

## COMPANY PERFORMANCE

TAKKT provides information on the long-term development of various key figures in the “Company performance” section. In addition to the key figures, TAKKT also provides information on the product range and value-based key figures. In the year under review, TAKKT was able to improve most of the key figures and also increase the product range and value-based key figures compared to the previous year.

### Overall improvement of financial key figures

The year-on-year development of the key figures of organic sales development, organic e-commerce development, gross profit margin and EBITDA is explained in the “Sales and earnings review” section of this management report. The TAKKT cash flow, the free TAKKT cash flow and capital expenditure ratio are described in the Financial position section.

In the long-term analysis, organic sales development was mainly shaped by the economic conditions of the individual fiscal years. In 2019, the growth rate was slightly negative due to difficult economic conditions; in 2020, the coronavirus pandemic resulted in a significant decline in sales. In the course of the economic rebound and associated dynamic development in demand, TAKKT once again achieved a significant increase in organic sales in 2021 and 2022.

The organic growth in order intake via e-commerce has outstripped the organic development in sales and order entry in previous years. In the year under review, e-commerce growth was below average for the first time amid an overall weak e-commerce environment.

Until 2021, the gross profit margin remained stable at values around the target of 40 percent. In the past year, the gross profit margin declined slightly due to the high inflation and higher share of the US business.

The development of EBITDA is influenced by the economic environment as well as one-time gains and expenses. Prior to 2020, EBITDA had remained at around EUR 150 million for several years. It then took a marked downward turn due to the weak sales performance during the pandemic. In 2021 and 2022, earnings recovered significantly as a result of the positive growth momentum.

With the exception of 2020 and 2021, which were dominated by the pandemic, development of the TAKKT cash flow over the past few years has remained stable at a high level, which shows the Group’s high internal financing capability. The free TAKKT cash flow has also remained at a high level overall over the past few years. While the reduction in net working capital in 2020 had a positive impact on the free TAKKT cash flow, the latter was negatively affected by the increase in trade receivables and inventories in 2021 and 2022. In 2018, 2020 and 2021, the free TAKKT cash flow benefited from proceeds from the sale of property or investments.

The investment requirement in the past five years – measured as the capital expenditure ratio as a percentage of sales – was between one and two percent and thus within the corridor for the target value.

### Development of financial key figures

|   | 2018  | 2019   | 2020    | 2021  | 2022  |
|---|-------|--------|---------|-------|-------|
| Organic sales development                     | 3.4%  | - 1.4% | - 11.8% | 11.4% | 7.5%  |
| Organic growth in order intake via e-commerce | 11.6% | 2.0%   | - 3.6%  | 16.3% | 1.1%  |
| Gross profit margin                           | 41.5% | 41.3%  | 39.7%   | 40.2% | 39.3% |
| EBITDA in EUR million                         | 150.1 | 150.2  | 92.6    | 112.6 | 132.1 |
| TAKKT cash flow in EUR million                | 120.8 | 120.4  | 82.0    | 94.3  | 115.1 |
| Free TAKKT cash flow in EUR million           | 82.7  | 107.1  | 129.8   | 51.9  | 70.4  |
| Capital expenditure ratio                     | 1.8%  | 1.8%   | 1.2%    | 1.6%  | 1.1%  |

**Partial improvement in operational key figures**

Since 2020, all of the business units have been gathering key figures, which provide information about the current development of the customer and employee perspective. For customers, it is the cNPS and for employees the eNPS. The definition and calculation method used for these key figures is described in detail in the “Management system” section starting on page 41. cNPS values have been consistently high in recent years. In 2021 and in 2022, it was 58 points. Due to the challenging and dynamic transformation, the eNPS decreased from 16 to 11 in the year under review.

The Group is convinced of the added value of having mixed management teams and considers it a Group-wide duty to ensure the same career development opportunities for women and men. Over the recent years, TAKKT has increased the share of women in executive positions to nearly 30 percent.

TAKKT takes two sustainability key figures into account in its corporate management. Their definition and calculation are shown on page 43. Both key figures were collected for the first time in the year under review. The share of “enkelfähig” products in order intake came to 19.8 percent at the end of the year. TAKKT was able to reduce its CO<sub>2</sub>e emissions in 2022 by 11 percent compared to 2021.

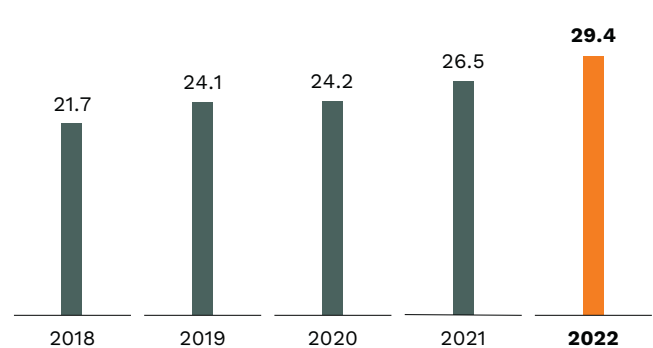
The non-financial report for the TAKKT Group is part of the sustainability report and can be found at <http://www.takkt.de/en/sustainability>

**Product range key figures show positive long-term trend**

TAKKT wants to expand its business with private labels and direct imports in the long term. In 2020 and 2021, changes in the demand behavior of customers and the impact of the crisis on delivery routes had a negative effect on the sale of the respective products in some cases.

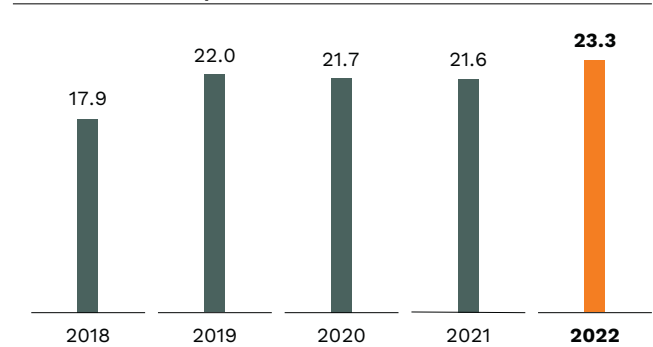
In the year under review, the share of sales generated with private labels rose significantly and increased to 29.4 (26.5) percent. All three divisions saw similar strong increases in private labels.

**Share of private label in %**



There were also gains in the share of direct imports in all three divisions in the year under review. The FoodService division posted the sharpest increase, while Office Furniture & Displays recorded the highest share within the Group. At the Group level, the overall share of direct import sales rose to 23.3 (21.6) percent.

**Share of direct imports in %**

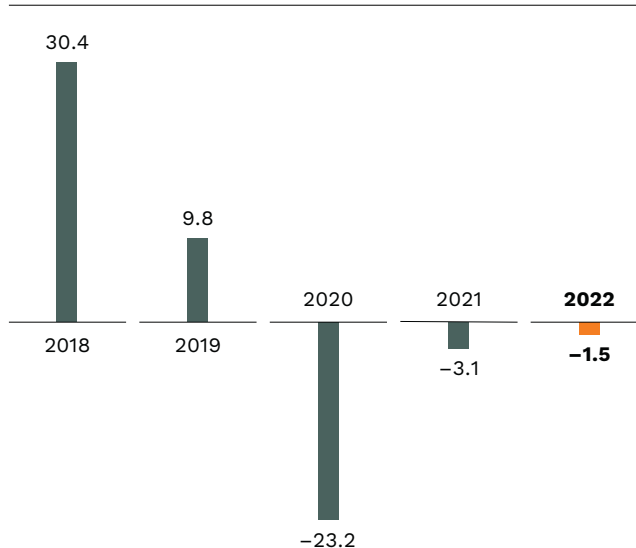


**Value-based key figures: TAKKT Value Added and ROCE above previous year**

The TAKKT Value Added has declined overall in recent years due above all to the pandemic. Although the Group increased EBITDA significantly in the year under review, earnings were only slightly above the level of the previous year due to impairments of intangible assets. Consequently, the TAKKT Value Added also improved only slightly and came to minus EUR 1.5 (minus 3.1) million. Excluding the impairments, the Group would have again realized a markedly positive TAKKT Value Added in the year under review.

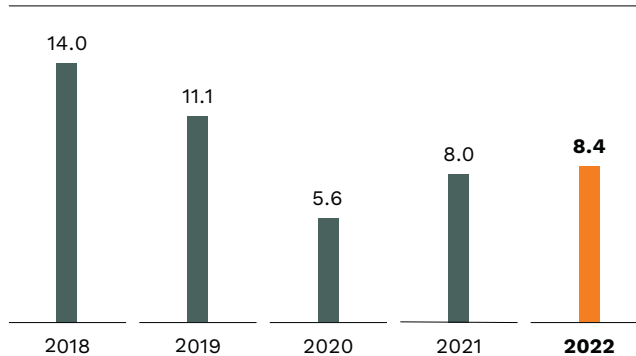
The resulting operating result after tax generated for calculation of the TAKKT Value Added increased over the previous year by a total of EUR 3.9 million and amounted to EUR 64.9 (61.0) million. The average capital employed increased slightly. The weighted average cost of capital (WACC) used to calculate the total cost of capital remained unchanged at 7.5 (7.5) percent. TAKKT assumed a value-based capital structure of 70 percent equity and 30 percent debt capital for this. The cost of shareholders' equity was nine percent. An imputed cost of four percent was used for debt capital. Total cost of capital in 2022 thus came to EUR 66.4 (64.2) million.

**TAKKT value added** in EUR million



The return on capital employed (ROCE) of 8.4 (8.0) percent in the year under review was slightly higher than the figure for the previous year. This is due to the improvement in earnings in the year under review.

**ROCE** in %



## COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT

For the 2022 fiscal year, TAKKT anticipated positive growth rates in the eurozone and North America. Due to the Russian attack on Ukraine and its impact on the economy, however, these forecasts were subject to a high level of uncertainty. Under the assumption that the war in Ukraine will have only a limited impact on business development, TAKKT expected to generate high single-digit organic sales growth and EBITDA in the range of EUR 110 to 130 million. Although conditions deteriorated over the course of the year, TAKKT continued to adhere to its growth forecast and refined its earnings in July to between EUR 120 to 130 million. In addition to achieving the sales and earnings forecast, most of the other key figures were largely as forecast at the beginning of the year.

With the exception of e-commerce growth and the gross profit margin, the development of the financial key figures was consistent with the forecast. After many years of above-average growth, order intake via e-commerce was affected by the slowdown in online retail observed across all industries and grew less strongly than forecast. In addition to the high inflation, the gross profit margin was also negatively impacted by structural effects resulting from the higher share of US business. The activities in the US generate a lower gross profit margin than the European business. Despite the high inflation, TAKKT was able to maintain the gross profit margin close to the target of 40 percent thanks to the consistent passing on of higher prices for products and shipping.

The key figures for the customer and employee perspective developed differently. The cNPS, which indicates a customer's willingness to recommend, was roughly on a par with the previous year, as expected. The eNPS, which provides information on the attractiveness of the TAKKT Group as an employer, decreased slightly due to the challenging and dynamic transformation. The share of women in executive positions was slightly higher than in the previous year. However, the two figures cannot be directly compared due to the change in allocation logic.

TAKKT made further progress in the area of sustainability in 2022 with the introduction of the "enkelfähig" label and the CO<sub>2</sub>e emissions survey (Scope 1 and Scope 2). The share of "enkelfähig" products in order intake was above the projected level at the end of 2022.

**Comparison of actual and forecast development**

|  | 2021  | Forecast for 2022   | Actual performance in 2022 |
|--|-------|---|----------------------------|
| <b>Organic growth</b>                                    |       |   |                            |
| Organic sales growth in percent                          | 11.4  | Organic growth in the high single-digit range   | 7.5                        |
| Organic growth in order intake via e-commerce in percent | 16.3  | Double-digit organic growth   | 1.1                        |
| <b>Costs and earnings</b>                                |       |   |                            |
| Gross profit margin in percent                           | 40.2  | Stable development slightly above 40 percent<br>In April 2022 adjustment to around 40 percent               | 39.3                       |
| EBITDA in EUR million                                    | 112.7 | In the range of EUR 110 to 130 million<br>In July 2022 specification to EUR 120 to 130 million              | 132.1                      |
| <b>Cash</b>  |       |   |                            |
| TAKKT cash flow in EUR million                           | 94.3  | In the range of EUR 90 to 110 million<br>In July 2022 specification to EUR 100 to 110 million               | 115.1                      |
| Free TAKKT cash flow in EUR million                      | 51.9  | Stronger increase than for EBITDA and TAKKT cash flow   | 70.4                       |
| Capital expenditure ratio in percent                     | 1.6   | Slightly less than two percent of sales<br>In October adjustment to slightly more than one percent of sales | 1.1                        |
| <b>Customer and employee perspective</b>                 |       |   |                            |
| cNPS   | 58    | At previous year's level  | 58                         |
| eNPS   | 16    | Slight improvement  | 11                         |
| Share of women in executive positions in percent*        | 27.3  | Slight increase   | 28.9                       |
| <b>Sustainability</b>                                    |       |   |                            |
| Share of "enkelfähig" products in order intake           |       | Around 15 percent of order intake   | 19.8                       |
| CO <sub>2</sub> e emissions (Scope 1 and Scope 2)        |       | Project to survey CO <sub>2</sub> e emissions (Scope 1 and Scope 2)   | 8,339t CO <sub>2</sub> e   |

\* Due to the change in allocation logic, the two figures are not directly comparable.