

Report by the Management Board on item 6 of the agenda (resolution on the rescission of the authorization to purchase own shares and the new authorization to purchase own shares, excluding any tender and subscription rights) to the Shareholders' Meeting in accordance with section 71(1) no. 8 AktG in conjunction with section 186(4) sentence 2 AktG

Section 71(1) number 8 German Stock Corporation Act (AktG) offers shareholders the possibility to acquire treasury shares based on an authorization of the Shareholders' Meeting that is valid for a maximum of five years. On May 6, 2014, the Shareholders' Meeting of TAKKT AG issued a resolution to authorize the acquisition and use of treasury shares. The company has not yet used this authorization. The authorization issued by the 2014 Shareholders' Meeting is valid until May 5, 2019 and would probably expire prior to the 2019 Shareholders' Meeting. Therefore, the Management Board and Supervisory Board propose to rescind the authorization resolution of May 6, 2014 and to issue a new authorization valid for five years to acquire and use treasury shares. In so doing, the company shall be enabled for up to a period of five years to acquire treasury shares equivalent to up to 10% of company's current share capital of EUR 65,610,331.00.

Exclusion of any right to tender ("reversed subscription rights") in the acquisition of treasury shares

Treasury shares may be acquired at the discretion of the Management Board on the exchange, by means of a public offer to all shareholders, or – insofar as it is legally permissible – by means of a public invitation to all shareholders to tender. Furthermore, the Management Board shall be authorized to acquire them by private contract outside of the stock exchange.

In the event of the acquisition of treasury shares, stock corporation law literature infers from the shareholders' right to equal treatment in accordance with section 53a of the German Stock Corporation Act (AktG) that all shareholders are entitled to a pro rata right to tender, i.e. have the right to have their shares bought ("reversed subscription right"). As it is possible, however, to exclude any kind of subscription right under certain conditions in accordance with section 186 of the German Stock Corporation Act (AktG), stock corporation law literature assumes that such a "reversed subscription right" can, like a normal subscription right, likewise be canceled within the bounds of section 186 of the German Stock Corporation Act (AktG). As a precaution, use of this option should be made.

Should the acquisition take place by means of public offer or a public invitation to all shareholders to tender, the amount of the offer or the public invitation to tender may be limited. In the process, it is possible that the supply of shares offered to the company by shareholders may exceed the demand of shares by the company. In this case, an allocation must be made according to quotas. Here it should be optional to depart from an allocation according to the ownership interest in favor of undertaking an allotment or allocation in relation to the shares subscribed or tendered (right-to-tender rates). This can improve the technical execution and therefore the efficiency of the acquisition process. Furthermore, the preferred acceptance of small quantities of up to 100 tendered shares per shareholder should be possible. This option should serve to avoid fractional amounts in the setting of the acquisition quotas and small remaining shares, thus easing the technical execution of the share buy-back program. This can also avoid de facto discrimination against small shareholders. Finally, a rounding rule according to commercial principles shall be applied to avoid fractional shares. In this way, the acquisition quota and the number of shares to be purchased from individual tendering shareholders can be rounded off to the extent that is necessary to purchase whole shares.

Furthermore, acquisition by private contract, known as a negotiated purchase outside of the stock exchange, should be possible. The option of acquisition by private contract substantially increases the company's ability to flexibly acquire blocks of shares offered on the market. This does not engender any negative effects for the shareholders. After all, the same stipulations must be observed for an acquisition by private contract as for an acquisition on the stock exchange as far as the acquisition price is concerned, according to the proposed resolution of Management Board and Supervisory Board. The Management Board shall only make use of the authorization to acquire treasury shares by private contract such that the sum of the shares acquired in relation to which the "reversed subscription right" has been excluded in accordance with section 186(3) sentence 4 of the German Stock Corporation Act (AktG) does not exceed 10% of the share capital at the time of the acquisition. With regard to the acquisition price, the Management Board shall be guided by the precise price regulations governing acquisition on the stock exchange. In the case of acquisition by private contract, the equivalent value per share paid by the company (excluding incidental acquisition costs) may also therefore not be more than 10% above or below the price determined by the opening auction in the Xetra trading system (or a comparable successor) on the acquisition day on the Frankfurt Stock Exchange.

Exclusion of the subscription right in the use of treasury shares

In accordance with section 71(1) no. 8 sentence 3 AktG, section 53a AktG (equal treatment principle) is to be applied to the acquisition and sale of treasury shares. In accordance with section 71(1) no. 8 sentence 4 of the German Stock Corporation Act (AktG), both the sale and purchase of treasury shares on the exchange complies with the equal treatment principle of section 53a of the German Stock Corporation Act (AktG). According to the guidelines for the exclusion of the subscription right, the Shareholders' Meeting can approve another sale. Use of such a legally possible exclusion of the subscription right is made in (f) of the proposed resolution of the Management Board and the Supervisory Board on item 6 on the agenda.

For the sale of treasury shares through an offer to all shareholders consistent with the equal treatment principle, the Management Board shall be authorized to exclude the subscription right of shareholders for fractional amounts with the approval of the Supervisory Board. The exclusion of the subscription right for fractional amounts is necessary under certain circumstances in order to arrive at a technically feasible subscription ratio. The fractions of treasury shares excluded from the subscription right of shareholders will be sold to the company's greatest possible advantage either via the stock exchange or in another way. The possible dilutive effect is low due to the restriction to fractional amounts.

In addition, it shall be possible to use the treasury shares acquired based on this authorization for the following purposes:

The company shall be able to cancel treasury shares even without another resolution of the Shareholders' Meeting (section 71(1) no. 8 sentence 6 German Stock Corporation Act (AktG). In accordance with section 237(3) no. 3 German Stock Corporation Act, the proposed authorization provides that the Management Board can cancel shares with or without a reduction in capital. This reduction in capital may occur for any legally permissible purpose. Through the cancellation without a reduction in capital, the pro rata amount of the remaining individual shares increases relative to the company's share capital. The Management Board is therefore authorized to amend the articles of association regarding the changing number of individual shares.

Furthermore, according to the proposed resolution, the company should be in a position to sell treasury shares excluding the subscription right of shareholders against cash payment in ways other than on the stock exchange or through an offer to all shareholders. This should in particular enable the company to offer shares of the company on short notice.

Prerequisite for this is that the shares are sold at a price that does not fall significantly below the stock market price of shares of the company of the same type at the time of sale. With this authorization, use is made of the possibility under section 71(1) no. 8 German Stock Corporation Act (AktG) for a simplified exclusion of the subscription right permitted in accordance with section 186(3) sentence 4 of the German Stock Corporation Act (AktG). As a result, consideration is given to the concept of protecting shareholders against dilution in that stock may be sold only a price that does not significantly fall short of the relevant exchange price. The final sales price for the treasury shares is established shortly before the sale. The Management Board will keep a possible discount from stock exchange price as low as possible in accordance with the market conditions prevailing at the time of placement. A possible discount from the relevant stock exchange price will presumably not exceed 3% or at most 5% of stock exchange price. However, this authorization applies only with the proviso that the treasury shares sold under exclusion of the subscription right in accordance with section 186(3) sentence 4 of the German Stock Corporation Act (AktG) may not exceed a total of 10% of the share capital, either at the time the authorization becomes effective or – if the amount is less – at the time it is exercised. Shares to be counted against this limit are those issued from approved capital during the term of the authorization under exclusion of the subscription right in accordance with section 186(3) sentence 4 of the German Stock Corporation Act (AktG).

The company should also be in a position to have treasury shares available in order to sell them excluding the subscription right against payment in kind, especially in relation to corporate mergers and the acquisition of companies, parts of companies, and company holdings. Treasury shares can be an important tool as acquisition currency. For the company they can represent a favorable option for financing. Sellers frequently propose them as consideration in such transactions. The authorization proposed here should enable the company to make swift and flexible use of opportunities for the acquisition of non-cash benefits, especially in relation to corporate mergers and the acquisition of companies, parts of companies, and company holdings both on a national level and in international markets, particularly without involving the Shareholders' Meeting, which is frequently not possible for timing reasons. The use of treasury shares in such situations has the advantage for existing shareholders that their ownership interest in the company is not diluted relative to the situation prior to the acquisition of treasury shares by the company. There are currently no specific plans to make use of this option. When determining the valuation ratios, the Management Board will ensure that the interests of shareholders are taken into proper account. The Management Board will use the stock exchange price as a guideline when determining the value of the shares granted as consideration.

There are no plans to apply any fixed formula relating to the market price, particularly to avoid the results of negotiations being called into question by fluctuations in the market price.

The Management Board will decide on the exercise of the proposed authorization and the utilization of treasury shares with the possible exclusion of the subscription right and the right to tender using its reasonable business judgment and always only with the approval of the Supervisory Board. The Management Board shall base any decisions solely on the interests of the shareholders and of the company. The Management Board will give notification of any utilization of this authorization at the next Shareholders' Meeting.

Stuttgart, Germany, March 2018

The Management Board

Dr. Felix A. Zimmermann

Dirk Lessing

Dr. Claude Tomaszewski

Dr. Heiko Hegwein