

# Business activities

## ORGANIZATION AND BUSINESS AREAS

The TAKKT Group specializes in B2B distance selling for business equipment. Sales are carried out mainly via e-commerce, and customers are also addressed through print marketing and key account managers. The divisions and brands operate in attractive markets and focus primarily on selling to corporate customers in various industries and regions, with the goods involved typically being durable and less price-sensitive equipment as well as special items that are needed on a regular basis. 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.

### Organizational structure

Since the beginning of 2022, the Group addresses the market with the following three divisions:

- › Industrial & Packaging (I&P)
- › Office Furniture & Displays (OF&D)
- › FoodService (FS)

Supporting Group functions such as logistics, IT, finance and HR are coordinated and managed at the TAKKT AG level.

### Three divisions for three specific work environments

Each division has a focused product portfolio that is primarily geared to a specific work environment. In I&P, the work environment is the factory floor or warehouse in the manufacturing and logistics industries. OF&D specializes in products for service providers. This includes equipment for working at the office or from home. The FS area offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments.

The aim of the organizational alignment along product categories and worlds of work is to fully realize the sales potential. The work of the divisions will focus on market and customer-related functions such as sales, marketing, e-commerce and category management. These tasks are being increasingly coordinated and consolidated within the divisions across the individual sales brands. This enables better use of internal resources and skills, such as through the expansion of cross-selling and in the ongoing improvement and new development of future-oriented products and services for the respective world of work.

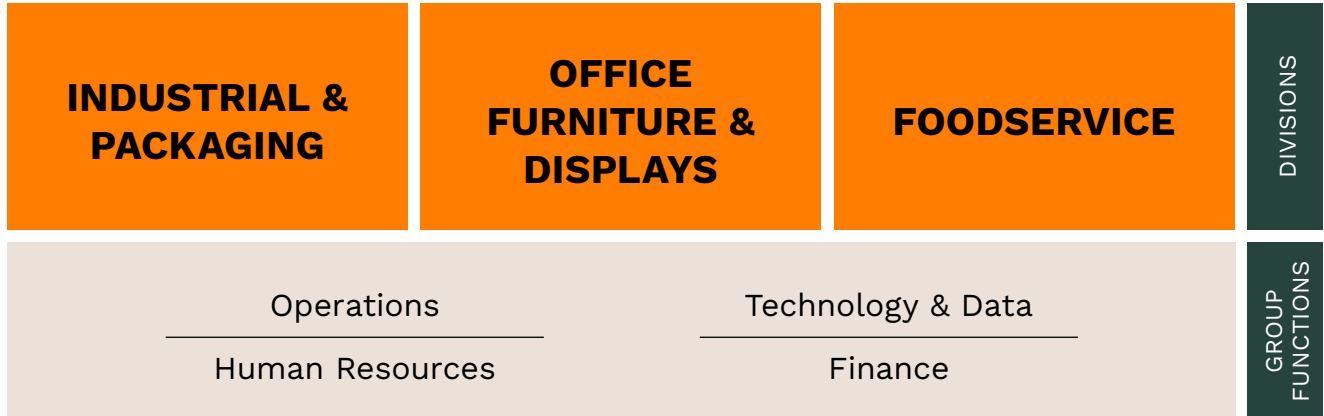
### Bundling Group-wide functions to generate greater synergies

TAKKT plans to further integrate supporting functions that are critical for success and to consolidate them on the Group level. The focus will be on Logistics, Technology & Data, Finance and HR. Integrating these functions centrally offers greater synergies, and the larger areas of responsibility make it easier to recruit experts and develop core areas of expertise within the Group.

The structures in finance were already fully integrated in 2022, and are managed and controlled centrally throughout the Group. Integration of HR is planned for 2023. In logistics, the new structure has already been implemented in Europe. In addition to the organizational integration and uniform management of the warehouse and logistics function, which was previously separated into sales brands, this also included the development of a uniform warehouse concept for all of Europe, which will reduce the number of locations in the medium term. Technology & data is now also controlled and managed centrally in Europe. In addition, TAKKT developed the goal and road map for the future European IT system landscape. In 2023, the focus of the transformation of the Group functions will be increasingly in the US.

The Group structure with the divisions and Group functions is shown on page 31.

**Group structure**



**Overview of business areas**

In 2022, market and customer-related functions such as sales, marketing and category management were integrated in the I&P division across the various sales brands. The division is present in the European market with the following activities:

- › Up to now, the sales brands KAISER+KRAFT and ratioform have operated individually in the market. While KAISER+KRAFT as an omnichannel retailer offers products for plant, warehouse and office equipment, ratioform specializes in the sale of packaging solutions to corporate customers. In 2022, the connection between the two brands was highlighted through co-branding as part of the integration of the division. In the course of 2023, a relaunch with a merger of the two brands is planned in order to realize even broader, solution-oriented offerings for customers and more efficient marketing processes. The new brand will be positioned as a Core brand with a focus on comprehensive service and exceptional quality.
- › In addition, transaction-oriented, price-sensitive customers will be addressed through Certeo as a Value brand. As a product specialist, Certeo’s offerings will be positioned similarly to that of KAISER+KRAFT, but with an even more focused product range. In its market positioning, Certeo emphasizes digital channels and easy ordering processes for the customer at a lower price point.
- › I&P will be active in continental Europe with the aforementioned Core and Value brands. The division

will implement the same concept in the UK and Scandinavia in the medium term, but with the local sales brands BiGDUG and Gerdmans, which are already known in the respective markets.

The OF&D division is mainly active in the US:

- › National Business Furniture (NBF) offers office furniture products in the US. The customers include companies and service providers such as lawyers and architects as well as public institutions like government agencies and schools. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.
- › Displays2go offers sales promotion products in the US. Products include advertising banners, digital display stands, mobile trade booths and fixtures. Mydisplays offers a similar product range in Germany.

The FS division’s main focus is North America. The Hubert and Central sales brands operate independently in the market. Similar to I&P in the year under review, market and customer-related functions that are critical for success will be gradually integrated in the FS division in the US in 2023 in order to create synergies:

- › In the US and Canada, Hubert offers 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.

- › Central sells 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.
- › XXLhoreca, an e-commerce direct marketing specialist for food service equipment based in the Netherlands, mainly supplies hotels, restaurants, cafeterias and catering companies. The range focuses on large appliances such as refrigerators and freezers.

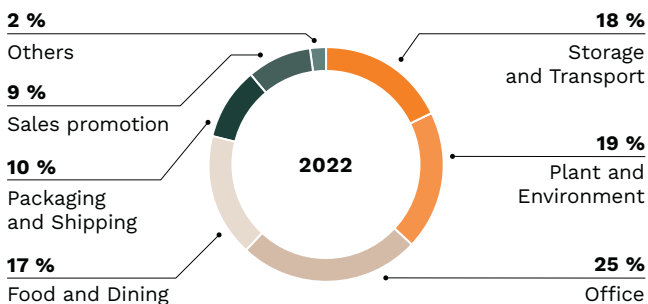
An overview of all the Group companies is provided by the list of shareholdings of the TAKKT Group, which can be found in the Notes to the consolidated financial statements under “Other notes” in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual 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 product level, TAKKT differentiates between products for operations & environment, warehouse & transportation, office, packaging & shipping, food service and sales promotion. TAKKT diversifies broadly to compensate for fluctuations in demand.

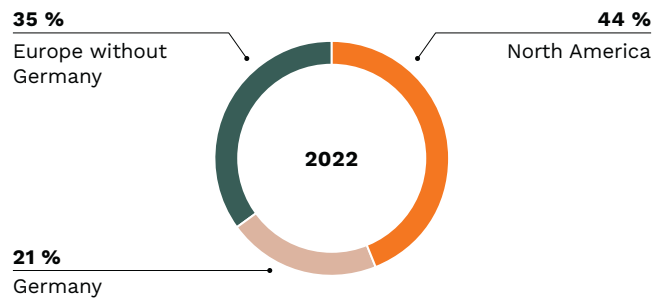
The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in M&A activities in the future.

**Diversification of product ranges**



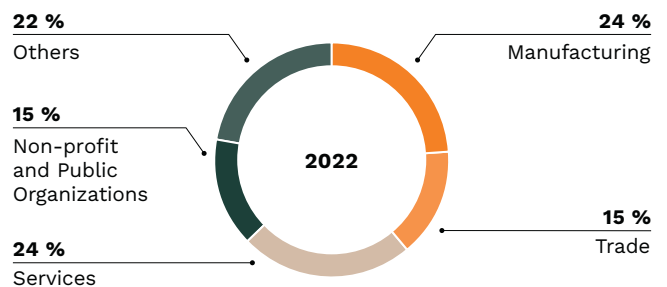
At the regional level, TAKKT differentiates between Germany, Europe without Germany and North America. In the past, this has proven to be a pillar of the TAKKT Group. This has allowed economic fluctuations in certain target markets to be partially offset by opposite developments in other regions. TAKKT will continue to focus on its presence in Europe and North America in the future, and will strengthen its activities in these regions both organically and through acquisitions.

**Diversification of regions**



At the customer level, the divisions 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 – still represent a quarter of the sales volume. TAKKT wants to continue to generate a balanced share of sales with the manufacturing industry, the trade and service sectors, and nonprofit and government institutions. This diversification across different customer groups stabilizes the TAKKT Group as a whole.

**Diversification of customer groups**



## MARKET POSITION AND COMPETITIVE ENVIRONMENT

TAKKT positions itself in the market as an omnichannel direct marketing specialist for business equipment with a comprehensive range of services. Its niche positioning allows the Group companies to create significant added value for both customers and suppliers. The competitive environment is highly fragmented and shaped by the growing importance of the e-commerce business.

Market differentiation...	Market attributes	TAKKT
...by customer	› B2B › B2C	› B2B
...by type of distribution	› Store-based retail › Omnichannel retail › Online-only retail	› Omnichannel retail
...by product range depth	› Generalists › Direct marketing specialists	› Direct marketing specialist
...by industry focus	› Horizontal alignment (product specialists) › Vertical alignment (industry specialists)	› Product and industry specialists
...by service	› Pure distributors › Marketplaces › Distribution of goods and additional services	› Distribution of goods, advising and comprehensive range of services

TAKKT’s market environment can be defined by means of the criteria shown in the table above. The TAKKT Group companies position themselves as specialized omnichannel distributors (excluding store-based retail) of business equipment with a comprehensive range of services.

The market niche of B2B distance selling is 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. In online-only retail, barriers to entry are lower. Main parts of the service and value chain are often outsourced or purchased from third parties (e.g., purely drop shipment business, purchase of IT services, etc.), while providers concentrate on marketing activities.

### 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 appealing to customers if they can find and order good products at attractive prices quickly and easily. They also expect a high level of advice and service with respect to the actual product. TAKKT’s strength lies in its ability to address and serve these various customer needs in a targeted way. The services are listed in the table on page 34.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side (see table on page 34). 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.

### Fragmented competitive environment

The competitive environment in the markets that are relevant for the TAKKT companies is generally characterized by a large number of store-based retailers and distance sellers. Omnichannel providers as well as purely online providers and marketplaces (intermediary platforms) are active in distance selling. Based on industry studies, TAKKT expects further significant growth in distance selling over the coming

**Added value for customers**

One-stop shop for a broad range of products	› Greater cooperation between the sales brands and needs-based cross-selling across product categories will allow customers to choose from a wider range of products.
Co-creation of future worlds of work	› Comprehensive consultation and needs analysis enable future customer requirements to be anticipated and included in planning or product adjustments
Easy ordering and fast delivery	› 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	› 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 › Continuous and, when needed, quick adaptation of the product range to the needs of the customers › Support for resource-conserving business activities by offering sustainable products
Personalized advising and individual offers	› Sales employees and product experts advise customers through different channels and media › Individual offers and support with selection process
Customized solutions	› 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 › Integration into customer purchasing processes (e.g., e-procurement)
Project management	› 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	› Warranty periods beyond the legal requirements and after-sales guarantee of several years

**Added value for suppliers**

Unlocking even greater customer potential	› Access to entire customer base of the sales company › Opportunity to benefit from cross-selling with product categories of other manufacturers › Consolidation of sales brands and supplier base allows selected suppliers to benefit from access to an even larger customer base and increasing sales volumes
Close partnership and joint product development	› Close supplier management and regular interaction › Early input on changing customer requirements and joint product development for the creation of new worlds of work
Professional product sales	› TAKKT provides targeted marketing through the sales channels online, print advertising, telesales and key account managers › 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	› 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
Greater efficiency	› One-time shipment of larger volumes to a central warehouse instead of many individual deliveries to customers

years – especially through digital channels. This trend has been accelerated by the effects of the coronavirus pandemic. The company believes that the online web shop business and online marketplaces 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 significantly more than half of order intake on average via e-commerce. The Group supports this trend through a targeted focus on e-commerce growth. Further information can be found in the “Corporate goals and strategy” section.

Compared to the various competitors, the TAKKT companies position themselves as follows:

- › For B2B customers, distance selling is far more efficient and comfortable than procurement from local store-based retailers. 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 service-oriented retailers. For this customer group, a reliable procurement process, comprehensive product advice and complementary services are just as important as price, which is why more transaction-oriented online distributors are less relevant for these customers.
- › TAKKT’s online-only companies are positioned as product experts and focused on more price-conscious, transaction-oriented and generally smaller corporate customers. In terms of purchasing and advice, they have a great deal of expertise with respect to their specific product range. This allows them to offer an attractive price level and also position themselves against marketplace models and similar providers with an extremely 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 in Europe		Competitors in USA		
		Plant and warehouse equipment	Packaging solutions	Merchandising and food service equipment	Sales displays	Office equipment
Store-based retailers		Numerous store-based retailers				
Distance sellers	Omnichannel providers	› Manutan › Schäfer Shop › Jungheinrich › Profishop	› Raja › Transpak › Hoffmann	› Trimark › Edward Dwon › Wasserstrom	› Allen Display › Braeside › Displays	› Staples › Office Depot
	Online-only retailers	› Contorion › Rapid Racking › Profishop	› Karton.eu › Hilde24	› Webstaurant Store › Katom	› Ace Exhibits › DisplayIt	› BizChair › Cymax
	Online marketplaces	Various marketplaces, e.g. Amazon Business				