

## 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.

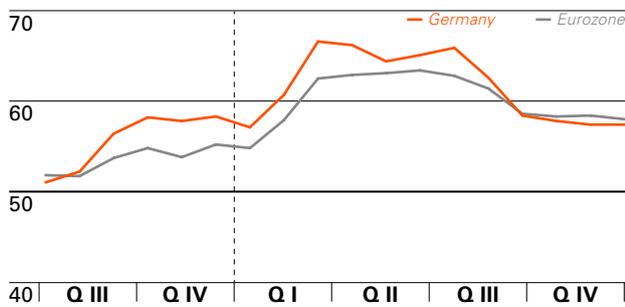
#### INDUSTRY-SPECIFIC CONDITIONS

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.

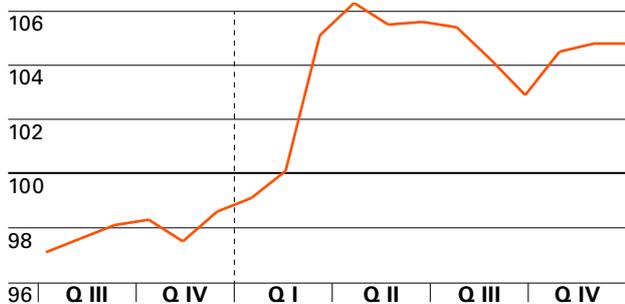
In the past fiscal year, the European PMI figures initially maintained the upward trend from mid-2020. The annual high of 63.4 points in June was also the index's highest level since records began. In the subsequent months until December, the PMI decreased to 58.0 points amid increasing inflation concerns 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**



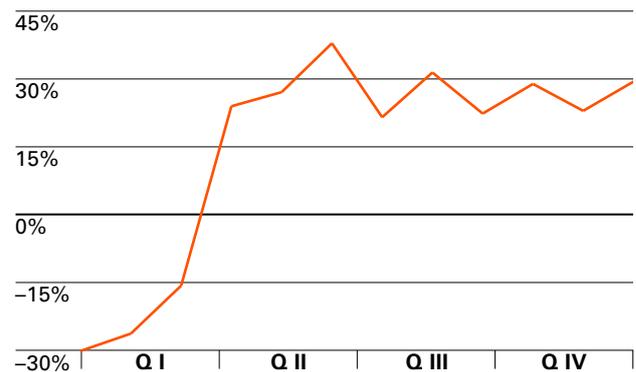
For the US companies Hubert and Central, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments of the future as well as the current situation. A value greater than 100 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.

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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.