TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

HALF-YEAR FINANCIAL REPORT 2020
FIRST SIX MONTHS

TO THE SHAREHOLDERS

Ladies and Gentlemen

after a difficult start in April, business performance improved noticeably over the course of the second quarter. Customers preparing to reopen businesses and the sale of products for infection control and home office perked up demand. The decline in sales compared to the previous year, which was still over 30 percent in the second half of March and in April, decreased to 20.0 percent for the second quarter in total. From April to June, TAKKT generated sales of EUR 241.5 (301.8) million. After adjusting for positive acquisition and currency effects, organic development came to minus 21.2 percent.

Given the current environment, TAKKT's management is placing particular emphasis on flexible cost and cash flow management. In the second quarter, the Group was able to significantly reduce receivables and adjusted expenses for marketing and personnel to the lower level of sales. In addition, TAKKT used the opportunity to generate additional income and cash flow through the sale of real estate in the US. The result of this transaction was a one-time contribution to earnings of EUR 4.5 million. In the second quarter, EBITDA amounted to EUR 27.3 (39.6) million, while the EBITDA margin came to 11.3 (13.1) percent.

In the first half of the year, TAKKT generated sales of EUR 526.4 (608.7) million, corresponding to a 13.5 percent decrease over the previous year's period. Organic development was minus 15.6 percent. In the first half of the year, EBITDA reached EUR 51.6 (78.7) million, while the margin came to 9.8 (12.9) percent. At the same time, the Group generated free TAKKT cash flow of EUR 90.9 (52.9) million. Factors contributing to the sharp increase were the cash inflow of EUR 21.9 million realized from the sale of real estate as well as the systematic reduction of receivables. In addition, TAKKT was able to extend existing credit lines with banks ahead of time and increase the committed volumes. The Group is thus very well positioned to take advantage of opportunities to develop new, additional business in the current environment.

The implementation of TAKKT 4.0 made good headway despite the challenge of the coronavirus crisis. In the Omnichannel Commerce segment, KAISER+KRAFT is realigning itself in order to achieve stronger growth and greater efficiency in the medium term. In the first half of the year, TAKKT brought on a new Management Board member to manage and develop the Web-focused Commerce segment. Since the beginning of June, Tobias Flaitz has been responsible for the web-focused business and digital transformation.

A reliable sales and earnings forecast for the year as a whole is still not possible. Based on the information available today, TAKKT believes that the second quarter represented the low point of business development. At the same time, however, there are still considerable uncertainties. These relate to both economic development as well as how coronavirus infections develop. It is not possible to predict whether a rise in infection numbers in certain target markets will again lead to significantly more extensive restrictions on public and economic life.

In the first half-year, TAKKT showed that the company is prepared for and can deal with these risks. The Group will continue to systematically implement cost and cash flow management and adapt it flexibly to current circumstances. For the year as a whole, TAKKT still expects sales and earnings to be significantly below the level of the previous year. The free TAKKT cash flow will be significantly positive.

TAKKT AG, Management Board

Felix Zimmermann   Tobias Flaitz   Heiko Hegwein   Claude Tomaszewski

KEY FIGURES TAKKT GROUP AND SEGMENTS

	Q2/19	Q2/20	Change in %	H1/19	H1/20	Change in %
TAKKT						
Sales in EUR million	301.8	241.5	-20.0 (-21.2*)	608.7	526.4	-13.5 (-15.6*)
Gross margin in percent	41.4	39.1		41.6	40.6	
EBITDA in EUR million	39.6	27.3	–31.1	78.7	51.6	–34.4
EBITDA margin in percent	13.1	11.3		12.9	9.8	
EBIT in EUR million	29.4	17.4	–40.8	58.8	31.7	–46.1
Profit before tax in EUR million	27.5	16.0	–41.8	54.2	28.6	–47.2
Profit in EUR million	20.1	12.2	–39.3	39.6	21.5	–45.7
Earnings per share in EUR	0.31	0.19	–39.3	0.60	0.33	–45.7
TAKKT cash flow in EUR million	31.4	20.4	–35.0	62.3	42.5	–31.8
Omnichannel Commerce						
Sales in EUR million	240.9	184.5	-23.4 (-24.3*)	489.6	407.7	-16.7 (-17.8*)
EBITDA in EUR million	36.6	27.3	–25.4	73.6	51.0	–30.7
EBITDA margin in percent	15.2	14.8		15.0	12.5	
Web-focused Commerce						
Sales in EUR million	62.1	57.9	-6.8 (-9.2*)	121.7	120.7	-0.8 (-6.6*)
EBITDA in EUR million	6.9	3.4	–50.7	13.5	7.7	–43.0
EBITDA margin in percent	11.2	5.9		11.1	6.4	

** organic, i.e. adjusted for currency and portfolio effects*

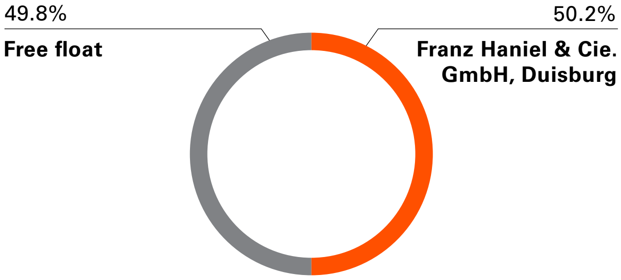
TAKKT SHARE AND INVESTOR RELATIONS

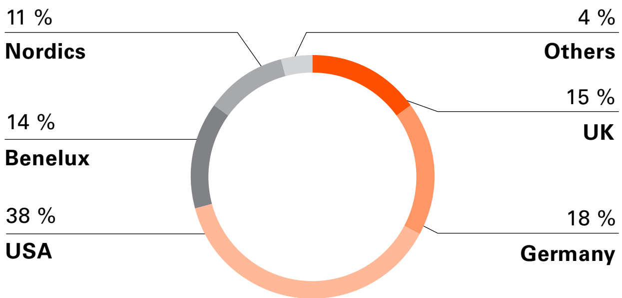
In the first half of 2020, developments in the capital markets were heavily influenced by the spread of the coronavirus and the economic impact of the countermeasures taken. After the DAX and SDAX indexes started out the year on a positive note and recorded new all-time highs, a deep slump followed at the end of February as the global spread of the coronavirus progressed. In relation to their all-time highs, the DAX and SDAX collapsed by nearly 40 percent. In the following months, however, the indexes were able to bounce back significantly. In the first half of the year, the DAX performance was minus 7.1 percent and the SDAX performance was minus 7.8 percent. While the TAKKT share price initially developed sideways at the beginning of the year, it declined sharply in March. The recovery of the TAKKT share price in the subsequent months lagged behind that of the market as a whole. In the first half-year, TAKKT shares decreased by a total of 28.0 percent and amounted to EUR 9.06 as of June 30, 2020 (end of 2019: EUR 12.58).

TAKKT's investor relations work focuses on providing information to shareholders, analysts and investors in a transparent and reliable manner. In the first half of 2020, TAKKT attended the capital market conferences of ODDO BHF in Lyon and of Kepler Cheuvreux and Unicredit in Frankfurt. In May and June, the Group participated in a virtual format in the Berenberg USA Conference and the CEE Consumer Conference of the Erste Group. In addition, the company held discussions with investors at a roadshow in Paris, at several virtual roadshows and at the company headquarters in Stuttgart. At the beginning of April, the Management Board discussed the figures for the previous year as well as the strategy and current expectations for 2020 at the analyst conference.

Franz Haniel & Cie GmbH continues to hold just over 50 percent of shares in TAKKT AG. According to Bloomberg data, more shares were held by non-institutional investors in mid-2020 than at the end of 2019. In the regional distribution of free float shares of institutional investors, the percentage held by the US and UK decreased slightly.

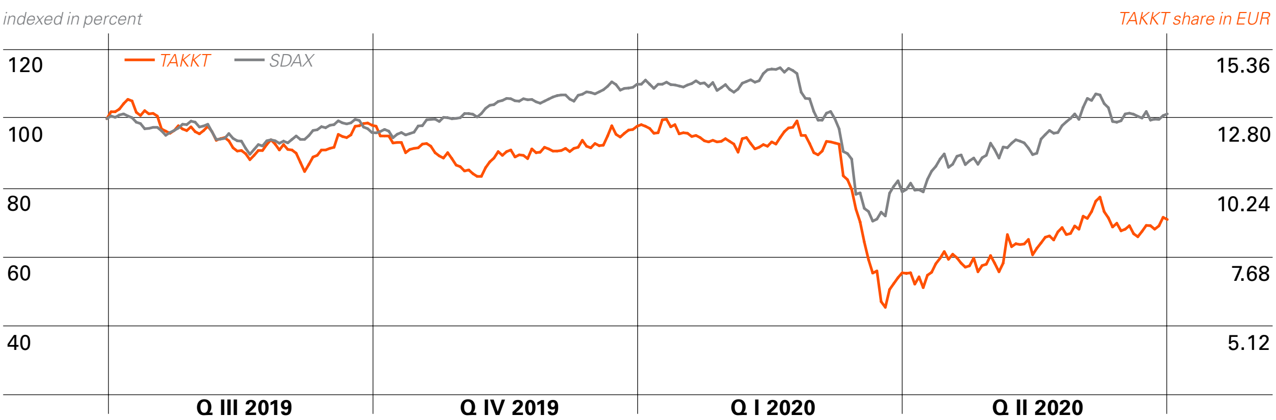
Shareholder structure and regional distribution of free-float shares of institutional investors as of June 30, 2019*



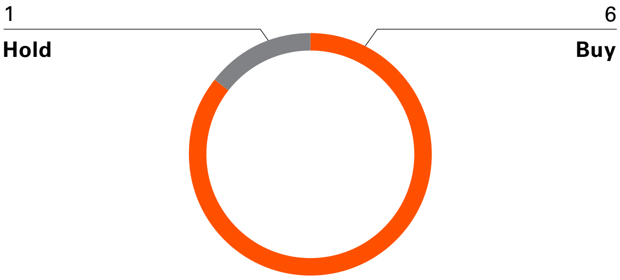


** For regional distribution approximation values, based on Bloomberg data*

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



The TAKKT share is currently being covered by seven analysts. As of July 29, six analysts recommended buying TAKKT shares. One recommendation was to hold. The average target price was EUR 11.11.



Recommendations of the analysts as of July 29, 2020

Institution	Analyst	Recommendation	Target Price
Bankhaus Metzler	Tom Diedrich	Buy	11.50
Berenberg Bank	James Letten	Buy	11.00
DZ Bank	Thomas Maul	Buy	9.00
Hauck & Aufhäuser	Christian Salis	Buy	13.00
Kepler Cheuvreux	Craig Abbott	Buy	11.00
LBBW	Thomas Hofmann	Hold	10.50
M.M. Warburg	Thilo Kleibauer	Buy	11.80

The Shareholders' Meeting, which was originally planned for May, was postponed to July 7 due to the ban on large gatherings in Baden-Württemberg. In order to protect the health of the shareholders, guests and employees, the Shareholders' Meeting was held in a virtual format for the first time without the physical presence of the participants. The attendees were able to follow the meeting live via audio and video transmission and exercise their voting rights over the internet through a shareholder portal. All questions submitted beforehand were answered by CEO Felix Zimmermann.

The agenda contained resolutions on profit appropriation, discharge of the Management and Supervisory Boards, the selection of an auditor and the approval of a profit and loss transfer agreement as well as resolutions on an amendment to the articles of association to reflect changes resulting from the Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II) and a further amendment with regard to the holding of the Shareholders' Meeting. All items on the agenda were ratified by a large majority. The Shareholders' Meeting also followed the proposal to forgo payment of a dividend for the 2019 fiscal year.

INTERIM MANAGEMENT REPORT OF 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 by 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 engineers, custom-printed advertising banners for trade shows, shipping cartons to European industrial companies and food service equipment to commercial kitchens in the US.

At the beginning of 2020, 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 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. Detailed information on the organizational realignment can be found in the 2019 annual report beginning on page 30.

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’s strategic goals involve the implementation of TAKKT 4.0 and include profitable growth, transformation of the business model and sustainable action. These are shown together with the respective sub-targets in the following overview. More detailed information can be found in the 2019 annual report beginning on page 38.

Strategic goals	Sub-targets (until 2023)
Grow profitably	• Long-term organic sales growth of around 5% per year • Additional growth through acquisitions • Increase in EBITDA
Transform the business model	• New organizational approach with focus on two business models • Digital transformation with significant increase in e-commerce business
Act sustainably	• Industry role model for sustainability • Sustainability “built-in” instead of “add-on” in daily corporate management

Management system

The Group is working on further developing the management system due to the organizational realignment within the scope of TAKKT 4.0. As part of this development, some key figures will change, certain indicators will be dropped and others will be added. Further information can be found in the 2019 annual report starting on page 42.

BUSINESS SITUATION IN THE FIRST HALF-YEAR

General conditions

The spread of the coronavirus and economic consequences of the countermeasures threw the global economy into a serious recession in the first half of 2020. In the first quarter, Europe and the US recorded negative GDP growth in the mid-single-digit range. Current estimates expect a double-digit decline for the second quarter, with some improvement of the economic situation anticipated over the course of the quarter.

In order to estimate industry-specific conditions, TAKKT uses various indicators which are described in detail in the 2019 annual report starting on page 48. Due to the pandemic, the purchasing managers’ indexes (PMI) relevant for the KAISER+KRAFT group hit levels not seen since the financial crisis of 2009. After reaching lows of 33.4 points for the eurozone and 34.5 points for Germany in April, the indicator improved significantly in May and June.

The Restaurant Performance Index (RPI) relevant for the US activities of Central and Hubert also suffered a significant decline in April and came in at 94.9 points. Industry expectations have also improved in this regard since then, resulting in a slight increase of the indicator.

Business development

The start to 2020 was in line with expectations. From mid-March, however, business development was shaped by the spread of the coronavirus and the economic consequences of the measures taken to cope with the pandemic. Within just a few days, order intake had decreased by over 30 percent.

The slowdown of infections in Europe and the relaxing of protective measures resulted in a tangible improvement of the order situation in May and June. TAKKT profited from growing demand from companies preparing to restart operations, good business with products that were needed due to the coronavirus crisis (e.g., for health protection and hygiene), and from an increased number of customers ordering office furniture for their work at home.

TAKKT responded quickly to the challenges of the coronavirus pandemic. In the first weeks in March and April, the focus was on protecting employees, maintaining operations, and securing financial liquidity and the ability to act. After this first phase of immediate crisis management, the focus is now increasingly on identifying opportunities to develop new, additional business in the current environment.

The overall impact of the coronavirus crisis on sales performance was comparable in the Europe and North America regions. However, the different positioning in terms of product portfolio and target markets meant that individual business units incurred no or only minor sales losses, while others were much more severely affected.

With the exception of Hubert, all activities in the Omnichannel Commerce segment saw lower demand in the second quarter compared to the first. In view of the sharp decrease in the purchasing manager indexes, temporary closures of some industrial customers and generally pessimistic assessments of the future, the weaker demand in the second quarter had a noticeable impact at KAISER+KRAFT and led to a significant double-digit decline in sales. However, a marked improvement in the order situation was evident from April to June. In the first quarter, KAISER+KRAFT initiated a realignment aiming to achieve stronger growth and greater efficiency in the medium term.

ratioform saw a comparatively stable development with its product range geared to meet the recurring need for packaging solutions. Negative organic sales performance was in the single-digit range and in the second quarter only a few percentage points below that of the first.

In North America, the demand for office furniture and other office equipment experienced a marked decline at NBF due to the coronavirus crisis. Organic sales development saw a single-digit decline in the first quarter, followed by a significant double-digit drop in the second.

After the first quarter was still negatively impacted by the loss of a major customer, Hubert was able to increase organic growth significantly in the second quarter despite the difficult environment and achieve sales almost on par with the previous year's level. The company used its good contacts with national and international manufacturers and suppliers to provide canteen and cafeteria operators with the products they need for safe operation under the conditions of the coronavirus crisis.

At the end of June, TAKKT successfully completed the sale of a property at Hubert. Office and warehouse space were sold for around USD 25 million in the course of a sale and leaseback transaction.

Smaller, often family-run restaurants, which represent Central's most important customer group, were severely affected by the protective measures against the pandemic and in some cases had to shut down for a long period of time. Accordingly, Central's business volume in the second quarter was considerably below that of the first quarter with a double-digit percentage decline.

The two business units in the Web-focused Commerce segment developed very differently from one another in the first half of the year. The different companies of the Newport group achieved mid-single-digit organic growth in the first quarter. In the second quarter, they benefited from high demand for home office products and recorded a double-digit percentage increase.

On the other hand, demand for the Displays2go product range, which is geared to events such as conferences and trade fairs, saw a sharp decrease due to the coronavirus crisis. D2G was only partially able to compensate for the loss of the corresponding sales volume with new products such as infection control barriers or signage. After a low double-digit decline in the first quarter, organic development in the second quarter was well in the negative double-digit range.

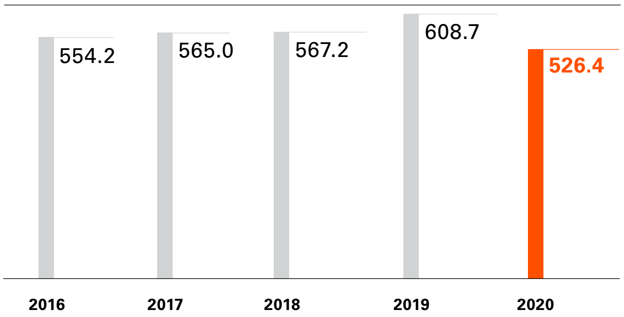
TAKKT was able to further increase its e-commerce share in the first half of the year to 59.6 percent. While being adversely affected by the coronavirus crisis, organic e-commerce growth at minus 6.8 percent was still considerably better than sales development.

The shares of private label brands and direct imports changed only slightly in the first half of the year. While TAKKT had previously recorded private labels as a share of order intake and direct imports as a share of purchasing volume, these two key figures are now reported as shares of sales and therefore differ from the values published in the previous year. In the period under review, 23.3 (23.8) percent of sales was attributable to private labels and 22.8 (23.3) percent to direct imports.

Sales review

Due to the impact of the coronavirus crisis in the first half of 2020, sales at TAKKT decreased by 13.5 percent to EUR 526.4 (608.7) million. Positive contributions of 1.0 percentage point resulted from the acquisition of XXLhoreca at the beginning of May 2019 and 1.1 percentage points from currency effects. Organic sales development was minus 15.6 percent.

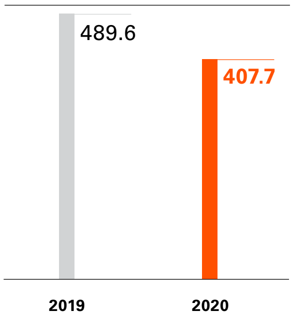
Sales TAKKT Group first half-year *in Euro million*



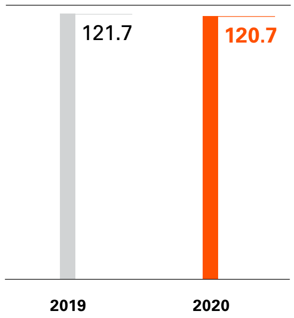
At EUR 407.7 (489.6) million, sales in the Omnichannel Commerce segment were 16.7 percent below the previous year. Adjusted for the positive currency effect of 1.1 percentage points, organic development came to minus 17.8 percent. Given the difficult environment, ratioform was able to show the best performance with a mid-single-digit organic decline in sales. Adjusted for the loss of a major customer, which had a negative impact on business in January and February, Hubert's development with a decline in the low double-digit percentage range was better than the average for the segment. The activities of KAISER+KRAFT, NBF and Central suffered clear double-digit losses.

With sales of EUR 120.7 (121.7) million and a decline of 0.8 percent, the Web-focused Commerce segment almost reached the previous year's level in the first half of the year despite the negative effects of the corona crisis. Sales development benefited from additional contributions of 4.8 percentage points through the acquisition of XXLhoreca and positive currency effects of 1.0 percentage point. At minus 6.6 percent, however, the decline in organic sales development was also less pronounced than in Omnichannel Commerce. Newport's activities during the crisis were geared to offer home office products. The business unit therefore performed very positively in the first half of the year with high single-digit organic growth. In contrast, business at D2G in the US experienced a double-digit decline.

Sales TAKKT Omnichannel Commerce first half-year
in Euro million



Sales TAKKT Web-focused Commerce first half-year
in Euro million

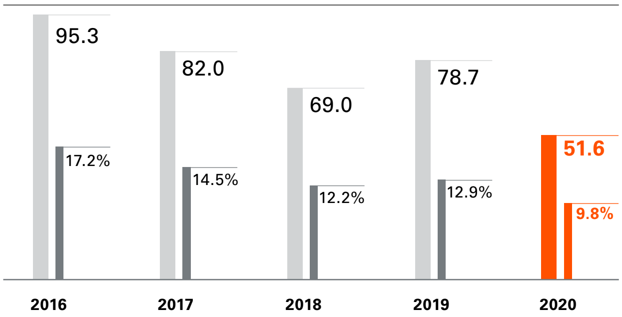


Earnings review

The gross profit margin came to 40.6 (41.6) percent in the reporting period. The decrease resulted mainly from the valuation of inventories. Due to the significantly lower sales level, it is to be expected that stocked products will be sold later than originally anticipated. In order to take this into account, obsolescence reserves were made for existing inventories.

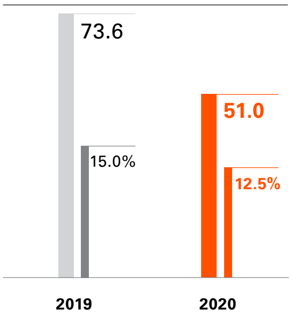
Disciplined cost management enabled TAKKT to reduce marketing costs significantly. They declined to a similar extent as sales. Personnel expenses were negatively affected by one-off costs of around EUR 7 million for activities related to the implementation of the new TAKKT 4.0 organizational realignment. Adjusted for this effect, personnel expenses also decreased significantly. The sale of the Hubert property resulted in a one-time gain of EUR 4.5 million. Reported earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 51.6 (78.7) million. The EBITDA margin of 9.8 (12.9) percent almost reached double digits.

EBITDA *in Euro million*/margin *in %*

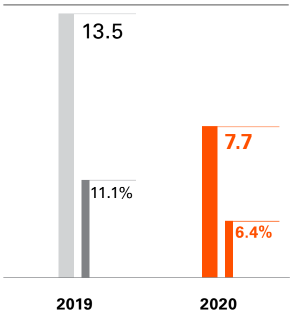


The Omnichannel Commerce segment achieved an EBITDA of EUR 51.0 (73.6) million, resulting in a margin of 12.5 (15.0) percent. Both the one-off costs from the implementation of TAKKT 4.0 and the one-time gain from the sale of real estate applied to this segment. In the Web-focused Commerce segment, EBITDA amounted to EUR 7.7 (13.5) million, while the margin came to 6.4 (11.1) percent. The decline in earnings was mainly attributable to the weak business development at D2G.

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



EBITDA Web-focused Commerce *in Euro million*/margin *in %*

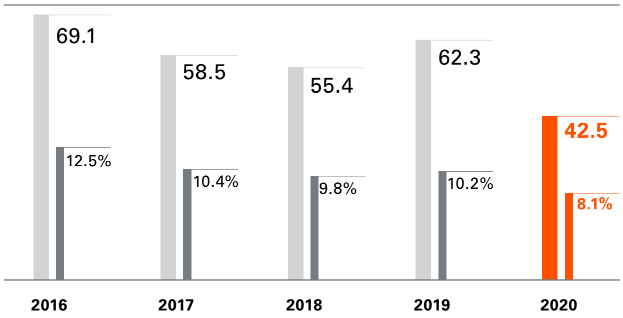


Depreciation and amortization remained unchanged at EUR 19.9 (19.9) million. EBIT amounted to EUR 31.7 (58.8) million, and the EBIT margin reached 6.0 (9.7) percent. Due to a lower interest expense, the financial result of EUR minus 3.1 (minus 4.6) million was better than in the previous year. Profit before tax amounted to EUR 28.6 (54.2) million. The tax ratio decreased to 24.8 (26.9) percent. Income from the sale of real estate was taxed at a lower rate due to the use of a loss carryforward. The profit for the period came to EUR 21.5 (39.6) million, and the earnings per share to EUR 0.33 (0.60).

Financial position

TAKKT has a strong internal financing capability and was able to generate a high level of free cash flow in the first half of the year despite the difficult conditions. The TAKKT cash flow declined to EUR 42.5 (62.3) million as a result of the downturn in business, while the cash flow margin came to 8.1 (10.2) percent. The TAKKT cash flow per share was EUR 0.65 (0.95).

TAKKT cash flow *in Euro million*/margin *in %*



To ensure financial stability and ability to act, TAKKT implemented various measures in the first half of the year to release cash from net working capital. In particular, TAKKT was able to significantly reduce receivables by the middle of the year. In order to ensure its own ability to deliver despite delays on the supplier side and be able to offer the products needed during the coronavirus crisis, TAKKT has not yet reduced inventories significantly.

Cash flow from operating activities increased by EUR 11.2 million to EUR 75.4 (64.2) million despite the decrease in TAKKT cash flow. While changes in net working capital in the previous year only had slight overall effects, TAKKT was able to generate cash inflow of more than EUR 30 million in the current year. In addition to the reduction in receivables, this was mainly attributable to lower tax payments.

At EUR 6.9 (11.9) million in the first half of 2020, capital expenditure was significantly below the previous year's level. This was attributable to the decision taken in March to exercise restraint with regard to capital expenditures. In addition, the sale of real estate in the US resulted in an inflow of EUR 21.9 million. Consequently, free TAKKT cash flow rose to EUR 90.9 (52.9) million.

In the first half of 2020, the free TAKKT cash flow was used to reduce financial liabilities. This was contrasted by an increase in finance leases of EUR 13.9 million due to the leaseback of the property in the US. Overall, net financial liabilities decreased to EUR 116.0 million, compared to EUR 189.8 million at the end of 2019. More detailed information about the generation and use of cash flow can be found in the cash flow statement of this half-year financial report.

In the first half of the year, the Group was able to extend existing credit lines with banks ahead of time and increase the committed volumes. As of mid-2020, committed free credit lines of more than EUR 270 million were available. TAKKT is thus very well positioned to take advantage of opportunities to develop new, additional business in the current environment.

Assets position

The total assets of the TAKKT Group decreased to EUR 1,055.9 (December 31, 2019: 1,100.7) million. This was almost exclusively attributable to the business performance in the first half of the year. The impact of currency effects was negligible.

Non-current assets decreased from EUR 835.5 million to EUR 818.0 million. This was mainly due to the restraint on capital expenditure, which was at a lower level than the depreciation and amortization of property, plant and equipment and intangible assets.

Current assets decreased by around ten percent to EUR 237.9 (265.2) million. Receivables from customers as well as receivables from bonus programs vis-à-vis suppliers declined by EUR 23.2 million.

So far, there has not been a significant change in the payment behavior of customers caused by the coronavirus crisis. By implementing receivables management measures, TAKKT was able to reduce the payment period to 29 (32) days. The loss of receivables has also remained at a consistently low level with a write-off rate of less than 0.2 percent. TAKKT expects that the impact of the crisis on payment behavior will first become apparent with a time delay when the current easements come to an end.

The structure of assets changed minimally in the first half-year. Due to the relatively sharp decline in current assets, the share of non-current assets increased by 1.6 percentage points to 77.5 percent of assets. With 55.8 percent, goodwill constitutes the majority of assets.

Shareholders' equity increased by around EUR 18 million to EUR 662.0 million. Profit for the period of EUR 21.5 million was countered by a negative impact from currency effects in the amount of EUR 3.1 million. The equity ratio rose to 62.7 (58.5) percent.

Liabilities decreased by EUR 62.6 million from EUR 456.5 million to EUR 393.9 million. Bank debt was reduced by EUR 81.1 million and stood at just EUR 21.6 million at the end of the first half of the year. This was countered in particular by the increase in finance leases of EUR 10.6 million as well as higher income tax payables of EUR 3.6 million. The maturity structure of the liabilities remained virtually unchanged.

OUTLOOK

Risk and opportunities report

The risks and opportunities for the TAKKT Group explained in the 2019 annual report starting on page 70 did not change significantly in the first half of the year. The Management Board does not believe that there are any substantial individual risks to the Group as a going concern.

The risk of a significant adverse impact on sales and earnings due to a global pandemic became a reality in the first half of 2020. Related to this is the risk of an economic downturn. This risk also occurred during the reporting period as a result of the coronavirus. With a view to the future, the further development of the pandemic and economy remain significant risks for TAKKT.

In addition, the current crisis has accelerated pre-existing trends, which could result in long-term market changes. For example, it is likely that more flexible ways of working will become the norm and working from home will become more prevalent. As a result, there is the risk of decreased demand for office equipment in the medium term. However, there is also the potential to profit from the increased demand for home office products. TAKKT is observing and analyzing these trends and, if necessary, will take measures to meet these changes, such as adapting its product ranges.

Other risks relate to the entry of new and aggressively competitive web-focused providers and online marketplace models or a change in the behavior of omnichannel providers. Furthermore, there are risks in connection with the implementation of TAKKT 4.0 and the digital transformation if goals are achieved or measures implemented late or if the results turn out to be unsatisfactory.

The share of direct imports has increased significantly in recent years. In addition, the business units are acting with greater speed and flexibility to adapt their product range to meet current demand, such as by offering products for infection control in the current environment. Working together with manufacturers and suppliers in Asia allows TAKKT to respond quickly to changes in demand and take advantage of favorable purchasing conditions. However, this situation does lead to a higher level of risk with regard to the quality and certification of the purchased products.

Various risks also exist in connection with acquisitions and disposals. If the integration and continuation of an acquired company does not progress as successfully as expected, this could have a direct short-term negative impact on earnings. In addition, a reduction in the long-term forecast of the business development of an acquired company below the original expectations could lead to impairment of the goodwill or remaining intangible assets. In general, the current crisis has increased the risk of impairment losses. The risk of negative fair value changes from revaluation of minority interests has also increased. Finally, the current environment may limit the possibilities for the sale of activities.

As pointed out in the 2019 annual report, the opportunities for TAKKT occur as a result of improved economic conditions, the transformation of the business model with the implementation of TAKKT 4.0 and the digital transformation as well as through increasing market shares for distance selling and the strong growth in e-commerce. Furthermore, the Group should continue to be able to benefit from further acquisitions or start-ups. Other opportunities relate to the sustainability initiative, further development of the IT applications, increased use of new technologies and good access to capital. A more in-depth presentation of the opportunities and risks relevant to TAKKT can be found in the 2019 annual report starting on page 78.

Forecast report

The coronavirus crisis shaped TAKKT's business development in the first half of the year. In the second half of the year, the pandemic and its economic consequences will continue to be key influencing factors for the future development and performance of the Group. TAKKT's business is particularly subject to the economic development of the core markets of the US and Europe. In addition to the GDP growth forecasts in the target markets, market and industry indexes also give indications of how the individual business units will develop in a normal environment. They include the Purchasing Managers' Index (PMI) for the KAISER+KRAFT group and the Restaurant Performance Index (RPI) for the Hubert and Central groups.

The economic forecasts for 2020 have been lowered several times in the last few months because the economic consequences of the coronavirus pandemic were initially underestimated. For example, at the end of June the International Monetary Fund (IMF) reduced its GDP estimates to minus 10.2 percent for the eurozone and minus 8.0 percent for the US. At the same time, the IMF points out that forecasts in the current environment are marked by a considerably higher degree of uncertainty.

In June, the PMI figures for the manufacturing industry were 47.4 points for the eurozone and 45.2 points for Germany, and were therefore once again much higher than in April. The RPI relevant to the US food service market recently stood at 96.8 points. All indicators thus point to an ongoing negative sales trend. In view of the volatile development of the industry indicators in recent months, TAKKT considers the informative value of the current values to be limited with regard to the future development.

A reliable sales and earnings forecast for the year as a whole is still not possible. Based on the information available today, TAKKT believes that the second quarter represented the low point of business development. At the same time, however, there are still considerable uncertainties. These relate to both economic development as well as how coronavirus infections develop. It is not possible to predict whether a rise in infection numbers in certain target markets will again lead to significantly more extensive restrictions on public and economic life.

In the first half-year, TAKKT showed that the company is prepared for and can deal with these risks. The Group will continue to systematically implement cost and cash flow management and adapt it flexibly to current circumstances. For the year as a whole, TAKKT still expects sales and earnings to be significantly below the level of the previous year. The free TAKKT cash flow will be significantly positive.

With respect to the gross profit margin, TAKKT no longer expects to achieve the performance projected in the 2019 annual report, which was expected to be stable or slightly positive. The Group expects the gross profit margin to decrease in 2020 due to the write-down of inventories described in the earnings review and lower volume-based purchasing discounts in individual business units. With regard to the forecast of other financial key figures such as TAKKT cash flow and capital expenditure, there is no change compared to the expectation communicated in the 2019 annual report. Both will be significantly lower than in 2019.

With regard to the product range key figures, TAKKT still expects a slowdown in the growth rates of private label and direct import shares. Shifts in the sales shares of the various business units could also result in a slight decline of the shares in 2020. The forecast for the value-based figures TAKKT value added and ROCE remains unchanged. They are likely to be well below the level of 2019.

The statements in the annual report regarding the future development of the digital agenda indicators and the sustainability indicators remain unchanged. With regard to the development of the internal covenants, TAKKT assumed a possible decline depending on the further course and consequences of the coronavirus pandemic. From the current perspective, the equity ratio and gearing will improve in the current fiscal year, interest coverage is expected to decrease and the debt repayment period likely to change only slightly.

TAKKT will publish the figures for the first nine months on October 29, 2020.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	4/1/2020 – 6/30/2020	4/1/2019 – 6/30/2019	1/1/2020 – 6/30/2020	1/1/2019 – 6/30/2019
Sales	**241.5**	**301.8**	**526.4**	**608.7**
Changes in inventories of finished goods and work in progress	–0.8	0.2	–0.6	0.4
Own work capitalized	0.2	0.6	0.4	0.9
Gross performance	**240.9**	**302.6**	**526.2**	**610.0**
Cost of sales	–146.3	–177.6	–312.5	–357.0
Gross profit	**94.6**	**125.0**	**213.7**	**253.0**
Other operating income	5.6	0.8	7.1	1.7
Personnel expenses	–40.5	–46.6	–93.0	–93.4
Other operating expenses	–32.4	–39.6	–76.2	–82.6
EBITDA	**27.3**	**39.6**	**51.6**	**78.7**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	–9.9	–10.2	–19.9	–19.9
EBIT	**17.4**	**29.4**	**31.7**	**58.8**
Income from associated companies	–0.2	–0.1	–0.4	–0.7
Finance expenses	–1.2	–1.8	–2.5	–3.6
Other finance result	0.0	0.0	–0.2	–0.3
Financial result	**–1.4**	**–1.9**	**–3.1**	**–4.6**
Profit before tax	**16.0**	**27.5**	**28.6**	**54.2**
Income tax expense	–3.8	–7.4	–7.1	–14.6
Profit	**12.2**	**20.1**	**21.5**	**39.6**
attributable to owners of TAKKT AG	12.2	20.1	21.5	39.6
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Weighted average number of issued shares in million	65.6	65.6	65.6	65.6
Basic earnings per share (in EUR)	0.19	0.31	0.33	0.60
Diluted earnings per share (in EUR)	0.19	0.31	0.33	0.60

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

	4/1/2020 – 6/30/2020	4/1/2019 – 6/30/2019	1/1/2020 – 6/30/2020	1/1/2019 – 6/30/2019
Profit	**12.2**	**20.1**	**21.5**	**39.6**
Actuarial gains and losses resulting from pension provisions recognized in equity	–10.8	–11.6	–1.7	–11.4
Tax on actuarial gains and losses resulting from pension provisions	3.2	3.3	0.5	3.3
Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity	–0.3	–1.6	–0.9	–1.6
Deferred tax on subsequent measurement of investment in equity instruments	0.0	0.1	0.0	0.1
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**–7.9**	**–9.8**	**–2.1**	**–9.6**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–0.2	–0.6	0.1	–0.2
Income recognized in the income statement	0.0	–0.1	1.8	–0.5
Tax on subsequent measurement of cash flow hedges	0.1	0.2	–0.4	0.2
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**–0.1**	**–0.5**	**1.5**	**–0.5**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	–8.8	7.4	–3.1	1.5
Income recognized in the income statement	0.0	0.0	0.0	0.0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**–8.8**	**7.4**	**–3.1**	**1.5**
Other comprehensive income after tax for items that are reclassified to profit and loss	**–8.9**	**6.9**	**–1.6**	**1.0**
Other comprehensive income (Changes to other components of equity)	**–16.8**	**–2.9**	**–3.7**	**–8.6**
attributable to owners of TAKKT AG	–16.8	–2.9	–3.7	–8.6
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Total comprehensive income	**–4.6**	**17.2**	**17.8**	**31.0**
attributable to owners of TAKKT AG	–4.6	17.2	17.8	31.0
attributable to non-controlling interests	0.0	0.0	0.0	0.0

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

Assets	**6/30/2020**	12/31/2019
Property, plant and equipment	143.0	153.9
Goodwill	589.6	591.2
Other intangible assets	75.8	79.6
Investment in associated companies	0.2	0.4
Other assets	7.8	8.6
Deferred tax	1.6	1.8
Non-current assets	**818.0**	**835.5**
Inventories	122.6	124.4
Trade receivables	85.7	101.3
Other receivables and assets	21.3	25.9
Income tax receivables	4.8	9.8
Cash and cash equivalents	3.5	3.8
Current assets	**237.9**	**265.2**
Total assets	**1,055.9**	**1,100.7**

Equity and liabilities	**6/30/2020**	12/31/2019
Share capital	65.6	65.6
Retained earnings	611.3	590.5
Other components of equity	–14.9	–11.9
Total equity	**662.0**	**644.2**
Financial liabilities	88.7	118.3
Pension provisions and similar obligations	82.8	80.0
Other provisions	4.0	3.9
Deferred tax	65.0	65.4
Non-current liabilities	**240.5**	**267.6**
Financial liabilities	30.8	75.3
Trade payables	35.3	39.7
Other liabilities	62.7	52.4
Provisions	14.9	15.4
Income tax payables	9.7	6.1
Current liabilities	**153.4**	**188.9**
Total equity and liabilities	**1,055.9**	**1,100.7**

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

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 1/1/2020	**65.6**	**590.5**	**–11.9**	**644.2**
Transactions with owners	0.0	0.0	0.0	0.0
thereof dividends paid	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	21.5	–3.7	17.8
thereof Profit	0.0	21.5	0.0	21.5
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	–3.7	–3.7
Transfer to retained earnings	0.0	–0.7	0.7	0.0
Balance at 6/30/2020	**65.6**	**611.3**	**–14.9**	**662.0**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1/1/2019	**65.6**	**571.6**	**–6.8**	**630.4**
Transactions with owners	0.0	–55.8	0.0	–55.8
thereof dividends paid	0.0	–55.8	0.0	–55.8
Total comprehensive income	0.0	39.6	–8.6	31.0
thereof Profit	0.0	39.6	0.0	39.6
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	–8.6	–8.6
Balance at 6/30/2019	**65.6**	**555.4**	**–15.4**	**605.6**

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

	1/1/2020 – 6/30/2020	1/1/2019 – 6/30/2019
Profit	21.5	39.6
Depreciation, amortization and impairment of non-current assets	19.9	19.9
Deferred tax expense	–0.2	1.3
Other non-cash expenses and income	5.9	1.5
Result from disposal of non-current assets	–4.6	0.0
TAKKT cash flow	**42.5**	**62.3**
Change in inventories	–2.3	6.0
Change in trade receivables	14.1	–6.3
Change in trade payables	–4.1	–2.1
Change in provisions	0.8	–3.9
Change in other assets/liabilities	24.4	8.2
Cash flow from operating activities	**75.4**	**64.2**
Proceeds from disposal of non-current assets	22.4	0.6
Capital expenditure on non-current assets	–6.9	–11.9
Cash outflows for the acquisition of consolidated companies	0.0	–18.7
Cash flow from investing activities	**15.5**	**–30.0**
Proceeds from Financial liabilities	46.6	86.2
Repayments of Financial liabilities	–137.7	–63.4
Dividend payments to owners of TAKKT AG	0.0	–55.8
Cash flow from financing activities	**–91.1**	**–33.0**
Cash and cash equivalents at 1/1	3.8	3.1
Increase/decrease in Cash and cash equivalents	–0.2	1.2
Non-cash increase/decrease in Cash and cash equivalents	–0.1	0.0
Cash and cash equivalents at 6/30	**3.5**	**4.3**

EXPLANATORY NOTES

Reporting principles

The condensed interim consolidated financial statements of TAKKT Group as of June 30, 2020 were prepared in accordance with section 115 of the German Securities Trading Act (WpHG) as well as IAS 34 "Interim Financial Reporting" and German Accounting Standard DRS 16 "Interim Financial Reporting". All International Financial Reporting Standards (IFRS) and related interpretations of the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) were considered. The interim financial statements and management report have not been audited in accordance with section 317 of the German Commercial Code (HGB) nor been subject to an audit review.

Accounting and valuation principles

The same accounting and valuation principles have been applied as for the consolidated financial statements for the 2019 financial year. The interim financial statements should be read in conjunction with the 2019 annual report, page 103 et seqq.

All new and amended standards to be applied for the first time in the current financial year do not have a material effect on the net assets, financial position and results of operations or the presentation of the interim financial statements.

Scope of consolidation

There are no changes compared with the scope of consolidation as of December 31, 2019.

Segment information by division of the TAKKT Group *in EUR million*

1/1/2020 – 6/30/2020	Omnichannel Commerce	Web-focused Commerce	Segments total	Others	Consolidation	Group total
Sales to third parties	405.7	120.7	526.4	0.0	0.0	526.4
Inter-segment sales	2.0	0.0	2.0	0.0	–2.0	0.0
Segment sales	407.7	120.7	528.4	0.0	–2.0	526.4
EBITDA	51.0	7.7	58.7	–7.1	0.0	51.6
EBIT	37.6	1.8	39.4	–7.7	0.0	31.7
Profit before tax	34.0	0.1	34.1	–5.5	0.0	28.6
Profit	25.4	0.0	25.4	–3.9	0.0	21.5
Average no. of employees (full-time equivalent)	1,691	524	2,215	45	0	2,260
Employees at the closing date (full-time equivalent)	1,607	523	2,130	40	0	2,170

1/1/2019 – 6/30/2019	Omnichannel Commerce	Web-focused Commerce	Segments total	Others	Consolidation	Group total
Sales to third parties	487.1	121.6	608.7	0.0	0.0	608.7
Inter-segment sales	2.5	0.1	2.6	0.0	–2.6	0.0
Segment sales	489.6	121.7	611.3	0.0	–2.6	608.7
EBITDA	73.6	13.5	87.1	–8.4	0.0	78.7
EBIT	60.2	7.5	67.7	–8.9	0.0	58.8
Profit before tax	56.1	5.3	61.4	–7.2	0.0	54.2
Profit	41.1	3.6	44.7	–5.1	0.0	39.6
Average no. of employees (full-time equivalent)	1,888	578	2,466	54	0	2,520
Employees at the closing date (full-time equivalent)	1,886	602	2,488	58	0	2,546

Until end of 2019, the TAKKT Group pursued a portfolio approach. In organizational terms, business activities were divided into two segments with a total of seven divisions. The geographical regions of Europe (TAKKT EUROPE) and North America (TAKKT AMERICA) served as the classification criteria for the segments. From 2020, the group is divided into the two business models Omnichannel Commerce and Web-focused Commerce. The prior-year figures have been adjusted accordingly.

Sales *in EUR million*

In the following table, sales according to regions are further broken down:

	Omnichannel Commerce	Web-focused Commerce	**1/1/2020 – 6/30/2020**
Germany	104.2	6.9	111.1
Europe without Germany	127.7	61.6	189.3
USA	168.1	52.2	220.3
Other	5.7	0.0	5.7
Sales by Region	**405.7**	**120.7**	**526.4**

	Omnichannel Commerce	Web-focused Commerce	1/1/2019 – 6/30/2019
Germany	127.7	6.4	134.1
Europe without Germany	154.4	52.0	206.4
USA	200.3	63.2	263.5
Other	4.7	0.0	4.7
Sales by Region	**487.1**	**121.6**	**608.7**

Leases

As of June 30, 2020 the book value of right-of-use assets from leasing totaled EUR 77.4 million (EUR 75.2 million as of December 31, 2019). The leased assets are shown in land and buildings with an amount of EUR 75.9 million (EUR 73.3 million as of December 31, 2019) and in plant, machinery and equipment with an amount of EUR 1.5 million (EUR 1.9 million as of December 31, 2019).

Non-current Financial liabilities include non-current lease liabilities with an amount of EUR 74.1 million (EUR 65.0 million as of December 31, 2019) at the balance sheet date. Current Financial liabilities include current lease liabilities with an amount of EUR 13.8 million (EUR 12.2 million as of December 31, 2019) at the reporting date.

Goodwill

The corona crisis has had a negative impact on TAKKT's earnings situation due to the global decline in demand and led to a significant decline in turnover in the first half of 2020. The slowdown in the spread of infections in Europe and the relaxation of protective measures in May and June led to a noticeable improvement in the order situation. Despite this negative business development, TAKKT was able to generate a very high free cash flow in the first half of 2020.

The different positioning in terms of product portfolio and target markets meant that some cash-generating units suffered no or only minor losses in turnover in the first half of 2020, while others were much more severely affected. In assessing the recoverability of goodwill, the different developments of the business units and other internal and external factors were taken into account. Overall, the resulting evaluations did not give rise to any impairment of goodwill.

Trade receivables

The valuation of trade receivables takes into account not only the age of the receivables, the general credit risk and past experience, but also current and forecast conditions.

The corona crisis did not give rise to any significant indications of a decline in value in the first half year. As of June 30, 2020, the payment period was 29 days (32 days as of December 31, 2019). As in the previous year, the write-off rate remained below 0.2% of revenues. A forecast on the development of the creditworthiness of customers is associated with high uncertainties.

In principle, a deterioration in the payment behaviour of customers is expected in the second half of the year due to the termination of currently existing easements. This was taken into account in the assessment of recoverability by assuming higher default probabilities, particularly for collection receivables. The allowance on trade receivables therefore increased slightly to EUR 4.5 million (EUR 4.1 million as of 31 December, 2019).

Inventory
In the valuation of inventories, write-downs are calculated based on the expected range of inventories. Due to the corona crisis, it is to be expected that stocked products will be sold later than originally anticipated. The obsolescence reserves for existing inventories therefore increased to EUR 11.4 million (EUR 7.7 million as of December 31, 2019).

Total Equity
Due to the corona crisis, this year's Annual General Meeting had to be postponed from the originally planned May 15, 2020, to July 7, 2020. At the Annual General Meeting on July 7, 2020, the proposal to suspend payment of a dividend for the 2019 financial year was approved.

Financial instruments – Fair value measurement
For a detailed overview of financial risks and their management along with the financial instruments held by TAKKT, please refer to the consolidated financial statements 2019. This section provides information about the fair value of financial instruments, the respective input factors and valuation methods. It also explains the classification of financial instruments into the levels within the fair value hierarchy of IFRS 13.

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

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

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

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

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

All other financial instruments are recognized at amortized cost.

Should it prove necessary to reclassify assets and liabilities carried at fair value on a recurring basis into a different level – for example because an asset is no longer traded on an active market or is being traded for the first time – they are reclassified at the end of the reporting period. There were no reclassifications during the reporting period. The fair value of financial instruments traded on an active market is based on the prices quoted on the reporting date. When level 2 assets and liabilities are measured at fair value on a recurring basis, the discounted cash flow method is used. This means that the future cash flows which the financial instruments are expected to generate are discounted using maturity-matched market interest rates. The creditworthiness of the respective debtor is taken into account by considering risk premiums depending on rating and term in the discount factors. The risk premiums are determined using prices for fixed-income securities observable on markets.

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

On the reporting date, the fair value of investments listed under non-current Other assets stood at EUR 7.3 million (EUR 8.1 million as of December 31, 2019). Thereof EUR 0.7 million (EUR 0.6 million as of December 31, 2019) relate to debt instruments measured at fair value through profit and loss and EUR 6.6 million (EUR 7.5 million as of December 31, 2019) to equity instruments measured at fair value through other comprehensive income. The fair value of derivative financial instruments within current Other receivables and assets totaled EUR 0.2 million (EUR 0.1 million as of December 31, 2019) and within current Other liabilities EUR 0.1 million (EUR 1.8 million as of December 31, 2019).

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

	2020	2019
Balance at 01/01	**8.1**	**7.4**
Addition	0.1	2.9
Fair value change recognized in profit or loss	0.0	0.2
Fair value change recognized in other comprehensive income	–0.9	–2.4
Disposals	0.0	0.0
Balance at 06/30 / 12/31	**7.3**	**8.1**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	0.0	0.2

The fair value change recognized in Other comprehensive income mainly results in the amount of EUR -0.6 million from the revaluation of a start-up investment following a recent financing round. In the case of one further investment, expectations of the negative impact of the corona crisis on an upcoming financing round resulted in a fair value adjustment of EUR -0.3 million. There are currently no indications of reduced recoverability for all other investments.

For reconciliation details to the fair value of contingent considerations please refer to the section Changes in contingent considerations.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for the fair values as of the closing date of the reporting period. Significant deviations between book values and fair values could arise regarding the lease and other financial liabilities, which exclusively include TAKKT performance bonds issued to TAKKT Group executives.

Regarding the Other financial liabilities, the book value amounts to EUR 5.1 million (EUR 7.1 million as of December 31, 2019) and their fair value to EUR 5.5 million (EUR 8.2 million as of December 31, 2019). Fair value is determined using the same method assigned to level 2 as for assets and liabilities that are measured at fair value on a recurring basis applying the discounted cashflow-method.

Changes in contingent considerations *in EUR million*

The contingent considerations changed as follows:

	2020	2019
Balance at 01/01	**0.0**	**2.0**
Additions	0.0	2.8
Disposals	0.0	–2.0
Currency translation	0.0	0.0
Accrued interest	0.0	0.0
Revaluation	0.0	–2.8
Balance at 6/30 / 12/31	**0.0**	**0.0**

A contingent consideration of up to £10.0 million has been agreed for Equip4work, which was acquired effective January 29, 2018, the amount of which is dependent on the achievement of a three-year cumulative earnings figure and would be payable in 2021. Management does not expect the earnings figure to be reached. Therefore, no purchase price liability was recognized.

For XXLhoreca, which was acquired with effect from May 3, 2019, the contractual provisions of the purchase agreement regarding variable purchase price liabilities were cancelled. As of June 30, 2020, there was therefore no longer any contingent consideration.

Assumptions and estimates
All assumptions and estimates were reviewed and are based on the circumstances on the balance sheet date.

Earnings per share
Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of shares issued. So-called potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued. The diluted and undiluted earnings per share are therefore identical.

Related party disclosures
Related parties in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these Boards), TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg/Germany (including its subsidiaries, associated companies, Management and Supervisory Board members). Related-party transactions mainly relate to the cash management system, ongoing delivery and settlement transactions and service contracts. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related parties are contractually agreed and performed on terms that are customary for transactions with third parties.

Significant business transactions in the first half of 2020
The implementation of the new organizational alignment TAKKT 4.0 leads to one-off expenses for implementation. These mainly related to measures at KAISER+KRAFT and totaled around EUR seven million in the first half of the year. Adjusted for this effect, personnel costs declined significantly. One reason for this was the fact that short-time working programs were used in several countries.

The sale of an office and warehouse building in the USA was executed at a selling price less incidental costs of EUR 21.9 million and a resulting income of EUR 4.5 million. The property was leased back at standard market conditions with a fixed contract term of 7 years. The resulting lease liability of EUR 13.9 million was recognized in financial liabilities in accordance with IFRS 16. The corresponding right-of-use asset was recognized in property, plant and equipment in the amount of EUR 6.0 million in accordance with IFRS 16 as the portion of the previous carrying amount of the property that relates to the right-of-use retained by the seller.

Events after the reporting period
There were no significant events which had any meaningful impact on the net assets, financial position and results of operations after the reporting date.

Other disclosures

As at the last balance sheet date there were no material contingent liabilities and receivables.

Where applicable, possible tax relief was taken advantage of in the individual countries. The financial effects were insignificant.

In the first half of the year, the Group was able to extend existing credit lines with banks ahead of time and increase the committed volumes. As of mid-2020, committed free credit lines of more than EUR 270 million were available.

Responsibility statement by the Management Board

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim management report of the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining financial year.

Stuttgart, July 30, 2020

TAKKT AG
Management Board

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ADDITIONAL INFORMATION

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