	**–26,885**
Other comprehensive income after tax for items that will be reclassified to profit and loss	**26,611**	**–26,121**
Other comprehensive income (Changes to other components of equity)	**59,595**	**–31,878**
attributable to owners of TAKKT AG	59,595	–31,878
attributable to non-controlling interests	0	0
Total comprehensive income	**116,622**	**5,355**
attributable to owners of TAKKT AG	116,622	5,355
attributable to non-controlling interests	0	0

Detailed information on other comprehensive income can be found on page 116.

Consolidated statement of financial position of the TAKKT Group *in EUR thousand*

Assets	Notes	12/31/2021	12/31/2020
Property, plant and equipment	(11)	126,413	131,612
Goodwill	(12)	589,751	567,863
Other intangible assets	(13)	65,891	68,761
Investments in associated companies	(14)	0	479
Other assets	(15)	24,850	7,498
Deferred tax	(16)	5,269	4,839
Non-current assets		**812,174**	**781,052**
Inventories	(17)	146,205	105,003
Trade receivables	(18)	119,412	86,940
Other receivables and assets	(19)	26,503	21,439
Income tax receivables		8,292	5,558
Cash and cash equivalents	(20)	2,787	4,271
Current assets		**303,199**	**223,211**
Total assets		**1,115,373**	**1,004,263**

Equity and liabilities	Notes	12/31/2021	12/31/2020
Share capital		65,610	65,610
Retained earnings		621,523	627,033
Other components of equity		6,891	–43,070
Total equity	(21)	**694,024**	**649,573**
Financial liabilities	(22)	71,725	67,798
Pension provisions and similar obligations	(23)	76,987	85,735
Other provisions	(24)	9,446	4,391
Deferred tax	(16)	68,146	57,919
Non-current liabilities		**226,304**	**215,843**
Financial liabilities	(22)	36,061	15,062
Trade payables	(25)	47,070	34,615
Other liabilities	(26)	82,386	59,940
Provisions	(24)	25,421	23,224
Income tax payables		4,107	6,006
Current liabilities		**195,045**	**138,847**
Total equity and liabilities		**1,115,373**	**1,004,263**

Consolidated statement of changes in total equity of the TAKKT Group *in EUR thousand*

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 01/01/2021	**65,610**	**627,033**	**–43,070**	**649,573**
Transactions with owners	0	–72,171	0	–72,171
thereof dividends paid	0	–72,171	0	–72,171
Total comprehensive income	0	57,027	59,595	116,622
thereof Profit	0	57,027	0	57,027
thereof Other comprehensive income (Changes to other components of equity)	0	0	59,595	59,595
Transfer to retained earnings	0	9,634	–9,634	0
Balance at 12/31/2021	**65,610**	**621,523**	**6,891**	**694,024**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01/01/2020	**65,610**	**590,506**	**–11,898**	**644,218**
Transactions with owners	0	0	0	0
thereof dividends paid	0	0	0	0
Total comprehensive income	0	37,233	–31,878	5,355
thereof Profit	0	37,233	0	37,233
thereof Other comprehensive income (Changes to other components of equity)	0	0	–31,878	–31,878
Transfer to retained earnings	0	–706	706	0
Balance at 12/31/2020	**65,610**	**627,033**	**–43,070**	**649,573**

For further information on Total equity, refer to page 116.

Consolidated statement of cash flows of the TAKKT Group *in EUR thousand*

	Notes	2021	2020
Profit		57,027	37,233
Depreciation, amortization and impairment of non-current assets	(5)/(6)	38,717	40,204
Deferred tax expense	(9)	2,736	−4,550
Other non-cash expenses and income		−1,386	13,440
Result from disposal of non-current assets		−2,830	−4,371
TAKKT cash flow		**94,264**	**81,956**
Change in inventories		−34,499	2,460
Change in trade receivables		−29,459	8,556
Change in trade payables and similar liabilities		23,118	4,421
Change in provisions		6,864	8,411
Change in other assets/liabilities		−3,965	14,716
Cash flow from operating activities		**56,323**	**120,520**
Proceeds from disposal of non-current assets		13,898	22,565
Capital expenditure on non-current assets	(11)/(13)	−18,347	−13,299
Proceeds from the disposal of consolidated companies		0	0
Cash outflows for the acquisition of consolidated companies		0	0
Cash flow from investing activities		**−4,449**	**9,266**
Proceeds from Financial liabilities		46,577	45,594
Repayments of Financial liabilities		−27,959	−174,844
Dividend payments to owners of TAKKT AG		−72,171	0
Cash flow from financing activities		**−53,553**	**−129,250**
Cash and cash equivalents at 01/01/		4,271	3,823
Increase/decrease in Cash and cash equivalents		−1,679	536
Non-cash increase/decrease in Cash and cash equivalents		195	−88
Cash and cash equivalents at 12/31/	(20)	**2,787**	**4,271**

For further information on Consolidated statement of cash flows, refer to page 135 et seq.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2021

1. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and section 315e of the German Commercial Code (HGB). The interpretations (IFRIC – International Financial Reporting Interpretations Committee and SIC – Standards Interpretations Committee) by the IFRS Interpretations Committee (IFRS IC) have been taken into account. All International Financial Reporting Standards (IFRS) valid at the closing date and approved by the Commission of the European Union (EU) have been applied.

TAKKT AG, Presselstr. 12, 70191 Stuttgart/Germany, registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's parent company. The consolidated financial statements as of December 31, 2021, prepared in accordance with IFRS, the management report of TAKKT AG and of the TAKKT Group, the separate financial statement of TAKKT AG prepared in accordance with the HGB and all other required documentation according to section 325 of HGB will be submitted to the Federal Gazette (Bundesanzeiger).

The consolidated financial statements have been prepared in euros. Unless specified differently, figures are rounded on the nearest thousand. In order to improve clarity, various items are grouped in the statement of financial position and statement of income. A breakdown of the individual amounts is provided in the notes. The balance sheet has been divided into current and non-current items in accordance with IAS 1. Assets and liabilities are classified as current if they are due within twelve months. The statement of income was prepared in accordance with the nature of expense method.

The consolidated financial statements and the combined management report of TAKKT AG and the Group were approved by the Management Board for submission to the Supervisory Board on March 16, 2022.

NEW REPORTING STANDARDS

The following reporting standards and interpretations, having been passed or amended by IASB and IFRS IC and endorsed by the EU, were mandatory for the first time in the 2021 financial year for TAKKT:

Standard		Status	Applicable from
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	amended	1/1/2021
Amendments to IFRS 4 – deferral of IFRS 9	Application of IFRS 9 financial instruments together with IFRS 4 insurance contracts	amended	1/1/2021
Amendments IFRS 16	COVID-19-Related Rent Concessions	amended	4/1/2021

None of the amended IFRS requiring first-time application in the current financial year has a significant impact on the net assets, financial position and results of operations of TAKKT Groups consolidated financial statements.

The IASB and IFRS IC have passed new and revised standards which TAKKT must only apply starting January 01, 2022 or later. Some of these standards still have to be approved by the EU prior to their application.

Specifically, these include the following reporting standards and interpretations:

Standard		Status	Applicable from
Endorsed by EU-commission			
Amendments to IFRS 3	Business Combinations – Reference to the Conceptual Framework	amended	1/1/2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	amended	1/1/2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	amended	1/1/2022
Annual Improvement to IFRS Standards 2018–2020 Cycle	Amendment to IFRS 1; IFRS 9; IFRS 16 and IFRS 41	amended	1/1/2022
IFRS 17, Amendments to IFRS 17	Insurance Contracts, Amendments to IFRS 17 Insurance Contracts	new	1/1/2023
Not yet endorsed by EU-commission			
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	amended	1/1/2023 *
Amendments to IAS 1, IFRS Practice Statement 2	Disclosure of Accounting policies	amended	1/1/2023 *
Amendment IAS 8	Definition of Accounting Estimates	amended	1/1/2023 *
Amendment IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	amended	1/1/2023 *
Amendments to IFRS 17	Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	amended	1/1/2023 *

* *expected*

The option of applying standards already approved by the IASB early is not utilized. According to current estimates, an earlier application would have had no material effects on net assets, financial position and results of operations. According to current estimates, the other new or amended standards will not have material effects on net assets, financial position and results of operations.

The consolidated financial statements have been prepared using the same accounting and valuation principles as in the previous year.

SCOPE OF CONSOLIDATION

TAKKT is a B2B direct marketing specialist for business equipment and is active in more than 25 countries. The consolidated financial statements include all companies that are controlled by TAKKT according to IFRS 10. The fully consolidated subsidiaries are 100 percent investments. Thus, besides TAKKT AG, 17 (15) domestic and 41 (45) foreign companies are included in the consolidated financial statements.

The number of fully consolidated companies has changed as follows in comparison to December 31, 2020.

Event	Subsidiary	Segment
Liquidation	KWESTO s.r.o., Prague/Czech Republic	Omnichannel Commerce
Liquidation	KWESTO Kft., Györ/Hungary	Omnichannel Commerce
Liquidation	KWESTO Sp. z o.o., Wroclaw/Poland	Omnichannel Commerce
Liquidation	KWESTO s.r.o., Nitra/Slovakia	Omnichannel Commerce
Foundation	TAKKT OCC GmbH, Stuttgart/Germany	Omnichannel Commerce
Foundation	TAKKT WFC GmbH, Stuttgart/Germany	Web-focused Commerce

As of December 31, 2021, no associated companies were included in the consolidated financial statements (in the previous year two domestic associated companies).

Event	Subsidiary	Segment
Disposal	Simple System GmbH & Co. KG, Munich/Germany	Omnichannel Commerce
Disposal	printmate GmbH, Berlin/Germany	Web-focused Commerce

On December 31, 2021, TAKKT AG was a 59.45 (50.25) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg/Germany, which is registered in the German Commercial Register of the local court of Duisburg under the number HRB 25. The TAKKT Group will therefore be included in the latter's consolidated financial statements, which are available at the Federal Gazette (Bundesanzeiger).

PRINCIPLES OF CONSOLIDATION

Subsidiaries are fully consolidated from the date TAKKT AG has obtained control over the investee according to IFRS 10 Consolidated Financial Statements either directly or indirectly. Control exists if TAKKT holds decision-making power over the relevant activities of the investee based on voting or other rights, if it has exposure or rights to the variable returns from its involvement with the investee and if it has the ability to use its decision-making power over the investee to affect the amount of the variable returns.

A structured entity is an entity that has been designed in a way that voting or similar rights are not the dominant factor in deciding who controls the entity. A structured entity´s activities are often limited, its objective is narrow and well-defined or its equity is insufficient. The entity is subject to consolidation if TAKKT controls it according to IFRS 10 Consolidated Financial Statements.

Associated companies are included in the consolidated financial statements from the date TAKKT has the ability to exercise significant influence on operating and financial policy. Significant influence is generally assumed if the Group holds a share of voting rights of 20 percent to 50 percent. Associated companies are generally included in the consolidated financial statements using the equity method.

A subsidiary is deconsolidated at the date TAKKT has lost control of the subsidiary.

The consolidated financial statements and all separate financial statements have the same balance sheet date, December 31, 2021. The separate financial statements of the domestic and foreign subsidiaries included in the financial statements were prepared using uniform accounting and valuation principles.

Business combinations are accounted for in accordance with IFRS 3 Business Combinations using the acquisition method. Basis are the fair values at the date on which TAKKT Group obtained control over the acquired company. The part of the purchase price which was transferred in a business combination in the expectation of future positive inflows of funds from the business combination and which cannot be allocated to the fair value of identified or identifiable assets within the scope of the complete new valuation method is reported as goodwill in non-current assets.

In accordance with IFRS 3 Business Combinations, the respective goodwill is not amortized but subjected to an impairment test according to IAS 36 Impairment of Assets once a year or during the year if indicated by the occurrence of triggering events. Additional details on this can be found on page 95. Incidental costs incurred during a business combination are recorded as expense.

Capital consolidation was carried out by eliminating the carrying amount of the investments against the shareholder´s share of the subsidiary´s equity.

Intercompany profits and losses, sales, expenses and income as well as all receivables and liabilities between the Group subsidiaries were eliminated. Guarantees and warranties that TAKKT AG or a consolidated subsidiary issues in favor of other consolidated subsidiaries are eliminated. Intercompany profits contained in current and non-current assets resulting from intercompany deliveries and services were eliminated.

Deferred taxes were recognized for consolidation transactions in accordance with IAS 12 Income Taxes, provided that the tax differences are expected to reverse in future financial years.

Within TAKKT Group there are no non-controlling interests in equity, profit and comprehensive income.

CURRENCY TRANSLATION

TAKKT AG's reporting currency is euro. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, currency is translated using the functional currency method. Since all companies manage their businesses financially autonomously, the respective local currency is identical to the functional currency. Under the functional currency concept, assets and liabilities of all subsidiaries not reporting in euros are translated using the closing rate on the reporting date, whereas income and expenses are translated using the average exchange rate for the year. Currency differences from the translation of foreign financial statements into the Group currency are recorded in Other comprehensive income without any effect on profit.

If a foreign business operation is disposed of, currency differences, which until then were recorded in Other comprehensive income without any effect on profit, are recorded in the statement of income.

The TAKKT Group does not operate subsidiaries in high-inflation countries.

In the separate financial statements of the TAKKT Group companies, transactions in foreign currencies are translated at the rate prevailing at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate prevailing at the reporting date. Exchange differences are primarily recognized under Other operating expenses in the statement of income of the separate financial statements.

Material exchange rates for TAKKT Group

		Year-end rates		Average rates	
Currency	Country	**2021**	2020	**2021**	2020
USD	USA	1.1326	1.2271	1.1821	1.1409
CHF	Switzerland	1.0331	1.0802	1.0808	1.0706
GBP	UK	0.8403	0.8990	0.8594	0.8891
SEK	Sweden	10.2503	10.0343	10.1458	10.4769
CAD	Canada	1.4393	1.5633	1.4818	1.5288

ACCOUNTING AND VALUATION PRINCIPLES

Sales include sales of products and services less cash discounts, rebates and accruals from customer loyalty programs. In principle, sales are recognized when the control over the products or services is transferred to the customer. This occurs either at a certain point in time or over a certain period of time. TAKKT fulfills the performance obligations essentially at a certain point in time. This is the case if the customer has the ability to use the asset and decide its further use. The sale of the various products and services generally takes place at customary payment terms and does not include a financing component. The consideration received does not comprise any variable purchase price components. Sales are recorded at the fair value of the consideration expected. Return rights of customers are taken into account through the recognition of an asset from return claims and the recognition of a refund liability.

Material guarantees above and beyond the legal requirements are not granted. Loyalty award credits which are granted as part of a customer loyalty program are deferred in sales by forming a contractual liability measured at fair value under Current Other liabilities.

Other operating income is realized if the incoming economic benefit is probable and the amount can be determined reliably.

Advertising costs are expensed as soon as the company has the right to access the advertising material and/or has received the service associated with the advertising activities.

Impairments are carried out if the asset's recoverable amount has fallen below the book value (amortized cost). The recoverable amount is defined as the higher value of the asset's fair value less cost to sell and the present value of future cash flows from the usage of the asset (value in use).

Interest income and interest expenses not requiring capitalization in accordance with IAS 23 are recognized in the proper period using the effective interest method.

Income tax expense includes income tax as well as deferred tax expense that is recognized in profit or loss. The income tax for the year is determined based on the taxable income according to the tax regulations of the specific countries and taking the respective applicable tax rate into account.

Property, plant and equipment is capitalized at acquisition or manufacturing costs less scheduled depreciation and any impairments. If the reasons for an impairment no longer exist, the impairment is reversed. The new value must not exceed the amortized cost. The costs of self-constructed property, plant and equipment include direct costs as well as those portions of overhead costs directly attributable to the construction.

Property, plant and equipment is generally depreciated using the straight-line method over its useful economic life, which in the case of leasehold improvements maximally equals the term of the underlying lease agreements. Depreciation is based on the following useful lives in the Group:

	Useful life in years	
	2021	2020
Buildings (incl. leasehold improvements)	1–50	1–50
Plant, machinery and equipment	3–16	3 – 16

Net book values and useful lives are reviewed at each reporting date and adjusted, if necessary.

According to IFRS 16, a **lease** is an agreement under which the lessor transfers control of the use of an identified asset to the lessee for an agreed period in return for payment of a fee. TAKKT as lessee recognizes a right-of-use asset for the leased asset as well as a corresponding lease liability for generally all leases. TAKKT makes use of practical expedients for leased assets of low value as well as for short-term leases (12 months or less, excluding real estate). TAKKT does not apply the standard to leases involving intangible assets. The lease payments for which TAKKT makes use of practical expedients are recognized as lease expenses in accordance with the practical expedients.

The lease liability is generally measured as the present value of future lease payments. The valuation of the lease liability includes the fixed lease payments less incentives to be received as well as lease payments dependent on an index or an (interest) rate. Additionally, expected payments in connection with residual value guarantees and payments based on purchase options deemed reasonably certain as well as lease payments based on the reasonably certain exercise of extension and termination options are considered.

If possible, the interest rate underlying the lease contracts is used to determine the present value. Usually this rate is not available at TAKKT thus the lessee's incremental borrowing rate is used in these cases. The incremental borrowing rate is determined using the build-up approach in which the risk-free interest rate represents the basis which is adjusted for the credit risk of the lessee, the lease term as well as the underlying currency of the lease.

Lease liabilities are recognized as non-current and current financial liabilities depending on their maturity. The lease liability is subsequently measured at amortized cost using the effective interest method meaning the lease instalments are divided into a repayment and an interest component. The interest portion is recognized as finance expense.

At the commencement date of the lease term, the amount of the right-of-use asset generally corresponds to the amount of the lease liability. Deviations may result from the consideration of initial costs incurred in connection with obtaining the lease, any advance payments made and lease incentives received prior to the commencement date as well as any costs of vacating and demolition. The right-of-use assets are recognized at acquisition costs less scheduled depreciation and any impairments. The right-of-use assets are depreciated on a straight-line basis over the expected useful economic life or throughout the shorter lease term. If the exercise of a purchase option is assessed reasonably certain and if the transfer of ownership is expected at the end of the lease term, the right-of-use asset is depreciated throughout the useful economic life of the underlying asset.

Contracts can contain both lease and non-lease components. TAKKT assigns the transaction price to these components on the basis of their relative stand-alone selling prices. Leases for vehicles constitute an exception. In these cases, TAKKT makes use of the option not to split lease and non-lease components but to account the whole contract as a lease contract.

TAKKT is exposed to possible future increases in variable lease payments that may result from a change in index or (interest) rate. These possible changes to the lease payments are not considered in the lease liability until they take effect. Accordingly lease liabilities are adjusted as soon as changes in an index or (interest) rate affect the lease payments.

When determining the lease term, extension and termination options are taken into consideration if the exercise of these options is considered reasonably certain. When determining the lease term at the date of availability, TAKKT considers all facts and circumstances that provide an economic incentive to exercise extension options or non-exercise termination options. A reassessment of the original estimate is carried out when a significant event or change in circumstances occurs and this possibly affects the previous assessment if the significant event or change in circumstances is within the lessee's control. The assessment is reviewed at the latest when an extension or termination option is in fact being exercised (or not exercised).

TAKKT acts as lessor for a small number of leases. These are classified as operating leases. In these cases the underlying asset (or in the case of subleases the right-of-use asset from the main lease) continues to be recognized in the balance sheet. The lease payments received are recognized as lease income.

Where there is a transfer of control according to IFRS 15 in sale and leaseback transactions, TAKKT, as seller and lessee, recognizes the right-of-use asset associated with the leaseback in accordance with IFRS 16 as the portion of the previous carrying amount of the underlying asset that relates to the right-of-use asset retained by the seller. The gain or loss on the sale transaction is recognized in profit or loss on a pro rata basis to the extent of the rights transferred to the lessor. If there is no transfer of control, the transaction is accounted for as a financing transaction. The asset legally underlying the lease is not derecognized but depreciated in accordance with the previous rules. It is not recognized as a lease.

For goodwill and intangible assets with an indefinite useful life, as these do not generate any independent cash flows, recoverability of the capitalized book value is reviewed once a year or, if indicated by triggering events also during the year, at the level of cash generating units in accordance with IAS 36 Impairment of Assets. In the year under review, the TAKKT Group had a total of 7 (7) cash generating units.

The impairment test is based on a detailed plan of the future cash flows before interest and taxes less capital expenditure on maintenance and replacements less changes in the net working capital for a period of five years and perpetuity following the detailed planning period. This detailed planning is based on financial plans approved by the responsible management, which are also used for internal purposes. The main assumptions for planning relate to the underlying sales growth and operational margin in the detailed planning period as well as the growth in perpetuity for the years following it. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. The growth in perpetuity is determined that it lies below the long-term average organic growth and below the long-term average expected future market growth. The determined cash flows are discounted individually with the weighted average cost of capital (WACC) before tax calculated for every cash generating unit in order to determine the value in use of the cash generating unit. Based on a WACC rate after taxes derived from the Capital Asset Pricing Model, the WACC rate before tax is calculated using an iterative procedure for which the value in use before tax equals the value in use after tax. Cost of equity was determined using a risk-free interest rate as well as a risk markup per cash generating unit resulting from a market risk premium and an average relevered beta factor of the peer group. Cost of debt consists of a risk-free interest rate plus a risk markup (credit spread).

The recoverable amount – i.e. the higher of value in use or fair value less costs to sell, which may be calculated subsequently – is then compared with the respective book value. If this amount is below the book value of the cash generating unit, an impairment is recognized on goodwill and, if required, on the other assets of the cash generating unit concerned.

Brands are entered with an indeterminate useful life as long as the right of use for the brands can be utilized indefinitely and the level of awareness is permanently maintained by advertising.

Purchased intangible assets with a determinable useful life are valued at acquisition cost plus incidental acquisition costs less amortization using the straight-line or declining balance method in line with usage and any impairment. The net book values and useful lives are reviewed at every reporting date and adjusted if necessary.

Amortization within the Group was based on the following useful lives:

	Useful life in years	
	2021	2020
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3 – 10	3 – 10
Domain names	5 – 10	5 – 10
Catalog-/web design	3	3 – 5
Software, licenses and similar rights	2 – 7	2 – 7

If not subject to capitalization according to IAS 38 Intangible Assets, **research and development costs** are recognized in the statement of income when incurred. Development costs are capitalized when the recognition criteria of IAS 38 are met. **Internally generated intangible assets** are recognized at acquisition and manufacturing costs less scheduled amortization and impairment. Capitalized development costs include all directly attributable costs and proportionate overhead costs and are amortized over the expected useful life using the straight-line method.

Investments in associates are accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. Based on the acquisition costs of the shares in the associated company, the respective carrying amount of the investment is increased or decreased by any changes in equity affecting profit or not affecting profit as far as these changes are attributable to the shares of TAKKT. Dividends received from the investee reduce the book value. Goodwill included in the carrying amount is determined in accordance with the principles of full consolidation and is not amortized. An impairment test is performed if there are substantial indications of a potential impairment for the entire carrying amount of the investment.

Financial assets and financial liabilities are divided into the following measurement categories:

Financial assets:
- Debt instruments measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income
- Debt instruments, derivatives and equity instruments measured at fair value through profit and loss
- Equity instruments measured at fair value through other comprehensive income

Financial liabilities:
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit and loss

The classification of financial assets into the different categories is based on the way in which they are managed (the so-called business model condition in accordance with IFRS 9) and on the characteristics of the asset´s contractual cash flows (so-called cash flow condition according to IFRS 9).

The classification is determined at the date of acquisition and reviewed as of each reporting date. Financial assets are initially recognized at fair value and, provided they are not subsequently measured at fair value through profit or loss, plus transaction costs.

Depending on the underlying "business model", debt instruments whose cash flow characteristics consist exclusively of interest and repayments of outstanding principal are classified as subsequently measured either at amortized cost ("hold") or at fair value through other comprehensive income ("hold and sell"). All remaining debt instruments are measured at fair value through profit or loss. Debt instruments valued at amortized cost are generally accounted for using the effective interest method and are subject to the impairment requirements of IFRS 9.

For equity instruments, a valuation at fair value through profit or loss is required. This does not apply to equity instruments that are not held for trading and for which the option to measure at fair value through other comprehensive income is irrevocably exercised upon initial recognition. This option, which is exercisable on a case-by-case basis, is used in the TAKKT Group exclusively for investments in unlisted corporate entities. Gains and losses from changes in fair value are recognized in other comprehensive income with no effect on income. Such changes in value recognized in other comprehensive income are never reclassified to the income statement. Dividend payments, on the other hand, are recognized in profit or loss. The equity instruments are not subject to any impairment requirements.

For debt instruments, derivatives and equity instruments of the category at fair value through profit or loss, directly attributable transaction costs and changes in fair value are to be recognized in profit or loss in the income statement. They are not subject to any impairment requirements. In the TAKKT Group, only venture capital funds and derivatives for which no formal hedge accounting is applied are within this measurement category.

IFRS 9 uses the expected credit losses model as the impairment model for financial assets. In principle, expected credit losses must be taken into account when the financial asset is recognized for the first time. In order to determine the expected credit losses on debt instruments, which are measured subsequently at amortized cost, rating-dependent probabilities of default and market default rates are to be used for each financial instrument. At TAKKT, mainly the trade receivables are in the scope of application of this new model.

Financial liabilities, which are not classified into the measured at fair value through profit and loss category, after initial recognition are measured at amortized cost, using the effective interest method where appropriate. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading. At TAKKT, these are exclusively derivatives which are classified as held for trading and which are not included as hedging instruments within hedge accounting.

Purchases and sales of financial assets or securities of all categories are accounted for on the Settlement Date.

Financial assets and liabilities are reported net in the balance sheet if there is currently a legally enforceable right to offset. In addition, there must be an intention to settle on a net basis or to settle the associated liability and realize the financial asset simultaneously. Otherwise, the financial asset and liability are shown without offsetting in the balance sheet. Accordingly, related expenses and income are reported net to a limited extent.

Fair values for every financial instrument category according to IFRS 7 generally correspond to book values. This applies directly to financial instruments that are shown in the balance sheet at fair value. For financial assets and liabilities measured at amortized cost, the book value generally represents a sufficient approximation of the fair value. If this is not the case, additional details are provided. The other receivables and payables are either current or subject to a variable market interest rate.

The input factors used for the valuation techniques to measure fair value are divided into the following levels:

Level 1: Quoted prices in active markets accessible to the company for the identical asset or liability.

Level 2: Input factors other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Input factors for the asset or liability that are unobservable.

Sometimes, the input factors used to measure the fair value of an asset or liability might be categorized within different levels of the valuation hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments at TAKKT recognized at fair value relate to investments, derivative financial instruments and contingent considerations. They are subject to a recurring fair value measurement. Derivative financial instruments are included in current Other receivables and assets as well as in current Other liabilities and relate to level 2. The investments as well as contingent considerations included in current Other liabilities relate to level 3.

Should it prove necessary to reclassify assets and liabilities carried at fair value on a recurring basis into a different level – for example because an asset is no longer traded on an active market or is being traded for the first time – they are reclassified at the end of the reporting period.

The fair value of financial instruments traded on an active market is based on the prices quoted on the reporting date. When level 2 assets and liabilities are measured at fair value on a recurring basis, the discounted cash flow method is used. This means that the future cash flows which the financial instruments are expected to generate are discounted using maturity-matched market interest rates. The creditworthiness of the respective debtor is taken into account by considering risk premiums depending on rating and term in the discount factors. The risk premiums are determined using prices for fixed-income securities observable on markets.

The valuation of venture capital funds is based on the so-called Adjusted Net Asset Method. Under this method, the fair values of the individual investments, determined by the fund on the basis of recognized valuation methods, are aggregated and adjusted for appropriate illiquidity discounts for the overall fund. In the case of investments in unlisted corporate entities, the valuation is derived from additional capital contributions by the investors or from the share price a third and new party has to pay in the course of another round of financing (Price of Recent Investment Valuation Method).

The contingent considerations´ fair value is calculated by risk-adjusted discounting the most likely expected value for the amount to be paid.

Inventories are recognized at the lower of acquisition respectively manufacturing costs or net realizable value. In general, a value based on the FIFO method (first in, first out) is applied. The manufacturing costs include not only the directly attributable materials used for production and wages but also appropriate portions of the indirect material and production overhead costs. There are no relevant borrowing costs due to the nature of the company’s business. Obsolescence reserves were made, taking into account the expected sell-down period of the inventories. If the reasons for the write-downs no longer apply, the original reserves are released.

Trade receivables are initially recognized at the transaction price, which corresponds to the consideration paid in exchange for the transfer of goods or services to a customer. They are subsequently measured at amortized cost in accordance with the effective interest method. The simplified impairment approach is applied, under which the expected credit losses over the term are measured by an impairment matrix for initial recognition and subsequent measurement at TAKKT. In addition to the age of the receivables, the general credit risk and past experience, current and predicted conditions are taken into account. Trade receivables are derecognized if, according to a reasonable assessment, no recovery is possible.

The investments (equity and debt instruments) and derivatives included in Other assets are measured at fair value, the remaining assets at amortized cost.

Income tax receivables and payables are measured using the amount expected to be received from or paid to the tax authorities. Calculation of the amount is based on the tax rates and laws applicable as of the closing date in the countries in which the taxable income is generated.

Derivative financial instruments such as forward foreign exchange contracts and interest rate swaps are generally used for hedging purposes to reduce currency and interest risks from operating activities or the financing requirements resulting from these activities. At TAKKT, derivative financial instruments are used to either hedge the fair value of a balance sheet asset or liability (fair value hedge) or to hedge a future cash flow from a firm commitment or forecast transaction (cash flow hedge). They are not undertaken for trading purposes or for reasons of speculation.

The fair value of a forward foreign exchange contract corresponds to the difference in the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate at the reporting date. The fair value of an interest rate swap is equal to the present value of the future cash flows resulting from this derivative instrument. The cash flows are discounted using rating- and maturity-matched interest rates in line with the interest rate curves of the respective currency.

Accounting for derivative financial instruments occurs in Other receivables and assets or in Other liabilities as soon as purchase or sales contracts are made.

According to IFRS 9, all derivative financial instruments are to be recognized at fair value, irrespective of their purpose or intention. Fair value changes in derivative financial instruments for which hedge accounting is applied are recognized either in the income statement (fair value hedge) or, if it is a cash flow hedge, in other comprehensive income, taking into account deferred taxes. Derivative financial instruments for which no formal hedge accounting is used are to be classified into the category debt instruments, derivatives and equity instruments measured at fair value through profit or loss.

In a fair value hedge, derivatives are used to hedge balance sheet positions. The results from the fair value measurement of the hedging instruments are recognized in profit or loss. The changes in fair value of the underlying transactions attributable to the hedged risk are also recognized in profit or loss as book value adjustments. As part of a cash flow hedge, derivatives are used to hedge future cash flow risks from existing underlying transactions or planned transactions. The hedge-effective portion of the fair value changes in derivatives is initially recognized in Other comprehensive income.

The treatment of amounts recognized in Other comprehensive income depends on the nature of the underlying transaction. If the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the amount recognized in Other comprehensive income is taken into account when determining the initial cost or other carrying amount. For all other types of hedged underlying transactions, reclassifications to profit and loss are made at the same time as the underlying transaction has an impact on profit and loss. The hedge-ineffective portion of the fair value changes in derivatives is recognized directly in the income statement. Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss in cases where hedge accounting is not applied.

Deferred taxes are recognized for all temporary differences between the relevant tax balance sheet and the IFRS balance sheet – with the exception of goodwill, if it is not tax deductible – as well as for loss carry forwards. Deferred tax assets are impaired if their realization cannot be expected with a significant degree of confidence. For the probable use of losses, the five-year budget of the individual company and its loss history are considered. Deferred taxes were calculated using the respective local tax rates. Tax rate changes determined at the reporting date have been taken into account for the calculation of deferred taxes. The netting of deferred taxes is carried out according to the rules of IAS 12 if they relate to the same tax authority and the right to offset current tax refund claims and liabilities is legally enforceable. Provided that items were entered in Other comprehensive income with no effect on profits and loss and imply a change in deferred taxes, these deferred taxes were also recognized in Other comprehensive income with no effect on profit and loss. All other changes in deferred taxes are recognized in the statement of income.

In accordance with IAS 19 Employee Benefits, pension provisions and similar obligations are calculated using the actuarial projected unit credit method. Determination of the defined benefit obligations is carried out by independent actuaries on an annual basis. In calculating these contractual obligations, prevailing long-term capital market interest rates as well as current assumptions about future salary and pension increases are considered in addition to biometric calculation bases. The actuarial interest rate is determined using a yield curve approach per currency area on the basis of yields on fixed-rate corporate bonds rated at least by one well-known rating agency with a rating of at least AA. For the eurozone, the corporate bonds of the iBoxx ™ Corporates AA are applied. The probability of employee fluctuation was considered, depending on the job tenure in the company and the age of the beneficiaries. Direct pension commitments in Germany are derived using Prof. Dr. Klaus Heubeck's biometric calculation tables 2018 G.

Actuarial gains and losses resulting from changes in actuarial assumptions and / or from deviations between previous actuarial assumptions and actual developments are recognized immediately in Other comprehensive income as soon as they are incurred with no effect on profits and taking deferred taxes into account. The actuarial gains and losses immediately recorded in Other comprehensive income and associated deferred taxes are not reclassified to profit and loss in subsequent periods. The actuarial gains and losses recorded in a given reporting period and the applicable deferred taxes are presented separately in the statement of comprehensive income.

Net interest expense is determined by applying the actuarial interest rate determined at the end of the prior financial year to the pension provisions calculated at this point. The same interest rate is used for pension obligations and plan assets. Net interest expense is reported in Finance expenses. Current and past service costs are reported in Personnel expenses. Past service costs arising from plan amendments and curtailments are recognized in profit and loss in the period in which they occur.

With the exception of other personnel-related provisions calculated in accordance with IAS 19 Employee Benefits respectively IFRS 2 Share-based Payment, **Other provisions** are made on the basis of IAS 37 Provisions, Contingent Liabilities and Contingent Assets at the best estimate of the amount to be paid if a current legal or factual external obligation exists which is based on transactions or incidents in the past. The outflow of resources must be probable and calculable. Other provisions with a maturity of over one year are discounted using maturity-matched interest rates. Provisions are reviewed on a regular basis and adjusted to the best estimate currently available if new insights are obtained or circumstances have changed. If it is not probable any more that fulfilling the obligation is connected to the outflow of resources, a provision is released. Restructuring provisions are created if a detailed, formal restructuring plan has been approved and those affected have valid expectation that it will be implemented. The restructuring provisions only include costs that are directly related to the measures.

Classified as **cash-settled share-based payment** in accordance with IFRS 2 Share-based Payment, the yearly reissued long-term performance cash plans of the Management Board are exclusively dependent on the development of total shareholder return (TSR) from 2020 onwards. The development of the share price and the dividend payment is taken into account in the calculation of the TSR. The expense for the benefits received or liability to settle these benefits is recorded after the claims are earned. The liability is reassessed on each reporting date and on the settlement date. Changes in fair value are recorded in the respective year under review through profit and loss.

Liabilities are initially recognized at the amount to be paid and, with the exception of derivative financial instruments and contingent considerations, subsequently measured at amortized costs (using the effective interest method where appropriate).

The short-term portions of non-current assets and liabilities whose remaining terms are less than one year are generally disclosed under the current balance sheet items.

If IFRS 3 Business Combinations is not applicable, **contingent liabilities and assets** are generally not recognized in the balance sheet but stated and explained in the notes.

The consolidated financial statements are prepared on the basis of certain **assumptions** and **estimates** which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities and assets. The premises underlying these assumptions and estimates are based on the management knowledge available at that given time. The assumptions and estimates primarily concern the items set forth below.

During the acquisition of companies all identifiable assets, liabilities and contingent liabilities are measured at fair value within the scope of the purchase price allocation. The fair value is determined by recognized valuation methods depending on the type of asset. These valuations are closely related to the management's assumptions concerning the future development of the assets and the applied discount rates. The recognized fair values represent key estimates as well as the goodwill derived from the purchase price allocation.

In addition to the determination of fair values of the assets, liabilities and contingent liabilities acquired, the valuation of contingent consideration for business combinations is based on management's estimates and assumptions regarding the future development of the acquired entity. Deviations of the future actual development of the entity compared to the expected development may affect the amount of contingent consideration and the profit after taxes.

Impairment tests of goodwill and other intangible assets with indefinite useful lives are based on forward-looking assumptions. These assumptions consider past developments and assumptions concerning the future development of markets. The main assumptions are the future sales growth and operational margin in the detailed planning period, estimated growth rates after the detailed planning period, weighted average cost of capital and tax rates. The premises above and the underlying calculation model can significantly influence the individual values and ultimately the amount of a possible impairment.

In the case of trade receivables, the determination of the allowance for expected credit losses relies to a large extent on estimates and assessments. At every reporting date an impairment analysis is conducted to measure the expected credit losses. The impairment rates are based on the aging structure of the receivables, past experience and the assessment of the current and forecast creditworthiness of customers.

The actual payments received may differ from the carrying amounts. Valuation allowances for inventories are mainly based on the experienced sell-down period of the single products.

The key assumptions and estimates for the measurement of provisions, especially those for pensions, litigations, onerous contracts and restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. In addition, pension obligations under defined benefit plans require actuarial assumptions regarding salary and pension trends, life expectancies and employee turnover. Obligations from expected customer credit notes need to be assessed based on the experience in regard to customer credit notes issued in the past. The actual development, and hence actual payments due in the future, may deviate from the expected development and the recognized provisions.

Deferred tax assets and liabilities are measured on the basis of management's assumptions and estimates. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carryforwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax planning opportunities for utilizing tax loss carryforwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date and are examined on an ongoing basis. Although the assumptions and estimates are made with management's best knowledge, future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This applies in particular to obligations where existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

The corona pandemic and the associated material uncertainties were taken into account, where relevant, in estimates and judgments. The corona pandemic did not result in any material adjustments to the carrying amounts of the assets and liabilities recognized.

2. NOTES TO THE INCOME STATEMENT

(1) Sales *in EUR thousand*

	2021	2020
Sales with third parties	1,177,452	1,066,948
Sales with affiliated companies	520	482
	1,177,972	**1,067,430**

Sales are generated mainly by selling goods. Sales resulting from the provision of services are of minor significance.

Sales with affiliated companies related to majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany, as well as to subsidiaries of the majority shareholder that are not included in the consolidated financial statements of TAKKT AG. A listing of sales with affiliated companies can be found under related-party transactions on page 144.

In the financial year, revenues of EUR 9.8 million (EUR 4.8 million) were generated which had been recognized at the beginning of the financial year under liabilities from contracts with customers.

Sales from a distribution perspective are as follows:

Sales according to regions *in EUR thousand*

	Omnichannel Commerce	Web-focused Commerce	Foodservice Equipment & Supplies	2021
Germany	243,271	24,964	0	268,235
Europe without Germany	306,199	142,555	18	448,772
USA	178,804	74,761	195,029	448,594
Other	242	2,934	9,195	12,371
Sales by Region	**728,516**	**245,214**	**204,242**	**1,177,972**

	Omnichannel Commerce	Web-focused Commerce	Foodservice Equipment & Supplies	2020
Germany	215,920	19,205	0	235,125
Europe without Germany	262,920	124,382	0	387,302
USA	155,314	87,477	188,579	431,370
Other	390	3,187	10,056	13,633
Sales by Region	**634,544**	**234,251**	**198,635**	**1,067,430**

(2) Other operating income *in EUR thousand*

	2021	2020
Rental income	457	507
Income from the disposal of non-current assets	277	4,660
Other income	5,634	4,465
	6,368	**9,632**

(3) Personnel expenses *in EUR thousand*

	2021	2020
Wages and salaries	165,436	155,207
Social security costs	27,948	24,941
Retirement costs	5,293	4,593
Release of personnel-related provisions	–3,228	–1,626
Other	1,157	1,291
	196,606	**184,406**

For the number of employees in the Group please refer to the segment reporting on page 137 et seqq.

(4) Other operating expenses *in EUR thousand*

	2021	2020
Impairment on financial assets	–90	2,623
Release of provisions	–473	–238
Leasing	1,848	1,789
Foreign exchange differences	54	611
Operating taxes	3,079	3,040
Operating expenses	132,530	120,435
Administrative expenses	33,245	28,056
	170,193	**156,316**

Impairment on financial assets mainly relates to the change in valuation allowances on trade receivables and full write-offs of trade receivables where they cannot be recovered. Write-offs amounted to EUR 1,199 thousand (EUR 2,360 thousand). Subsequent payments received on written off receivables are included with EUR 209 thousand (EUR 213 thousand).

A major part of operating expenses is print and online advertising costs.

Operating taxes include real estate tax, car tax, taxes on capital and assets and the French Contribution Économique Territoriale for example.

(5) Depreciation, amortization and impairment of property, plant and equipment and other intangible assets *in EUR thousand*

	2021	2020
Property, plant and equipment	23,198	24,439
Other intangible assets	15,519	15,765
	38,717	**40,204**

Depreciation and amortization comprise scheduled amortization amounting to EUR 4,229 thousand (EUR 6,529 thousand) relating to intangible assets recorded in conjunction with purchase price allocations.

In the current financial year, impairments were made in accordance with IAS 36 Impairment of property, plant and equipment amounting to EUR 247 thousand (EUR 211 thousand). In 2021, EUR 247 thousand (EUR 211 thousand) result from impairment losses on right-of-use assets that according to IFRS 16 are subject to the regulations of IAS 36. The underlying assets of the impaired right-of-use assets mainly relate to rented office buildings that have already been terminated at the next possible date but which are no longer used during the remaining term of the lease.

The recoverability of the capitalized book value of intangible assets with an indefinite useful life, as these do not generate any independent cash flows, is reviewed together with the goodwill at the level of cash generating units. No need for impairment was derived from the impairment tests in both the 2020 and 2021 financial years. Further information can be found in the following section Impairment of goodwill. Please refer to the details on page 111 et seq. for information about the book values of intangible assets with an indefinite useful life.

(6) Impairment of goodwill

The following table shows the book values of the goodwills as well as the key assumptions used for the purpose of impairment testing:

	Book values of goodwill (in EUR thousand)		WACC (before taxes) (in percent)		Growth of Perpetuity rate (in percent)	
	2021	2020	**2021**	2020	**2021**	2020
Cash generating units						
Kaiser+Kraft	124,253	124,522	7.6	6.9	1.0	1.0
Ratioform	142,656	142,656	7.4	6.8	2.0	2.0
NBF	41,168	37,998	7.8	6.9	2.0	2.0
D2G	80,616	74,407	7.7	6.9	2.0	2.0
Newport	65,420	63,088	8.1	7.4	2.0	2.0
Hubert	71,589	66,076	8.0	7.1	2.0	2.0
Central	64,049	59,116	7.8	6.9	2.0	2.0

The compound annual growth rate in external sales in the detailed planning period is between 6.2 (4.2) percent and 10.8 (8.3) percent for the cash generating units.

Please refer to the details on page 95 for information about the general procedure with regard to impairment testing. The evidence for recoverability at all cash generating units is based on the value in use. No need for impairment was derived from the impairment tests in both the 2020 and 2021 financial years.

Sensitivity analyses were also performed when carrying out the impairment tests. An increase of one percentage point in the weighted average cost of capital before tax or a decrease of one percentage point in the growth rate of the perpetual annuity would not have led to an impairment of goodwill. The same applies to a reduction in cash flow before interest and taxes in the perpetual annuity by ten percent.

Additional details on goodwill can be found in the corresponding notes on page 110. A description of the cash generating units can be found in the corresponding notes in the segment reporting on page 137 et seqq.

(7) Finance expenses *in EUR thousand*

	2021	2020
Interest portion of lease liabilities	–2,212	–2,479
Interest portion of pension provisions	–416	–788
Interest on financial liabilities	–1,364	–1,681
	–3,992	**–4,948**

Further information can be found in the table for the net result of the financial instruments categories on page 128 and on page 133 et seq.

(8) Other finance result *in EUR thousand*

	2021	2020
Valuation of financial instruments	85	–263
Interest and similar income	306	181
	391	**–82**

More details on the use of derivative financial instruments are disclosed in the Risk and opportunities report on page 68 et seqq. as well as in the notes on page 125 et seqq.

(9) Income tax expense

Income tax expense includes current tax paid respectively due in the individual countries as well as deferred taxes recognized in the income statement. The income tax rates applied for the individual countries range between 9.0 (9.0) percent and 30.7 (30.7) percent.

Breakdown of income tax expense *in EUR thousand*

	2021	2020
Current tax	13,048	13,958
Deferred tax	2,736	–4,550
	15,784	**9,408**

Current tax expense includes expense of EUR 156 thousand (prior year income of EUR 926 thousand) relating to prior periods. Deferred tax income of EUR 24 thousand (EUR 495 thousand) results from the changes of allowances on deferred tax assets. Deferred tax expense of EUR 323 thousand (EUR 96 thousand) results from tax rate changes.

The difference between the actual income tax expense and the income tax expense calculated at a rate of 30.7 (30.7) percent for TAKKT AG is made up as follows:

Tax rate reconciliation *in EUR thousand*

	2021	2020
Profit before tax	**72,811**	**46,641**
Expected average tax expense	22,353	14,319
Changes in tax rates	323	96
Differences between local and Group tax rates	–6,827	–5,827
Non-deductible expenses	1,336	1,500
Non-taxable income	–143	–109
Allowance for deferred tax assets	–24	–495
Taxes relating to prior years	156	–926
Other differences	–1,390	850
Income tax expense per the consolidated income statement	**15,784**	**9,408**
Tax ratio (in percent)	21.7	20.2

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2021. A corporation tax of 15.0 percent, the solidarity surcharge of 5.5 percent and the average municipal trade tax rate for the German Group companies were taken into account.

The tax rate in the reporting year amounted to 21.7 (20.2) percent. The reason for the increase is a structural effect. In the prior year, a larger proportion of pre-tax earnings was attributable to countries with comparatively low tax rates, such as Switzerland.

(10) Earnings per share

	2021	2020
Number of shares issued (in thousand)	65,610	65,610
Weighted average number of shares issued (in thousand)	65,610	65,610
Profit (in EUR thousand)	57,027	37,233
Basic earnings per share (in EUR)	0.87	0.57
Diluted earnings per share (in EUR)	0.87	0.57
TAKKT cash flow (in EUR thousand)	94,264	81,956
TAKKT cash flow per share (in EUR)	1.44	1.25

Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of shares issued.

As potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued, basic and diluted earnings per share are identical.

3. NOTES TO THE BALANCE SHEET

(11) Property, plant and equipment *in EUR thousand*

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2021	194,363	97,443	312	292,118
Currency translation	3,728	2,451	12	6,191
Additions	9,330	6,024	887	16,241
Transfers	248	348	–596	0
Disposals	–4,390	–2,657	–35	–7,082
Balance at 12/31/2021	**203,279**	**103,609**	**580**	**307,468**
Cumulative depreciation and impairment				
Balance at 01/01/2021	85,181	75,325	0	160,506
Currency translation	1,443	1,994	0	3,437
Additions	15,204	7,994	0	23,198
Transfers	0	0	0	0
Disposals	–3,674	–2,412	0	–6,086
Balance at 12/31/2021	**98,154**	**82,901**	**0**	**181,055**
Net book values				
Balance at 12/31/2021	**105,125**	**20,708**	**580**	**126,413**

Details on impairments in accordance with IAS 36 Impairment of Assets can be found on page 95 et seq.

Property, plant and equipment of EUR 126,413 thousand (EUR 131,612 thousand) at reporting date includes EUR 60,720 thousand (EUR 62,248 thousand) property, plant and equipment legally owned by TAKKT and EUR 65,693 thousand (EUR 69,364 thousand) right-of-use assets for leased assets. Information on leases as of reporting date can be found on page 140 et seq.

As in the previous year, tangible assets legally and economically owned by the Group, with the exception of the capitalized right-of-use assets, were not subject to any restraints on disposal rights.

Purchase commitments for Property, plant and equipment amount to EUR 657 thousand (EUR 405 thousand).

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2020	211,736	98,498	496	310,730
Currency translation	−4,726	−2,672	−44	−7,442
Additions	10,320	4,097	404	14,821
Transfers	−675	1,219	−544	0
Disposals	−22,292	−3,699	0	−25,991
Balance at 12/31/2020	**194,363**	**97,443**	**312**	**292,118**
Cumulative depreciation and impairment				
Balance at 01/01/2020	85,337	71,491	0	156,828
Currency translation	−1,965	−2,115	0	−4,080
Additions	15,788	8,651	0	24,439
Transfers	−583	583	0	0
Disposals	−13,396	−3,285	0	−16,681
Balance at 12/31/2020	**85,181**	**75,325**	**0**	**160,506**
Net book values				
Balance at 12/31/2020	**109,182**	**22,118**	**312**	**131,612**

(12) Goodwill *in EUR thousand*

	2021	2020
Acquisition costs		
Balance at 01/01/	580,723	604,043
Currency translation	21,888	–23,320
Additions	0	0
Disposals	0	0
Balance at 12/31/	**602,611**	**580,723**
Cumulative impairment		
Balance at 01/01 / 12/31	**12,860**	**12,860**
Net book values		
Balance at 12/31/	**589,751**	**567,863**

The accumulated scheduled amortization of goodwill until 2004 was offset against acquisition costs due to the impairment-only approach that is applied since 2005 at TAKKT.

Book value of goodwill *in EUR thousand*

	2021	2020
Cash generating units		
Kaiser+Kraft	124,253	124,522
Ratioform	142,656	142,656
NBF	41,168	37,998
D2G	80,616	74,407
Newport	65,420	63,088
Hubert	71,589	66,076
Central	64,049	59,116
	589,751	**567,863**

(13) Other intangible assets *in EUR thousand*

	Brands with undefined useful life	Customer lists	Other (purchase price allocation)	Software, licenses and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01/01/2021	26,564	47,571	34,095	66,449	3,974	178,653
Currency translation	1,365	75	1,960	1,267	36	4,703
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	7,153	3,490	10,643
Transfers	0	0	0	5,325	–5,325	0
Disposals	0	0	0	–200	0	–200
Balance at 12/31/2021	**27,929**	**47,646**	**36,055**	**79,994**	**2,175**	**193,799**
Cumulative amortization and impairment						
Balance at 01/01/2021	0	45,138	24,417	40,337	0	109,892
Currency translation	0	93	1,666	938	0	2,697
Additions	0	1,358	2,871	11,290	0	15,519
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–200	0	–200
Balance at 12/31/2021	**0**	**46,589**	**28,954**	**52,365**	**0**	**127,908**
Net book values						
Balance at 12/31/2021	**27,929**	**1,057**	**7,101**	**27,629**	**2,175**	**65,891**

As in the previous year, intangible assets were not subject to any restraints on disposal.

The acquired brands are reported at their book value as intangible assets with an indefinite useful life. The customer lists have a remaining useful life between 1 and 2 years and are reported at net book value.

The distribution on business units is as follows:

	Book values of brands (in EUR thousand)		Book values of customer lists (in EUR thousand)	
	2021	2020	**2021**	2020
Kaiser+Kraft	0	0	600	1,046
Ratioform	10,200	10,200	425	1,275
NBF	6,604	6,096	0	0
Newport	0	0	32	112
Central	11,125	10,268	0	0
	27,929	**26,564**	**1,057**	**2,433**

Purchase commitments for intangible assets amount to EUR 145 thousand (EUR 276 thousand).

	Brands with undefined useful life	Customer lists	Other (purchase price allocation)	Software, licenses and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01/01/2020	28,849	66,043	39,714	62,858	5,574	203,038
Currency translation	–1,576	–1,572	–2,120	–1,319	–25	–6,612
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	5,316	2,254	7,570
Transfers	0	0	0	3,829	–3,829	0
Disposals	–709	–16,900	–3,499	–4,235	0	–25,343
Balance at 12/31/2020	**26,564**	**47,571**	**34,095**	**66,449**	**3,974**	**178,653**
Cumulative amortization and impairment						
Balance at 01/01/2020	775	61,208	25,543	35,935	0	123,461
Currency translation	–66	–1,596	–1,730	–900	0	–4,292
Additions	0	2,426	4,103	9,236	0	15,765
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	–709	–16,900	–3,499	–3,934	0	–25,042
Balance at 12/31/2020	**0**	**45,138**	**24,417**	**40,337**	**0**	**109,892**
Net book values						
Balance at 12/31/2020	**26,564**	**2,433**	**9,678**	**26,112**	**3,974**	**68,761**

(14) Investments in associated companies *in EUR thousand*

The following table shows the summarized aggregate financial information of the individually non-significant associated companies accounted for using the equity method.

	2021	2020
Profit/Total comprehensive income	2,489	–707
Book value	0	479

The result for the period mainly resulted from TAKKT's divestment of its shareholding in Simple System GmbH & Co. KG, Munich / Germany.

(15) Other assets *in EUR thousand*

	2021	2020
Investments in corporate entities	23,045	6,292
Investment in venture capital funds	1,517	852
Other	288	354
	24,850	**7,498**

(16) Deferred tax

Deferred tax on loss carry forwards *in EUR thousand*

	2021	2020
Deferred tax on loss carry forwards (gross)	5,495	4,928
Allowance	–1,906	–1,869
Deferred tax on loss carry forwards (net)	**3,589**	**3,059**

Expiration of impaired loss carry forwards *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2021	715	3,778	459	4,044	8,996
2020	603	4,013	757	3,517	8,890

Deferred tax assets and liabilities result from recognition and valuation differences for the following balance sheet positions:

Deferred tax assets and liabilities *in EUR thousand*

	Assets		Liabilities	
	2021	2020	**2021**	2020
Property, plant and equipment and other intangible assets	3,064	2,972	29,451	30,361
Goodwill	0	0	80,984	74,292
Other non-current assets	0	0	635	185
Inventories	4,327	3,923	146	132
Trade receivables and other assets	748	1,121	726	460
Non-current provisions	12,541	16,659	0	0
Current provisions	782	603	235	157
Financial liabilities	18,090	19,123	0	0
Other liabilities	5,988	4,913	22	18
Fair value of derivative financial instruments	408	438	215	286
Loss carry forwards	3,589	3,059	0	0
Subtotal	**49,537**	**52,811**	**112,414**	**105,891**
Netting	−44,268	−47,972	−44,268	−47,972
Consolidated balance sheet	**5,269**	**4,839**	**68,146**	**57,919**

Deferred taxes of EUR 326 thousand (EUR 0 thousand) were recognized on the fair value changes of investments recognized directly in equity. Deferred taxes of EUR 193 thousand (EUR 151 thousand) on the market value of derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 10,775 thousand (EUR 13,462 thousand) on actuarial gains and losses for the evaluation of pension provisions were recorded with no effect on profit and loss.

Of the deferred tax assets in the amount of EUR 5,269 thousand (EUR 4,839 thousand), EUR 488 thousand (EUR 48 thousand) relate to companies which generated losses in the year under review or the previous year. The recognition of deferred tax assets is based on the positive results of the rolling five-year budget of the respective company taking into account the future expectations as well as the specific business development respectively on the loss history in the past.

In accordance with IAS 12.39, no deferred tax liabilities are reported for the retained earnings of subsidiaries because TAKKT is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

In the event of future dividend payouts, there would be a tax liability of EUR 5,457 thousand (EUR 5,073 thousand). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

(17) Inventories *in EUR thousand*

	2021	2020
Raw materials and supplies	5,708	5,656
Work in progress	1,509	1,018
Finished goods and purchased merchandise	133,358	96,491
Assets for rights from customer returns	888	593
Payments on account	4,742	1,245
	146,205	**105,003**

An obsolescence reserve of EUR 15,827 thousand (EUR 16,110 thousand) has been made on finished goods and purchased merchandise, taking the expected sell-down period of the inventories into consideration. The expected range of inventories has fallen compared to the previous year so that the valuation allowances have decreased slightly despite a significant increase in inventories. Intercompany profits of EUR 129 thousand (EUR 98 thousand) were eliminated.

(18) Trade receivables

Development of allowances on trade receivables *in EUR thousand*

	2021	2020
Balance at 01/01/	4,559	4,130
Additions	268	1,311
Release	−1,380	−784
Currency translation and other changes	101	−98
Balance at 12/31/	**3,548**	**4,559**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (page 125 et seqq.).

TAKKT has not capitalized any overdue receivables that are not impaired.

(19) Other receivables and assets *in EUR thousand*

	2021	2020
Market value of derivative financial instruments	486	316
Finance receivables to affiliated companies	0	3,141
Other tax receivables	939	430
Bonus claims against suppliers	15,333	9,402
Deferred expenses	6,185	4,610
Other	3,560	3,540
	26,503	**21,439**

(20) Cash and cash equivalents *in EUR thousand*

	2021	2020
Checks, cash balances	238	327
Bank balances	2,549	3,944
	2,787	**4,271**

Bank balances comprises funds with a maturity of up to three months.

(21) Total equity

The consolidated statement of changes in total equity can be found on page 87. The fully paid-in share capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331) and is divided into 65,610,331 (65,610,331) no-par-value bearer shares with a nominal value of EUR 1.00. The Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 08, 2018, until May 07, 2023, to acquire treasury shares. In 2021, the Management Board did not use its authorization. In accordance with the resolution of the Shareholders' Meeting amending the statutes on May 08, 2018, the Management Board is authorized until May 07, 2023, to increase the issued capital by an amount of up to EUR 32,805,165 once or several times by issuing new no-par-value bearer shares, taking the subscription rights of the shareholders into account. With the approval of the Supervisory Board, the Management Board is, however, entitled to exclude residual amounts from the shareholders' statutory subscription right. No use was made of this authorization in 2021. Please refer to page 45 in the Management Report.

Retained earnings include earnings contributed by the Group as well as the consolidation adjustments and related deferred taxes affecting profit.

Other components of equity *in EUR thousand*

	Pension provisions	Equity instruments	Cash flow hedges	Tax	Foreign currency reserves	Total
Balance at 01/01/2020	**–40,148**	**–2,140**	**2,290**	**10,833**	**17,267**	**–11,898**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	–6,105	–1,466	1,047	1,561	–26,915	–31,878
thereof currency translation effects	–19	0	63	–14	–26,915	–26,885
Transfer to retained earnings	0	706	0	0	0	706
Balance at 12/31/2020 / 01/01/2021	**–46,253**	**–2,900**	**3,337**	**12,394**	**–9,648**	**–43,070**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	8,839	27,153	134	–3,122	26,591	59,595
thereof currency translation effects	–181	0	–36	36	26,591	26,410
Transfer to retained earnings	–110	–9,673	0	149	0	–9,634
Balance at 31/12/2021	**–37,524**	**14,580**	**3,471**	**9,421**	**16,943**	**6,891**

The shareholders have a claim to the unappropriated profits of TAKKT AG, provided that the latter is not excluded from distribution to the shareholders by law or the statutes of the company, by way of a shareholders' resolution or as additional charge to the retained earnings.

(22) Non-current and current financial liabilities *in EUR thousand*

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	12/31/2021
Liabilities to banks	13,704	9,000	0	22,704
Lease liabilities	14,756	43,774	16,885	75,415
Finance liabilities to affiliated companies	7,038	0	0	7,038
Other	563	2,066	0	2,629
	36,061	**54,840**	**16,885**	**107,786**
thereof long-term (maturity > 1 year)				71,725

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	12/31/2020
Liabilities to banks	1,219	44	0	1,263
Lease liabilities	13,394	43,594	22,011	78,999
Finance liabilities to affiliated companies	0	0	0	0
Other	449	2,149	0	2,598
	15,062	**45,787**	**22,011**	**82,860**
thereof long-term (maturity > 1 year)				67,798

The remaining terms of the liabilities to banks are equivalent to the terms of the respective utilized financing commitments. Additionally, TAKKT has unused credit lines amounting to EUR 235.3 million (EUR 273.8 million). Average net financial liabilities for the financial year amounted to EUR 83,806 thousand (EUR 116,433 thousand). Debt was weighted by months.

The liabilities to banks are unsecured. Lease liabilities primarily relate to office and warehouse buildings as well as vehicles. At the reporting date, the item Other includes TAKKT Performance Bonds issued to TAKKT Group executives.

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 144.

(23) Pension provisions and similar obligations

For many employees of the TAKKT Group, different pension commitments are in place depending on the legal, economic and tax situation of the particular country, which usually take the length of service as well as salary or final salary of the employee into consideration. These include defined benefit as well as defined contribution pension plans that cover retirement, disability and surviving dependents. The pension provisions include obligations from current pensions as well as the present value of obligations for employee benefits payable in the future.

The key defined benefit pension plans that apply to the TAKKT Group relate to German companies and are in place for the Management Board, executives and other employees. The resulting obligation is financed mostly through provisions.

Management Board members receive an entitlement for pension and survivors' benefits, with an annual contribution amounting to ten percent of the sum of the basic salary and the target bonus (100 percent of the target) under the Short Term Incentive Plan. Contributions are only granted as long as the individual is appointed to the Management Board. Interest of five percent p.a. is granted for the contributions set aside in the reporting year until the occurrence of the insured event, and six percent p.a. for older contributions. An entitlement to retirement benefits commences on the date of retirement, but not before reaching the age of 60. In the case of disability and death, the amount from the pension plan paid out or annuitized is equivalent to what would have been paid if contributions had been made up to the age of 63. Part of this commitment is hedged against insolvency using standard market products on the basis of a contractual trust agreement. The assets held by the trustee are plan assets.

For certain executives, pension commitments are in place that cover benefits upon reaching the age of 65, disability and widow's/widower's or orphan´s pension. The annual contribution to the pension plan is eight percent of the annual fixed income of the respective executive. The German Commercial Code (HGB) reference interest rate of the German Federal Bank is used for the annual interest yield of the respective capital account. Payments are made generally in installments or on request as an annuity. Pension payments are still being made to former executives based on a plan that has been discontinued.

For many of the other employees of the German Group companies, there is a pension plan in place that regulates retirement pension upon reaching the age of 65, disability as well as widow's/widower's and orphan's pension. Depending on the completed years of service and the average remuneration of the last three work years subject to pension contributions and in accordance with the current valid works agreement, monthly fixed amounts in euros for each year of service will become due at the time of pension payout. In addition, specific employees have the option of converting salary into pension contributions. These amounts, which are referred to as deferred compensation, are converted into benefit components and paid out as pension benefits.

In Switzerland, pension commitments exist according to the BVG (Bundesgesetz über die berufliche Vorsorge; Swiss Federal Act on Occupational Retirement, Survivors´and Disability Pension Plans) for employees and executives, that cover retirement, disability and surviving dependents. The pension plans are financed by contributions from employees and the employer to a pension fund (collective foundation), that represent plan assets. Contributions as a percentage of the pensionable salary vary depending on salary and age. Payments are made annuitized or as a lump sum. To cover the pension claims, the plans are subject to minimum funding requirements from which future additional contribution obligations may arise.

In one Dutch company, there is a pension plan in place for 5 (6) employees that covers retirement pension after the age of 65 as well as disability and widow's/widower's and orphan´s pension. The amount of the pension is based on the employee's remuneration less the state pension plan. These pension commitments have been financed through contributions paid to an insurance company. Plan assets created in this process solely involve qualifying insurance policies. With effect on January 01, 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

The value of the pension provisions reported in the balance sheet is derived as follows:

Development of pension provisions *in EUR thousand*

	2021	2020
Present value of funded obligations	23,178	24,679
Present value of unfunded obligations	68,859	74,579
Total present value of obligations	**92,037**	**99,258**
Fair value of plan assets	–15,050	–13,523
Pension provision at 31.12.	**76,987**	**85,735**

For the pension plans described above, the following parameters are applied for the calculation of the present value of obligations:

Parameters *in percent*

	2021		2020	
	EUR	CHF	EUR	CHF
Actuarial interest rate	1.10	0.20	0.50	0.10
Salary trend	2.50	1.50	2.25	1.50
Pension trend	1.75	0.00	1.50	0.00

The actuarial interest rate is based on high-quality fixed-rate corporate bonds with a rating of at least AA from a recognized rating agency.

The weighted duration of the pension provisions as of December 31, 2021, is 20.4 (21.3) years.

All other commitments are not material and are determined using specific local accounting principles and parameters.

Development of pension provisions *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01/01/2021	**99,258**	**13,523**	**85,735**
Current service cost	3,806	0	3,806
Past service costs and gains and losses on settlements and curtailments	–3,357	–2,729	–628
Personnel expenses	**449**	**–2,729**	**3,178**
Net interest expense	**446**	**30**	**416**
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	–805	0	–805
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	–8,794	0	–8,794
Experience gains/losses	756	177	579
Changes to other components of equity	**–8,843**	**177**	**–9,020**
Effect of changes in foreign exchange rates	544	316	228
Transfer of obligation	0	0	0
Changes in scope of consolidation	0	0	0
Contributions of plan participants	358	358	0
Contributions of employer	0	2,112	–2,112
Benefit payments	–175	1,263	–1,438
Other Effects	**727**	**4,049**	**–3,322**
Balance at 12/31/2021	**92,037**	**15,050**	**76,987**

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01/01/2020	**92,259**	**12,316**	**79,943**
Current service cost	4,820	0	4,820
Past service costs and gains and losses on settlements and curtailments	–2,046	0	–2,046
Personnel expenses	**2,774**	**0**	**2,774**
Net interest expense	**835**	**47**	**788**
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	–24	0	–24
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	7,377	0	7,377
Experience gains/losses	–1,404	–137	–1,267
Remeasurements of the pension provisions	**5,949**	**–137**	**6,086**
Effect of changes in foreign exchange rates	68	50	18
Transfer of obligation	2	0	2
Changes in scope of consolidation	0	0	0
Contributions of plan participants	277	277	0
Contributions of employer	0	2,486	–2,486
Benefit payments	–2,906	–1,516	–1,390
Other Effects	**–2,559**	**1,297**	**–3,856**
Balance at 12/31/2020	**99,258**	**13,523**	**85,735**

In addition to qualified insurance contracts (EUR 10,029 thousand, prior year EUR 10,813 thousand, without underlying active market), the plan assets contain securities funds (EUR 5,020 thousand, prior year EUR 2,128 thousand, with underlying active market) as well as cash (EUR 1 thousand, prior year EUR 582 thousand, with underlying active market). The plan assets do not include any of the Group's financial instruments or assets used by the Group. Employer contributions to plan assets are expected to come to EUR 552 thousand in 2022.

The following table shows the effect of the change of a significant actuarial assumption on the present value of the defined benefit obligations. All other assumptions regarding the original calculation remain unchanged, i.e., possible interactions between the individual assumptions are not taken into account.

Sensitivity analysis of present value of obligation *in EUR thousand*

	Present value of obligation	
	2021	2020
Actuarial interest rate		
Increase of 0.5 percentage points	83,626	89,620
Decrease of 0.5 percentage points	101,852	110,523
Salary trend		
Increase of 0.5 percentage points	92,363	99,633
Decrease of 0.5 percentage points	91,721	98,896
Pension trend		
Increase of 0.5 percentage points	96,018	103,617
Decrease of 0.5 percentage points	88,442	95,325
Mortality / Life expectancy		
Increase of 1 year	94,691	102,235
Decrease of 1 year	89,418	96,323

The following table shows the expected future pension benefit payments:

Expected maturity of pension benefits 2021 *in EUR thousand*

	2022	**2023–2026**	**2027–2031**
Expected Payments	1,392	6,743	13,647

Expected maturity of pension benefits 2020 *in EUR thousand*

	2021	2022–2025	2026–2030
Expected Payments	1,359	6,057	11,798

The risks associated with the defined benefit obligations relate to actuarial risks such as longevity as well as financial risks such as market price risks which influence the actuarial interest rate or inflation risks which could have an effect on the development of salary and pension trend. There is no intention to hedge these risks.

Defined Contribution Plans

Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under Personnel expenses amounted to EUR 8,965 thousand (EUR 7,778 thousand) during the reporting period. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in the United States, have voluntary defined contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after a certain time of service. Employer contributions depend on voluntary employee contributions and are limited to up to 5.0 (5.0) percent of the employee's salary. Moreover, there are plans for certain US companies, that can lead to further employer contributions to an external fund depending on the sales development of the respective company. The companies cannot derive any claims from their contribution payments; accordingly there are no plan assets to be capitalized by these companies. Expenses for defined contribution plans amounted to EUR 2,115 thousand (EUR 1,819 thousand) in the year under review.

(24) Non-current other and Current provisions

Development of Non-current other and Current provisions *in EUR thousand*

	01/01/2021	Currency translation	Usage	Transfers	Release	Additions	12/31/2021
Personnel obligations	2,887	6	–426	77	–34	5,365	7,875
Other	1,504	79	–38	0	–100	126	1,571
Long-term other provisions	**4,391**	**85**	**–464**	**77**	**–134**	**5,491**	**9,446**
Staff bonuses	8,518	381	–7,802	300	–941	14,767	15,223
Personnel obligations	11,421	56	–7,397	–377	–2,253	3,861	5,311
Other	3,285	232	–916	0	–373	2,659	4,887
Short-term provisions	**23,224**	**669**	**–16,115**	**–77**	**–3,567**	**21,287**	**25,421**

	01/01/2020	Currency translation	Usage	Transfers	Release	Additions	12/31/2020
Personnel obligations	2,469	0	–514	–268	–435	1,635	2,887
Other	1,390	–84	–206	0	–76	480	1,504
Long-term other provisions	**3,859**	**–84**	**–720**	**–268**	**–511**	**2,115**	**4,391**
Staff bonuses	8,571	–255	–7,857	268	–559	8,350	8,518
Personnel obligations	4,734	–86	–3,556	0	–632	10,961	11,421
Other	2,091	–128	–538	0	–162	2,022	3,285
Short-term provisions	**15,396**	**–469**	**–11,951**	**268**	**–1,353**	**21,333**	**23,224**

Non-current personnel obligations mainly comprise obligations for long-term remuneration components of the Management Board and top executives as well as obligations for early retirement part-time working arrangements.

(25) Trade payables

With regard to trade payables, most of the goods delivered are subject to customary ownership retention rights.

(26) Current Other liabilities *in EUR thousand*

	2021	2020
Liabilities from contracts with customers	19,226	9,578
Fair value of derivative financial instruments	1,031	1,022
Uninvoiced goods and services	23,782	19,579
Other tax payables	14,101	11,080
Personnel liabilities	6,532	4,898
Social security contributions	1,731	1,994
Bonus liabilities to customers	1,980	1,482
Expected customer credit notes	3,341	2,488
Audit fees	869	835
Other	9,793	6,984
	82,386	**59,940**

Liabilities from contracts with customers contain customer payments on account and obligations from customer loyalty programs.

Obligations from expected customer credit notes mainly result from refund liabilities.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the risk and opportunities report contained in the combined management report on page 68 et seqq., TAKKT details the possible financial risks that pose a threat to the success of the TAKKT Group as well as its strategy to manage these risks. In addition to the liquidity and credit risks, in the area of financial risks TAKKT is also exposed to both opportunities and risks from fluctuations in exchange rates and interest rates on international capital markets due to its international presence. The Group's risk management system covers the uncertainties of future development of financial markets accordingly. Derivatives are used to reduce these risks. With this strategy, the risk management system supports the Group's financial performance.

Financial instruments held by TAKKT are assigned to the IFRS 9 categories as follows:

Reconciliation of financial instruments to IFRS 9-categories as of December 31, 2021 *in EUR thousand*

	Financial instrument category					No IFRS 9 category	Reconciliation to balance sheet	**Balance sheet item total**
	Debt instruments and derivatives measured at fair value through profit and loss	Equity instruments measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Contingent consideration from business combinations measured at fair value through profit and loss			
Non-current assets								
Debt instruments	1,517	0	0	0	0	-	-	
Equity instruments	0	23,045	0	0	0	-	-	
Other	0	0	288	0	0	-	-	
Other assets	1,517	23,045	288	0	0	0	0	24,850
Current assets								
Trade receivables	0	0	119,412	0	0	0	0	119,412
Other receivables and assets	161	0	18,892	0	0	325	7,125	26,503
Cash and cash equivalents	0	0	2,787	0	0	0	0	2,787
Assets	**1,678**	**23,045**	**141,379**	**0**	**0**			
Non-current liabilities								
Financial liabilities	0	0	0	11,066	0	60,659	0	71,725
Other liabilities	0	0	0	0	0	0	0	0
Current liabilities								
Financial liabilities	0	0	0	21,305	0	14,756	0	36,061
Trade payables	0	0	0	47,070	0	0	0	47,070
Other liabilities	66	0	0	39,741	0	964	41,615	82,386
Liabilities	**66**	**0**	**0**	**119,182**	**0**			

Reconciliation of financial instruments to IFRS 9-categories as of December 31, 2020 *in EUR thousand*

	Financial instrument category					No IFRS 9 category	Reconci-liation to balance sheet	Balance sheet item total
	Debt instruments and derivatives measured at fair value through profit and loss	Equity instruments measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Contingent consideration from business combinations measured at fair value through profit and loss			
Non-current assets								
Debt instruments	852	0	0	0	0	-	-	
Equity instruments	0	6,292	0	0	0	-	-	
Other	0	0	343	0	0	-	-	
Other assets	852	6,292	343	0	0	0	11	7,498
Current assets								
Trade receivables	0	0	86,940	0	0	0	0	86,940
Other receivables and assets	177	0	16,082	0	0	139	5,041	21,439
Cash and cash equivalents	0	0	4,271	0	0	0	0	4,271
Assets	**1,029**	**6,292**	**107,636**	**0**	**0**			
Non-current liabilities								
Financial liabilities	0	0	0	2,193	0	65,605	0	67,798
Other liabilities	0	0	0	0	0	0	0	0
Current liabilities								
Financial liabilities	0	0	0	1,668	0	13,394	0	15,062
Trade payables	0	0	0	34,615	0	0	0	34,615
Other liabilities	109	0	0	30,730	0	913	28,188	59,940
Liabilities	**109**	**0**	**0**	**69,206**	**0**			

The category Debt instruments and derivatives measured at fair value through profit and loss within non-current assets relates to an investment classified as debt instrument and within current assets and liabilities relates to derivatives which are to be classified as held for trading in accordance with IFRS 9. These derivatives are used exclusively for hedging purposes.

The equity instruments included in the category Equity instruments measured at fair value through other comprehensive income relate to investments in unlisted companies. They were designated as at fair value through Other comprehensive income as they are held strategically and not for trading.

The column 'No IFRS 9 category' includes mainly lease liabilities with a book value of EUR 75,415 thousand (EUR 78,999 thousand) as well as derivatives.

The calculation method used for all financial instruments measured at fair value relates to level 3 for the reporting year and the previous year, except for the valuation of derivatives, which is attributable to level 2. A definition of the levels can be found on page 98.

The following overview shows a detailed reconciliation of the financial instruments that are measured at fair value within level 3 on a recurring basis without contingent considerations from acquisitions *in EUR thousand:*

	2021	2020
Balance at 01/01/	**7,144**	**8,131**
Addition	15	349
Fair value change recognized in profit or loss	650	130
Fair value change recognized in other comprehensive income	27,153	–1,466
Disposals	–10,400	0
Balance at 12/31/	**24,562**	**7,144**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	650	130

The positive fair value change in the amount of EUR 9.2 million recognized in Other comprehensive income results from the revaluation of the start-up investment parcelLab GmbH as a consequence of a financing round in the financial year. TAKKT no longer participated in this as an investor, but disposed of the shares, resulting in the disposals of EUR 10.4 million shown. The other change in fair value recognized in Other comprehensive income mainly results from a financing round for another investment in a fast-growing company where a new investor has joined.

In the year under review, no reclassifications were made between the individual levels.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for fair values as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to other financial liabilities.

The disclosures for these financial liabilities as of the closing date are as follows:

Financial liabilities by book value and fair value *in EUR thousand*

	Book Value 12/31/2021	Fair Value 12/31/2021	Book Value 12/31/2020	Fair Value 12/31/2020
Other liabilities	2,629	2,913	2,598	2,846
	2,629	**2,913**	**2,598**	**2,846**

The fair value is determined using the same method assigned to level 2 as for assets and liabilities that are measured at fair value on a recurring basis applying the discounted cash flow-method.

The net result of the financial instrument categories recognized in the income statement is broken down as follows:

Net result of the financial instruments categories *in EUR thousand*

	From interest	At fair value	Currency translation	Valuation allowance	2021
Debt instruments and derivatives measured at fair value through profit and loss	0	676	0	0	676
Equity instruments measured at fair value through other comprehensive income	0	0	0	0	0
Financial assets measured at amortized cost	138	0	755	90	983
Financial liabilities measured at amortized cost	–1,319	0	–591	0	–1,910
Contingent consideration from business combinations measured at fair value through profit and loss	0	0	0	0	0
	–1,181	**676**	**164**	**90**	**–251**

	From interest	At fair value	Currency translation	Valuation allowance	2020
Debt instruments and derivatives measured at fair value through profit and loss	0	167	0	0	167
Equity instruments measured at fair value through other comprehensive income	0	0	0	0	0
Financial assets measured at amortized cost	106	0	1,146	–2,623	–1,371
Financial liabilities measured at amortized cost	–1,609	0	–430	0	–2,039
Contingent consideration from business combinations measured at fair value through profit and loss	0	0	0	0	0
	–1,503	**167**	**716**	**–2,623**	**–3,243**

CREDIT RISK

TAKKT is exposed to credit risk both from operating business as well as from financial instruments. Credit risk in the operating business results from possible write-offs due to customer default. The possible loss cannot exceed the book value of the receivable from an individual customer. Given the high number of existing customer relationships, the risk can generally be seen as being comparatively low. As a result of the strong diversification of the customer structure described in the risk report on page 73 there is no exceptional concentration of risk in the operating business. A possible prolonged continuation of the significant economic downturn due to the corona pandemic may, however, lead to higher default risks for TAKKT's receivables. Due to an intensified receivables management with consistent creditworthiness assessments prior to transactions as well as a stringent dunning process, in the financial year write-offs on trade receivables are very low at 0.1 (0.2) percent of sales. Risks of write-offs are accounted for by customary ownership retention rights for goods delivered and by creating allowances. A forecast on the development of customers' creditworthiness is associated with high uncertainties. The deterioration in the payment behavior of customers that was expected for 2021 has not occurred. This has been taken into account in the assessment of recoverability accordingly.

Trade receivables *in EUR thousand*

	01/01/2021	Currency translation	Changes in scope of consolidation	Other changes	12/31/2021
Nominal value of receivables	91,499	3,033	0	28,428	122,960
Valuation allowances	–4,559	–101	0	1,112	–3,548
Book value of receivables	**86,940**	**2,932**	**0**	**29,540**	**119,412**

	01/01/2020	Currency translation	Changes in scope of consolidation	Other changes	12/31/2020
Nominal value of receivables	105,442	–3,278	0	–10,665	91,499
Valuation allowances	–4,130	98	0	–527	–4,559
Book value of receivables	**101,312**	**–3,180**	**0**	**–11,192**	**86,940**

The credit risk from derivative financial instruments consists in the risk of default of a contractual partner and therefore in the maximum amount of the recognized positive fair values less the negative fair values with the same contractual partner. Since financial transactions are only concluded and maintained with counterparties with good creditworthiness, the actual risk of default can be considered as rather low. Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of banks with good ratings. The banks' creditworthiness is checked continuously.

LIQUIDITY RISK

Liquidity risk is understood as the risk of not being able to meet payment obligations at any time. The following table lists the contractually agreed interest payments and repayments from original financial liabilities as well as incoming and outgoing payments from derivative financial liabilities and assets at December 31, 2021. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the reporting date.

Maturity analysis as of December 31, 2021 *in EUR thousand*

	Cash flow 2022	Cash flow 2023	Cash flow 2024 – 2026	Cash flow 2027 – 2031	Cash flow 2032…
Original financial liabilities					
Liabilities to banks	–13,704	0	–9,000	0	0
Lease liabilities	–16,654	–19,295	–28,926	–14,252	–6,037
Finance liabilities to affiliated companies	–7,038	0	0	0	0
Trade payables	–47,070	0	0	0	0
Other liabilities	–40,324	–481	–1,955	0	0
Derivative financial receivables					
Outgoing payments	–47,946	0	0	0	0
Connected incoming payments	48,432	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–80,279	0	0	0	0
Connected incoming payments	79,248	0	0	0	0

Maturity analysis as of December 31, 2020 *in EUR thousand*

	Cash flow 2021	Cash flow 2022	Cash flow 2023 – 2025	Cash flow 2026 – 2030	Cash flow 2031…
Original financial liabilities					
Liabilities to banks	–1,263	0	0	0	0
Lease liabilities	–15,594	–13,997	–35,109	–18,946	–7,269
Finance liabilities to affiliated companies	0	0	0	0	0
Trade payables	–34,615	0	0	0	0
Other liabilities	–31,186	–638	–1,840	0	0
Derivative financial receivables					
Outgoing payments	–59,314	0	0	0	0
Connected incoming payments	59,716	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–51,418	0	0	0	0
Connected incoming payments	50,296	0	0	0	0

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 235.3 million (EUR 273.8 million). Thus, the liquidity risk resulting from the maturities is largely negligible.

MARKET PRICE RISK

The term 'market price risk' relates to the risk that the fair value or the future cash flows of a financial instrument change due to fluctuations in market prices. In the case of TAKKT, market price risk mainly comprises currency and interest rate risks. In the following paragraphs, for each type of risk, the financial instruments on the books at the reporting date will be described in detail.

The following sensitivity analyses of market price risks show which effects on profits and equity there would have been if financial instruments recorded at the closing date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the closing date was representative for the full year and that the assumed changes in risk variables at the closing date were reasonable.

CURRENCY RISK

The table below shows the hedged nominal volumes and the market values of the respective currency hedges. As in the previous year, contracts have maturities of up to one year. No netting of currency derivatives was undertaken.

Currency hedging *in EUR thousand*

	Nominal value		Market value	
	2021	2020	**2021**	2020
Assets				
Currency derivatives designated as cash flow hedges	18,481	25,776	325	139
Currency derivatives without hedge accounting	29,916	33,779	161	177
Liabilities				
Currency derivatives designated as cash flow hedges	55,221	32,139	–964	–913
Currency derivatives without hedge accounting	25,114	18,827	–66	–109
	128,732	**110,521**	**–544**	**–706**

CURRENCY DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

TAKKT is exposed to currency risks because a limited volume of purchases and sales of products and services (less than ten percent of consolidated sales) is in different currencies. Around 70 percent of the net foreign currency cash flows expected within TAKKT Group are hedged with currency instruments which can be designated as effective cash flow hedges and did not show any material ineffectiveness until the closing date. Exchange rate differences of the underlying currencies impact other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in equity-related sensitivity calculations.

In the 2021 financial year, losses after deferred taxes totaling EUR 446 thousand (EUR 623 thousand) resulting from changes in the fair values of foreign exchange derivatives were recorded in Other comprehensive income without affecting profit. These changes in valuation represent the effective part of the hedge relationship. In addition, losses of EUR 647 thousand (EUR 1,387 thousand) recorded in Other comprehensive income were transferred to the statement of income (under Other operating expenses). With the payments taking place within the next twelve months, TAKKT expects that losses recorded in Other comprehensive income amounting to EUR 446 thousand after deferred taxes will be transferred to the statement of income.

Broken down by currency, the designated transactions underlying the cash flow hedges have the following maturities:

Underlying currency derivative transactions *in EUR thousand*

	2021		2020	
	Cash flow 2022	Cash flow 2023…	Cash flow 2021	Cash flow 2022…
CAD	5,628	0	4,036	0
CHF	31,768	0	18,357	0
CZK	1,886	0	1,021	0
DKK	1,735	0	1,140	0
GBP	7,321	0	7,702	0
HUF	2,677	0	1,500	0
NOK	2,133	0	1,375	0
PLN	507	0	1,121	0
RON	297	0	182	0
RUB	0	0	588	0
SEK	1,876	0	1,851	0
USD	– 17,874	0	– 19,042	0

CURRENCY DERIVATIVES WITHOUT HEDGE ACCOUNTING

Intercompany loans involving more than one currency are hedged with forward foreign exchange contracts. This locks in prices for intercompany financing transactions. Accordingly, the Group is not exposed to any risk from exchange rate movements. While the individual company can establish a relationship between the derivative instrument and the underlying transaction, the underlying transaction is eliminated in the context of the Group's debt consolidation. From the Group's perspective, the derivative is therefore no longer used for hedging purposes. Fluctuations in exchange rates in the underlying currencies trigger changes in market values with regard to the derivatives and the related intercompany loans causing counteracting changes in Other finance result and are therefore included in the profit-based sensitivity calculation.

Foreign currency receivables or payables against third parties at individual companies are also hedged economically using forward foreign exchange contracts, if necessary. Here, fluctuations in exchange rates of the underlying currencies also lead to counteracting fluctuations in profit through changes in market value of the derivative instrument as well as the corresponding receivables and payables and are therefore also included in the profit-based sensitivity calculation.

No fair value hedge accounting is applied.

The following table lists the effects of a theoretical change in the EUR/CHF, EUR/USD and EUR/GBP exchange rates on the profit before tax as well as on equity at the reporting date. Other exchange rate fluctuations have no material effect on profit or equity. Influences on the balance sheet and statement of income resulting from the translation of separate financial statements into the reporting currency euro (known as translation risks) are not included.

Sensitivity analysis for currency fluctuations *in EUR thousand*

12/31/2021	Increase/ decrease	Effect on profit before tax	Effect on share- holders' equity without impact on profits
EUR/CHF	+10%	–4	+3.184
EUR/CHF	–10%	+4	–3.184
EUR/USD	+10%	+72	–693
EUR/USD	–10%	–89	+693
EUR/GBP	+10%	–21	+724
EUR/GBP	–10%	+18	–724

12/31/2020	Increase/ decrease	Effect on profit before tax	Effect on share- holders' equity without impact on profits
EUR/CHF	+10%	–11	+1.835
EUR/CHF	–10%	+11	–1.835
EUR/USD	+10%	+31	–460
EUR/USD	–10%	–31	+460
EUR/GBP	+10%	–25	+840
EUR/GBP	–10%	+25	–840

INTEREST RATE RISK

TAKKT's general objective with interest rate swaps is to transform floating rate into fixed rate financing.

A potential change in creditworthiness and therefore the credit margin of the debtor is not part of this hedge. The effective part of the interest rate swaps is recorded at fair value without an effect on profits. In the case of interest rate swaps which qualify as cash flow hedges, changes in market interest rates cause fluctuations in both the other components of equity (changes in fair value) and the finance expense (compensation payments). These financial instruments are therefore taken into account in equity and profit-related sensitivity calculations.

In 2021 as well as in the prior year, TAKKT had not designated any more interest rate swaps. As a result, no interest rate swaps were designated as cash flow hedges to hedge future interest payments.

Without interest rate swaps and thus without changes in fair values, there were no gains or losses to be recognized in Other comprehensive income or gains or losses recognized in equity to be transferred to the income statement.

UNDERLYING INTEREST RATE DERIVATIVE TRANSACTIONS

The TAKKT Group is financed by means of long-term bilateral credit lines, which are usually made use of on a revolving basis with a short-term fixed-rate period. TAKKT uses derivative financial instruments to hedge against rising market interest rates and therefore potentially increasing future interest payments. The target hedge level for the interest rate risk is between 60 and 80 percent of the financing volume.

In the reporting year as well as in the previous year, no further interest rate swaps were concluded due to the high level of debt reduction. Interest rate swaps previously contracted and structured as amortizing swaps expired end of 2019. Information on the timing of hedged cash flows is therefore omitted.

Other financial instruments

Floating rate financial instruments are included in the profit-related sensitivity calculation since interest rate changes affect the financial result.

Non-interest-bearing financial instruments (e. g. trade receivables and payables) are generally not subject to interest rate risks. Only if changes in market interest rates have an influence on financial instruments recognized at fair value they are considered in the sensitivity calculation.

The following table lists the sensitivity of the profit before tax and equity in case of a theoretical change in the level of market interest rates relating to the financial instruments at the closing date which would have been exposed to such a change in the interest rate level. Financial instruments with a fixed interest rate and a remaining term of less than one year are included in the analysis. It is assumed, that the level is representative for the whole year and that the assumed change of the market interest level was possible.

Sensitivity analysis for interest rate fluctuations *in EUR thousand*

12/31/2021	Increase/ decrease in basis points	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR	+100/–100	–158/+158	–178/+179
USD	+100/–100	–69/+69	–96/+97
GBP	+100/–100	–62/+62	+76/–76

12/31/2020	Increase/ decrease in basis points	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR	+100/–100	–79/+80	–122/+123
USD	+100/–100	+3/–3	–106/+107
GBP	+100/–100	+0/–0	+119/–120

5. OTHER NOTES

NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows has been derived from the consolidated financial statements of the TAKKT Group and prepared in accordance with IAS 7 Statement of Cash Flows. It shows changes in cash and cash equivalents during the financial year on the basis of cash transactions. Cash flows are reported separately according to source and application of funds into operating, investing, and financing activities. Operating cash flows are presented according to the indirect method, cash flows from investing and financing activities according to the direct method. To adjust for exchange rate effects, the individual items of the opening balance were translated at the respective exchange rates at the closing date. These figures were compared with the closing statement of the financial position.

The key figure TAKKT cash flow is used in financial communication. The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in net working capital.

Capital expenditure relates mainly to maintenance, expansion and modernization of the business. The cash inflows from the disposal of non-current assets in 2021 were mainly attributable to the sale of minority interests, and in the previous year mainly to the sale of real estate.

Cash flow from operating activities was significantly below the previous year's level at EUR 56,323 thousand (EUR 120,520 thousand). In contrast to the previous year, changes in net working capital in the reporting period resulted in a cash outflow of EUR 38.0 million. Trade receivables rose significantly due to the good growth trend. Inventories also increased significantly. This was caused in part by the upturn in business and rising purchasing and transport prices. Furthermore, in view of the significantly longer delivery times for orders, inventories have been built up to improve the delivery capacity. In the previous year, however, TAKKT was able to release EUR 38.5 million in cash through extensive measures to reduce net working capital. The cash flow from operating activities includes interest receipts of EUR 306 thousand (EUR 181 thousand) and interest payments of EUR 3,367 thousand (EUR 3,667 thousand). In 2021, income taxes of EUR 17,762 thousand (EUR 9,902 thousand) were paid.

Cash flow from financing activities includes payments from transactions with owners as well as payments from changes in financial liabilities. The transactions with owners are related to the distribution of dividends to the shareholders of the TAKKT AG in the amount of EUR 72,171 thousand (EUR 0 thousand). The cash-effective changes of the financial liabilities concern the incoming and outgoing payments in order to borrow or repay financial liabilities.

The following table shows both the cash and non-cash changes in financial liabilities *in EUR thousand*:

	01/01/2021	Payment effective change	Non-cash change				12/31/2021
			Currency translation	Additions leasing	Changes in scope of consolidation	Other	
Liabilities to banks	1,263	21,352	89	0	0	0	22,704
Lease liabilities	78,999	–14,565	3,111	8,554	0	–684	75,415
Finance liabilities and accordingly receivables to affiliated companies	–3,141	11,911	–1,732	0	0	0	7,038
Other	2,598	–80	10	0	0	101	2,629
Total	**79,719**	**18,618**	**1,478**	**8,554**	**0**	**–583**	**107,786**

	01/01/2020	Payment effective change	Non-cash change				12/31/2020
			Currency translation	Additions leasing	Changes in scope of consolidation	Other	
Liabilities to banks	102,660	–99,818	–1,579	0	0	0	1,263
Lease liabilities	77,241	–14,612	–802	17,319	0	–147	78,999
Finance liabilities to affiliated companies	6,657	–10,074	276	0	0	0	–3,141
Other	7,087	–4,746	–80	0	0	337	2,598
Total	**193,645**	**–129,250**	**–2,185**	**17,319**	**0**	**190**	**79,719**

Cash and cash equivalents include checks, cash on hand and bank balances with a term of up to three months and comprise the balance sheet item Cash and cash equivalents. These were not netted off against short-term financial liabilities. The cash and cash equivalents are not subject to any restrictions on disposal.

NOTES TO THE SEGMENT REPORTING

Segment reporting 2021 of the TAKKT Group *in EUR thousand*

	Omnichannel Commerce	Web-focused Commerce	Foodservice Equipment & Supplies	Segments total	Others	Consolidation	Group total
Sales to third parties	728,516	245,214	204,242	1,177,972	0	0	1,177,972
Inter-segment sales	4,400	23	0	4,423	0	–4,423	0
Segment sales	732,916	245,237	204,242	1,182,395	0	–4,423	1,177,972
Other non-cash expenses (+) and income (–)	–1,284	–1,361	1,099	–1,546	160	0	–1,386
EBITDA	104,857	6,428	17,902	129,187	–16,547	0	112,640
Depreciation and amortization of segment assets	23,858	10,068	3,498	37,424	1,045	0	38,469
Impairment of segment assets	248	0	0	248	0	0	248
EBIT	80,751	–3,640	14,404	91,515	–17,592	0	73,923
Income from associated companies	2,479	10	0	2,489	0	0	2,489
Finance expenses	–2,973	–2,556	–879	–6,408	–1,467	3,883	–3,992
Interest and similar income	169	4	4	177	4,012	–3,883	306
Profit before tax	80,400	–6,064	13,529	87,865	–15,054	0	72,811
Income tax expense	–18,710	1,668	–3,674	–20,716	4,932	0	–15,784
Profit	61,690	–4,396	9,855	67,149	–10,122	0	57,027
TAKKT cash flow	81,120	5,666	15,476	102,262	–7,998	0	94,264
Segment assets	694,828	253,797	229,315	1,177,940	264,268	–326,835	1,115,373
thereof investments in associated companies	0	0	0	0	0	0	0
thereof deferred tax and income tax receivables	1,319	611	222	2,152	16,306	–4,897	13,561
investment in non-current assets	13,162	3,964	792	17,918	429	0	18,347
Segment liabilities	307,033	170,355	121,637	599,025	149,159	–326,835	421,349
thereof deferred tax and income tax payables	33,177	13,391	30,582	77,150	0	–4,897	72,253
thereof financial liabilities (non-current and current)	125,776	127,433	53,102	306,311	112,893	–311,418	107,786
Average no. of employees (full-time equivalent)	1,463	579	336	2,378	49	0	2,427
Employees at the closing date (full-time equivalent)	1,497	610	338	2,445	51	0	2,496

Segment reporting 2020 of the TAKKT Group *in EUR thousand*

	Omnichannel Commerce	Web-focused Commerce	Foodservice Equipment & Supplies	Segments total	Others	Consolidation	Group total
Sales to third parties	634,544	234,251	198,635	1,067,430	0	0	1,067,430
Inter-segment sales	4,125	73	0	4,198	0	−4,198	0
Segment sales	638,669	234,324	198,635	1,071,628	0	−4,198	1,067,430
Other non-cash expenses (+) and income (–)	6,387	3,425	3,366	13,178	262	0	13,440
EBITDA	82,344	9,546	20,159	112,049	−19,467	0	92,582
Depreciation and amortization of segment assets	22,899	12,001	4,072	38,972	1,021	0	39,993
Impairment of segment assets	30	181	0	211	0	0	211
EBIT	59,415	−2,636	16,087	72,866	−20,488	0	52,378
Income from associated companies	−707	0	0	−707	0	0	−707
Finance expenses	−3,582	−2,986	−2,097	−8,665	−1,929	5,646	−4,948
Interest and similar income	237	15	18	270	5,557	−5,646	181
Profit before tax	55,321	−5,839	14,008	63,490	−16,849	0	46,641
Income tax expense	−12,658	1,952	−3,415	−14,121	4,713	0	−9,408
Profit	42,663	−3,887	10,593	49,369	−12,136	0	37,233
TAKKT cash flow	71,589	12,134	12,039	95,762	−13,806	0	81,956
Segment assets	682,601	236,098	197,536	1,116,235	261,874	−373,846	1,004,263
thereof investments in associated companies	479	0	0	479	0	0	479
thereof deferred tax and income tax receivables	2,270	915	311	3,496	14,718	−7,817	10,397
Investment in non-current assets	9,180	2,737	782	12,699	600	0	13,299
Segment liabilities	296,452	168,222	81,717	546,391	182,145	−373,846	354,690
thereof deferred tax and income tax payables	32,422	10,830	27,240	70,492	1,250	−7,817	63,925
thereof financial liabilities (non-current and current)	135,541	131,944	34,326	301,811	140,265	−359,216	82,860
Average no. of employees (full-time equivalent)	1,356	536	343	2,235	46	0	2,281
Employees at the closing date (full-time equivalent)	1,389	558	333	2,280	47	0	2,327

Segment reporting by geographical region 2021 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	268,235	448,772	448,594	12,371	1,177,972
Non-current assets*	372,655	100,898	308,472	30	782,055

* *Non-current assets excluding financial instruments, deferred tax assets and investments in associated companies.*

Segment reporting by geographical region 2020 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	235,125	387,302	431,370	13,633	1,067,430
Non-current assets*	379,447	97,768	290,949	72	768,236

* *Non-current assets excluding financial instruments, deferred tax assets and investments in associated companies.*

Within the scope of segment reporting under IFRS 8 Operating Segments, the activities of the TAKKT Group are broken down according to the organizational structure. The breakdown is carried out according to the management approach. Correspondingly, segment reporting is presented on the basis of internal reporting to the Management Board of TAKKT AG as the chief operating decision maker. The reportable segments are OMNICHANNEL COMMERCE, WEB-FOCUSED COMMERCE and FOODSERVICE EQUIPMENT & SUPPLIES. These are in line with the focus on three business models for three types of customers. The fundamental segment result for controlling purposes is the EBITDA.

By 2020, the breakdown into the two business models Omnichannel Commerce and Web-focused Commerce had taken place. From 2021, the two units Hubert and Central will be organized as a further, third segment for Foodservice Equipment & Supplies in order to meet the different customer requirements. The prior-year figures have been adjusted accordingly.

Segment reporting uses the same accounting standards as the consolidated financial statements. Intra-group transfers are valued at internal prices calculated on the basis of the cost-plus method and checked for plausibility using an arm's-length comparison wherever possible. This cost-plus method complies with OECD (Organisation for Economic Co-operation and Development) principles. The same system was used in the previous year.

Investment in non-current segment assets comprises additions to Property, plant and equipment, to Other intangible assets and to long-term financial assets. Investments from acquisition of subsidiaries are not included.

The **OMNICHANNEL COMMERCE** segment is divided into three business units:

Kaiser+Kraft, consisting of the KAISER+KRAFT, gaerner, Gerdmans and Runelandhs brands, offers products for transportation, plant, warehouse and office equipment in more than twenty countries in Europe. Customers include industrial enterprises as well as companies from the areas of service and retail and public bodies.

Ratioform, consisting of the ratioform brand, offers different kinds of transport packaging products in five European countries for companies in different industries.

NBF, consisting of the brands National Business Furniture and OfficeFurniture.com in the USA, offers products in the area of office equipment. In addition to companies, its customers include government agencies, the health care sector, schools and churches.

The **WEB-FOCUSED COMMERCE** segment is divided into two business units:

Newport, consisting of Certeo, BiGDUG, Mydisplays, OfficeFurnitureOnline, XXLhoreca and Davpack brands, offers web-based in more than five European countries office and warehouse equipment, display articles and various transport packaging products mainly for small and midsize companies. Furthermore, the TAKKT Beteiligungsgesellschaft with its start-up-investments is part of the division.

D2G, consisting of the brands Displays2go and Post-Up Stand in the USA, distributes display products for companies in a wide variety of industries.

The **FOODSERVICE EQUIPMENT & SUPPLIES** segment is divided into two business units:

Hubert, consisting of the brands Hubert in the USA and Canada as well as Retail Resource in the USA, sells equipment for the food service sector and food retailers. The customers include large canteens and catering businesses.

Central, consisting of the brand Central Restaurant Products in the USA, sells restaurant equipment. Central customer group are restaurant operators.

The segment reporting´s column **Others** discloses TAKKT AG, in which the key functions of the Group are concentrated and TAKKT America Holding which do not satisfy the definition of a reportable segment according to IFRS 8 Operating Segments.

Geographical information
Sales to third parties are allocated according to customer location; non-current assets are allocated according to where the owning unit is located.

LEASING

Book values in connection with leases *in EUR thousand*

	2021	2020
Recognized under property, plant and equipment		
Land, buildings and similar assets	64,462	67,845
Plant, machinery and equipment	1,231	1,519
	65,693	**69,364**
Recognized under financial liabilities		
Non-current lease liabilities	60,659	65,605
Current lease liabilities	14,756	13,394
	75,415	**78,999**

Additions to right-of-use assets for financial year 2021 amounted to EUR 8,695 thousand (EUR 10,117 thousand). Of this amount, EUR 8,035 thousand (EUR 9,455 thousand) related to additions to right-of-use assets for buildings and EUR 660 thousand (EUR 662 thousand) to additions to right-of-use assets for vehicles.

Income and Expenses in connection with leases *in EUR thousand*

	2021	2020
Scheduled depreciation of right-of-use assets for land, buildings and similar assets	12,549	12,686
Scheduled depreciation of right-of-use assets for plant, machinery and equipment	961	958
Impairment of right-of-use assets	247	211
Interest expenses of lease liabilities	2,212	2,479
Expenses for variable lease payments not included in lease liabilities	30	16
Expenses for short-term leases (12 months or less, other than real estate)	296	354
Expenses for leases of low-value assets, excluding short-term leases	397	341
Expenses	**16,692**	**17,045**
Income from sub-leasing of rights of use	269	283
Gain from sale-and-lease-back transactions	0	4,522
Income	**269**	**4,805**

Total lease payments in 2021 amounted to EUR 17,500 thousand (EUR 17,802 thousand).

Payments for variable lease liabilities as well as payments for short term and low value leases of EUR 723 thousand (EUR 711 thousand) and interest payments on lease liabilities of EUR 2,212 thousand (EUR 2,479 thousand) are recognized in cash flow from operating activities. The repayment of lease liabilities of EUR 14,565 thousand (EUR 14,612 thousand) is recognized in cash flow from financing activities.

TAKKT leases various office and warehouse buildings as well as vehicles. Lease agreements are generally concluded for fixed periods of between 12 months and 10 years but may include extension and termination options. As of December 31, 2021, possible future cash outflows of EUR 69,795 thousand (EUR 64,431 thousand) were not taken into consideration for the measurement of lease liabilities as it is not reasonably certain that these leases will be extended respectively termination options will not be exercised. The future obligations arising from leases already concluded but not commenced as of December 31, 2021, amounts to EUR 40 thousand (EUR 986 thousand).

In the prior year, the sale of an office and warehouse building in the USA was carried out at a selling price less incidental costs of EUR 21.9 million and resulting income of EUR 4.5 million. The property was leased back at arm's length conditions with a fixed contractual term of 7 years. At the commencement date, the resulting lease liability of EUR 13.9 million was recognized in financial liabilities in accordance with IFRS 16. The corresponding right-of-use asset was recognized in Property, plant and equipment in the amount of EUR 6.0 million in accordance with IFRS 16 as the portion of the previous carrying amount of the property relating to the right-of-use retained by the seller.

CONTINGENT LIABILITIES AND RECEIVABLES

As in prior year, material contingent liabilities and receivables do not exist.

CAPITAL MANAGEMENT

The overriding goal of the TAKKT Group's capital management is to optimize and maintain a solid capital structure in order to secure the necessary flexibility and scope for value-adding investments. Total equity and net financial liabilities constitute the basic values for the capital management. In principle, the instruments available for capital management include dividend payments and measures relating to equity and debt financing. TAKKT is not subject to any external minimum capital requirements.

The Group monitors and steers its capital structure based on long-term financial planning and specific self-imposed covenants. For each of these key figures, TAKKT has internally determined critical thresholds. The Group's total equity ratio target is between 30 and 60 percent. For gearing, the long-term target is below 1.5. The target for the debt repayment period is less than five years. For the interest cover ratio, another index for the company's financial stability, the aim is a figure above four. The Management Board is regularly informed about the development of these key figures.

Internal covenants *in EUR thousand*

	2021	2020
Total equity	694,024	649,573
/ Total assets	1,115,373	1,004,263
Equity ratio (in percent)	**62.2**	**64.7**
Financial liabilities/-receivables	107,786	79,719
./. Cash and cash equivalents	2,787	4,271
Net financial liabilities	104,999	75,448
/ Total equity	694,024	649,573
Gearing	**0.2**	**0.1**
Average net financial liabilities	83,806	116,433
/ TAKKT cash flow	94,264	81,956
Debt repayment period (in years)	**0.9**	**1.4**
Operating result before Goodwill impairment	73,923	52,378
/ Net interest expense (= Finance expenses less Interest and similar income)	3,686	4,767
Interest cover	**20.1**	**11.0**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of financial key management figures. In this context, the EBITDA serves as benchmark for the short-term operating profitability and the TAKKT value added as material key figure within the scope of long-term value-based controlling. For more details on value-based corporate management, please refer to sections management system and company performance on page 42 et seqq. and page 63 et seqq. of the annual report.

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Like in prior year, as per December 31, 2021, TAKKT has leased one warehouse from a leasing company which is classified as unconsolidated structured entity. The leasing company has constructed the warehouse especially for TAKKT and rents it to the Group. TAKKT neither has interests in the company nor has TAKKT the power to decide about the activities relevant for the variable returns on the basis of contractual regulations. The company is fully financed by external banks.

The book value of the right-of-use assets and the lease liability are recognized in accordance with IFRS 16. Overall, this results in the assets and liabilities shown in the following table.

Book values associated with unconsolidated structured entities *in EUR thousand*

	2021	2020
Land, buildings and similar assets	5,949	6,869
Non-current lease liabilities	4,632	5,452
Current lease liabilities	392	415

As of the balance sheet date, other financial obligations that correspond to the minimum lease payments amount to EUR 5,316 thousand (EUR 6,364 thousand). There are no exposures to loss according to IFRS 12 Disclosure of Interests in Other Entities.

CHANGES IN CONTINGENT CONSIDERATIONS

A variable purchase price component of up to EUR 15.0 million was agreed for XXLhoreca, which was acquired with effect from May 03, 2019. The amount of the purchase price component is dependent on the achievement of a cumulative earnings figure over the years 2020 and 2021. This purchase price component will not lead to any payment, therefore no purchase price liability has been recognized.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events which had any meaningful impact on the net assets, financial position and results of operation after the reporting date.

STAFF PARTICIPATION MODEL

Executives of the TAKKT Group have the option of subscribing for TAKKT Performance Bonds. The term of the TAKKT Performance Bonds is five years. Premature termination is only permitted in specific cases. The interest rate of the subordinated TAKKT Performance Bonds is calculated annually. It includes a basic interest yield plus a subordination premium, plus a positive respectively minus a negative TAKKT value added spread. The minimum yield is zero percent per annum. The maximum yearly yield is capped. The TAKKT value added is defined as the difference between the operating profit after tax generated by the company and the cost of capital on the average capital employed. The profit after taxes is defined as EBIT (adjusted for amortization of intangible assets from the acquisition of companies), reduced by the Income tax expense and increased by the Other financial result. The TAKKT Performance Bonds amount to EUR 2,629 thousand (EUR 2,598 thousand) and are disclosed as Other under Financial liabilities. An interest expense of EUR 101 thousand (EUR 337 thousand) was posted in the year under review. In the reporting year 2020, the subscription option was suspended once.

Additionally, German employees had again the opportunity to purchase employee shares in the year under review. Shares acquired at the stock exchange for this purpose were sold to employees in early 2021. In total, 12,150 (11,670) shares were acquired by 274 (278) employees. This corresponds to a participation of 25.6 (25.0) percent of all eligible persons.

GERMAN CORPORATE GOVERNANCE CODE

The declaration on the recommendations made by the Government Commission of the German Corporate Governance Code required under section 161 AktG was issued as of December 31, 2021, and made available to the shareholders on the website of TAKKT AG.

RELATED ENTITIES TRANSACTIONS

Related entities in the sense of IAS 24 include the TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany (including its subsidiaries and associated companies). Related-party transactions mainly relate to the cash management system, ongoing delivery and settlement transactions and service contracts. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related entities are contractually agreed and performed on terms that are customary for transactions with third parties.

Related entity transactions *in EUR thousand*

	Franz Haniel & Cie. GmbH/ service companies		Divisions of Haniel Group		Associated companies Haniel Group		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Turnover/Other income	23	14	497	468	139	114	659	596
Cost of Sales/ Other expenses	1,419	1,172	555	511	0	0	1,974	1,683
Finance expense	21	2	0	0	0	0	21	2
Short-term receivables	0	3,141	150	72	2	482	152	3,695
Short-term payables	7,038	0	7	69	0	0	7,045	69

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and/or suppliers. These customers and/or suppliers include companies that have a connection with members of the Management Board or of the Supervisory Board of TAKKT.

RELATED PERSONS TRANSACTIONS

Related persons in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these Boards) and the Management and Supervisory Board members of the majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany, (including any and all persons related to these Boards). Related-party transactions mainly relate to service contracts with the members of TAKKT AG's Management Board. All transactions with related persons are contractually agreed and performed on terms that are customary for transactions with third parties.

Management Board

The total remuneration of the Board members is made up of non-performance-related and performance-related components. The components of performance-based compensation include the Short Term Incentive Plan (STIP), a remuneration component with a short-term and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component with a long-term incentive. The performance cash plans in 2020 and 2021 and the share-price-based components of the performance cash plans still in operation in 2018 and 2019 are classified and accounted for as share-based payments with cash settlement in accordance with IFRS 2.

The fixed salaries and benefits and fringe benefits of the Management Board amounted to EUR 1,485 thousand (EUR 1,349 thousand) in reporting year 2021.

The entitlement for the STIP is fully vested with the activity in the reporting year. The STIP in the financial year amounted to EUR 1,377 thousand (EUR 758 thousand), it does not include any reversals of provisions (EUR 19 thousand).

In accordance with IFRS 2, the total expense or income for the performance cash plans comprises the fair value of the entitlement earned in the respective financial year of issuance plus the change in value of entitlements already earned under the performance cash plans of previous years. The performance cash plan liability is remeasured at each reporting date and at the settlement date. The measurement is based on the expected development of the relevant performance factors. The expense of the performance cash plans amounted to EUR 2,839 thousand (EUR 198 thousand) in the reporting year. The fair value of the 2018, 2019, 2020 and 2021 performance cash plans (2017, 2018, 2019 and 2020) as well as the corresponding provision amounted to EUR 2,059 thousand (EUR 624 thousand) as of the reporting date.

Expenses of EUR 462 thousand (EUR 519 thousand) relate to post-employment benefits. As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 3.743 thousand (EUR 8,951 thousand).

In total, the expense for the remuneration of the Management Board according to IFRS in the financial year 2021 amounts to EUR 6,163 thousand (EUR 2,824 thousand).

The remuneration for the members of the Management Board of TAKKT AG in office in the financial year pursuant to section 314 of the German Commercial Code (HGB) amounts to a total of EUR 3,386 thousand (EUR 2,779 thousand). Of this amount, EUR 1,485 thousand (EUR 1,349 thousand) is attributable to non-performance-related components and EUR 1,901 thousand (EUR 1,430 thousand) to performance-related components. Of the performance-related components, EUR 1,377 thousand (EUR 758 thousand) relates to the STIP and EUR 524 thousand (EUR 672 thousand) to the LTIP. For the LTIP, the value of the performance cash plan issued in the respective reporting year at the date of the time of granting is stated.

For termination benefits, EUR 640 thousand (EUR 4,521 thousand) were recognized in the income statement.

As of December 31, 2021, the Management Board members held no (EUR 8,036) shares of TAKKT AG. There are liabilities to the members of the Management Board from TAKKT Performance Bonds of EUR 113 thousand (EUR 217 thousand). In addition, there are pension obligations to the members of the Management Board from the voluntary conversion of part of the target achievement into a pension plan (i.e., deferred compensation) in the amount of EUR 550 thousand (EUR 1,922 thousand). In the financial year, the Management Board members voluntarily contributed EUR 0 thousand (EUR 100 thousand) from the STIP target achievement to this plan.

Remuneration granted to former members of the Management Board of TAKKT AG and their surviving dependents in 2021 amounted to EUR 398 thousand (EUR 390 thousand). Pension provisions for former members of the Management Board and their surviving dependents totaled to EUR 15.992 thousand (EUR 9,885 thousand) as of December 31, 2021.

Supervisory Board

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 434 thousand (EUR 354 thousand), of which EUR 405 thousand (EUR 328 thousand) were for activities in relation to the Supervisory Board, EUR 14 thousand (EUR 11 thousand) for activities in relation to the committees as well as EUR 15 thousand (EUR 15 thousand) for attendance fees. The member of the works council on the Supervisory Board is also entitled to a regular salary as set out in his employment contract which represents an appropriate remuneration for his function respectively work in the Company. The compensation of the Supervisory Board is purely a fixed compensation. Of the claims granted, EUR 419 thousand (EUR 339 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2021, the Supervisory Board members held 140 (140) shares in TAKKT AG.

Detailed explanation of the remuneration of the Supervisory Board can be found in the Remuneration Report on page 163 et seqq.

FEES FOR GROUP AUDITOR *in EUR thousand*

	2021	2020
Audit services	399	393
Other assurance services	16	37
Tax advisory services	0	0
Other services	33	36
	448	**466**

Other assurance services mainly relate to EMIR audits, audits in connection with the German Packaging Act and audit of software products. Other services primarily include audit-related services.

DECLARATION OF SHAREHOLDERS’ HOLDINGS

Outside the reporting requirements of the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, voluntarily notified us in February 2022 that it owned 59,45 (50.25) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2021.

For the notifications as per section 33 (1) of the German Securities Trading Act (WpHG), please refer to our website.

EXEMPTION FROM DISCLOSURE OBLIGATIONS

Pursuant to section 264(3) of the German Commercial Code (HGB), the following companies included in the consolidated financial statements are exempt from the obligation to disclose their financial statements:

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
Gaerner GmbH, Duisburg
Certeo Business Equipment GmbH, Stuttgart
VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt
UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen
Ratioform Verpackungen GmbH, Pliening
BEG GmbH, Stuttgart
TAKKT Beteiligungsgesellschaft mbH, Stuttgart
Mydisplays GmbH, Burscheid
newport.takkt GmbH, Stuttgart
büromöbelonline GmbH, Stuttgart
Davpack Kartons und Verpackungsmaterialien GmbH, Markkleeberg
TAKKT OCC GmbH, Stuttgart
TAKKT WFC GmbH, Stuttgart

SUBSIDIARIES WITHIN TAKKT AG, STUTTGART, AS OF DECEMBER 31, 2021

TAKKT AG, Stuttgart, described as number 1 in the following overview, holds interests in the following companies:

No.	Group companies	held by no.	interest %
2	TAKKT OCC GmbH, Stuttgart/Germany	1	100.00
3	TAKKT WFC GmbH, Stuttgart/Germany	1	100.00
4	KAISER+KRAFT EUROPA GmbH, Stuttgart/Germany	1	100.00
5	KAISER+KRAFT GmbH, Stuttgart/Germany	4	100.00
6	KAISER+KRAFT Gesellschaft m.b.H., Salzburg/Austria	4	100.00
7	KAISER+KRAFT N.V., Diegem/Belgium	4/15	50,00/50,00
8	KAISER+KRAFT AG, Zug/Switzerland	4	100.00
9	KAISER+KRAFT s.r.o., Prague/Czech Republic	4	100.00
10	KAISER+KRAFT S.A., Barcelona/Spain	4	100.00
11	FRANKEL S.A.S., Morangis/France	4	100.00
12	KAISER+KRAFT Ltd., Hemel Hempstead/Great Britain	4	100.00
13	KAISER+KRAFT Kft., Budaörs/Hungary	4	100.00
14	KAISER+KRAFT S.r.l., Fenegrò/Italy	4	100.00
15	Vink Lisse B.V., Lisse/The Netherlands	4	100.00
16	KAISER+KRAFT S.A., Lisbon/Portugal	4	100.00
17	KAISER+KRAFT Sp. z o.o., Warsaw/Poland	4	100.00
18	KAISER+KRAFT OOO, Moscow/Russia	4/5	99,00/1,00
19	KAISER+KRAFT s.r.o., Nitra/Slovakia	4/5	99,90/0,10
20	gaerner GmbH, Duisburg/Germany	4	100.00
21	gaerner Gesellschaft m.b.H., Elixhausen/Austria	4	100.00
22	gaerner AG, Zug/Switzerland	4	100.00
23	Gerdmans Inredningar AB, Markaryd/Sweden	4	100.00
24	Gerdmans Kontor-og Lagerudstyr A/S, Nivaa/Denmark	23	100.00
25	Gerdmans Innredninger AS, Sandvika/Norway	23	100.00
26	Gerdmans OY, Espoo/Finland	23	100.00
27	Runelandhs Försäljnings AB, Kalmar/Sweden	23	100.00
28	KWESTO Service s.r.o., Prague/Czech Republic	4/9	99,93/0,07
29	KAISER+KRAFT s.r.l., Ramnicu Valcea/Romania	28	100.00
30	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	4	100.00
31	BEG GmbH, Stuttgart/Germany	4	100.00
32	VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt/Germany	1	100.00
33	Ratioform Verpackungen GmbH, Pliening/Germany	1	100.00
34	Ratioform Imballaggi S.r.l., Calvignasco/Italy	33	100.00
35	Ratioform Embalajes, S.A., Sant Esteve Sesrovires/Spain	33	100.00
36	Ratioform Verpackungen AG, Regensdorf/Switzerland	33	100.00
37	R.F. Verpackungsmittel-Versand G.m.b.H., Vienna/Austria	33	100.00
38	Davenport Paper Co. Ltd., Derby/Geat Britain	33	100.00
39	Davpack AB, Markaryd/Sweden	33	100.00
40	Davpack Kartons und Verpackungsmaterialien GmbH, Markkleeberg/Germany	33	100.00
41	newport.takkt GmbH, Stuttgart/Germany	1	100.00
42	TAKKT Beteiligungsgesellschaft mbH, Stuttgart/Germany	41	100.00
43	Mydisplays GmbH, Burscheid/Germany	41	100.00
44	Certeo Business Equipment GmbH, Stuttgart/Germany	41	100.00

No.	Group companies	held by no.	interest %
45	BiGDUG Ltd., Gloucester/Great Britain	41	100.00
46	Equip4work Ltd., Westlinton/Great Britain	41	100.00
47	büromöbelonline GmbH, Stuttgart/Germany	41	100.00
48	Juma International B.V., Wormerveer/The Netherlands	41	100.00
49	TAKKT America Holding, Inc., Milwaukee/USA	1	100.00
50	Hubert North America Service LLC, Harrison/USA	49	100.00
51	Hubert Company LLC, Harrison/USA	49	100.00
52	Hubert Hong Kong Ltd., Hong Kong/China	50	100.00
53	SPG U.S. Retail Resource LLC, Harrison/USA	49	100.00
54	Hubert Distributing Company, Inc., Markham/Canada	49	100.00
55	Central Products LLC, Indianapolis/USA	49	100.00
56	D2G Group LLC., Fall River/USA	49	100.00
57	Hubert Europa Service GmbH, Pfungstadt/Germany	4	100.00
58	Hubert GmbH, Pfungstadt/Germany	57	100.00
59	National Business Furniture LLC, Milwaukee/USA	49	100.00

REPRESENTATIVE BODIES

SUPERVISORY BOARD

Thomas Schmidt, Düsseldorf, born November 10, 1971
Chairman (since May 11, 2021)
Chairman of the Management Board (CEO) of Franz Haniel & Cie. GmbH, Duisburg

Dr. Florian Funck, Essen, born March 23, 1971
Chairman (until May 11, 2021)
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of CECONOMY AG, Düsseldorf
Member of the Supervisory Board of Vonovia SE, Bochum

Dr. Johannes Haupt, Ettlingen, born June 29, 1961
Deputy Chairman
Chairman of the Management Board (CEO) of Blanc und Fischer Familienholding GmbH, Oberderdingen (until December 31, 2021)
Chairman of the Advisory Board of BLANCO GmbH & Co. KG, Oberderdingen (until December 31, 2021)
Chairman of the Advisory Board of BLANCO Professional GmbH & Co. KG, Oberderdingen (until December 31, 2021)
Member of the Advisory Board of ARPA S.A.S., Niedermodern/France (until December 31, 2021)
Member of the Board of Lenze SE, Aerzen
Member of the Advisory Board of ACO Group SE, Büdelsdorf (since December 10, 2021)

Thomas Kniehl, Stuttgart, born June 11, 1965
Employee Customer Support at KAISER+KRAFT GmbH, Stuttgart
Chairman of the Joint Works Council of KAISER+KRAFT GmbH, Stuttgart,
and KAISER+KRAFT EUROPA GmbH, Stuttgart

Dr. Dorothee Ritz, Pullach, born March 21, 1968
General Manager of Microsoft Austria, Vienna (until May 31, 2021)
General Manager of E.ON Energie Deutschland GmbH, Munich (since July 01, 2021)

Christian Wendler, Hameln, born July 24, 1962
Chairman of the Management Board of Lenze SE, Aerzen
Chairman of the Supervisory Board of Lenze Drive Systems (Shanghai) Co., Ltd., Shanghai/China
Member of the Supervisory Board of Lenze Operations GmbH, Aerzen
Member of the Supervisory Board of encoway GmbH, Bremen

MANAGEMENT BOARD

Maria Zesch, Klosterneuburg/Austria, born April 9, 1973 (since August 01, 2021)
Chairman of the Management Board, CEO
Member of the Supervisory Board of oekostrom AG, Vienna/Austria (until December 31, 2021)
Member of the Supervisory Board of Ottakringer Getränke AG, Vienna/Austria

Dr. Felix A. Zimmermann, Stuttgart, born June 27, 1966 (until May 11, 2021)
Chairman of the Management Board, CEO

Tobias Flaitz, Meerbusch, born December 08, 1970 (until December 20, 2021)
Member of the Management Board

Dr. Claude Tomaszewski, Stuttgart, born April 25, 1969
Member of the Management Board, CFO

Stuttgart, March 16, 2022
TAKKT AG
The Management Board

Maria Zesch

Claude Tomaszewski

FURTHER DISCLOSURES

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined Management report for TAKKT AG and the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, March 16, 2022
TAKKT AG
The Management Board

Maria Zesch

Claude Tomaszewski

INDEPENDENT AUDITORS' REPORT

To the **TAKKT AG, Stuttgart**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of TAKKT AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of TAKKT AG and the TAKKT Group (referred to subsequently as 'combined management report'), Stuttgart, for the financial year from January 1 to December 31, 2021. In accordance with German legal requirements, we have not audited the factual accuracy of the separate non-financial Group report published on the company's homepage, to which reference is made in the section 'Company performance' in the combined management report, and the Group declaration on corporate governance also published on the company's homepage, to which reference is made in the section 'Corporate Governance' in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the above-mentioned parts of the combined management report which are not audited with regard to factual accuracy.

Pursuant to section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the key audit matter is the impairment of goodwill.

Impairment of Goodwill

a) The financial statement risk

As at the end of the reporting period, the consolidated statement of financial position shows goodwill with a carrying amount of EUR 589.8 million. This corresponds to 52.9 percent of total assets and 85.0 percent of total equity.

The company's disclosures regarding goodwill are contained in sections 1, 2(6) and 3(12) of the notes to the consolidated financial statements. In accordance with IAS 36.90, cash generating units to which goodwill has been allocated must be tested for impairment at least once annually. Impairment of goodwill was tested based on its recoverable amounts. The recoverable amounts of the respective cash-generating units are determined by the company based on the present values of future cash flows using discounted cash flow models. The planning, prepared by management, which takes into consideration current developments based on long-term assumptions, are extrapolated for subsequent years. The result of these measurements depends largely on the managers' planning assumptions and assessments of future cash inflows as well as on the respective discount rates used for the measurement models.

The measurements are therefore subject to a high degree of uncertainty. As a result, this matter was of particular significance to our audit.

b) Audit approach and conclusions

In our audit, we performed a plausibility check on the planning which formed the basis of the impairment tests of goodwill. We also tested this for a possible biased exercise of discretion. In addition to checking the plausibility of the underlying planning, we also assessed adherence to the budget by comparing the previous year's budget numbers with the actual amounts realized.

We paid special attention to goodwill for which the recoverable amount of the cash generating unit approximates its carrying amount. In addition, we evaluated the calculation methods used in terms of their methodical approach and the derivation of the discount rates, as well as with regard to mathematical accuracy in samples. We validated the calculation results of the client by means of additional analyses, which also included sensitivity analyses.

In our view, the measurement parameters and assumptions used by management are generally appropriate for testing the impairment of goodwill. Overall, the valuation parameters and assumptions used by management are in line with our expectations.

Other Information

The Management Board respectively the Supervisory Board is responsible for the other information. The other information comprises:

- the separate non-financial Group report published on the company's homepage, to which reference is made in the section 'Corporate performance' in the combined management report, and the Group's corporate governance statement also published on the website, to which reference is made in the section 'Corporate Governance' in the combined management report,

- the report of the Supervisory Board,

- the other parts of the annual report, except for the consolidated financial statements and the audited combined management report as well as our audit opinion and

- the confirmation pursuant to section 297(2) sentence 4 HGB regarding the consolidated financial statements and the confirmation pursuant to section 315(1) sentence 5 HGB (in conjunction with § Section 289(1) sentence 5 HGB) regarding the combined management report.

The Supervisory Board is responsible for the report of the Supervisory Board. The Management Board and Supervisory Board are responsible for the declaration pursuant to Section 161 AktG on the German Corporate Governance Code, which is part of the corporate governance declaration referred to in the combined management report. Otherwise, management is responsible for other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report audited by us with regard to factual accuracy or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, on the basis of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group.

In addition, the Management Board is responsible for such internal control, as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the statements made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinion on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of the arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of the accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the Audit in Accordance with 317(3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

Audit Opinion

We have performed the audit in accordance with section 317(3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as 'ESEF documents') contained in the attached electronic file 'TAKKT_AG_KA+KLB_ESEF-2021-12-31.zip' and prepared for publication purposes complies in all material respects with the requirements of section 328(1) HGB for the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format. Except for this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the fiscal year from January 1 to December 31, 2021, contained in the preceding 'Report on the Audit of the Consolidated Financial Statements and Combined Management Report', we do not express any opinion on the information given in these statements or on the other disclosures made in the above-mentioned electronic file.

Basis for the Audit Opinion

We conducted our audit of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317(3a) HGB and the IDW Assurance Standard: Assurance in Accordance with section 317(3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports prepared for Publication Purposes (IDW PS 410 (10.2021)). Accordingly, our responsibilities are further described in the section 'Auditor's Responsibility for the Audit of the ESEF Documents'. In our audit, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Management Board and the Supervisory Board for the ESEF Documents

The Management Board is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328(1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328(1) sentence 4 no. 2 HGB.
Furthermore, the Management Board is responsible for such internal control as they have considered necessary to enable the preparation of the ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format. The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work.

Furthermore, we:

- identify and assess the risks of material intentional and unintentional non-compliance with the requirements of section 328(1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- evaluate the technical validity of the ESEF documents, i. e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable at the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 11, 2021. We were engaged by the Supervisory Board on September 17, 2021. We have been the group auditor of the TAKKT AG, Stuttgart, without interruption since the financial year 1999.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters – Use of the audit opinion

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format report – including the versions to be published in the Federal Gazette – are only electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein are only to be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITORS RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Mrs. Sonja Kolb.

Stuttgart, March 16, 2022
Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger
Wirtschaftsprüfer
(German Public Auditor)

Sonja Kolb
Wirtschaftsprüferin
(German Public Auditor)

REMUNERATION REPORT

The remuneration report explains the principles of the remuneration system for the members of the Management Board and Supervisory Board of TAKKT AG and describes the structure and amount of the Management Board remuneration. In addition, it describes the structure and amount of the remuneration of the Supervisory Board. It meets the requirements of the German Stock Corporation Act (section 162 AktG) and follows the recommendations of the German Corporate Governance Code.

A LOOK BACK AT THE 2021 REMUNERATION YEAR

APPROVAL OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

Taking into account the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the new German Corporate Governance Code, the Supervisory Board has resolved changes to the remuneration system that apply to all Management Board contracts to be newly concluded or renewed from January 1, 2020 (inclusive) and submitted the remuneration system to the Shareholders' Meeting on May 11, 2021 for approval (agenda item 6). The Shareholders' Meeting approved the remuneration system for Management Board members with a vast majority of 85.1 percent.

BUSINESS DEVELOPMENT IN 2021

In the fiscal year 2021, TAKKT was able to increase sales and earnings significantly. Overall, the Group achieved a sales increase of 10.4 percent to EUR 1,178.0 million (EUR 1,067.4 million) in 2021. Organic sales growth came to 11.4 percent, rising to the highest level in the history of the company.

The easing of protective measures and sustained economic recovery led to a noticeable surge in customer demand. Bottlenecks in production and transport capacities resulted in limited product availability, which also affected the TAKKT companies. The order backlog increased by around EUR 55 million in the course of the year.

At 21.7 percent, EBITDA increased even more significantly than sales. The TAKKT Group achieved an EBITDA of EUR 112.6 million (EUR 92.6 million) The margin increased to 9.6 (8.7) percent. Adjusted for one-time effects, TAKKT would have realized double-digit profitability.

CHANGES IN THE MANAGEMENT BOARD

Maria Zesch has been responsible for the management of the TAKKT Group as CEO since August 1. She replaced Felix Zimmermann, who left the company of his own accord on May 11, 2021. Tobias Flaitz decided to resign from his position on the Management Board at his own request as of December 20, 2021.

REMUNERATION SYSTEM AT A GLANCE

PRINCIPLES OF THE REMUNERATION SYSTEM

The Management Board remuneration system is closely linked to TAKKT's corporate strategy and makes a key contribution to achieving the corporate goals. The remuneration paid is based on the company's size, its financial position, and the structure and amount of the remuneration paid to Board Members at comparable companies. The remuneration paid to Board Members is made up of non-performance-related and performance-related components.

Non-performance-related remuneration comprises a fixed remuneration, the occupational pension scheme and fringe benefits. Fringe benefits include, for example, the use of a company car and a cellphone. The amount of the non-performance-related remuneration is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned. The components of the performance-related payments consist of the Short Term Incentive Plan (STIP), a remuneration component with a short- and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component that acts as a long-term incentive. With particular regard to the performance-related components with a long-term incentive effect, Management Board remuneration is clearly oriented to a sustainable increase in the external value of the company through its direct connection to earnings per share. The STIP is primarily based on the operating result of the respective fiscal year before interest, taxes, depreciation and amortization or impairments from purchase price allocations (EBITA) as a performance criterion. Since 2020, the LTIP has been based exclusively on the development of TAKKT's total shareholder return (TSR), i.e. on the performance of TAKKT shares as well as the dividend. The performance-related remuneration component is subject to an overall cap with regard to both the STIP and the LTIP.

APPROPRIATENESS OF REMUNERATION

The remuneration system was developed by the Personnel Committee and based in part on an expert report. The expert opinion on the system formed part of an appropriateness opinion prepared by independent remuneration experts. The Personnel Committee is responsible for preparing the resolutions to be passed by the Supervisory Board on the remuneration system and for reviewing the system on a regular basis. In all of their remuneration decisions, the Personnel Committee and the Supervisory Board take the requirements set out in the German Stock Corporation Act (AktG) into account. Furthermore, they are guided by the recommendations made in the German Corporate Governance Code and by the following guidelines:

- Performance-based focus of the remuneration system
- Promotion of the company's long-term sustainable development and value generation
- Ensuring remuneration that is in line with market standards
- Conformity with stock corporation law and governance requirements

The Personnel Committee regularly reviews on the basis of appropriateness reports whether the Management Board remuneration and the individual components are in line with market standards, are competitive as well as appropriate and makes proposals for adjustments to the Supervisory Board as and when required. The assessment whether the remuneration is in line with market standards and is competitive and appropriate is based on a comparison with similar companies (peer-group), on the company's economic position and future prospects, and on the tasks and performance of the respective Board Member. The Supervisory Board conducts regular horizontal and vertical comparisons for this purpose. The horizontal comparison looks at comparable companies, while the vertical comparison assesses the remuneration paid to the Management Board in relation to the remuneration paid to top executives within the company and the company's workforce as a whole.

Following its review, the Supervisory Board came to the conclusion that the level of Management Board remuneration and pensions are appropriate from a legal point of view in accordance with section 87(1) AktG.

Peer-Group

Company	Index
Amadeus FiRe AG	SDAX
Cancom SE	MDAX
Carl Zeiss Meditec AG	MDAX
CEWE Stiftung & Co. KGaA	SDAX
CTS Eventim AG & Co. KGaA	MDAX
DEUTZ AG	SDAX
Drägerwerk AG & Co. KGaA	SDAX
Elring Klinger AG	-
GFT Technologies SE	SDAX
Grenke AG	SDAX
Hamburger Hafen und Logistik AG	-
Heidelberger Druckmaschinen AG	SDAX
Hornbach Holding AG & Co. KGaA	-
JENOPTIK AG	SDAX
Klöckner & Co SE	SDAX
Koenig & Bauer AG	-
LEONI AG	-
Nemetschek SE	MDAX
NORMA Group SE	SDAX
Pfeiffer Vacuum Technology AG	SDAX
Salzgitter AG	SDAX
Scout24 AG	MDAX
SGL Carbon SE	SDAX
SMA Solar technology AG	SDAX
Ströer SE & Co. KGaA	MDAX
Vossloh AG	-

ARGET REMUNERATION AND MAXIMUM REMUNERATION

Target remuneration

The total target remuneration is defined as the total of non-performance-related remuneration (fixed remuneration, occupational pension scheme and fringe benefits) and performance-related remuneration in the event of a target achievement of 100 percent. The fixed remuneration makes up between 33 and 39 percent of the total target remuneration for the Board Members. Fringe benefits account for between one and two percent and the occupational pension scheme makes up seven percent of the total target remuneration. The portion of the STIP with a short-term incentive (STIP without deferral) corresponds to between 24 and 29 percent of the total target remuneration; the performance-related remuneration with a long-term incentive (LTIP and STIP deferral) corresponds to between 28 and 30 percent. In line with the focus on performance, this means that the share of performance-related target remuneration exceeds the share of non-performance-related remuneration. In addition, the long-term remuneration components slightly outweigh the short-term ones. The share of the individual remuneration components may vary depending on the individual utilization of fringe benefits, if payments are granted in connection with newly appointed members taking up their office or in the event of premature termination of service. In such cases, the Supervisory Board decides on the amount of such payments at its due discretion.

The following table shows the individual target remuneration of each Management Board member and the relative share of total target remuneration represented by each of the individual remuneration components. Other remuneration includes one-time payments for Maria Zesch in connection with her new appointment (e.g. to compensate for other remuneration entitlements). For Felix Zimmermann and Tobias Flaitz, it includes payments in connection with the premature termination of service on the Management Board. The STIP 2021 for Felix Zimmermann does not include a deferral component since he was paid the agreed pro rata target value upon termination of his Management Board activities.

Target remuneration

	Maria Zesch (since August 01, 2021)				Claude Tomaszewski			
	2020		2021		2020		2021	
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %
Fixed salary	–	–	188	23%	360	35%	360	35%
Fringe benefits	–	–	8	1%	20	2%	20	2%
Occupational pension scheme	–	–	35	4%	77	7%	77	7%
Non-performance-related target remuneration	**–**	**–**	**231**	**28%**	**457**	**44%**	**457**	**44%**
STIP without deferral	–	–	117	14%	287	28%	287	28%
STIP deferral	–	–	50	6%	123	12%	123	12%
LTIP	–	–	83	10%	176	17%	176	17%
Performance-related target remuneration	**–**	**–**	**250**	**30%**	**586**	**56%**	**586**	**56%**
Other	–	–	350	42%	–	–	–	–
Total target remuneration	**–**	**–**	**831**	**100%**	**1,043**	**100%**	**1,043**	**100%**

	Tobias Flaitz (since June 01, 2020 until December 20, 2021)				Felix Zimmermann (until May 11, 2021)			
	2020		2021		2020		2021	
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %
Fixed salary	182	36%	336	23%	520	33%	217	7%
Fringe benefits	12	2%	20	1%	20	1%	8	0%
Occupational pension scheme	37	7%	69	5%	117	7%	49	2%
Non-performance-related target remuneration	**231**	**46%**	**425**	**29%**	**657**	**42%**	**274**	**8%**
STIP without deferral	131	26%	245	17%	455	29%	276	9%
STIP deferral	56	11%	105	7%	195	12%	0	0%
LTIP	88	17%	150	10%	276	17%	115	4%
Performance-related target remuneration	**274**	**54%**	**500**	**35%**	**926**	**58%**	**391**	**12%**
Other	–	–	515	36%	–	–	2,565	79%
Total target remuneration	**505**	**100%**	**1,440**	**100%**	**1,583**	**100%**	**3,230**	**100%**

Maximum remuneration

The individual variable remuneration components and the total amount of all Management Board remuneration components, including fringe benefits and the occupational pension scheme (total remuneration), are capped. Payout of the STIP and LTIP is capped at 300 percent of the target value per plan. The maximum remuneration is equal to the total of the actual maximum inflow of all remuneration components for the relevant fiscal year.

The maximum remuneration amount for Management Board members pursuant to section 87a(1) no. 1 AktG (including fringe benefits and occupational retirement costs) amounts to EUR 3,435 thousand p.a. for the Chairman of the Management Board and EUR 2,437 thousand p.a. for an ordinary member of the Management Board. The remuneration cannot exceed these amounts.

The final report on compliance with the maximum remuneration for the 2021 fiscal year will be included in the remuneration report for the 2025 fiscal year because LTIP 2021 does not become due until May 2025.

STRUCTURE OF THE REMUNERATION SYSTEM IN DETAIL

NON-PERFORMANCE-RELATED REMUNERATION

Fixed remuneration

All Management Board members receive an agreed basic annual salary. This is paid out in twelve equal monthly installments. The amount of the annual basic salary is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned.

Fringe benefits

The fringe benefits mainly comprise the use of company cars and cellphones. Board Members are also reimbursed for expenses incurred in the interests of the company (travel, representation and hospitality expenses) that they can substantiate by submitting receipts up to the maximum limits permitted under tax law. In addition, accident, luggage and D&O insurance is taken out for the Management Board members, the latter with a deductible of ten percent to be borne by the Board Member. In accordance with section 93(2) sentence 3 AktG, this deductible corresponds to no more than one and a half times the fixed remuneration.

Occupational pension scheme

The Board Members receive pensions and survivors' benefits in the form of a direct defined contribution commitment to which an annual contribution is made that corresponds to ten percent of the sum of the basic salary and the contractually agreed STIP target amount. Contributions are only granted as long as the individual is appointed to the Management Board. Interest of five percent p. a. is granted for annual contributions until the occurence of the insured event, and six percent p. a. for older contributions. Board members are entitled to pension payments when they leave the company but not before reaching the age of 60. In the case of disability or death, the amount from the pension plan paid out or annuitized is equivalent to what would have been paid if contributions had been made up to the age of 63. The part of this commitment that exceeds the protection ceiling of the statutory agency providing insolvency protection for occupational pension schemes is hedged against insolvency using standard market products on the basis of a contractual trust agreement.

Other fixed remuneration components

The Supervisory Board can grant further payments to new appointments on a case-by-case basis at its own discretion. These payments can be one-time payments (e.g. to compensate for other remuneration the individual would have been entitled to) or the assumption of costs associated with the move to the company (e.g. relocation costs).

PERFORMANCE-RELATED REMUNERATION

Short Term Incentive Plan (STIP)

EBITA, a key figure for the short-term operating earning power of the TAKKT Group, serves as the basis of valuation for the STIP. The target achievement is determined by means of linear interpolation based on a target value within a corridor of minus 30 percent (zero percent of the target value) to plus 30 percent (200 percent of the target value). The target value of the EBITA is set by the Supervisory Board based on the annual operating plan in line with the multi-year planning.

The value, which is determined in accordance with the target corridor, is multiplied by a modifier of zero to two based on the assessment of individual targets (results) as well as individual conduct (behavior). The results and the behavior are assessed to determine whether a Board Member meets, is below, or exceeds expectations. Depending on the assessment of the two aspects, each Board Member is positioned in a "9-box grid."

Each field in the grid is assigned a modifier/modifier range. For the fields that include a range, the Supervisory Board decides on the final individual modifier at its due discretion based on a recommendation made by the Personnel Committee.

Results \ Behavior	C below expectations	B meets expectations	A exceeds expectations
1 exceeds expectations	0	1,1–1,3	1,5–2,0
2 meets expectations	0	1,0	1,2–1,4
3 below expectations	0	0,4–0,6	0,7–0,9

Individual performance is measured based on the achievement of individual goals (results) and individual behavior (behavior). The individual goals are agreed with the Board Members for each fiscal year. They can be quantitative or qualitative goals. They are monitored on an ongoing basis and can be adjusted if necessary.

Individual behavior is assessed based on the five TAKKT Core Behaviors:

- Think customer first: We make it easy to do business with. Our customer is the center of everything we do.
- Empower others: We engage our employees through open feedback, collaboration, transparency and teamwork.
- Improve every day: We challenge the status quo and quickly embrace change. We keep it simple and impactful.
- Take ownership: We are accountable for our targets and always deliver on our commitments.
- Compete for success: We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

70 percent of the compensation linked to target achievement is paid out in the following year, 30 percent is retained for a period of three years after the end of the respective fiscal year (known as deferral). Interest on the deferral is subject to the total shareholder return (TSR), with both positive and negative interest possible. The TSR is defined as follows:
(number of shares * closing share price) / opening share price – 1.

This involves comparing the average closing prices of TAKKT's shares in the XETRA trading system of Deutsche Börse AG over the last 60 stock exchange trading days before the start of the waiting period ("opening share price") with the average XETRA closing prices of the last 60 stock exchange trading days before the end of the waiting period ("closing share price"). The dividends paid by TAKKT during the waiting period are taken into account via a reinvestment assumption (pro rata acquisition of TAKKT shares at the XETRA closing price on the day of distribution in the amount of the dividend per share).

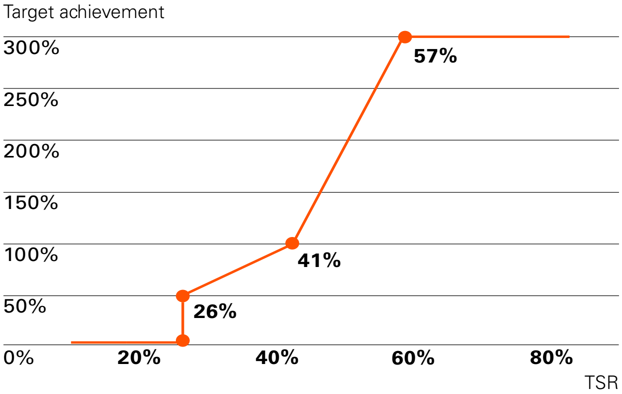
In the 2020 fiscal year, EBITA was more than 50 percent below the EBITA target value, putting it well below the lower target achievement threshold with regard to the financial component of the STIP. For Felix Zimmermann and Tobias Flaitz, the individual target achievement resulted in a modifier of 1.0 both in terms of the individual targets (results) and individual behavior (behavior) with the target achievement "expectation met." In the case of Claude Tomaszewski, the individual targets were exceeded so that a modifier of 1.2 is applied. Due to the multiplicative link between the financial and individual components, there was zero achievement of the target value regardless of the modifier applied.

When determining the STIP, the Supervisory Board however, took into account the exceptional performance of the Management Board in successfully leading TAKKT through the coronavirus crisis, which created the basis for making up the ordinary dividend suspended in 2020 in the 2021 fiscal year. Half of the STIP target value was therefore paid out to the Management Board members in May 2021.

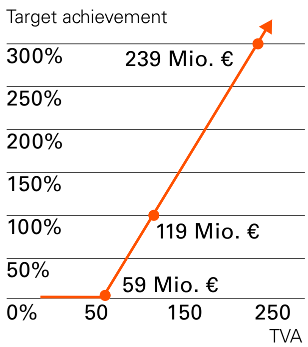
Long Term Incentive Plan (LTIP)
The LTIPs are launched each year in the form of performance cash plans and paid out in cash after a period of four years depending on whether the relevant targets are met. For 2021 and 2020, performance cash plans were granted which are valid until the end of 2023 and 2024, respectively. The amount to be paid out depends solely on the development of total shareholder return (TSR) over the term of the four-year plan. The TSR is defined in the STIP in line with the calculation of interest on the deferral.

The target value is achieved when the TSR is nine percent p.a. The lower threshold that needs to be reached for a payout to be made is six percent TSR p.a.. The upper threshold at which the payout is capped is twelve percent TSR p.a.

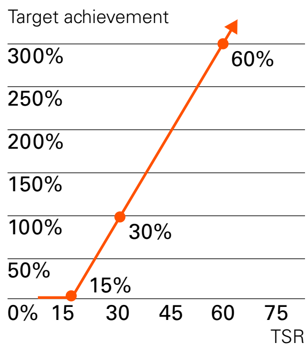
Total Shareholder Return (TSR)



Cumulative TAKKT Value Added (TVA) 2017 – 2020



Total Shareholder Return (TSR) 2017 – 2020



If the lower threshold is reached, the target achievement is 50 percent of the contractually agreed LTIP target amount. If the upper threshold is reached, the target achievement is 300 percent. Linear interpolation is used between six and nine percent TSR p.a. and between nine and twelve percent TSR p.a.

In addition to the TSR with a target weighting of 30 percent, the performance cash plans from 2017, 2018 and 2019 also depend on the amount of the cumulative TAKKT Value Added (TVA) with a target weighting of 70 percent over the term of the four-year plan. The TVA indicator is used for value-based corporate management and shows whether the interest demand by equity and debt investors will be met over the four-year performance period. The TVA is defined as the difference between the profit generated and the cost of capital on the average capital employed. The profit generated is determined on the basis of the EBIT (adjusted for amortization of intangible assets resulting from acquisitions), which is deducted by the income tax expense and increased by the other financial result.

The target values and target achievement of the LTIP tranche 2017 to be paid out in the 2021 fiscal year are shown in the following overview.

With a negative total shareholder return (opening share price EUR 20.49, closing share price EUR 10.24) and a cumulative adjusted TVA of EUR 100.6 million (adjusted, among other things, for the effects of the change in accounting for lease contracts from the 2019 fiscal year onwards), the target achievement and payout were as follows:

Calculation of the target achievement level of LTIP 2017 – 2020

	Target achievement	Weighting	Total
TVA	69%	70%	49%
TSR	0%	30%	0%
Sum			**49%**

Calculation of LTIP payout in fiscal year 2021 *in EUR thousand*

	Target value	Target achievement level	Total
Felix Zimmermann	212	49%	103
Claude Tomaszewski	135	49%	66
Dirk Lessing	135	49%	66
Sum			**235**

MALUS / CLAWBACK

TAKKT may, in justified cases, demand the partial or full reimbursement of an already paid out STIP or LTIP amount over a period of three years from the due date. Justified cases refer, in particular, to the materialization of one of the following scenarios involving the Board Member:

- The Board Member was significantly involved in or responsible for conduct that resulted in considerable losses or a significant government sanction for TAKKT AG, meaning that they breached their duties intentionally or by gross negligence.

- The Board Member committed a serious breach of relevant external or internal regulations relating to their conduct and acted intentionally or by gross negligence in this regard.

TAKKT has the burden of proving that one of the aforementioned scenarios has materialized involving the Board Member. The reversal of the burden of proof set out in section 93c(2) sentence 2 AktG does not apply in this respect.

In the 2021 fiscal year, TAKKT AG did not claw back or reduce any variable remuneration.

BENEFITS IN THE EVENT OF TERMINATION OF SERVICES

OCCUPATIONAL PENSION SCHEME

The following table lists the contributions to pension plans, current service costs for the year under review and the present values of obligations for the members of the Management Board in accordance with IAS 19.

PAYMENTS IN THE EVENT OF EARLY TERMINATION

Individual members of the Management Board have the right to terminate their contracts of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG within the meaning of sections 29ff. of the German Securities Acquisition and Takeover Act (WpÜG). In exercising this right of termination, the Board member has the right to severance pay. In the current contracts of the Management Board Members, the limit of possible severance payments corresponds to the recommendations of the German Corporate Governance Code. According to the Code, the payments that could be paid in the event of a premature termination of the membership of the Management Board without cause may at most remunerate the remaining term and also not exceed the amount of two annual salaries. Other sources of income are not taken into account. The right to a severance payment does not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

Felix Zimmermann stepped down from the Management Board on May 11, 2021. A severance payment of EUR 2,565 thousand was made to him in 2021 for the premature termination of his Board position. Heiko Hegwein stepped down from the TAKKT Management Board on September 30, 2020. In relation to the premature termination of his Board position, he was granted a payment of EUR 725 thousand in 2021 for the period from October 1, 2020 to September 30, 2021. Tobias Flaitz stepped down from the Management Board of TAKKT AG on December 20, 2021. In relation to the premature termination of his Board position, a severance payment of EUR 515 thousand was agreed, which will be paid out in May 2022. In addition, a fixed remuneration of EUR 125 thousand will be granted for the period from January 1, 2022 to May 31, 2022.

Pension commitments *in EUR thousand*

	Contribution to company pension plan		Service cost according to IAS 19		Pension obligation according to IAS 19	
	2020	2021	2020	2021	2020	2021
Maria Zesch (since August 1, 2021)	–	35	–	91	–	82
Claude Tomaszewski	77	77	134	162	3,601	3,458
Felix Zimmermann (until May 11, 2021)	117	49	183	73	5,266	–
Tobias Flaitz (since June 1, 2020 until December 20, 2021)	37	69	84	136	84	203
Total	**231**	**230**	**401**	**462**	**8,951**	**3,743**

"REMUNERATION GRANTED AND OWED" IN ACCORDANCE WITH SECTION 162(1) SENTENCE 1 AKTG

Pursuant to section 162(1) sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components "granted and owed" to the individual members of the Management Board in the 2021 fiscal year must be disclosed. The values stated for both the STIP and LTIP for the 2021 fiscal year therefore include all benefits actually received in the respective fiscal year, regardless of the fiscal year for which they were received by the members of the Management Board. Accordingly, the 2021 STIP corresponds to the amount of the STIP from the 2020 fiscal year, which was disbursed in the 2021 fiscal year in accordance with the contractual agreement. The 2017 LTIP therefore corresponds to the amount for the LTIP whose four-year term ended on December 31, 2020 and which was disbursed in the 2021 fiscal year in accordance with the contractual agreement.

Other remuneration includes one-time payments for Maria Zesch in connection with her new appointment (e.g. to compensate for other remuneration entitlements). Also included are payments for Felix Zimmermann and Heiko Hegwein in connection with the premature termination of their Management Board activities. Felix Zimmermann received the STIP payment for 2020 as well as his STIP entitlement (pro rata target value) for 2021 in the 2021 fiscal year.

In accordance with section 162(5) AktG, the personal information of former Management Board members is no longer included if they left before December 31, 2011.

Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the current members of the Management Board

	Maria Zesch (since August 01, 2021)				Claude Tomaszewski			
	2020		2021		2020		2021	
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %
Fixed salary	–	–	188	35%	351	42%	360	56%
Fringe benefits	–	–	2	0%	7	1%	7	1%
Non-performance-related remuneration	**–**	**–**	**190**	**35%**	**358**	**42%**	**367**	**58%**
STIP 2019 / 2020	–	–	–	–	323	38%	205	32%
LTIP 2016 / 2017	–	–	–	–	162	19%	66	10%
Performance-related remuneration	**–**	**–**	**–**	**–**	**485**	**58%**	**271**	**42%**
Other	–	–	350	65%	–	–	–	–
Total remuneration (section 162(1) sentence 1 AktG)	**–**	**–**	**540**	**100%**	**843**	**100%**	**638**	**100%**

	Tobias Flaitz (since June 01, 2020 until December 20, 2021)				Felix Zimmermann (until May 11, 2021)			
	2020		2021		2020		2021	
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %
Fixed salary	182	95%	336	75%	507	39%	217	6%
Fringe benefits	10	5%	18	4%	16	1%	7	0%
Non-performance-related remuneration	**192**	**100%**	**354**	**79%**	**523**	**41%**	**224**	**6%**
STIP 2019 / 2020	–	–	93	21%	511	40%	596	17%
LTIP 2016 / 2017	–	–	–	–	254	20%	103	3%
Performance-related remuneration	**–**	**–**	**93**	**21%**	**765**	**59%**	**699**	**20%**
Other	–	–	–	–	–	–	2,565	74%
Total remuneration (section 162(1) sentence 1 AktG)	**192**	**100%**	**447**	**100%**	**1,288**	**100%**	**3,487**	**100%**

** Felix Zimmermann received the STIP payment for 2020 as well as his STIP entitlement (pro rata target value) for 2021 in the 2021 fiscal year.*

Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the former members of the Management Board *in EUR thousand*

	Heiko Hegwein (until September 30, 2020)		Dirk Lessing (until October 31, 2019)		Franz Vogel (until February 28, 2014)	
	2020	**2021**	2020	**2021**	2020	**2021**
Fixed salary incl. Fringe benefits	276	-	-	-	-	-
STIP	323	154	-	-	-	-
LTIP	-	-	162	66	-	-
Pensions	-	-	-	-	90	91
Other	-	725	-	-	-	-
Total remuneration	**599**	**879**	**162**	**66**	**90**	**91**

REMUNERATION OF THE SUPERVISORY BOARD

Each member of the Supervisory Board of TAKKT AG generally receives a fixed annual salary of EUR 55 thousand. The Chairman of the Supervisory Board receives double that amount; the Deputy Chairman receives EUR 25 thousand in addition to his fixed annual salary. Members of a Supervisory Board committee generally receive an additional fixed salary of EUR 3 thousand. The Chairman of the Supervisory Board committee receives double that amount; the Deputy Chairman receives one and a half times that amount. In addition, for each meeting of the Supervisory Board or a committee that they attend, each member receives an attendance fee of EUR 500 per day in attendance. In addition, TAKKT AG offers the members of the Supervisory Board compensation for expenses.

Remuneration related to activities on the Supervisory Board and committees is not paid out until the following fiscal year. Attendance fees are paid at the end of the month in the respective fiscal year. For better comparability of the annual change in remuneration, the attendance fees shown in the following table and comparative presentation are treated as if they had also been paid in the following year.

The fixed remuneration, remuneration for additional committee activities, attendance fees and the lack of performance-related Supervisory Board remuneration are specifically intended to reinforce the independence of the Supervisory Board members.

A change was made in the distribution of roles on the Supervisory Board effective May 11, 2021. Thomas Schmidt was elected as the new chairman by the Supervisory Board. He succeeded Florian Funck, who remains a member of the Supervisory Board.

Remuneration granted and owed of the current and former members of the Supervisory Board

2021

	Fixed payments		Committee remuneration		Attendance fees		**Total**
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand
Thomas Schmidt	44.0	95%	–	0%	2.5	5%	46.5
Johannes Haupt	64.0	91%	3.6	5%	2.5	4%	70.1
Florian Funck	88.0	92%	4.8	5%	2.5	3%	95.3
Thomas Kniehl	44.0	95%	–	0%	2.5	5%	46.5
Dorothee Ritz	44.0	95%	–	0%	2.5	5%	46.5
Christian Wendler	44.0	90%	2.4	5%	2.5	5%	48.9

2020

	Fixed payments		Committee remuneration		Attendance fees		**Total**
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand
Thomas Schmidt	34.7	93%	–	0%	2.5	7%	37.2
Johannes Haupt	80.0	91%	4.5	5%	3.0	3%	87.5
Florian Funck	89.5	93%	3.8	4%	3.0	3%	96.3
Thomas Kniehl	55.0	95%	–	0%	3.0	5%	58.0
Dorothee Ritz	55.0	95%	–	0%	3.0	5%	58.0
Christian Wendler	55.0	91%	3.0	5%	2.5	4%	60.5
Stefan Gemkow (until May 15, 2019)	40.7	93%	2.2	5%	1.0	2%	43.9

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF REMUNERATION OF MANAGEMENT BOARD MEMBERS, SUPERVISORY BOARD MEMBERS AS WELL AS THE REMAINING WORKFORCE AND THE EARNINGS DEVELOPMENT OF THE COMPANY

In order to comply with the requirements of section 162(1) sentence 2 no. 2 AktG, the following table shows the percentage change in the remuneration of the Management Board members, the Supervisory Board members and average remuneration of employees (full-time equivalents) as well as the earnings development of the Company compared with the previous year.

The remuneration of the Management Board members included in the table reflects the amounts actually received in the respective fiscal year. These values correspond to the values stated in the tables on remuneration "granted and owed" in accordance with section 162(1) sentence 1 AktG. For better comparability of the remuneration, payments in the event of early termination of Board membership are not taken into account. Where members of the Management Board only received pro rata remuneration in the individual fiscal years (e.g. due to joining the company during the year), the remuneration for this fiscal year was projected for the full year in order to ensure comparability.

In accordance with section 162(1) sentence 2 no. 2 AktG, the comparative presentation also includes the annual change in the "earnings development of the Company." "Company" in the meaning of section 162(1) sentence 2 no. 2 AktG is understood to be the legally independent, listed individual company (TAKKT AG). Since the remuneration of the Management Board members is also largely dependent on the development of Group key figures, the development of EBITA in the TAKKT Group is also included.

Comparative presentation of the annual change in the compensation of Management Board members and the Supervisory Board members as well as the average employee compensation and earnings development

	Change 2021 vs. 2020 in %	Change 2020 vs. 2019 in %	Change 2019 vs. 2018 in %	Change 2018 vs. 2017 in %	Change 2017 vs. 2016 in %
Current members of the Executive Board in fiscal 2021					
Maria Zesch (since August 01, 2021)	–	–	–	–	–
Claude Tomaszewski	−24%	−14%	−2%	−20%	7%
Tobias Flaitz (since June 1, 2020 until December 20, 2021)	57%	–	–	–	–
Felix Zimmermann (until May 11, 2021)	3%	−11%	−1%	−19%	7%
Former members of the Board of Management					
Heiko Hegwein (since February 1, 2018 until September 30, 2020)	−70%	−11%	116%	–	–
Dirk Lessing (until October 31, 2019)	−60%	−84%	3%	13%	11%
Franz Vogel (until February 28, 2014)	1%	4%	2%	3%	2%
Current members of the Supervisory Board in fiscal 2021					
Thomas Schmidt (since May 15, 2019)	−20%	–	–	–	–
Florian Funk	−1%	83%	0%	0%	0%
Johannes Haupt	−20%	8%	0%	0%	0%
Thomas Kniehl	−20%	10%	0%	0%	0%
Dorothee Ritz	−20%	13%	0%	3%	−4%
Christian Wendler (since May 10, 2017)	−20%	10%	0%	–	–
Former members of the Supervisory Board					
Stephan Gemkow (until May 15, 2019)	–	0%	0%	0%	0%
Arnold Picot (until May 10, 2017)	–	–	–	0%	0%
Employees					
Average employee compensation	6%	6%	2%	0%	5%
Performance					
Annual profit/loss TAKKT AG	30%	−4%	−26%	−23%	−5%
EBITA TAKKT Group	33%	−50%	−11%	−1%	−14%

Since the employee and remuneration structures in the subsidiaries are diverse, particularly in the case of employees abroad, comparison of the development of average remuneration of the employees is based on the average remuneration of the workforce of the German subsidiaries of the TAKKT Group. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

OTHER DISCLOSURES

DEFERRED COMPENSATION

Management Board members may convert parts of their STIP payments into additional pension components on a graduated basis according to age group (deferred compensation). By opting to do without gross STIP payment amounts, the Board Members acquire benefit component entitlements vis-à-vis the company. The pension benefits are granted as entitlements for pensions and survivors' benefits and in the event of disability. Amounts converted from 2021 onwards bear interest at a rate of four percent p.a. until pension payments begin; and at five or six percent p.a. for older contributions.

There are pension obligations to the members of the Management Board from deferred compensation in the amount of EUR 550 thousand (EUR 1,922 thousand). In the fiscal year, EUR 0 thousand (EUR 100 thousand) was contributed to this plan.

TAKKT PERFORMANCE BONDS

Stock options are not considered part of the remuneration of the Management Board at TAKKT and there are no plans for this in the future. A voluntary participation offer is made to TAKKT executives allowing them to take part in the economic development of the TAKKT Group through bonds.

The return of this instrument results from a basic interest rate plus a premium or discount determined according to the performance of the TAKKT Group (TAKKT value added). The subscription amount as well as the attainable return have an upper limit. There are liabilities of EUR 113 thousand (EUR 217 thousand) to members of the Management Board from TAKKT Performance Bonds.

REMUNERATION FOR SUPERVISORY BOARD MANDATES

Remuneration for activities associated with supervisory board mandates or activities performed as a member of the management in companies in which TAKKT holds a direct or indirect stake, or for which the Board Member is acting in TAKKT's interests, is offset against the STIP. The amounts are offset such that the remuneration received in the course of a fiscal year is offset against the STIP payable by the company for that year.

MISCELLANEOUS

With respect to the members of the Management Board, there are the usual receivables and liabilities from appointment and employment contracts.

The members of the Management Board did not receive any benefits from third parties in the 2021 or 2020 fiscal years, which were either promised or granted to them in connection with their service on the Management Board.

As of December 31, 2021, the members of the Management Board did not hold any (8,036) shares in TAKKT AG.

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162(3) OF THE GERMAN STOCK CORPORATION ACT (AKTG)

To **TAKKT AG, Stuttgart**

AUDIT OPINION

We have formally audited the remuneration report of Takkt AG, Stuttgart, for the fiscal year from January 1 to December 31, 2021, to verify whether the disclosures pursuant to section 162(1) and (2) AktG have been made. In accordance with section 162(3) AktG, we have not audited the factual accuracy of the remuneration report.

In our judgment, the disclosures pursuant to section 162(1) and (2) have been made in the enclosed remuneration report in respect of all material matters. Our audit opinion does not extend to the factual accuracy of the remuneration report.

BASIS FOR THE AUDIT OPINION

We carried out our audit of the remuneration report in accordance with section 162(3) AktG, paying due regard to the Audit Standard of the Institute of Public Auditors in Germany (IDW) "Auditing the Remuneration Report pursuant to Section 162(3) AktG" (IDW AuS 870 [08.2021]). Our responsibility pursuant to this regulation and this standard is described in more detail in the "Auditor's responsibilities" chapter of our report. We applied the requirements of the IDW Standard on Quality Control "Requirements for Quality Control in Audit Firms" (IDW QS 1) as our audit practice. We complied with the professional obligations pursuant to the German Public Accountant Act (WPO) and the Professional Code of Conduct for Auditors/Certified Accountants, including the independence requirements.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the corresponding disclosures, that meets the requirements of section 162 AktG. In addition, they are responsible for the internal control that they deem necessary to enable the preparation of a remuneration report, including the corresponding disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162(1) and (2) AktG have been provided in respect of all material matters in the remuneration report and to issue an audit opinion in this regard in a report.

We planned and conducted our audit in such a way that we were able to determine 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 did not verify the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

APPROACH TO DEALING WITH ANY MISLEADING INFORMATION

In connection with our audit, we are responsible for paying due regard to knowledge gained during the audit of the annual financial statements when reading the remuneration report and remaining alert as to whether the remuneration report contains misleading information in respect of the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

If, on the basis of the audit we have carried out, we conclude that such misleading information is present, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, March 16, 2022

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Eppinger

Sonja Kolb

Dr. Christoph Eppinger
Wirtschaftsprüfer
(German Public Auditor)

Sonja Kolb
Wirtschaftsprüferin
(German Public Auditor)

GLOSSARY

B2B OR BUSINESS-TO-BUSINESS
Supplier and customer relationships between corporate customers.

CNPS
The customer Net Promoter Score, or cNPS, indicates the willingness of customers to recommend a company. Collecting the value is a common way to capture the likelihood to recommend a certain brand or company using a standardized survey.

CROSS-SELLING
Sale of complementary products or services from different product groups or by different brands.

DEBT REPAYMENT PERIOD
This figure defines the arithmetical duration of debt repayment in years. TAKKT defines this as average net financial liabilities divided by the TAKKT cash flow.

DIRECT IMPORTS
Direct imports at TAKKT are products that come from countries outside the home market of the respective Group company. At TAKKT, these are in particular countries in Asia and Eastern Europe as well as Turkey.

DISTANCE SELLING
TAKKT sells its products exclusively via distance selling. Depending on the segment, TAKKT's business units use the sales channels webshop, print, telesales and key account manager.

DROP SHIPMENT
Goods ordered by the customer, for example bulky items, are delivered directly from the supplier to the customer. Invoicing takes place in the same way as for warehouse business.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

ENPS
The employee Net Promoter Score, or eNPS, is a measure that provides information about the willingness of employees to recommend it to others. The method used to determine the eNPS is the same as that for the cNPS. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values.

E-PROCUREMENT
The electronic catalog available on the internet is edited for the sourcing system or intranet of the customer or for electronic marketplaces. This procurement approach allows the customer to save on transaction costs.

EQUITY RATIO
The equity ratio is determined by dividing total equity by the total assets.

FOODSERVICE EQUIPMENT & SUPPLIES
The Foodservice Equipment & Supplies segment was one of three segments of TAKKT Group until the end of 2021.

FOODSERVICE (FS)
The FS division offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments. A broad product portfolio serves customers such as large canteens, catering companies, food retailers, as well as small to medium-sized restaurants. The FS division's main focus is North America.

GEARING
Gearing measures the ratio between total equity and net financial liabilities. This ratio is calculated by dividing net financial liabilities by total equity.

INTEREST COVER
This figure shows the relation between the EBITA and net finance expense.

INDUSTRIAL & PACKAGING (I&P)
The I&P division offers a focused product portfolio for the work environment on the factory floor and in the warehouse in the manufacturing or logistics industries. Typical customers include manufacturing facilities such as mechanical engineering companies or automotive suppliers, but also service and retail companies and public institutions. The division's activities are based in Europe.

NET FINANCIAL LIABILITIES
Net financial liabilities are the balance of all financial liabilities and liquid funds reported in the balance sheet.

OFFICE FURNITURE & DISPLAYS (OF&D)

OF&D specializes in products for service providers. This positioning gives OF&D a very broad range of customers that includes both office operators as well as companies that are seeking to present themselves or their products in an attractive way. They include large industrial corporations, smaller service providers such as lawyers and architects, but also public institutions like government agencies and schools. The division's activities focus on the American market.

OMNICHANNEL COMMERCE

The Omnichannel Commerce segment was one of the three segments of TAKKT Group until the end of 2021. The segment addressed corporate customers with complex requirements by using multiple points of contact and a broad range of service offerings via online channels, key account managers and print advertising.

PRIVATE LABELS

Private labels are product brands that are internally developed and managed by the TAKKT companies. Individual TAKKT companies are thus introducing new products at the best value for money, for example, to also meet the lesser needs of the entry-level segment. Using performance brands, other Group companies offer products that at least meet the industry standard or even satisfy higher quality standards. These brands improve customer loyalty and usually generate above-average margins.

ROCE

The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed.

SUSTAINABLE PRODUCTS

A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group applies an adequate product classification system with this in mind. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Particularly sustainable products are awarded the "enkelfähig" label – testimony to their ability to add value for the generations to come – once a defined score threshold has been reached.

TAKKT CASH FLOW/FREE TAKKT CASH FLOW

The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in current net working capital. After adjusting the TAKKT cash flow for the change in net working capital and deducting investments as well as adding divestments, the free TAKKT cash flow can be derived. This free TAKKT cash flow can generally be used for acquisitions, payments to shareholders and repayment of financial liabilities.

TAKKT VALUE ADDED

TAKKT value added serves as an important key figure for a longer term, value-oriented controlling. It is defined as the difference between the profit generated and the cost of capital on the average capital employed.

TOTAL SHAREHOLDER RETURN (TSR)

This is also referred to as yield on shares. TSR corresponds to the total return of a share, taking into account share price changes and any dividends distributed.

WEB-FOCUSED COMMERCE

The Web-focused Commerce segment was one of the three segments of TAKKT Group until the end of 2021. The segment focused its to the less complex requirements of transaction-oriented and more price-conscious B2B customers mainly through online channels.

LOCATIONS IN EUROPE

AUSTRIA Elixhausen | Salzburg | Vienna **BELGIUM** Diegem **CZECH REPUBLIC** Brno | Prague **DENMARK** Nivaa **FINLAND** Espoo **FRANCE** Morangis **GERMANY** Berlin | Burscheid | Cologne | Duisburg | Essen | Groß-Gerau | Haan | Hamburg | Kamp-Lintfort | Leinfelden-Echterdingen | Markkleeberg | Pfungstadt | Pliening | Remda-Teichel | Sindelfingen | Stuttgart | Waldkirchen | Weil der Stadt **GREAT BRITAIN** Birmingham | Derby | Dumfries | Glasgow | Gloucester | Hemel Hempstead | Kidderminster | Manchester | Mitcheldean | Stafford **HUNGARY** Budaörs **ITALY** Fenegrò | Tribano **NETHERLANDS** Lisse | Wormerveer **NORWAY** Sandvika **POLAND** Warsaw **PORTUGAL** Lisbon **ROMANIA** Râmnicu Vâlcea **SLOVAKIA** Nitra **SLOVENIA** Ljubljana **SPAIN** Barcelona | Sant Esteve Sesrovires **SWEDEN** Halmstad | Kalmar | Markaryd **SWITZERLAND** Regensdorf | Steinhausen | St. Sulpice

LOCATIONS IN NORTH AMERICA

CANADA Markham, ON **USA** Austell, GA | Carlisle, PA | Fall River, MA | Harrison, OH | Indianapolis, IN | Las Vegas, NV | Milwaukee, WI | Reno, NV

FINANCIAL CALENDAR 2022

JANUARY 10 – 11	Oddo BHF Forum (virtual event)
JANUARY 17	Kepler Cheuvreux & Unicredit GCC (virtual event)
FEBRUARY 24	Publication of Preliminary Figures for 2021
MARCH 30	Publication of the Annual Report 2021 and Analysts' Conference (virtual event)
APRIL 06	Spring Roadshow (virtual event)
APRIL 28	Quarterly Statement 1 / 2022
MAY 12	Bankers' Day
MAY 18	Shareholders' Meeting 2022 (virtual event)
JULY 28	Half-year Financial Report 2022
SEPTEMBER 21	Berenberg und Goldman Sachs GCC, Munich
OCTOBER 25	Quarterly Statement 3 / 2022
NOVEMBER 28 – 30	German Equity Forum, Frankfurt
DECEMBER 06 – 07	CM CIC Market Solutions Forum

All information is subject to changes at short notice.

IMPRINT

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