

Joint Report by the

Executive Board of

TAKKT AG

and

the Company Management of

newport.takkt GmbH

regarding the

Profit-and-Loss Transfer

Agreement between

TAKKT AG

and newport.takkt

GmbH

pursuant to Section 293a
AktG [German law
pertaining to stock
corporations]

Prior remarks

The executive board of TAKKT AG ("**TAKKT**") and the company management of newport.takkt GmbH ("**NEWPORT**") jointly make the following report on the Profit-and-Loss Transfer Agreement, concluded on 15th March 2018 between TAKKT and NEWPORT. The content of this Profit-and-Loss Transfer Agreement is reproduced in Annex 1.

The Profit-and-Loss Transfer Agreement first comes into effect pursuant to the applicable Sections 293, 294 "Aktiengesetz" ("**AktG**", the German law on stock corporations) if the general meeting of TAKKT and the shareholder meeting of NEWPORT have agreed to it and it has been registered in the NEWPORT company register. Provision is made to submit the Profit-and-Loss Transfer Agreement to the ordinary general meeting of TAKKT on 8th May 2018. The shareholder meeting of NEWPORT agreed to the Profit-and-Loss Transfer Agreement with a notarised resolution of 15th March 2018. The board of executives of TAKKT and the company management of NEWPORT jointly make the following report on the Profit-and-Loss Transfer Agreement pursuant to Section 293a AktG [German law pertaining to stock corporations].

A. Parties to the Contract

I. TAKKT

1. Overview

TAKKT is registered in the company register of the Stuttgart district court ("Amtsgericht") under HRB 19962 and has its registered office in Stuttgart.

TAKKT is a listed stock corporation, which functions as a management holding. The operative business in the business units is handled by companies within the group. The TAKKT Group is a market leader in the B2B special mail-order business for office equipment in Europe and North America. Worldwide, TAKKT has more than 2,500 employees and is active in more than 25 countries with over 50 sales companies. TAKKT's annual accounts for the 2017 fiscal year show an annual profit of EUR 72,851,401.47 with a balance sheet total of EUR 605,668,000 and an equity of EUR 475,062,000.

2. Capital

TAKKT's share capital currently amounts to EUR 65,610,331.00 and is divided into 65,610,331 shares, which are made out to the bearers.

The majority shareholder of TAKKT is Franz Haniel & Cie. GmbH, Duisburg, with a share of 50.2 % of TAKKT's share capital. The free float therefore amounts to 49.8 % of the share capital.

3. Business purpose

According to the TAKKT articles of association, the purpose of the company is to manage a group of companies as a holding, which are active in the following areas in particular: Mail order and/or multi-channel distribution of primarily commercially used products, in particular of business fixtures and fittings as well as consumable and special products of all kinds and

similar goods, as well as all activities directly or indirectly related with this, including in adjoining business areas or markets, like production, retail and services.

According to the articles, TAKKT can also fulfil all of the above-mentioned activities through affiliated companies within the meaning of Section 15 et seq. AktG, in particular it can outsource its business in whole or in part to affiliated companies and/or establish branches for this.

4. **Organs**

According to the articles, TAKKT is represented by two members of the executive board together or by one member of the executive board together with an authorised representative.

Currently, Dr. Felix A. Zimmermann (Chairman of the Executive Board), Dr. Claude Tomaszewski, Mr. Dirk Lessing and Dr. Heiko Hegwein are members of the TAKKT Executive Board.

The TAKKT Supervisory Board is made up of six members who are elected by the general meeting. The members of the Supervisory Board are:

- Stephan Gemkow (Chairman of the Supervisory Board)
- Dr. Johannes Haupt (Deputy Chairman of the Supervisory Board) Dr. Florian Funck
- Thomas Kniehl
- Christian Wendler
- Dr. Dorothee Ritz

II. **NEWPORT**

1. **Overview**

NEWPORT is a limited liability company with registered office in Stuttgart, registered in the company register of the Stuttgart district court under HRB 764172.

NEWPORT was founded by way of notarial deed of 31.01.2018 by TAKKT as a sole shareholder with a share capital of EUR 25,000.00 and registered in the company register of the Stuttgart district court on 01.03.2018. The contributions to the company shares have been paid in full.

NEWPORT has not yet completed a full fiscal year and there are therefore no annual accounts yet. NEWPORT is a pure holding company and is not itself operative. It currently employs no employees.

Under NEWPORT as a holding company, the previously purely web businesses of the TAKKT Group as well as Mydisplays GmbH, purchased in July 2017, and Equip4Work Ltd., purchased in January 2018, should be bundled under one roof. As a result of this re-organisation, the younger, fast-growing, web-focussed business models will receive a part in which they can position themselves on the market with their brand leadership, their product range and their technology infrastructure more strongly and independently than before. They can therefore more easily focus their business model on the needs of smaller

commercial clients, which have other needs than medium and large commercial clients and make purchases based more on transactions.

2. Business purpose

NEWPORT's business purpose is, according to the articles of association, the acquisition, holding, management and exploitation of investments and assets of all kinds, the performance of services in connection with that, including taking over company management and representation in other companies.

3. Capital

NEWPORT's share capital is EUR 25,000.00.

The sole shareholder of NEWPORT is TAKKT. TAKKT has held all shares in NEWPORT since it was established in the 2018 fiscal year.

4. Organs

According to the articles, if only one managing director is appointed, NEWPORT is represented by him or her alone; if more than one managing director is appointed, NEWPORT will be represented by two managing directors or by one managing director together with an authorised representative.

The current managing directors of NEWPORT are Dr. Felix A. Zimmermann, Dr. Heiko Hegwein and Mr. Franziskus Josten.

B. Reasons for concluding the Profit-and-Loss Transfer Agreement

I. Consolidation of the already existing group structure

The conclusion of the Profit-and-Loss Transfer Agreement can be traced to the fact that NEWPORT has been financially integrated into TAKKT since its foundation and the group structure already existing between the parties is continuing to intensify. The conclusion of the Agreement does not change the ownership structure within the group. Besides the obligation to assume losses, no other obligations arise for TAKKT from the Agreement.

II. Tax reasons for concluding the Profit-and-Loss Transfer Agreement

1. Establishment of a fiscal unity scheme

The conclusion of a Profit-and-Loss Transfer Agreement for at least five years has primarily tax purposes because, if it is also executed during this period, it forms the basis of the corporate fiscal unity scheme pursuant to Sections 17, 14 “Körperschaftsteuergesetz” (“KStG”) [the German law on corporation tax] and, if a corporate fiscal unity scheme exists, then a business tax fiscal unity scheme also exists at the same time. A fiscal unity scheme should be established retrospectively to the foundation of NEWPORT (2018 short fiscal year).

2. Consequence of the fiscal unity scheme

The tax structure inside the TAKKT Group will be optimised by concluding the Profit-and-Loss Transfer Agreement. The Profit-and-Loss Transfer Agreement makes it possible to attribute the income of the subsidiary company (NEWPORT) to the parent company (TAKKT) and, by offsetting the profits and losses of parent and subsidiary, to offset the tax profits or losses of TAKKT with tax profits or losses of NEWPORT.

NEWPORT’s income subject to taxation in Germany shall be taxed when a fiscal unity scheme no longer exists on the level of NEWPORT; the positive or negative income subject to tax will rather be attributed to TAKKT and TAKKT will pay the tax on it. This allows the tax results of NEWPORT to be offset directly with the tax results of TAKKT and those subsidiary companies belonging to the TAKKT consolidation group.

If NEWPORT ends the fiscal year at a loss, while TAKKT has gained a profit, there will be a corresponding immediate loss compensation which leads to a corresponding reduction of the corporation tax.

Furthermore, the conclusion of the Profit-and-Loss Transfer Agreement between TAKKT and NEWPORT has a positive liquidity effect in this regard, as profit transfers from NEWPORT to TAKKT are not subject to any gains in tax deduction, including solidarity surcharge. If no Profit-and-Loss Transfer Agreement were concluded, there would generally have to be a repayment of the taxes deducted, first within the framework of TAKKT’s corporate tax assessment. Moreover, by establishing a unity scheme, the blanket prohibition on deduction of Section 8b (5) KStG can be removed because a profit transfer, unlike a distribution of profits of NEWPORT, is not subject to the prohibition of the fictitious 5% business expenses deductions of Section 8b (5) KStG.

Without this Agreement, such a complete tax adjustment of the results is not possible.

III. No equivalent alternatives

No equivalent alternatives for the conclusion of the Profit-and-Loss Transfer Agreement exist. The Agreement is a mandatory requirement for the fiscal unity; by concluding a domination agreement or a form-changing conversion of NEWPORT (for example into a partnership) the desired fiscal result would not be achievable. Other formation alternatives, in particular a merger of NEWPORT with and into TAKKT or incorporation by group law of NEWPORT into TAKKT, do not come into consideration for the following reasons:

1. Merger of NEWPORT with and into TAKKT

A merger of NEWPORT with and into TAKKT or another entity is excluded as an alternative formation option. A merger would entail significantly higher costs than the conclusion of a Profit-and-Loss Transfer Agreement, but would not bring any additional noteworthy advantages when compared to the latter. Apart from that, NEWPORT as an autonomous entity would sink in case of a merger.

2. Incorporation of NEWPORT into TAKKT

The group integration provided for in the German Public Companies Act §§ 319 et seqq. in the way of incorporation is not possible in the case in hand, because only a company with the legal form of a public limited company can be incorporated into another public limited company.

IV. No compensation and no settlement for outside shareholders

As TAKKT holds all shares in NEWPORT, determining appropriate compensation (§ 304 German Companies Act analogous) and appropriate settlement (§ 305 German Companies Act analogous) for the benefit of outside shareholders in NEWPORT is not required.

C. Explanatory notes for the provisions of the Profit-and Loss Transfer Agreement

I. Transfer of profits (§ 1 of the Profit-and-Loss Transfer Agreement)

§ 1 Sect. 1 of the Profit-and-Loss Transfer Agreement contains the constitutive rule, according to which NEWPORT undertakes to transfer to TAKKT its entire calculated annual surplus in accordance with the commercial standards.

What is to be transferred as profit is governed in the Profit-and-Loss Transfer Agreement in accordance with the statutory provision pursuant to § 301 German Companies Act. To be transferred is - subject to creation or release of reserves pursuant to § 1 Sect. 2 of the Agreement (cf. below) - the accruing annual surplus without the transfer of profits

reduced by any loss carried forward from the previous year and the amount blocked for payout pursuant to § 268 Sect. 8 German Commercial Code. The transfer of profits must not exceed the maximum amount permitted pursuant to § 301 German Companies Act (in its latest version), where § 300 German Companies Act does not apply, because at NEWPORT with the legal form of a limited company, no statutory reserve is to be set aside. The requirement for transfer of profits becomes due at the end of a financial year and is to be settled via the group offset account.

The amount to be transferred as profit pursuant to § 1 Sect. 1 can decrease as a result of the provision in § 1 Sect. 2. Pursuant to § 1 Sect. 2, NEWPORT with approval by TAKKT can allocate amounts from the annual surplus to other retained earnings, provided this is permitted by commercial law and justified in application of sound commercial judgement, cf. also § 14 No. 4 corporation tax law. Conversely, TAKKT can demand that other retained earnings set aside during the duration of the Profit-and-Loss Transfer Agreement be reversed and used to balance any annual deficit or be transferred as profit.

Furthermore, § 1 Sect. 2 of the Profit-and-Loss Transfer Agreement regulates that the transfer of profits from the release of free reserves pursuant to § 272 Sect. 2 No. 4 German Commercial Code as well as retained earnings which were generated before the Profit-and-Loss Transfer Agreement, is excluded. This means that amounts from the release of retained earnings, which were generated from the result before the Profit-and-Loss Transfer Agreement came into effect and amounts from the release of free reserves, regardless of whether these were generated before or after this agreement became effective, must not be transferred as profit.

The transfer of profits in particular has the effect that as of the financial year 2018, in which the obligation for the transfer of profits pursuant to § 1 Sect. 3 of the Profit-and-Loss Transfer Agreement exists for the first time, the annual financial statements of NEWPORT do not show an annual surplus anymore which could be distributed. The entire profit is to be transferred due to the obligation for transferring profits.

This concerns the customary, and in large parts, statutory provisions for the purposes of a Profit-and-Loss Transfer Agreement.

II. Loss assumption (§ 2 of the Profit-and-Loss Transfer Agreement)

In § 2 of the Profit-and-Loss Transfer Agreement, TAKKT undertakes pursuant to all provisions of the § 302 German Companies Act in its latest version to absorb losses. In particular, TAKKT is obligated during the contract term to settle any annual deficit of NEWPORT otherwise accruing, unless this is settled by amounts being taken from the other retained earnings, which were allocated to it during the contract duration.

This obligation for loss assumption guarantees that at the time of the Profit-and-Loss Transfer Agreement becoming effective, any existing equity of NEWPORT on the balance sheet is not reduced during the contract duration.

NEWPORT's claim for loss relief becomes due at the end of a financial year.

Loss assumption by referring to § 302 German Companies Act in its latest version is mandatory for effective justification of the fiscal unity and for (§ 17 Section 1 Clause 2 No. 2 corporation tax law).

III. Annual financial statement of NEWPORT (§ 3 of the Profit-and-Loss Transfer Agreement)

Pursuant to § 3 of the Profit-and-Loss Transfer Agreement, the annual financial statement of NEWPORT before its adoption is to be submitted to TAKKT for acknowledgement, review and approval, at which TAKKT in accordance with what is legally permitted can command changes. Since TAKKT as the sole shareholder of NEWPORT can already influence the content of the annual financial statement in accordance with the law and articles of association, this provision is essentially of clarifying character. Apart from that, it serves to contractually secure the provisions regarding the transfer of profits and loss relief.

IV. No outside shareholders (§ 4 of the Profit-and-Loss Transfer Agreement)

As TAKKT holds all shares in NEWPORT, determining appropriate compensation (§ 304 German Companies Act analogous) and appropriate settlement (§ 305 German Companies Act analogous) for the benefit of outside shareholders of NEWPORT is not required. § 4 of the Profit-and-Loss Transfer Agreement clarifies that therefore, pursuant to § 304 Sect. 1 Clause 3 German Companies Act, the provision of appropriate compensation is waived.

Furthermore, the lack of outside shareholders makes a review of the agreement (§ 293b German Companies Act) and a review report (§ 293e German Companies Act) unnecessary.

V. Entry into force and duration (§ 5 of the Profit-and-Loss Transfer Agreement)

The Profit-and-Loss Transfer Agreement, which requires the approval of the shareholders' meeting of TAKKT and the approval of the company meeting of NEWPORT to become effective, becomes effective when entered into the commercial registry (cf. § 7 Sect. 1 of the Profit-and-Loss Transfer Agreement). The Profit-and-Loss Transfer Agreement is concluded until further notice, but it cannot be terminated before 31 December 2023. This is, in addition to the actual implementation for at least five years, a condition for accepting the fiscal unity (§ 14 Section 1 No. 3 corporation tax law). This also makes clear that by concluding the Profit-and-Loss Transfer Agreement, a long-term entrepreneurial concept is being pursued. After expiration of the minimum term, the Profit-and-Loss Transfer Agreement can be cancelled in writing at the end of a financial year with a period of notice of six months.

The right to terminate the Profit-and-Loss Transfer Agreement for cause shall remain unaffected. Such a cause exists in particular if NEWPORT is no longer owned by more than 50% by TAKKT or is sold by TAKKT or either NEWPORT or TAKKT is to be converted or liquidated.

VI. Surety (§ 6 of the Profit-and-Loss Transfer Agreement)

§ 6 governs the surety vis-a-vis creditors of NEWPORT upon termination of the Profit-and-Loss Transfer Agreement. In this case § 303 German Companies Act applies, which governs creditor protection when terminating domination and profit-and-loss transfer agreements, respectively.

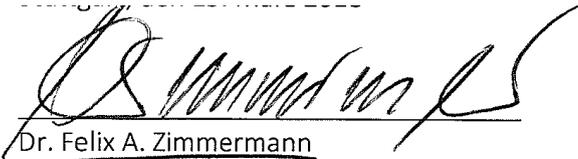
VII. Separability clause (§ 7 Sect. 2 of the Profit-and-Loss Transfer Agreement)

The separability clause in § 7 Sect. 2 of the Profit-and-Loss Transfer Agreement on the one hand serves to preserve the remaining provisions, should it turn out that a provision of the Profit-and-Loss Transfer Agreement is or will become void in full or in part. On the other hand, a provision will then apply which comes as close as possible to what was originally intended by the contractual partners.

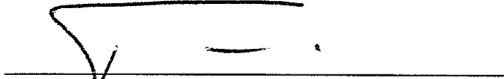
TAKKT AG

Board of Directors

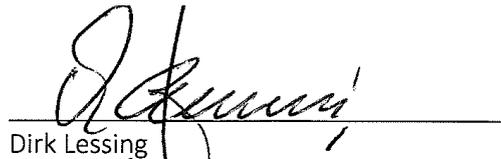
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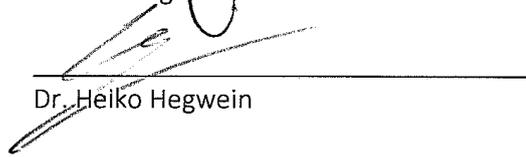
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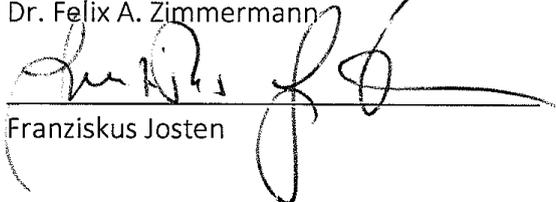
newport.takkt GmbH

The Management

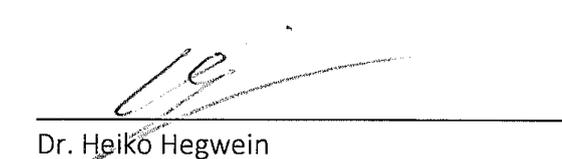
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Dr. Felix A. Zimmermann



Franziskus Josten



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