

MANAGEMENT REPORT FOR TAKKT AG AND THE TAKKT GROUP

BUSINESS ACTIVITIES OF THE GROUP

ORGANIZATION AND BUSINESS AREAS

The TAKKT Group specializes in B2B distance selling for business equipment. The companies 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 APPROACH

The TAKKT Group had followed a portfolio approach until the end of 2019. Organizationally, the business activities were divided into two segments with a total of seven divisions managed in parallel. The segments were classified according to the geographical regions of Europe (TAKKT EUROPE) and North America (TAKKTAMERICA). As a management holding company, TAKKT AG was mainly responsible for securing and expanding a long-term stable, profitable and growth-oriented portfolio of distance sellers as well as for activities related to fulfilling legal and regulatory requirements (e.g. compliance, financial reporting). It was also responsible for formulating the strategy and managing the companies of the different divisions based on the same value and growth drivers. These companies were managed in a decentralized manner, operated individually and followed different business models. The previous management and organizational model was reaching its limits because operating different, stand-alone business models in parallel came at the expense of the pace of growth.

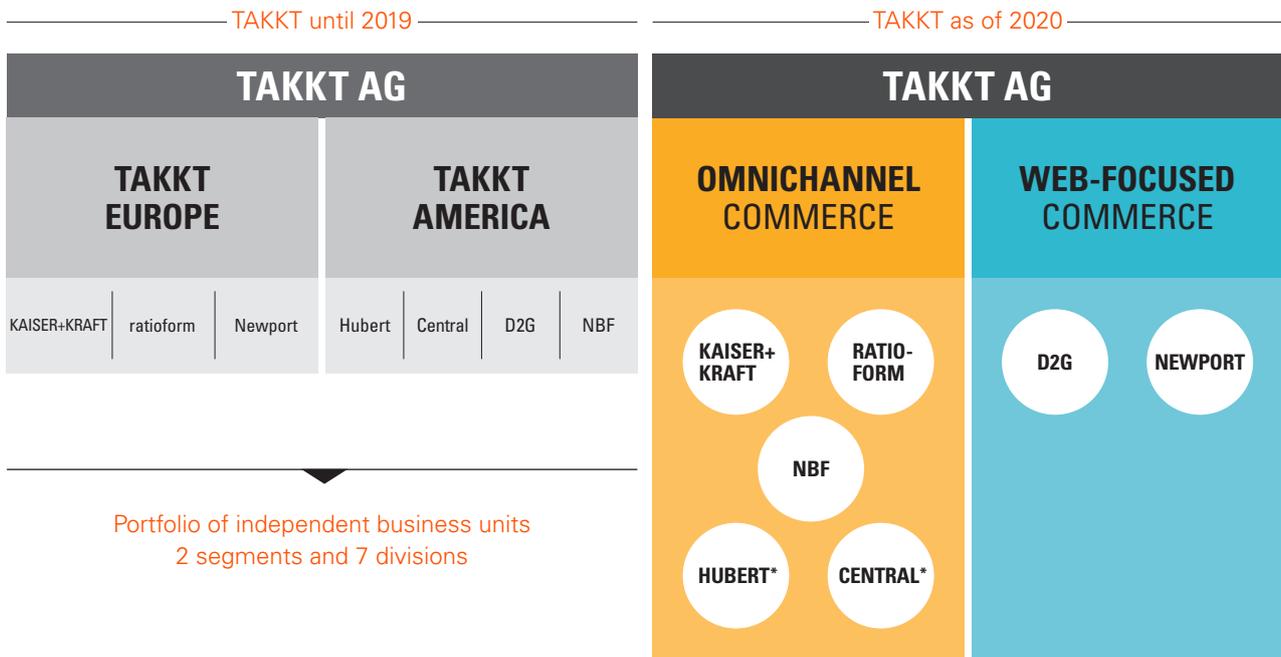
In view of this, a new organizational approach was introduced with TAKKT 4.0, which aims to streamline the Group and increase its focus on two clearly distinguishable customer types. In order to do this, TAKKT will implement the two business models of Omnichannel Commerce and Web-focused Commerce in B2B direct marketing and is re-organizing its Group accordingly. The illustration on page 31 shows the former and future organizational structure.

FOCUS ON TWO BUSINESS MODELS FOR TWO CUSTOMER TYPES

The Omnichannel Commerce segment addresses 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. The Web-focused Commerce segment gears its offerings to the less complex requirements of transaction-oriented and more price-conscious B2B customers mainly through online channels.

- The businesses in the Omnichannel Commerce segment focus on excellent quality and comprehensive service. Products are sold through several channels. The online service is combined with print marketing as well as with tele and field sales as part of an integrated approach. The aim is to make the procurement of equipment as easy as possible for customers. This starts with preselected products and a carefully curated range. Customers can choose between various product versions depending on the application and receive personalized purchasing advice – also directly on site if needed. Customer-specific solutions, project business (e.g., CAD planning), assembly and maintenance services, long warranty periods and availability guarantees complete the comprehensive range of services. This broad scope of services is especially appreciated by large and medium-sized companies that strive for maximum procurement process efficiency and have high demands when it comes to product quality. For this, they count on reliable, long-standing established business partners. Accordingly, the customer relationships are more loyal and enduring, which is reflected in the high share of business with existing customers. Due to the international positioning, customers of the Omnichannel segment can expect a consistent professional delivery of business equipment at all locations. The Omnichannel activities are also able to link the product ranges to the IT systems of the customers via various e-procurement solutions. Sustainability is also becoming a growing factor in the purchasing decisions of these customers. This trend, for instance, is addressed through the use of carbon-neutral shipping and by offering carbon-neutral products.
- The Web-focused businesses offer a broad product range with fewer service features at an attractive price level. This addresses business customers with comparatively less complex requirements. These are generally small and medium-sized businesses. Products from the entry-level price segment are often sufficient for the needs and applications of these customers. At the same time, TAKKT's Web-focused activities

Group structure



* Review of strategic options

also offer personalized advising (by telephone or chat). The purchasing behavior of price-conscious B2B customers is less consistent and loyal than that of more service-oriented customers. Accordingly, the share of new customer business in the Web-focused segment is significantly higher than in the Omnichannel segment. The Web-focused businesses therefore focus on effective search engine optimization (SEO and SEA) and online marketing activities for attracting new customers, while offering the easiest and quickest digital searching and ordering process possible for individual transactions.

The Omnichannel Commerce segment includes the previous divisions KAISER+KRAFT, ratioform and NBF. Newport and Displays2go are part of the Web-focused Commerce segment. Hubert and Central will initially fall under the Omnichannel Commerce segment. However, both companies follow a slightly different business model than the other three Omnichannel businesses. Consequently, various strategic options are being explored for these activities.

The focus on two business models reduces complexity within the Group and allows more consistent positioning for the specific requirements of the two customer types. The main reason for the segmentation by business model is that the two types of customers have very different requirements in terms of products, speed, service and quality. In order to best meet these needs, providers also need to have a clearly differentiated positioning. The new segmentation will additionally make it possible to promote and take different management and working cultures in the two areas into account.

REALLOCATION OF FUNCTIONS AND RESPONSIBILITY

As part of the transformation of the organization, responsibilities and functions are also being reallocated at the three organizational levels (Group, segment, business units).

- The business units concentrate their resources on functions that deal closely with the customer such as sales and marketing or putting together the product portfolio.
- The segments integrate business model-specific functions, which ensure highly professional and efficient work methods through the implementation of best practices or bundling in order to facilitate scalability. This applies to functions such as IT services, purchasing, logistics and analysis of customer data.
- The Group level is responsible for functional activities that apply to the entire Group, which is why they can best be implemented at this level. This includes functions such as finance, strategy development, M&A, continuous improvement and human resources.

Each segment will be managed by a member of the TAKKT Management Board. The CEO and CFO are responsible for managing the Group functions. The organizational realignment will involve a greater integration of functions in the respective segments, thereby enabling better scalability within the two units. 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.

The realignment of the organization will be carried out step by step and is expected to take two to three years. In the Omnichannel Commerce segment, the initial focus is on preparing the individual businesses for integration into the segment. TAKKT has already started looking for a fourth Management Board member to manage the Web-focused Commerce segment.

BUSINESS ACTIVITIES OF THE SEGMENTS

The Omnichannel Commerce segment has more than 60 locations.

- The KAISER+KRAFT group, as a supplier of business equipment, offers around 110,000 products for transport, plant, warehouse and office equipment in 24 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.
- As a packaging specialist, the ratioform group offers around 7,000 different products in five 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.
- The NBF group offers around 26,000 office furniture products in the United States. In addition to companies, its customers include government agencies, the health care sector, schools and churches. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.
- The Hubert group offers around 250,000 products in North America. 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.
- The Central group offers around 510,000 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.

The Web-focused Commerce segment has more than 10 locations.

- The Newport group bundles young companies that target small and medium-sized business customers. The division offers around 115,000 products in different European countries and product areas. For example, Certeo sells plant and office equipment in four European countries. In contrast, Mydisplays provides products such as custom-printed advertising banners and mobile display systems to a broad customer segment primarily in Germany, Austria and Switzerland. As a product specialist in the UK and Germany, OfficeFurnitureOnline offers office furniture such as desks, chairs and cabinets in its web shop. BiGDUG, an online retailer for business equipment specializing in storage and shelving that supplies its customers with shelving systems and work benches, also serves the UK. Davpack supplies companies in the UK, Sweden and Germany with a wide product range of boxes and packaging materials.

The company XXLhoreca, acquired in 2019, sells large and small kitchen appliances, kitchen equipment and accessories, primarily in the Benelux countries, France and Germany. XXLhoreca mainly supplies business customers from the hotel, restaurant, cafeteria and catering sectors.

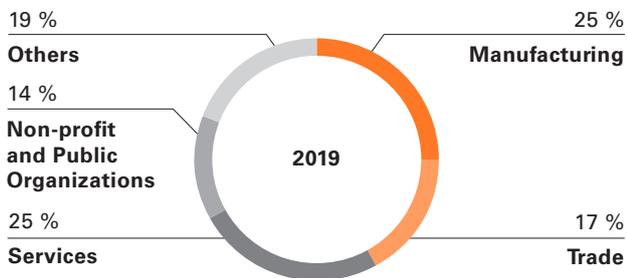
- The D2G group offers around 13,000 display products in the US. Sales are carried out mostly online. Products include advertising banners, printed and digital display stands, mobile trade booths and fixtures.

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

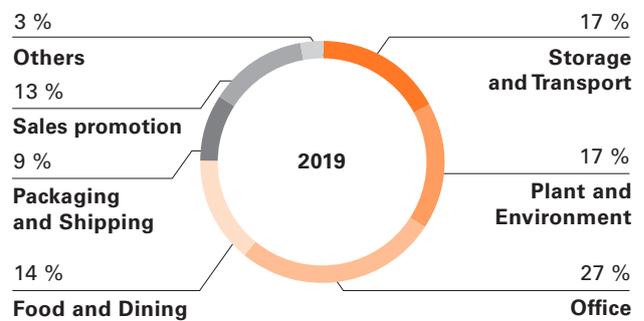
Due to its presence in different regions and the focus on different product and customer groups, the TAKKT Group is broadly based. At the customer level, the business units serve a broad customer base consisting of manufacturing businesses, retailers and service providers as well as nonprofit and public 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. The medium-term goal of the TAKKT Group is to achieve a balanced share of sales with the manufacturing industry, the trade and service sectors as well as nonprofit and public institutions. This diversification across different customer groups stabilizes the TAKKT Group as a whole.

Diversification of customer groups



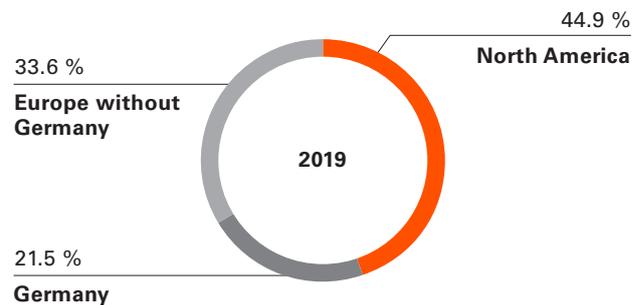
At the product level, TAKKT differentiates between products for plant & environment, storage & transport, office, packaging & shipping, food & dining and sales promotion. TAKKT diversifies broadly here to compensate for fluctuations in demand. The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in its 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 particular, the share of US business has increased significantly since 2000. In the past, regional diversification has proven to be a pillar of the TAKKT Group. This way, economic fluctuations in certain target markets can be partially offset by opposite developments in other regions.

Diversification of regions



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 attractive to customers if they can find and order the desired product quickly and easily. Customers in the Omnichannel Commerce segment also expect a high level of advising and service with regard to the actual product in order to meet their complex requirements. Customers in Web-focused Commerce require less comprehensive services, want good products at an attractive price and personalized advising (by telephone or chat). TAKKT's strength lies in its ability to address and serve these different customer needs in a targeted way by means of the two business models. The table below lists the services according to the two different business models. As part of the transformation of the business model, the services offered

in both segments will be further expanded and differentiated for the respective customer types in a targeted manner in order to maximize the attractiveness for customers.

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

Added value for customers in Omnichannel and Web-focused Commerce	
Easy ordering and fast delivery	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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, especially for customers in Omnichannel Commerce
Personalized advising and individual offers	<ul style="list-style-type: none"> • Sales employees and product experts advise customers through different channels and media • Individual offers and support with selection process, especially for customers in Omnichannel Commerce
Additional services for the requirements of customers in Omnichannel Commerce	
Customized solutions	<ul style="list-style-type: none"> • 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
Project management	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The warranty periods are usually longer than the legal requirements • Availability guarantee of several years
Added value for suppliers	
Opening up enormous customer potential	<ul style="list-style-type: none"> • Access to entire customer base of the sales company • Opportunity to benefit from cross-selling with product categories of other manufacturers
Professional product sales	<ul style="list-style-type: none"> • TAKKT provides targeted marketing through the sales channels online, print, telesales and field activities • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Close supplier management, regular interaction and joint product development based on needs of the customer
Greater efficiency	<ul style="list-style-type: none"> • One-time shipment of larger volumes to a central warehouse instead of many individual deliveries to customers

MARKET TRENDS SUPPORT PROVEN BUSINESS MODELS

The Management believes that structural market trends provide sustainable opportunities, which TAKKT makes use of with the corresponding competitive advantages (see table below). This mainly applies to the Omnichannel activities, which currently still represent the much greater share of the Group. In particular, B2B customers with complex requirements pay more attention to low process costs and want to concentrate purchase volume on a limited number of providers. TAKKT meets this need by offering a carefully curated range of high-quality products. However, the Group can also benefit from developments in the web-focused area. The more price-conscious customers with less complex requirements are a customer type with enormous growth potential and one that TAKKT will place greater focus on through the new organizational structure. In addition, the entire Group benefits from the rapid technological changes brought about by digitalization. E-commerce and e-procurement are gaining importance and customers expect the latest technologies at all interfaces with their provider. TAKKT responds to these trends by focusing on business customers, catering to different customer

needs with the Omnichannel and Web-focused Commerce segments, implementing the digital agenda, specializing the product ranges, and offering customers an extensive range of advice and services.

General market trends in B2B	Competitive edge
Use of numerous sales channels: The channels are used for obtaining information and ordering.	Combination and integration of all sales channels in omnichannel marketing as well as uniform ordering processes using efficient IT systems.
Individualization of customer approach: Customers increasingly expect a personalized approach that is tailored to their needs.	Comprehensive analyses of the existing data in order to provide customers with information on products and topics that have the highest relevance for them.
Technology: Customers expect the latest technologies at all interfaces with their provider (e.g., consulting, customer service, sales).	Use of new communication technologies (e.g., live chat, co-browsing, etc.).
Increased use of digital ordering systems: Customers expect to be able to place orders online without any problems and also want ordering options that can be networked with their own systems in some cases.	Broad range of e-commerce solutions, in addition to the classic web shop, Omnichannel Commerce activities also offer options for the electronic integration of the product range in the customer's ERP system.
Market trends among B2B customers with complex requirements and high demands in terms of quality and service	Competitive edge
Concentration on a small number of suppliers: Corporate customers want to reduce complexity and look for reliable, long-term partnerships.	Product range from a single source as well as extensive preselection.
Customers have an eye on process costs: For merchandise of a low value, the emphasis is on the efficiency of the ordering process.	Bundling of the product ranges of hundreds of suppliers, well-organized presentation of quality products and fast delivery.
International positioning: Customers generally choose established providers and products regardless of location.	Customer proximity with more than 50 sales companies in over 25 countries.
Consideration of sustainability aspects: Environmental and social aspects are playing an increasingly important role in the selection of business partners.	A Group-wide comprehensive sustainability strategy that covers the whole value chain.
Individualized products: More and more customers want to be able to obtain individualized products and solutions.	Individual products and flexible solutions for every need through customer service together with long-standing suppliers and in-house production.

MARKET POSITION AND COMPETITIVE ENVIRONMENT

TAKKT’s market environment can be defined by means of different criteria (see the following table). The TAKKT Group companies position themselves as B2B distance selling specialists of business equipment with a comprehensive range of services. With the exception of Hubert and Central, TAKKT’s activities are horizontally aligned, i.e., focused on a specific product group. In the case of Hubert and Central, they each sell products for a specific industry.

Market differentiation...	Market attributes	TAKKT
...by customer	<ul style="list-style-type: none"> • B2B • B2C 	<ul style="list-style-type: none"> • B2B
...by type of distribution	<ul style="list-style-type: none"> • Store-based retailing • Direct sales • Distance selling 	<ul style="list-style-type: none"> • Distance selling
...by product range depth	<ul style="list-style-type: none"> • Generalists • Direct marketing specialists 	<ul style="list-style-type: none"> • Direct marketing specialists; product ranges in the Web-focused area are generally broader than in Omnichannel
...by industry focus	<ul style="list-style-type: none"> • Horizontal alignment (product specialists) • Vertical alignment (industry specialists) 	<ul style="list-style-type: none"> • Mainly horizontal alignment
...by service	<ul style="list-style-type: none"> • Pure distributors • Marketplaces • Distribution of goods and additional services 	<ul style="list-style-type: none"> • Distribution of goods, advising and, in the case of Omnichannel activities, also a comprehensive range of services

The market niche of B2B direct marketing is also 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 before it can achieve the margins

that are standard in the sector. These investments only pay off when a company manages to develop a loyal customer base that provides repeat business at regular intervals. In this respect, the market entry barriers in the web-focused area are lower. Main parts of the service and value chain are often outsourced or purchased from third parties (e.g., purely drop shipping business, purchase of IT services, etc.), while the web-focused competitors concentrate on running the marketing activities. Well-established customer relationships and loyalty are not as strong in this segment.

The competitive environment in the markets that are relevant for the TAKKT companies are generally categorized into store-based retailers, which handle the majority of the volume, and distance sellers. Omnichannel providers as well as purely online providers and marketplaces are active in direct marketing. Depending on region and product group, at this point TAKKT estimates the market shares of distance selling to be in the low to mid-double-digit percentage range. Based on industry studies, TAKKT expects distance selling to grow significantly over the coming years. In the long term, shares of store-based retailers and direct marketing should thus each account for approximately half of the market. The company believes that the online web shop business and online marketplaces (intermediary platforms) 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 more than half of order intake on average via e-commerce.

As shown above, the TAKKT companies are positioned in the market as omnichannel or web-focused providers. They differ from their various competitors as follows:

- For B2B customers, direct sales is far more efficient and comfortable than procurement from local distributors. 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 omnichannel direct marketers. For this customer group, a reliable procurement process, comprehensive product consulting and additional services are just as important as price, which is why more transaction-oriented online providers have less relevance for these customers.

- TAKKT’s Web-focused Commerce companies act as experts with regard to more price-conscious and generally smaller business customers. In terms of purchasing and advice, they have a great deal of expertise with respect to their clearly defined product range. This allows them to offer an attractive price level and also differentiate themselves from marketplace models and other providers with a very 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 Europe		Competitors USA		
	Plant and warehouse equipment	Packaging solutions	Merchandising and food service equipment	Sales displays	Office equipment
Store-based retailers	Numerous store-based retailers				
Omnichannel providers	<ul style="list-style-type: none"> • Manutan • Schäfer Shop • Jungheinrich Profishop 	<ul style="list-style-type: none"> • Raja • Transpak • Hoffmann 	<ul style="list-style-type: none"> • Trimark • Edward Don • Wasserstrom 	<ul style="list-style-type: none"> • Allen Display • Braeside Displays 	<ul style="list-style-type: none"> • Staples • Office Depot
Web-focused providers	<ul style="list-style-type: none"> • Contorion • Rapid Racking 	<ul style="list-style-type: none"> • Karton.eu • Hilde24 	<ul style="list-style-type: none"> • WebstaurantStore • Katom • Instawares 	<ul style="list-style-type: none"> • Ace Exhibits • DisplayIt 	<ul style="list-style-type: none"> • BizChair • Cymax
Online marketplaces	Various marketplaces, e.g. Amazon Business				

CORPORATE GOALS AND STRATEGY

TAKKT formulates the company purpose as follows: “We make it easy to create great work environments.” To this end, TAKKT has built up a group of B2B distance sellers for business equipment, who operate as product specialists in attractive market niches. TAKKT has initiated an organizational realignment called TAKKT 4.0. A core element of this is the focus on two business models. The corporate goals and strategy will change as a result of the realignment. TAKKT remains committed to the goal of profitable growth and wants to expand its position as a role model for sustainability.

The overview below shows the change in strategic goals. As a result of the organizational realignment, TAKKT expects stronger annual organic sales growth of five percent on average in the longterm (previously three to five percent). Up to now, the Group had defined an EBITDA target corridor of 12 to 16 percent for the profitability target. The aim now is to achieve a sustainable increase in EBITDA. TAKKT has defined “Transform the business model” as a new strategic goal, which includes the aspects of TAKKT 4.0 and the digital transformation. As part of the digital transformation started in 2017, TAKKT developed an agenda which is in its final year of implementation in 2020. The measures contained therein will be step by step transferred to TAKKT 4.0 and integrated in normal operations. TAKKT will also continue to give priority to digitalization of the business models. In the course of the new organizational direction, “diversify risks” will no longer be an explicit strategic objective. However, it will remain an essential feature of TAKKT’s positioning.

GROW PROFITABLY

TAKKT strives to achieve profitable growth. In the next few years, the main focus will be on increasing organic sales growth. In addition, acquisitions are another significant part of the growth strategy. In terms of profitability, TAKKT aims to achieve a sustainable increase in operating result.

Organic growth

As a direct marketing specialist, the TAKKT Group benefits from the trend of increasingly ordering goods via the more efficient method of distance selling. Digital solutions in particular improve the online shopping experience and help to simplify procurement processes. E-commerce is therefore becoming more important and growing at a much faster rate than the market as a whole. By making use of these trends, TAKKT can gradually gain market share from store-based retailers and achieve stronger organic growth than the market.

In order to benefit even more from these market trends, TAKKT has launched two initiatives to transform the business model. The implementation of the digital agenda has been underway since 2017. The company wants to create an outstanding customer experience through digitalization. TAKKT has also started the TAKKT 4.0 organizational realignment in parallel. In the next two to three years, the organization will transition to a more compact structure and focus on the Omnichannel and Web-focused Commerce business models. Additional information regarding the two initiatives can be found in the “Transform the business model” section.

Overall, TAKKT’s aim is to achieve stronger organic growth in the long term of around five percent per year on average for the Group. The target value does not take into account exceptionally severe economic downturns such as those following the financial crisis of 2008 or the likely repercussions of the corona pandemic in 2020.

Strategic goals	Previous sub-targets	New sub-targets (until 2023)
Grow profitably	<ul style="list-style-type: none"> Long-term organic sales growth of 3–5% per year Growth through acquisitions (average of around 5% per year) EBITDA margin of between 12 and 16 percent 	<ul style="list-style-type: none"> Long-term organic sales growth of around 5% per year Additional growth through acquisitions Increase in EBITDA
Transform the business model	<ul style="list-style-type: none"> Double e-commerce business from EUR 450 million (2016) to EUR 900 million (2020) Sustainable organizational transformation Investments of EUR 50 million in new employees and technologies (until 2020) 	<ul style="list-style-type: none"> New organizational approach with focus on two business models Digital transformation with significant increase in e-commerce business
Act sustainably	<ul style="list-style-type: none"> Industry role model for sustainability Sustainability “built-in” instead of “add-on” in daily corporate management 	<ul style="list-style-type: none"> Industry role model for sustainability Sustainability “built-in” instead of “add-on” in daily corporate management

The two segments have different growth potential. While the Omnichannel Commerce segment is expected to grow by an average of three to five percent per year, TAKKT is aiming for a growth rate of six to eight percent in the Web-focused Commerce segment.

Stronger through acquisitions

In addition to organic growth, realizing growth through company acquisitions is an important strategic goal for TAKKT. For this, suitable companies are sought whose products and solutions strengthen and complement the existing activities. Possible acquisition targets are divided into two areas:

- **Strengthening of the existing businesses:** TAKKT keeps an eye out for additional product specialists in attractive niche markets that enable the two segments to tap into new, attractive target markets or expand their position in existing markets. The focus here is on exploiting synergies and improving the company's market position, for example if a target has an attractive customer base or a presence in additional domestic markets. In strengthening the existing businesses, a positive development of the business-specific value and growth drivers is expected for the target company, which TAKKT uses to manage its subsidiaries. In addition, economically sound companies are sought that have a level of profitability typical for TAKKT or can reach such a level by exploiting synergies.
- **Expansion of the value proposition:** TAKKT wants to improve the customer experience during and after the sale in both segments. Achieving this calls for the acquisition of smaller 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's aim is to integrate the target company into one of the two business models. This allows the acquired companies to benefit from the competencies and expertise at the segment level (e.g., in logistics, IT, purchasing and marketing). In addition to taking advantage of synergies, growth will be accelerated through the improved scalability of the two segments. Both result in a higher value generation as opposed to the acquired company continuing to operate independently.

In addition to traditional acquisitions, the company has also invested in young, high-growth companies in the past few years through the TAKKT investment company (TBG). As a smart investor, the investment approach focuses on B2B direct marketing specialists or service providers working within the value chain of the TAKKT companies. Since its founding, TBG has completed nine investments with a total of EUR 10.8 million. The current investment portfolio can be found at <https://www.takkt.de/en/about-takkt/investments/portfolio/>

Profitability

TAKKT pursues a course of profitable growth. The starting point is a high gross profit margin, which reaches a Group average of over 40 percent. The relatively high gross profit margin results from the market position as B2B direct marketing specialists for business equipment as well as from targeted measures such as the expansion of private labels and increasing the share of direct imports from Asia and Eastern Europe.

TAKKT has set itself the goal of increasing the operating result sustainably. For the Omnichannel segment, TAKKT is aiming for an EBITDA margin of around 15 percent. A margin of around ten percent is expected for the Web-focused segment. The EBITDA margin for the TAKKT Group depends on the weighting of the two segments in the Group.

TRANSFORM THE BUSINESS MODEL

In 2017, TAKKT started the digital transformation of its business model and as of 2020 the entire Group will be realigned under TAKKT 4.0. The aim is to benefit even more from market trends and to generate additional growth.

Growth momentum through the digital transformation

The fast pace of technological development is rapidly changing customer behavior as well as the workplace. TAKKT sees its business models in B2B direct marketing as particularly suitable to benefit from these changes and gain market shares. This is why TAKKT formulated a Vision 2020 in 2016 and developed a digital agenda with all the business units, which includes the aim of creating an outstanding customer experience through digitalization. Another goal is to significantly increase the e-commerce business. In addition, TAKKT will transform the culture in a sustainable way by giving priority to digitalization of the business model. In order to achieve these goals, around EUR 50 million will be invested in employees and new technologies between 2017 and 2020.

In the implementation of the digital agenda, TAKKT places strong emphasis on impressing customers with digital processes and solutions. The focus was on developing digital expertise, introducing new forms of collaboration and putting the needs of the customers at the core of all our activities (customer centricity).

TAKKT sees the online marketing, web shop development and data & analytics functions as key competencies for the success of the digital transformation and has hired new employees and introduced new technologies for this. In addition, the theme of the Future@TAKKT management conference was "The Power of Data," which dealt with the requirements and solutions for a data-driven company.

TAKKT analyzes how customers' needs have been prioritized by means of various instruments for measuring customer satisfaction. For example, the Net Promoter Score (NPS) is calculated. This value measures the customer's willingness to recommend. In addition to the purely quantitative view of the NPS, the TAKKT companies focus strongly on the findings derived from customer comments. This allows the company to gain a quick picture of the customer experience with fulfillment. Interdisciplinary NPS teams use these findings in order to continuously improve the fulfillment process.

Since the start of the digital transformation, TAKKT has made significant progress in all focus areas of the digital agenda. The e-commerce business increased significantly, the corporate culture changed and key competencies were strengthened. Even with the end of the digital agenda in 2020, digitalization will continue to be a high priority at TAKKT. The individual measures will be merged into TAKKT 4.0 in the course of 2020 and continued in the new organizational structure.

TAKKT 4.0 new organizational approach for more growth

Up to now, TAKKT applied more of a portfolio approach in terms of the organization of the Group. This entailed managing seven divisions in parallel, each with their own separate business model. This steering and organizational model was reaching its limits. With TAKKT 4.0, the Group will now have a new, more compact organizational structure. The future structure will comprise three elements.

- Focus on two customer types with two business models: In order to do this, TAKKT will implement the two business models of Omnichannel Commerce and Web-focused Commerce in B2B distance selling and is realigning its organization accordingly. While the Omnichannel Commerce segment is aimed at the more complex requirements of quality- and service-oriented business customers, Web-focused Commerce addresses more price-conscious business customers with less complex needs. Focusing on these two business models enables TAKKT to position itself more clearly in the market and meet the different requirements of the two customer types in terms of products, service and quality. The new structure will also make it possible to promote different management and working cultures in both segments and align the Group with the dynamics of the respective market environment.
- Transformation of the organization in order to establish responsibilities and functions at the relevant level and to create greater entrepreneurial freedom and scalability within the two business models. To that end, the responsibilities in the three organizational levels (group, segments, business units) will be reallocated (for additional information, see "Organization and business areas" section on page 31 et seq.). The aim is to carry out customer-centric activities at the business unit level and integrate scalable functions at the segment and/or Group level. Each segment will be managed independently and given greater entrepreneurial freedom.
- A further goal of TAKKT 4.0 is to strengthen operational excellence. In this regard, new management methods and processes are being developed and introduced in order to promote best practice solutions and implement continuous improvement processes.

The realignment of the organization will be done gradually until the target structure is attained and is expected to take two to three years. In the short term, the focus of the implementation will be the following activities:

- Finding a fourth board member to lead the Web-focused Commerce segment.
- Realignment of the KAISER+KRAFT business unit in order to create the foundation for the development of the Omnichannel Commerce segment.

- Review strategic options for Hubert and Central because both businesses currently follow a slightly different business model from the other Omnichannel activities. Other possibilities besides a sale include establishing a third, independent segment or repositioning the activities in order to integrate them into the Omnichannel Commerce segment.

Due to the more compact and easily scalable organization, TAKKT expects to achieve a clearer market positioning, faster decision-making processes and, ultimately, accelerated growth.

ACT SUSTAINABLY

Sustainability has been an integral part of the corporate strategy for many years and a daily collective duty at all levels of the Group. TAKKT has set itself the goal of expanding its position as a role model in sustainability in the industry. The Management is convinced that sustainability represents competitive advantages across all stages of the value chain and enhances company value for the long term.

TAKKT drew up the expectations of the stakeholders and the challenges specific to the business model with respect to sustainability. In this context, specific measures and goals were formulated and are integrated into the Group's management system. This organizational anchoring allows solution approaches to be developed at all points of the value chain, which contribute to improved sustainability performance. Sustainability and profitable growth are not mutually exclusive. On the contrary, sustainability and corporate responsibility are proving to be increasingly important factors in competition. The company has therefore established its own activities in this area as part of the corporate strategy.

Sustainable Development Goals

The United Nations (UN) has developed and adopted Sustainable Development Goals (SDGs) in order to promote and coordinate global efforts for sustainable development. These are 17 goals to be achieved by 2030 that cover a broad spectrum of issues within the three dimensions of sustainability (economic, environmental and social). The SDGs address nations, society and companies.

TAKKT supports the SDGs and wants to contribute to achieving the objectives. Not all 17 SDGs are equally relevant for all companies. The TAKKT Group has prioritized the goals for sustainable

development and identified four SDGs that are especially relevant for its core business:

- SDG 5: Gender equality
Achieve gender equality and empower all women and girls.

TAKKT would like to boost its positive impact in the area of social sustainability and increase its focus on the topic of diversity. Indicators include the percentage of women in top management positions. TAKKT signed the Diversity Charter last year to underline this topic. In the future, we want to intensify our efforts in this area.

- SDG 12: Responsible consumption and production
Ensure sustainable consumption and production patterns.

This goal addresses the economic and environmental dimensions of sustainability. TAKKT assumes responsibility for the entire life cycle of the products, from procurement and use to the disposal of materials and packaging. Indicators include the share of sourcing volume from certified suppliers and the share of sales from sustainable product ranges.

- SDG 13: Climate protection measures
Take urgent action to combat climate change and its impacts.

Reducing carbon emissions is a huge issue in environmental sustainability. When it comes to reducing emissions, TAKKT focuses on those areas with the greatest savings or development potential. Modern environmental and energy management systems and the corresponding certifications are part of the high standards that the company demands of itself and its business partners along the entire value chain. The carbon footprint is calculated for major Group companies every other year. Two KAISER+KRAFT companies already boast completely carbon-neutral operations.

- SDG 17: Partnerships for the goals
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

TAKKT has starting points for this goal in all three dimensions of sustainability – economic, environmental and social. Particular attention is being paid to the focus area society. As part of society, TAKKT sees itself as a driver of social involvement and increasingly supports local activities. Active involvement in social projects comes from the employees who provide support on-site.

Achieving progress

TAKKT has defined indicators in the area of sustainability as non-financial performance indicators with concrete goals and measures to be reached by the end of 2020. The progress achieved by the end of 2019 is presented in the “Company performance” section of this annual report.

TAKKT publishes sustainability reports prepared according to the international standards of the Global Reporting Initiative (GRI). In the reports, the TAKKT Group provides information on the current status regarding the most important milestones and interim goals. TAKKT is one of only a few German companies to report at the “Comprehensive” application level. TAKKT thus provides comprehensive information on the material aspects of sustainability. This annual report is published together with the current sustainability report. The sustainability reports are available in print form and can be downloaded from the TAKKT website. Detailed information can also be found on the TAKKT sustainability website: <https://www.takkt.de/en/sustainability/>

Outlook

A stakeholder dialogue will be held in 2020 to further develop the sustainability strategy. This dialogue takes place at TAKKT every four years and is an instrument for structuring a dialogue process between company representatives and all relevant stakeholders, collects information about stakeholder interests and claims and supplies information about the company’s sustainability activities. The statements and results of the dialogue will influence the development of the sustainability strategy after 2020 as well as the review and possible amendment of the SDGs that are relevant for TAKKT.

MANAGEMENT SYSTEM

The Group is currently working on further developing the management system due to the organizational realignment within the scope of TAKKT 4.0. The previous system followed a portfolio approach, where management steered the segments, individual divisions and subsidiaries according to identical key figures. The previous target values applied for the Group and differed only slightly for the two segments of TAKKT EUROPE and TAKKT AMERICA. As part of the further development, some key figures will change, certain indicators will be dropped and others added. The previously predominantly financial key figures will include additional dimensions such as the customer perspective in the new management system.

FINANCIAL KEY FIGURES

- 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. TAKKT wanted to achieve average organic sales growth of three to five percent until the end of 2019. For the future, the goal is to achieve organic growth of around five percent. Detailed information regarding the current growth ambition can be found in the “Corporate goals and strategy” section on page 38 et seq.
- The organic sales trend results from the development of the value and growth drivers number of orders and average order value. Both parameters are subject to cyclical fluctuations in the economic cycle and are also influenced by acquisitions or disposals on a structural level. In the long term and adjusted for these effects, TAKKT’s goal was to increase the annual number of orders by two to four percent. The average order value was expected to at least grow in line with the inflation rate. In the new management system, TAKKT will make greater use of the number of buyers as a key figure.
- 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 has pursued and continues to pursue the goal to achieve 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.

- The EBITDA margin serves as an important benchmark 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 had defined a long-term target corridor of 12 to 16 percent for the Group's EBITDA margin in the past. In the future, the Group wants to achieve a sustainable increase in EBITDA. There are different target values for the profitability of the two segments. Detailed information regarding the new earnings targets can be found in the "Corporate goals and strategy" section on page 39.
- 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. The target value for the TAKKT cash flow margin was previously nine percent of sales. As with EBITDA, the company also wants to increase TAKKT cash flow sustainably and is shifting from a margin to an absolute development perspective in management.
- The capital requirements for maintenance, expansion and modernization of the business operations are comparatively small at the established companies of the TAKKT Group. Accordingly, the long-term capital expenditure ratio average is between one and two percent of sales. In fiscal years in which the warehouse capacities of a division are expanded significantly or important capital expenditures in IT are made, this ratio is higher, whereas in periods without larger investment projects it is at the lower end of the specified range.

Definition and target values

Key figure	Definition	Target values
Organic development of sales	Benchmark for company growth without acquisitions	Previously: between 3 and 5 percent on average in the long term In the future: 5 percent on average in the long term
Number of orders and average order value	Important drivers of organic development of sales	Previously: growth of between 2 and 4 percent on average in the long term; increasing slightly between EUR 400 and 500 (increase at least at level of inflation rate)
Gross profit margin	Measure for added value (e.g., for customers and suppliers)	Over 40 percent of sales
Previously: EBITDA margin In the future: EBITDA	Measure for operating profitability	Between 12 and 16 percent Sustainable increase
Previously: TAKKT cash flow margin In the future: TAKKT cash flow	Measure for internal financing capability	Over 9 percent of sales Sustainable increase
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Between 1 and 2 percent of sales on average in the long term

PRODUCT RANGE KEY FIGURES

- Private labels are product brands that are internally developed and managed by the TAKKT companies. TAKKT wants to continue to increase the share of private labels with the aim of acquiring new customers and retaining existing customers for the long term. For example, in order to achieve this, individual TAKKT companies introduce new products at the best value for money 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.

- Direct imports at TAKKT are products that come from countries outside the home market of the respective Group company. In the case of the European divisions, these are all countries outside of Europe as well as Turkey and Eastern Europe. In order to secure profitability for the long term, TAKKT wants to increase the direct import share further while maintaining the same level of product quality.
- In addition to private labels and direct imports, from 2020 onward, TAKKT will use the share of sales with newly launched products as a product range key figure.

Definition and target values

Key figure	Definition	Target values
Share of private labels	Positive effect on customer acquisition, customer loyalty and gross profit margin	Continuous increase
Share of direct imports	Participation in low purchasing prices while retaining product quality	Continuous increase

VALUE-BASED FIGURES

- The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to the average 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. To date, a ROCE target value of significantly more than twelve percent was set for the TAKKT activities. The increase in capital employed as a result of the first-time application of IFRS 16 and the expenses for the implementation of TAKKT 4.0 have an adverse impact on ROCE. TAKKT has therefore adjusted the target value to over ten percent.
- TAKKT value added serves as an important key figure for a longer term, value-based controlling in the Group. It 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, which is reduced by the income tax expense and increased by the other financial result. The cost of capital is determined by multiplying the average capital employed with the weighted average of costs, which factors in equity as well as borrowing costs. The average capital is calculated as the mean value of both capital expenditures at the beginning and end of the respective calendar year. The capital

as of the respective end of the reporting period corresponds to the total assets reduced by the non-interest bearing current liabilities and deferred tax liabilities. On the whole, the TAKKT value added allows a statement to be made about the value added of the Group after consideration of the borrowing costs and equity costs, e.g., after meeting the requirements on return on investment of the debt capital provider and equity investor. TAKKT aims for a significant positive value contribution.

Definition and target values

Key figure	Definition	Target values
ROCE (Return on Capital Employed)	Measure for profitability of total capital before tax	Previously: Significantly over 12 percent In the future: Over 10 percent
TAKKT value added	Measure for the added value earned after deduction of total capital costs	Significantly greater than zero

INTERNAL COVENANTS FOR MANAGEMENT OF THE FINANCIAL STRUCTURE

For monitoring and managing the financial structure, the TAKKT Group sees to the compliance of four internal key figures (covenants). They are not stipulated in the credit agreements, but rather serve only the internal management in order to safeguard the financial solidity of the Group. The financial scope for acquisitions can also be derived from the key figures.

- The equity ratio represents the share of total equity in total assets. It is therefore an indication of the financial stability of the company and its independence from debt investors. In order to ensure an appropriate balance between financial solidity on the one hand and lower costs for debt capital on the other, TAKKT aims for an equity ratio within the range of 30 to 60 percent.
- The debt repayment period shows the average net borrowings of a fiscal year in relation to the TAKKT cash flow, thereby providing information as to within which period the company could completely eliminate its debt under constant economic conditions. TAKKT wants to keep this key figure to below five years.
- The interest coverage is calculated from the ratio of operating result before goodwill amortization to net financing expenses and shows the company's ability to pay its interest. The target value for TAKKT is an interest coverage of greater than four.

- The calculation of gearing is derived from dividing net financial liabilities by shareholders' equity. It provides information about the relationship between financial debt and shareholders' equity and the financing of the company, from which conclusions about the credit risk can be drawn. Gearing at TAKKT is expected to stay below 1.5.

Definition and target values

Key figure	Definition	Target values
Equity ratio	Indication of financial stability and independence from debt investors.	30 to 60 percent
Debt repayment period	Measure of the time required for debt reduction	< 5 years
Interest coverage	Measure of ability to make interest payments with the result from operations	> 4
Gearing (debt-equity ratio)	Measure for credit risk	< 1.5

OVERVIEW OF MANAGEMENT AND INDICATOR SYSTEM

TAKKT uses the key figures described in this chapter to manage the Group and segments with the strategic goal to "grow profitably." There are also additional indicators for monitoring the progress of other strategic goals such as the transformation of the business model and pursuing the sustainability initiative. With regard to the transformation, to date these have been the digital agenda indicators. In the future, TAKKT also wants the customer perspective to be more strongly represented in the key figures. This is already done today with the Net Promoter Score, which measures the customer's willingness to recommend.

The table below summarizes in which sections of the management report the key performance figures and indicators are described, where the reporting on the development in the fiscal year can be found and the strategic objectives they are linked with. Moreover, the forecast report looks at how TAKKT anticipates the development in 2020.

TAKKT key performance figures and indicators

Strategic goal	Key figures	Description and target values	Reporting	Forecast	Key figure category
Grow profitably	Financial key figures	Management system <i>Page 42 et seq.</i>	Sales, earnings and financial position <i>Page 51 et seqq.</i>	Forecast report <i>Page 82 et seq.</i>	Financial
	Product range key figures	Management system <i>Page 43 et seq.</i>	Company performance <i>Page 62 et seq.</i>	Forecast report <i>Page 83</i>	Financial
	Value-based figures	Management system <i>Page 44</i>	Company performance <i>Page 63 et seq.</i>	Forecast report <i>Page 83</i>	Financial
	Internal covenants for management of the financial structure	Management system <i>Page 44 et seq.</i>	Financial position <i>Page 59</i>	Forecast report <i>Page 84</i>	Financial
Transform the business model	Digital agenda indicators	Company performance <i>Page 64</i>	Company performance <i>Page 64 et seq.</i>	Forecast report <i>Page 84</i>	Financial/ Non-financial
Act sustainably	Sustainability indicators	Company performance <i>Page 65</i>	Company performance <i>Page 65 et seq.</i>	Forecast report <i>Page 84</i>	Non-financial

EMPLOYEES

Human Resources at TAKKT is a key element in achieving the strategic goals and follows a uniform approach throughout the entire Group. One main focus is on supporting and shaping cultural change as part of the current transformation process. Emphasis is also on identifying and developing talent as well as building up the relevant skill sets.

SHAPING CULTURAL CHANGE

Further development of the corporate culture is an essential element in implementing the digital transformation. TAKKT promotes stronger collaboration across departments and locations by creating modern and open working environments and establishing new ways of working. Comprehensive training and development programs for executives and employees provide support in the use of agile methods, which are increasingly being utilized in everyday work and project activities. Even more than working environments and methods, a mutually agreed code of conduct plays an essential role in developing the corporate culture. To do this, TAKKT will establish common guidelines for all employees in the Group to serve as a framework and orientation for individual conduct. Elements of the guidelines are customer centricity, employee upskilling, continuous improvement, independent working and the desire for success. They create the foundation for a common corporate culture and the basis for a Group-wide performance assessment.

The cultural change will also contribute to increased dialogue and exchange between employees and executive personnel. To this end, TAKKT conducts regular employee motivation surveys using the Employee Net Promoter Score method and uses the results to develop concrete measures to boost employee commitment and identification with the company.

TAKKT firmly believes in the added value of a diverse employee structure in the company and sees this as an increasingly important influencing factor for the success of the Group. With regard to career development, TAKKT wants to ensure equal opportunities for all employees across all activities and provide a discrimination-free working environment. TAKKT considers it a Group-wide duty to make sure that men and women have the same opportunities. Women currently make up 43.0 (44.6) percent of all employees in the TAKKT Group. This share has therefore decreased slightly

compared to the previous year. The share of women in executive positions also decreased slightly compared to the previous year to 30.4 (31.4) percent. The share of women in top executive positions rose to 15.0 (12.3) percent. This means that the target of having a share of at least ten percent of women in top executive positions by the year 2020 is currently being reached.

Share of women in the TAKKT Group in %

	12/31/2018	12/31/2019
Employees	44.6	43.0
Executives	31.4	30.4
thereof top executives*	12.3	15.0

* Management Board of TAKKT AG, presidents and vice presidents and managing directors of major subsidiaries

IDENTIFYING AND DEVELOPING TALENTS

Talent management at TAKKT means identifying top performers, developing potential in a targeted manner and helping to pave career paths. The goal is to fill key positions internally wherever possible. In order to achieve this, TAKKT is expanding the Group-wide talent management process. Uniform standards will create greater transparency in the future and allow TAKKT to develop talents within the company specifically for successors in key positions throughout the entire Group.

TAKKT is equipping itself with skill sets that were not previously available in the company to a sufficient level through the use of targeted recruiting measures. In order to address applicants in specific target groups, TAKKT is increasingly working with a standardized description of applicants based on specific qualities, job-related skills and individual preferences and experience.

PROMOTING SKILLS ACQUISITION

TAKKT wants to create a framework which allows employees to develop according to their individual strengths. In this regard, the company already offers various kinds of training and courses in order to develop skill sets in the areas of operational excellence and agile project management. In addition, emphasis is being given to on-the-job development. This includes promoting work shadowing and rotations within the TAKKT Group. Besides professional skills, emphasis is also being given to further development of TAKKT's management culture in view of the newly formulated conduct guidelines.

DEVELOPMENT OF EMPLOYEE FIGURES

Overall, the number of employees in the Group decreased compared to the previous year. This was mainly attributable to the structural adjustments made in the process of Hubert's repositioning. The number of executives and top management also dropped slightly.

Number of employees

	12/31/2018	12/31/2019
in full-time equivalent	2,530	2,483
thereof TAKKT EUROPE	1,525	1,528
thereof TAKKT AMERICA	960	906
thereof TAKKT AG	45	49
in headcount	2,734	2,677

Employee structure

	12/31/2018	12/31/2019
Employees (without executives)	2,372	2,321
Executives	366	359
thereof top executives*	57	53

* Management Board of TAKKT AG, presidents and vice presidents and managing directors of major subsidiaries

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, binding targets were set in 2015 for the Supervisory Board, the Management Board and the top management level of the holding company:

- Supervisory Board: With the membership of Dorothee Ritz, the target of at least one woman among the six members on the Supervisory Board is currently being met.
- Management Board: As of 12/31/2019, there is no female representation on the Management Board of TAKKT AG.
- Top management level: As of 12/31/2019, one woman is represented at the top management level of TAKKT AG. The target for 2022 is to have at least ten percent of the positions at this level filled by women, in case of vacancies.