

# SUPERVISORY BOARD REPORT

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**Florian Funck**

*Chairman of the Supervisory Board*

*Ladies and Gentlemen,*

TAKKT AG once again demonstrated its crisis resilience in the past fiscal year. We will all remember 2020 as an extremely challenging year. As the Supervisory Board, we supported and advised the Management Board in the uncertain market environment created by the pandemic. Our joint focus included protecting our employees as well as safeguarding our financial independence and ability to act. Given the circumstances, TAKKT achieved a respectable result and generated very strong free cash flow in 2020 thanks to its disciplined cost and cash flow management. Last year, the focus on the strategic level was on implementing the new organizational structure, in which TAKKT made good progress despite the pandemic.

#### **CHANGES IN THE MANAGEMENT BOARD**

As of June 1, 2020, we were able to gain Tobias Flaitz as a new member of the TAKKT Management Board. Mr. Flaitz has many years of international experience with digital business models. On the TAKKT Management Board, he is responsible for establishing and developing the Web-focused Commerce segment and will continue to drive forward the organizational transformation of the Group in this role. Heiko Hegwein decided to terminate his contract as member of the TAKKT Management Board for personal reasons and by mutual agreement effective September 30, 2020. Mr. Hegwein had served as a member of the Management Board since 2018 and was recently in charge of the Omnichannel Commerce segment. The Supervisory Board would like to thank Mr. Hegwein for the successful work he has done for the TAKKT Group in recent years and wish him all the best in his future professional and personal endeavors.

CEO Felix Zimmermann informed the Supervisory Board on September 18, 2020 that he would not be extending his contract, which runs until the end of April 2023. We very much regret Mr. Zimmermann's decision, but also thank him for setting the course in good time, which makes strategic continuity possible. The Supervisory Board is working together with Mr. Zimmermann on finding a long-term successor. The aim is to find a succession solution over the course of 2021.

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### WORK OF THE SUPERVISORY BOARD

The Supervisory Board supported and monitored the Management Board in its advisory capacity in the year under review and was in dialogue with corporate management, particularly with regard to strategic issues. It met on six occasions in the 2020 fiscal year, four regular meetings, one strategy meeting and one extraordinary meeting. 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, the impact of the coronavirus pandemic and the strategic development of the Group with the respective ongoing and planned projects. One focus was the further implementation of the TAKKT 4.0 realignment with the related changes to the organizational structure within the TAKKT Group. 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 and the activities in the internal audit department. Also discussed at the meetings were the compliance management system as well as the date and execution of the Shareholders' Meeting. With the new version of the German Corporate Governance Code (DCGK) and the entry into force of the German Act Implementing the Second Shareholder Rights Directive (ARUG II), the agenda also included important regulatory changes in the area of corporate governance and compliance.

At the extraordinary Supervisory Board meeting, the Supervisory Board addressed the realignment of KAISER+KRAFT within the context of the TAKKT 4.0 implementation. At the strategy meeting in July 2020, the main topics discussed were the strategy development of the TAKKT Group and individual business units, the acquisition strategy and the sustainability strategy. The personnel committee met four times in the year under review. The items discussed included the appointment of Mr. Tobias Flaitz to the Management Board of TAKKT AG, the departure of Heiko Hegwein from the Management Board of TAKKT AG and the succession of CEO Felix Zimmermann planned for 2021. In addition, the committee dealt with the adjustment of the Management Board remuneration in accordance with ARUG II as well as the schedule of responsibilities of the Management Board.

### CONSTRUCTIVE COOPERATION IN A SPIRIT OF PARTNERSHIP

As usual, the cooperation between the Supervisory Board and Management Board was transparent and open in the year under review. The Management Board informed the Supervisory Board regularly, promptly and comprehensively. Outside the Supervisory Board meetings, the Management Board also informed the Supervisory Board promptly in writing and verbally on all important matters. The meetings of the Supervisory Board and Management Board were always conducted in a constructive and open manner. The Chairman of the Supervisory Board and the CEO discussed matters in more detail when necessary. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner. If issues needed to be decided by the Supervisory Board, it always passed resolutions promptly after in-depth discussion.

### ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board places importance on conducting its control tasks continuously and with great intensity. This commitment will also define its work in the future since it makes a significant contribution to responsible corporate governance at TAKKT. In this context, the Management and Supervisory Boards again signed, effective December 31, 2020, the Declaration of Compliance with the recommendations made by the Government Commission on the German Corporate Governance Code (DCGK) in the version dated February 7, 2017 and, since coming into force on March 20, 2020, 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.

### DIVIDEND PROPOSAL

TAKKT is characterized by a reliable dividend strategy. In addition to paying a dividend for 2020, we also want to make up for the suspended payment of the base dividend from the previous year. Together with the Management Board,

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we propose to the Shareholders' Meeting a total dividend payment of EUR 1.10 per share. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

#### **CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF TAKKT AG APPROVED**

The Shareholders' Meeting followed the proposal of the Supervisory Board and appointed Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2020 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 Stock Corporation Act (AktG) and point 7.2.1 of the DCGK.

The audit focus topics for the 2020 fiscal year specified by the Supervisory Board were the recognition of lease contracts and the disclosures in the notes on the fair value measurement of financial instruments. 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 Supervisory Board's annual accounts meeting on March 26, 2021. They informed the members about the key findings of the audit and answered more detailed questions. The Supervisory Board discussed the auditors' findings at length and approved them. In the annual accounts meeting, the Supervisory Board reviewed and approved the consolidated financial statements, the financial statements of TAKKT AG, the management report of TAKKT AG and the TAKKT Group, including the non-financial statement and the proposed profit appropriation. The financial statements of TAKKT AG were thus adopted and the consolidated financial statements approved.

#### **SUPERVISORY BOARD APPROVES DEPENDENCE REPORT**

Franz Haniel & Cie. GmbH, Duisburg, with 50.2 percent, also held the majority of TAKKT shares in the 2020 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 dependence report and the closing statement made by the Management Board therein, which can be found in the "Further disclosures" section in this annual report.

We would like to thank the TAKKT AG shareholders for the trust they placed in us in the challenging year of 2020. We especially want to thank all the employees of the TAKKT Group for their extraordinary commitment and outstanding performance during the coronavirus pandemic. We would like to express our gratitude to the Management Board for their trusting, constructive and collaborative partnership at all times.

Stuttgart, March 2021



Florian Funck  
(Chairman of the Supervisory Board of TAKKT AG)

# MEMBERS OF THE SUPERVISORY BOARD

<b>Dr. Florian Funck</b> Chairman	Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
<b>Dr. Johannes Haupt</b> Deputy Chairman	Chairman of the Management Board of Blanc & Fischer Familienholding GmbH, Oberderdingen
<b>Thomas Kniehl</b>	Employee for claims/research/returns of KAISER+KRAFT GmbH, Stuttgart
<b>Dr. Dorothee Ritz</b>	General Manager of Microsoft Austria, Vienna
<b>Thomas Schmidt</b>	Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
<b>Christian Wendler</b>	Chairman of the Executive Board of Lenze SE, Aerzen

## MEMBERS OF THE PERSONNEL COMMITTEE

<b>Dr. Florian Funck</b> Chairman	<b>Christian Wendler</b>
<b>Dr. Johannes Haupt</b> Deputy Chairman	

### Board members' participation in Supervisory Board meetings in the fiscal year 2020

	Board meetings	Attendance	Personnel committee	Attendance
Florian Funck	6/6	100 %	4/4	100 %
Johannes Haupt	5/6	83 %	4/4	100 %
Thomas Schmidt	6/6	100 %	-	-
Thomas Kniehl	6/6	100 %	-	-
Dorothee Ritz	6/6	100 %	-	-
Christian Wendler	6/6	100 %	4/4	100 %