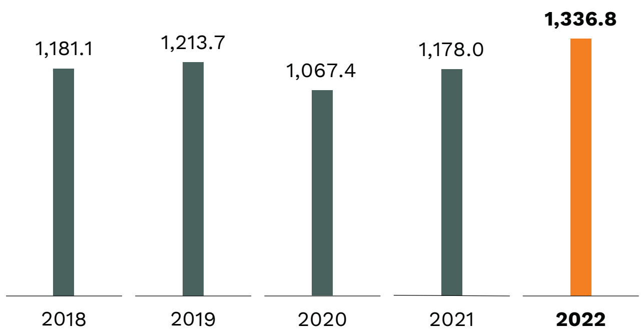
Annual report

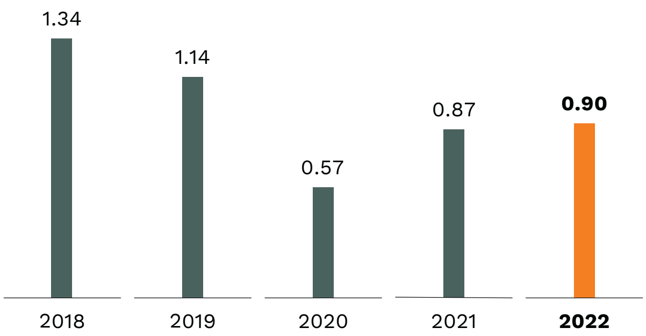
OF TAKKT GROUP 2022

Selected key figures

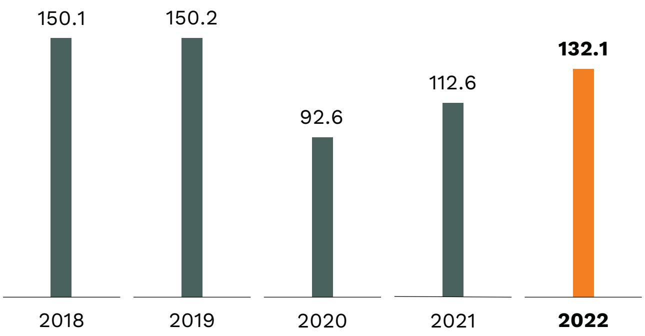
Sales in EUR million



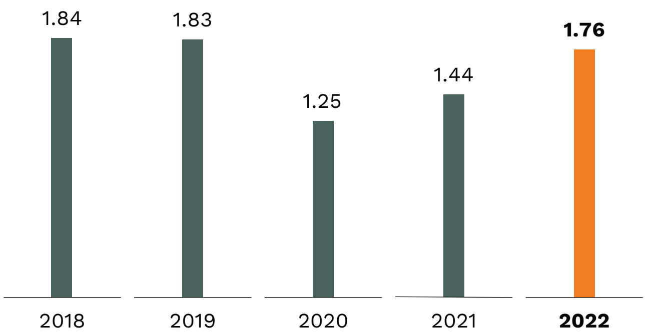
Earnings per share in EUR



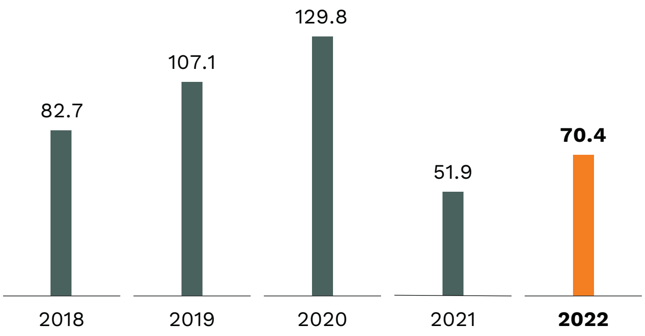
EBITDA in EUR million



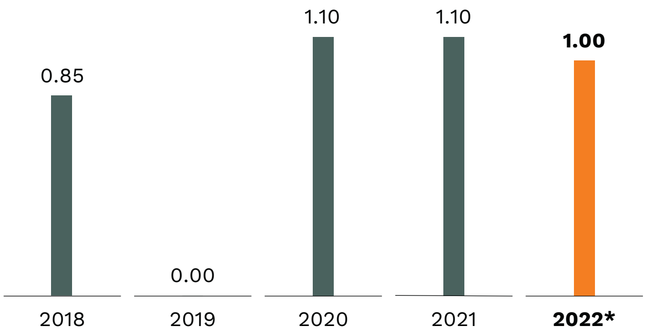
TAKKT cash flow per share in EUR



Free TAKKT cash flow in EUR million



Dividend per share in EUR



* Dividend proposal for the financial year 2022.

Key figures of TAKKT Group

in EUR million	2018	2019	2020	2021	2022
Sales	**1,181.1**	**1,213.7**	**1,067.4**	**1,178.0**	**1,336.8**
Change in %	5.8	2.8	– 12,0	10.4	13.5
EBITDA	**150.1**	**150.2**	**92.6**	**112.6**	**132.1**
in % of sales	12.7	12.4	8.7	9.6	9.9
EBIT	**122.5**	**108.8**	**52.4**	**73.9**	**80.8**
in % of sales	10.4	9.0	4.9	6.3	6.0
Profit before tax	**116.9**	**100.6**	**46.6**	**72.8**	**75.9**
in % of sales	9.9	8.3	4.4	6.2	5.7
Profit	**88.1**	**74.7**	**37.2**	**57.0**	**59.3**
in % of sales	7.5	6.2	3.5	4.8	4.4
TAKKT cash flow	120.8	120.4	82.0	94.3	115.1
Capital expenditure for investments	25.0	24.7	13.3	18.3	14.6
Free TAKKT cash flow	82.7	107.1	129.8	51.9	70.4
Capital expenditure for acquisitions	57.7	20.7	0.0	0.0	0.0
Depreciation, amortization and impairment	27.5	41.4	40.2	38.7	51.3
TAKKT cash flow per share in EUR	1.84	1.83	1.25	1.44	1.76
Earnings per share in EUR	1.34	1.14	0.57	0.87	0.90
Dividend per share in EUR	0.85	0.00	1.10	1.10	1.00*
Non-current assets	**758.6**	**835.5**	**781.1**	**812.2**	**781.5**
in % of total assets	73.1	75.9	77.8	72.8	69.7
Total equity	**630.4**	**644.2**	**649.6**	**694.0**	**699.8**
in % of total assets	60.8	58.5	64.7	62.2	62.4
Net financial liabilities	**150.8**	**189.8**	**75.4**	**105.0**	**116.7**
Total assets	**1,037.1**	**1,100.7**	**1,004.3**	**1,115.4**	**1,121.5**
ROCE (Return on Capital Employed) in %	14.0	11.1	5.6	8.0	8.4
TAKKT value added	30.4	9.8	– 23.2	– 3.1	– 1.5
Employees (full-time equivalent) at year-end	**2,530**	**2,483**	**2,327**	**2,496**	**2,437**

* Dividend proposal for the financial year 2022.

Group structure

INDUSTRIAL & PACKAGING	**OFFICE FURNITURE & DISPLAYS**	**FOODSERVICE**	DIVISIONS

Operations	Technology & Data	GROUP FUNCTIONS
Human Resources	Finance	

Content

Our Vision

Bringing new worlds of work to life

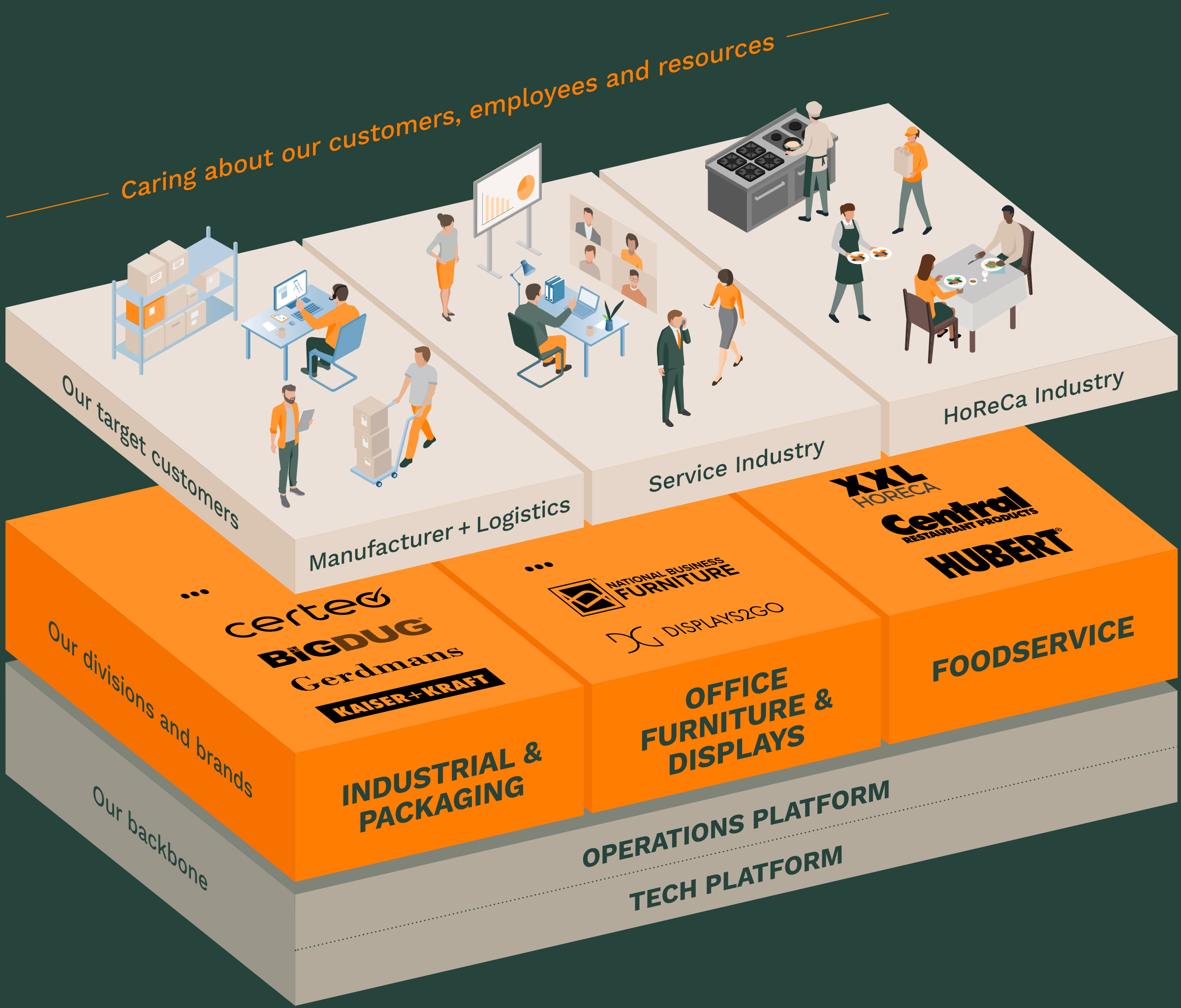
By caring about environmental resources, people and customer success

Our Vision

We are shaping the working worlds of tomorrow

Our worlds of work are undergoing a process of fundamental change. This development is being driven by megatrends such as increasing digitalization, automation and the use of artificial intelligence, mounting competition for labor, the ever-growing importance of sustainability and much more flexible forms of work in line with the New Work trend. We are helping our customers to shape the working worlds of tomorrow. Our organizational structure, with its three divisions, reflects this objective. Each division has a focused product portfolio that is primarily geared to a specific work environment.

In Industrial & Packaging, the work environment is the factory floor or warehouse in the manufacturing and logistics industries. Office Furniture & Displays specializes in products for service providers. This includes equipment for working at the office or from home. The FoodService area offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments. Together with our customers, we are creating attractive working environments for employees and customers alike, laying the foundation for shared success.



Our Worlds of Work

Industrial & Packaging

Supply chain disruptions, increasing automation and the advance of digitalization are just some of the trends that are fueling lasting changes in the working environment in production and logistics.

Transport packaging no longer just needs to be functional and protect the products being transported. It is also used to get advertising messages across and is expected to meet sustainable criteria. People, machinery and workpieces are networked with each other, and processes are becoming faster, more individual and more efficient. At the same time, requirements regarding documentation and occupational safety are becoming increasingly stringent. Our products and consulting services in the Industrial & Packaging division help prepare our customers for these new challenges.

Our Worlds of Work

Industrial & Packaging

1,670 Employees | **345,000** Products | **8** Brands




The I&P division offers a focused product portfolio in Europe for the work environment on the factory floor and in the warehouse in the manufacturing or logistics industries. Typical customers include manufacturing facilities such as mechanical engineering companies or automotive suppliers, but also service and retail companies and public institutions.

Up to now, the sales brands KAISER+KRAFT and ratioform have operated individually in the market. KAISER+KRAFT offers a broad product range of plant, warehouse and office equipment. These include pallet lifting trucks, universal cabinets and swivel chairs as well as special-purpose products such as environmental cabinets and containers for hazardous materials. The product range of the packaging specialist ratioform encompasses collapsible boxes, package padding, shipping pallets and stretch film. In the course of 2023, a relaunch with a merger of the two brands is planned to broaden the product range and strengthen cross-selling. The Certeo brand sells office and business equipment to smaller corporate customers. BIGDUG and OfficeFurnitureOnline offer a vast product range of office furniture and business equipment in the UK.

KAISER+KRAFT RUNELANDHS ratioform BiGDUG
Gerdmans certeo Davpack officefurnitureonline

Our Worlds of Work

Office Furniture & Displays

New Work has changed office working environments a lot in recent years, a process that is set to continue. We have the flexibility to decide for ourselves when, where and how we want to work.

Employers that impose rigid requirements will have a hard time recruiting employees and keeping them within the company. And the office environments of tomorrow have to be so appealing and versatile that they offer employees real advantages compared to working from home. This calls for workplaces equipped with modern and ergonomic office furniture, but also areas for one-on-one discussions, rooms featuring technology for both face-to-face and virtual meetings, and quiet work zones.

Our brands in the OF&D division help our customers to create these attractive working environments.

Our Worlds of Work

Office Furniture & Displays

500 Employees | **23,000** Products | **4** Brands




OF&D specializes in products for service providers. These include office equipment for day-to-day use on the company premises or when working from home, but also promotion products at the point of sale or at events. This positioning gives OF&D a very broad range of customers that includes both office operators as well as companies that are seeking to present themselves or their products in an attractive way. They include large industrial corporations, smaller service providers such as lawyers and architects, but also public institutions like government agencies and schools.

The division’s activities focus on the American market. National Business Furniture (NBF) offers an extensive range of office equipment. These include office chairs and desks, conference tables and furniture for reception areas. Displays2Go’s products include advertising banners, digital display stands, mobile trade booths and fixtures. The Mydisplays brand sells similar products in Germany.

NATIONAL BUSINESS FURNITURE   POST UP STAND   DISPLAYS2GO   Mydisplays

Our Worlds of Work

FoodService

The consequences of the pandemic have permanently changed the working environment in the restaurant and catering industries. The increasing popularity of take-away, delivery services and self-service options is placing new demands on restaurants, canteens and hotels. At the same time, it is becoming increasingly difficult to find employees to work in this industry. On the one hand, process automation and standardization will become more important as a result; on the other, companies will be forced to create jobs that are as appealing as possible for applicants.

Our FoodService division supports our customers not only by offering products for food preparation and presentation, but also by helping them to create sustainable working environments.

Our Worlds of Work

FoodService

400 Employees | **360,000** Products | **4** Brands




The FS division offers its customers all products required for meal and food preparation and presentation. The range of products offered for the HoReCa (Hotels, Restaurants and Catering) work environment includes smaller products like pots and pans, but also larger appliances like ice machines or deep fryers. Customers include canteens in schools or universities, foodservice businesses catering for events such as sports venues, food retailers, but also small family-run restaurants.

The division's activities focus on North America. The range offered by the Hubert brand includes equipment for the foodservice industry and food retail sector as well as merchandising products. Examples of products include buffet equipment such as serving platters and food baskets. The product range offered by the Central brand includes all the equipment and supplies required for the operation of small to mid-sized restaurants, such as kitchen stoves and freezers. XXLhoreca offers foodservice supplies with a focus on large appliances in Europe.

HUBERT® Central RESTAURANT PRODUCTS XXL HORECA RETAIL RESOURCE WHERE STORES SHOP

Our Core Behaviors

› Think customer first

We make it easy to do business with. Our customer is the center of everything we do.

› Empower others

We engage our employees through open feedback, collaboration, transparency and teamwork.

› Improve every day

We challenge the status quo and quickly embrace change. We keep it simple and impactful.

› Take ownership

We are accountable for our targets and always deliver on our commitments.

› Compete for success

We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

Our Core Behaviors define and explain what is expected of each employee in their daily work. They drive the cultural change within the TAKKT Group and serve as a basis for regular performance reviews.

To the Shareholders

Interview with the Management Board

Maria, 2022 was your first full fiscal year after joining as CEO in August 2021. How did the year go?
Maria: 2022 was challenging, but it was also a good year for us! In January, we began the new year with a new strategy, new organization and great confidence. 2020 and 2021 were marked by the pandemic, and yet the past year also had some challenges awaiting us. Russia's attack on Ukraine and high inflation rates required us to react to the changing circumstances and reassess priorities. It was a volatile environment, but we still met our financial targets and also achieved important milestones in the implementation of our strategy. I am very proud of our team's performance in this exceptional year.

It was a volatile environment, but we still met our financial targets and also achieved important milestones in the implementation of our strategy.

2022 was also a year of internal change for us, though. This applies to the structure of the company with the development of the Group functions as well as the integration of important functions in the I&P division. And the transformation has also brought about personnel changes in some leadership positions. Last year, Claude Tomaszewski decided to initiate a change in leadership regarding the CFO position. Claude has been responsible for the finance area since 2011 and played a decisive role in shaping the strategic development of the Group during this time. For this, we are grateful to him.

Maria Zesch
CEO

I am very pleased that with Lars Bolscho we were able to find an internal successor for the important position of CFO. This shows how well we are positioned in terms of personnel. Our management team now also reflects the entire breadth and diversity of our Group. This applies in terms of gender as well as internationality. We also have a good mix of TAKKT executives who have been with the company for many years as well as newcomers who bring fresh impetus and ideas from their previous positions. This diversity will benefit us, especially in the transformation.

Lars, up to the end of the year you were Managing Director for Finance at Industrial & Packaging, the Group's largest division. What impact did the new strategy have on I&P?
Lars: We are implementing the transformation in stages and in 2022 we focused on Europe and thus I&P. We replaced the existing parallel structures in marketing, sales and category management for the various brands with a single, integrated organization. With that, the foundation has now been set for even stronger growth. And we have also started to reduce the large number of sales brands, merge product ranges and offer customers a much greater variety of products. This year, we are taking the next step and merging the previously separately managed brands for the equipment and

packaging business into one brand through the relaunch of KAISER+KRAFT. Along with broadening the product range and strengthening cross-selling, we also expect this to result in greater marketing efficiency.

Maria: Besides the integration of I&P, one of the main priorities last year was the development of the Group functions for logistics and technology. The entire logistics and operations of our warehouses are now managed and controlled centrally. The same applies to all matters of technology & data, such as our system landscape for web shops and enterprise resource planning. Here too, we focused on Europe in 2022. One of the first successes was reducing and consolidating our warehouse locations in the UK.

TAKKT wants to support customers in creating the future worlds of work. What do these new worlds of work look like and which trends are making an impact?
Maria: New worlds of work is our vision of how work, employees and workplaces will develop in the years to come. With the new worlds of work, we look at three aspects:

- Who are the employees and workers of today and tomorrow?
- When and where will work take place in the future?
- And how is work changing?

In all three aspects, we are facing fundamental changes. Significant trends like the shortage of skilled workers, the growing importance of health and prevention, digitalization and climate change are shaping the worlds of work of tomorrow. Increasing competition for employees will lead to greater automation and the use of AI for many tasks. Also, attractive workplace design and environments are becoming more and more important in acquiring and retaining employees. Our three divisions offer the right products for the respective world of work. We will also be providing more consulting and project support to help our customers in designing their working environments.

In addition to the vision, TAKKT has also been pursuing a new strategy since last year. What progress has been made so far and what are your plans?
Maria: Vision and strategy are closely linked. Implementing the strategy is our way of making the vision a reality. In doing so, we rely on the three pillars Growth, OneTAKKT and Caring. On the topic of growth: in 2022 we launched several initiatives with the aim of increasing our organic growth. For example, by increasing cross-selling and improving e-commerce. At OneTAKKT, we are continuing to build a compact and more integrated structure in the divisions and Group functions. And we also want to live up to our responsibility towards customers and employees as well as the environment and society. This touches on very many aspects of our work. To give just one example, in 2022 we introduced a stringent requirement profile for particularly sustainable products that are fit for future generations with the "enkelfähig" label and evaluated our range for the first time according to these criteria. Currently, we are at around 20 percent "enkelfähig" products and aim to increase the share to 40 percent by 2025.

The new strategy is linked to ambitious growth targets for 2025. Weak economic development is expected for this year. Is TAKKT still sticking to these targets?
Maria: It was just over a year ago that we formulated our ambition for 2025 together with the new strategy. Since then, we have been working successfully on the implementation and have reached important milestones. In the things that we can control ourselves, I am very confident. I still believe that we can increase our organic growth to an average of ten percent in the medium term. However, we are also not naive. Initially, we had not expected a long drawn-out war or recession. In light of this, meeting the financial targets in full by 2025 has certainly become more challenging. Nevertheless, we are continuing to work towards realizing our ambition. In addition to strong organic growth, acquisitions are also expected to make a significant contribution towards achieving our goal.

» **I believe that we can increase our organic growth to an average of ten percent in the medium term.**

What are the chances of an acquisition in the current year? And what would be an ideal target?
Lars: In the first stage, we specifically made internal transformation our priority. In the new year, acquisitions are taking on greater importance. We are very interested in companies that can be integrated well into one of the three existing divisions and that strengthen the performance and market presence of these. And also in companies whose capabilities can help us in implementing and accelerating our transformation. Geographically, the focus will remain on Europe and North America. However, in order for the effort associated with the acquisition to pay off, the company needs to be of a certain size. Our approach depends on the market situation, the availability of potential acquisition targets and the willingness of the current owners to sell. I am confident that we will do a transaction in the near future, though. In any case, we have sufficient financial potential.

Lars Bolscho
CFO

In the new year, acquisitions are taking on greater importance.

Before we get into the new year, let's take a closer look at the operational development and financial results for 2022. What were the challenges and how did the year go?
Lars: It was not an easy year, but despite this we were able to achieve our financial targets for 2022. Maria has already mentioned the Ukraine war and the high price increases. In this environment, consistent inflation management was our utmost priority. We passed on the higher costs for products and shipping to our customers quickly and in full and were able to keep our gross profit margin close to the target value of 40 percent. Our gross profit margin was lower, but we improved our profitability slightly by realizing positive economies of scale and reducing the cost ratios for marketing and personnel. At the end, EBITDA came to EUR 132 million. Therefore, earnings were slightly above the expected corridor of EUR 120 to 130 million.

There was still limited availability of products, especially in the first half of the year. In order to improve delivery capacity, we placed orders with our suppliers earlier and in larger quantities. We were able to benefit from this in the second half of the year. At the same time, inventory levels had been significantly higher at certain points. Through our clear focus on inventory management, we were able to sell a large part of the stored products by the end of the year. Overall, we generated free cash flow of over EUR 70 million, which was significantly more than in the previous year.

TAKKT resolved a share buy-back program in October. What were the reasons for this decision?
Maria: In August and September, the valuation of our share dropped considerably. The speed and extent of the price decline seemed overly exaggerated given our continued good business development and cash flow strength. In this environment, we decided to make opportunistic use of the authorization of the Shareholders' Meeting and buy back up to three percent of the shares. We are convinced that the share buy-back will create additional value for our shareholders.

Lars: By the end of February, we had bought back around 0.5 million shares for EUR 6.7 million and are very satisfied with the results. At the January and February price level, we reduced the purchase volume, but the program is still continuing as planned. In addition to the share buy-back, we are also committed to the interests of shareholders with regard to the dividend. Given the good cash flow development and high equity ratio, we want to pay out a special dividend to our shareholders of EUR 0.40 per share for 2022 in addition to the base dividend of EUR 0.60.

What are the expectations for the current year?
Maria: The current economic forecasts for Europe and the US are very uncertain and high inflation rates will still be an issue. We are therefore making sure to remain flexible and will adapt our actions to the current conditions. As expected, the start to the new year was subdued, but we anticipate an upswing and increasing demand in the second half. After the sharp increase in the previous year, we expect stable organic sales development for this year.

In this environment, we will exercise strict cost and results management. Our goal is to improve the gross profit margin to our long-term target of around 40 percent. And we expect EBITDA to be between EUR 120 and 140 million. At the same time, we continue to enjoy strong cash flow and want to generate significantly higher free TAKKT cash flow than last year through further improvements in managing our net working capital.

And we will continue to implement our strategy in 2023. In Europe, the focus is on the brand consolidation and relaunch of our sales brand KAISER+KRAFT with a broader range and even stronger presence. In the US, we will drive forward the integration of the FoodService division in the areas of sales, marketing and category management. We also want to regain momentum in e-commerce by optimizing our performance marketing and expanding our presence on additional platforms. Equally important is the further expansion of our pricing expertise through more variable pricing. These measures will bolster our business this year already.

I'd also like to say a special thank you to our employees. Thank you for your tireless effort, for supporting our strategy and your enormous commitment to our customers. I am very proud to be part of the TAKKT team. In addition, I would like to thank our customers and shareholders for their continued trust during our transformation phase.

Members of the Management Board

Lars Bolscho
CFO

Maria Zesch
CEO

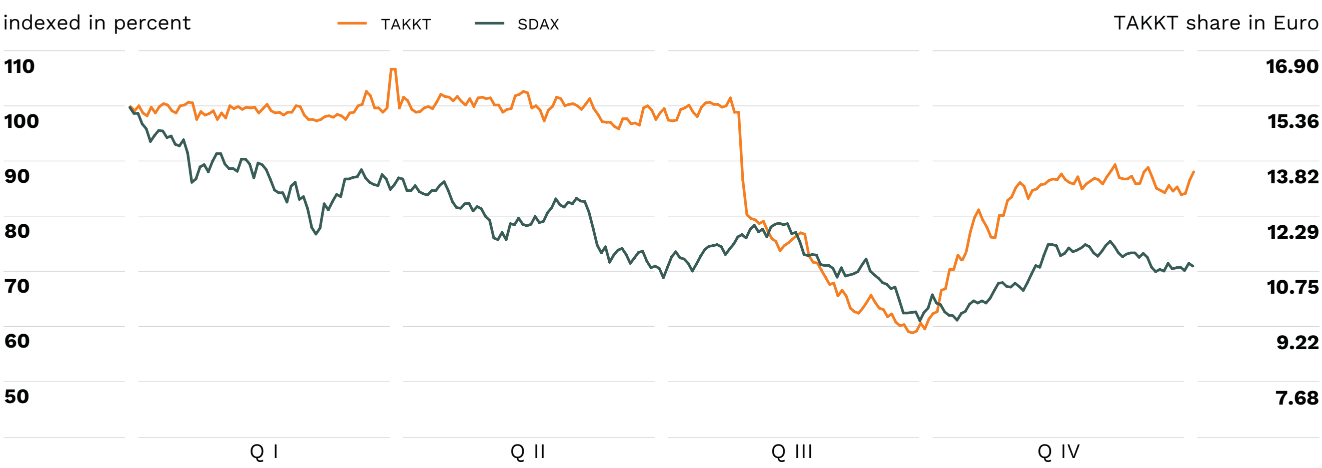
TAKKT Share and Investor Relations

CHALLENGING ENVIRONMENT

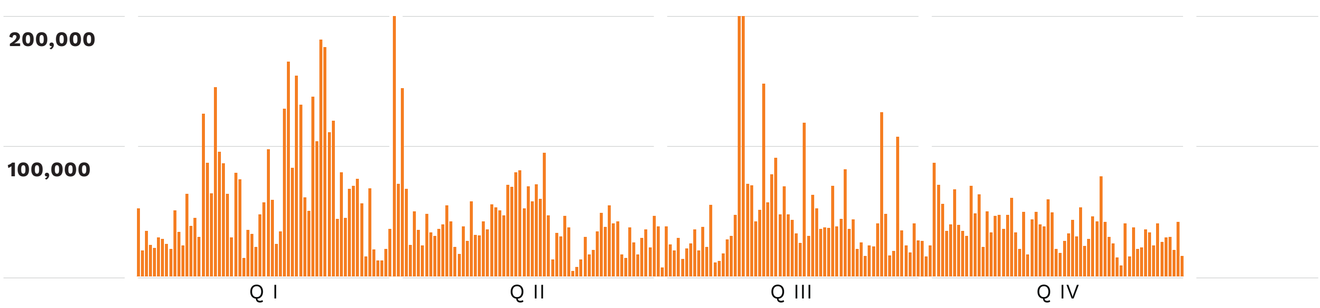
After three years in a row with partly very high positive returns for German and international stock market indexes, some valuations saw substantial declines in 2022. Compared to levels close to the previous record highs, the German DAX and SDAX indexes suffered a significant drop after the Russian attack on Ukraine. In the first quarter, relatively good figures contributed to a temporary stabilization, though the negative trend returned afterwards. The high level of inflation, a tighter monetary policy and deteriorating economic conditions put downward pressure on share prices. Small and mid caps reported the largest losses. In the fall, the indexes started to see a noticeable improvement. Supporting factors included the lower inflation pressure in the US amid hopes of a slowdown in interest rate hikes as well as declining energy prices in Europe. For the year as a whole, the DAX and SDAX lost 12.3 percent and 27.3 percent, respectively.

Contrary to the negative market trend, the TAKKT share remained very stable in the first half of the year. Following publication of the annual report and the announcement of growth targets through 2025, the share climbed to its year-high of EUR 16.40. Until the end of July, the share price hovered around the EUR 15 mark and was largely able to make up for the reduction resulting from the dividend payment of EUR 1.10. After publication of the half-year figures and in anticipation of a more difficult economic environment, the share price dropped significantly in the second half of the year to its annual low of EUR 9.05. The announcement of the share buyback program at the beginning of

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



Trading volume of the TAKKT share (daily volume on Xetra in number of shares in 2022*)

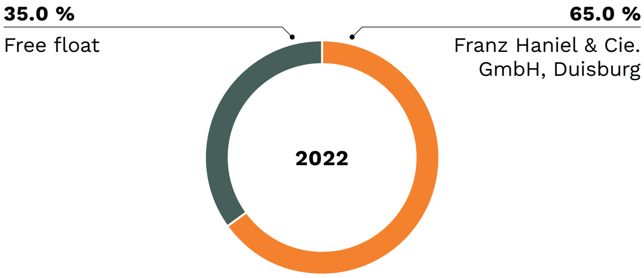


* On individual days, more than 200 thousand TAKKT shares were traded on Xetra.

October, buoyed by the good results in the third quarter, triggered a recovery rally with the share climbing above the EUR 13 mark once again. The last share price of the year was EUR 13.54 on December 30 (end of 2021: EUR 15.36). With the inclusion of the dividend, TAKKT shareholders achieved a negative return of minus 4.7 percent in the 2022 stock market year. This was above that of the market as a whole. All data is based on daily closing prices in the Xetra trading system.

Franz Haniel & Cie. GmbH, majority shareholder of TAKKT AG, further increased its shareholding in the company in the first half of the year. By mid-2022, its stake in the company had risen from 59.4 to 64.6 percent. As of the end of 2022, its participation level was 65.0 percent. Within the free float, shareholdings have shifted slightly in favor of private investors.

Shareholder structure as of December 31, 2022



Due to the lower market capitalization of the free float, TAKKT AG exited the SDAX with effect from September 19. On the most important trading platform, Xetra, an average of 50.0 (61.0) thousand TAKKT shares were traded on each trading day.

Key figures relating to TAKKT share (five year perspective)

	Unit	2018	2019	2020	2021	2022
Trade data						
Year-end closing price	EUR	13.64	12.58	10.66	15.36	13.54
Highest price	EUR	23.05	15.78	12.78	15.36	16.40
Lowest price	EUR	12.30	10.66	5.80	10.02	9.05
Market value at year-end	EUR million	894.9	825.4	699.4	1,007.8	888.4
Average daily turnover	thousand shares	70.5	55.1	88.7	61.0	50.0
Issued shares at year-end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share in EUR	EUR	0.85	0.00	1.10	1.10	1.00*
Payout ratio	percent	63.3	0.0	193.8	126.6	110.7
Dividend yield	percent	6.2	0.0	10.3	7.2	7.4
Valuation ratios						
Earnings per share (EPS)	EUR	1.34	1.14	0.57	0.87	0.90
TAKKT cash flow per share	EUR	1.84	1.83	1.25	1.44	1.76

* Dividend proposal: Payment of a dividend of EUR 1.00 consisting of a base dividend of EUR 0.60 and a special dividend of EUR 0.40.

Basic data of the TAKKT share

WKN (securities identification code)	744600
ISIN	DE0007446007
Ticker symbol	TTK
Reuters symbol	TTKG.F (Frankfurt)
Bloomberg symbol	TTK.GR
Number and type of shares	65,610,331 no-par-value bearer shares
Share capital	EUR 65,610,331
First listing	September 15, 1999
Market segment	Prime Standard
Designated sponsors	Hauck Aufhäuser Lampe ODDO BHF

Launch of share buyback program

Due to the favorable valuation, high equity ratio and cash flow strength of the business model, the Management Board of TAKKT AG resolved on October 4, 2022 to buy back up to three percent of the shares with a volume of up to EUR 25 million. The buyback program started on October 6, 2022 and is expected to be completed by June 30, 2023 at the latest. It will be implemented on the basis of the authorization of the Shareholders' Meeting of May 18, 2022. The repurchased shares may be used for all purposes permitted under the provisions of stock corporation law and the aforementioned authorization. By the end of February 2023, TAKKT had acquired around 0.5 million shares with an average price of EUR 12.81 as part of the share buy-back program.

Comprehensive information for the financial community

TAKKT's investor relations work focuses on providing information to shareholders, analysts and investors in a transparent and reliable manner. The company places great importance on timely and informative reporting. In the "Investors' Darling" competition organized every year by manager magazin together with the HHL Leipzig Graduate School of Management, TAKKT achieved fifth place in the SDAX in 2022. TAKKT ranked 51st in the overall ranking of all 160 companies listed in the DAX indexes. The competition assesses the companies with regard to their financial communications, such as financial reporting, IR presentations and the website. The evaluation also takes into account share price performance over the longer term and the perception of the company in the capital market, which is based on a survey of experts (perception study).

The range of information provided on the TAKKT website is designed to meet the information needs of all capital market participants and financing partners. Besides financial reports, mandatory announcements, press releases and information about the share, interested persons can find roadshow and analyst presentations there. It also provides explanations regarding the company's strategy and Corporate Governance. In addition, conference calls are held when quarterly figures are published or for important corporate events.

Close communication with investors and analysts

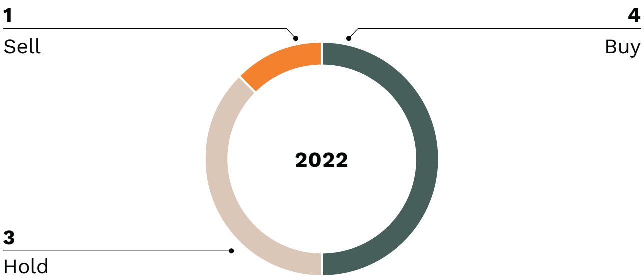
TAKKT seeks to communicate regularly with institutional and private investors, financial analysts, potential investors and financial journalists:

- At the end of March 2022, TAKKT presented its consolidated financial statements at the virtual analyst conference, where it discussed the new strategy and progress of the transformation, its growth targets for 2025 and the outlook for the fiscal year with analysts and investors.
- The Management Board regularly participates in capital market conferences. These include the German Equity Forum organized by Deutsche Börse every year in November, the capital market conferences of Kepler Cheuvreux and the capital market conference of Berenberg and Goldman Sachs. In addition, the investor relations team participated in the Oddo BHF Forum as well as the CEE Consumer Conference of the Erste Group Bank.
- The company also held numerous talks with investors during digital roadshows.

TAKKT makes the documents presented at the events available on its corporate website. The number of financial analysts who regularly observe the TAKKT share also reflects the perception of the company on the capital market. At the end of February, four analysts recommended buying the share and three recommended holding it. One analyst advised selling the share. The average target price set by the analysts was EUR 14.90.

Institution	Analyst
AlsterResearch	Thomas Wissler
Berenberg	Catharina Claes
Hauck Aufhäuser Lampe	Christian Salis
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Thomas Hofmann
Metzler	Tom Diedrich
M.M. Warburg	Thilo Kleibauer
Pareto Securities	Mark Josefson

Analyst recommendations



Shareholders' Meeting and dividend

The 22nd ordinary Shareholders' Meeting of TAKKT AG was once again held virtually on May 18, 2022. The shareholders were able to follow the live video and audio transmission of the Shareholders' Meeting online and exercise their voting rights via the shareholder portal. Questions to the Management Board of TAKKT AG could also be submitted through the shareholder portal up to one day before the meeting. During the meeting, CEO Maria Zesch presented TAKKT's new structure and targets for 2025 and reported on the 2021 fiscal year. Afterwards, she answered all the questions submitted by the shareholders. The Shareholders' Meeting ratified all of the items on the agenda by a large majority. In addition to the election of members to the Supervisory Board, the shareholders approved the proposal to pay a special dividend of EUR 0.50 in addition to the base dividend of EUR 0.60.

For the past fiscal year, the Management Board in agreement with the Supervisory Board proposes a dividend payment of EUR 1.00 per share. This would comprise a base dividend of EUR 0.60 per share plus a special dividend payment of EUR 0.40.

Financial calendar 2023

The financial calendar for 2023 is shown at the end of this annual report. It can also be accessed on the TAKKT website, where it is regularly updated.

Investor relations contact

The investor relations team is available to answer any questions related to the TAKKT share and can be reached at:

Investor Relations
Michael Loch / Benjamin Bühler / Simon Pfizenmayer
Presselstraße 12, 70191 Stuttgart
Telephone: +49 711 3465-8222
Fax: +49 711 3465-8104
Email: investor@takkt.de
http://www.takkt.de

Supervisory Board report

Thomas Schmidt
Chairman of the Supervisory Board

LADIES AND GENTLEMEN,

The 2022 fiscal year was influenced by the consequences of the Russian attack on Ukraine and high inflation rates. As the Supervisory Board, we supported and advised the Management Board in this environment as accustomed. Overall, TAKKT was able to pass on the increased prices to the customers, while still maintaining a high pace of growth. As a result, the Group was once again able to increase sales and earnings significantly despite the challenging conditions. In addition to the operational development, we also closely monitored the transformation of TAKKT into a more customer-centric, integrated and growth-oriented company. E-commerce and sustainability are decisive factors in the future orientation of the company, therefore we as the Board have extended our expertise in these areas in a very targeted manner.

New Chief Financial Officer

Since the beginning of the year, Lars Bolscho has served as the new Chief Financial Officer of TAKKT AG. Until the end of 2022, he was responsible for the commercial management of our largest division, Industrial & Packaging. Previously, he held various management positions in controlling and corporate development within the Group. We are very pleased that we have been able to gain a highly accomplished executive with deep ties to the company to head the finance function. Lars Bolscho succeeds Dr. Claude Tomaszewski, who retired from the Management Board at his own request at the end of the year after more than eleven years at TAKKT.

Claude Tomaszewski has successfully shaped the strategic and financial development of the company. We, as the Supervisory Board, would like to express our gratitude and appreciation. He was instrumental in developing the current structure of the Group and in helping to drive the transformation of the company forward. We wish Claude Tomaszewski all the very best for his future.

New Supervisory Board members

With the election of two new members in May 2022, the Supervisory Board has strengthened its expertise in two important areas. The shareholders elected sustainability expert Alyssa Jade McDonald-Bärtl to the Supervisory Board. Aliz Tepfenhart, who was also elected by the shareholders, brings broad e-commerce expertise to the Board. Both of these areas are particularly important for the strategic positioning and future viability of TAKKT. The two new members not only contribute to the diversity of the Supervisory Board, but also intensified the collaboration within the Board. Together, we as the Supervisory Board support the transformation of TAKKT.

Work of the Supervisory Board

The Supervisory Board supported and monitored the Management Board in an advisory capacity in the year under review and was in dialogue with management, particularly with regard to strategic issues. It met on seven occasions in the 2022 fiscal year. This consisted of four regular meetings as well as one additional meeting, one constituent meeting and one extraordinary meeting. The individualized disclosure of participation in the meetings of the Supervisory Board and the committees can be found at the end of this report.

Topics discussed at the meetings of the Supervisory Board in the year under review were the current business development, the strategic orientation of the TAKKT Group including strategic projects and value levers, implementation of the new operating model and key activities in the area of sustainability. Various topics related to governance, risk and compliance were also covered. The personnel committee dealt in particular with filling the CFO position, general succession planning and remuneration matters. In addition to the financial statements and quarterly reporting, the audit committee also dealt with the proposal for selection of the auditor as well as the monitoring and ongoing assessment of the quality of the audit. Other topics included monitoring the effectiveness of the internal control system, risk management system and internal audit system, compliance issues, and the transformation of the finance Group function.

Constructive cooperation in a spirit of partnership

In addition to the established close exchange format between the CEO and Chairman of the Supervisory Board, there were also bilateral meetings with the new members Alyssa Jade McDonald-Bärtl and Aliz Tepfenhart on the strategically important topics of sustainability and e-commerce. The meetings between the Supervisory Board and Management Board were engaging and constructive. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner and passed formal resolutions where necessary. With the start of the new members, an efficiency review was initiated at the beginning of 2023.

Oriented towards the Corporate Governance Code

The Supervisory Board places importance on conducting its control tasks continuously and with great intensity. This self-commitment will also define its work in the future since it makes a significant contribution to responsible corporate management at TAKKT. The new version of the German Corporate Governance Code (DCGK) was published on June 27, 2022. After reviewing the content of the updated version, the Management Board and Supervisory Board again signed the declaration of compliance. Additional information regarding corporate governance and the declaration of conformity can be found in the Declaration on Corporate Governance, which has been published on the company's website.

Consolidated financial statements and financial statements of TAKKT AG approved

The Shareholders' Meeting followed the proposal of the Supervisory Board and appointed Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2022 fiscal year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board, represented by the audit committee, reviewed the independence of the auditor as per section 107(3) sentence 2 of the German Stock Corporation Act (AktG).

The audit emphasis topics for the 2022 fiscal year specified by the audit committee were the valuation of inventories as well as recoverability, valuation and disclosure of equity and debt instruments. With regard to the consolidated financial statements, the auditors also focused on the goodwill impairment tests, reportings from auditors of foreign subsidiaries, the consolidation measures, the notes to the consolidated financial statements and the combined management report of TAKKT AG and the Group. The auditors in charge from Ebner Stolz GmbH & Co. KG reviewed the financial statements of TAKKT AG in addition to the consolidated financial statements of the Group and the combined management report and issued an unqualified audit certificate. The TAKKT Group's system for early risk detection was also audited and its suitability confirmed.

The auditors in charge attended the audit committee's annual accounts meeting on March 20, 2023. They informed the members of the audit committee about the key findings of the audit and answered more detailed questions. The audit committee discussed the auditors' findings at length and approved them. At the meeting on March 23, 2023, the audit committee reported to the Supervisory Board on the results of the annual accounts meeting. At this meeting, the Supervisory Board approved the consolidated financial statements, the financial statements of TAKKT AG and the management report of TAKKT AG and the TAKKT Group, including the non-financial statement. The financial statements of TAKKT AG were thus adopted and the consolidated financial statements approved.

Supervisory Board approves dependence report

Franz Haniel & Cie. GmbH, Duisburg, also held the majority of TAKKT shares in the 2022 fiscal year. In accordance with section 312 of the German Stock Corporation Act (AktG), the Management Board therefore prepared a report on relations with affiliated companies for the past fiscal year. Ebner Stolz GmbH & Co. KG prepared an auditors' report as required under section 313 of the German Stock Corporation Act (AktG). No reservations were expressed as a result of the audit. The auditor issued the following unqualified audit opinion: "Having conducted a proper audit and appraisal, we confirm that, first, the actual disclosures set out in the report are correct, and second, payments made by the company for transactions covered in the report were not unduly high." The Supervisory Board reviewed the report on the relations of the company to affiliated companies and the corresponding audit report and approved them according to section 314 of the German Stock Corporation Act (AktG). The Board had no objections to the dependence report and the closing statement made by the Management Board therein, which can be found in the "Corporate Governance" section of this annual report.

We would like to thank the TAKKT AG shareholders for the trust they placed in us in 2022. We want them to have an appropriate share in the success of our company and, together with the Management Board, propose a dividend payment of EUR 1.00 per share. We also want to thank all the employees of the TAKKT Group for their ongoing high level of commitment in the transformation of our Group and their successful work during the past fiscal year. Thanks also go to the Management Board for their trusting and constructive cooperation founded on partnership.

Stuttgart, March 2023

Thomas Schmidt
(Chairman of the Supervisory Board of TAKKT AG)

Members of the Supervisory Board

Thomas Schmidt
Chairman

Chairman of the Management Board of
Franz Haniel & Cie. GmbH, Duisburg

Dr. Johannes Haupt
Deputy Chairman

Consultant and Chairman of the Advisory Board of
Regionique Produktfabrik GmbH, Ettlingen

Dr. Florian Funck

Member of the Management Board of
Franz Haniel & Cie. GmbH, Duisburg

Thomas Kniehl

Employee for customer support (detached works council) of KAISER+KRAFT GmbH, Stuttgart

Alyssa Jade McDonald-Bärtl (as of May 18, 2022)

Managing Director, BLYSS GmbH, Berlin

Aliz Tepfenhart (as of May 18, 2022)

Managing director Burda Digital SE, Munich

Dr. Dorothee Ritz (until May 18, 2022)

Managing Director of E.ON Energie Deutschland GmbH, Munich

Christian Wendler (until May 18, 2022)

Chairman of the Executive Board of Lenze SE, Aerzen

Members of the personnel committee

Thomas Schmidt
Chairman

Dr. Johannes Haupt
Deputy Chairman

Aliz Tepfenhart (as of May 18, 2022)

Christian Wendler (until May 18, 2022)

Members of the audit committee

Dr. Johannes Haupt
Chairman

Dr. Florian Funck
Deputy Chairman

Thomas Kniehl

Board members' participation in Supervisory Board meetings in the fiscal year 2022

	Supervisory Board		Personnel committee		Audit committee	
	Meetings	in %	Meetings	in %	Meetings	in %
Thomas Schmidt	7 / 7	100	6 / 6	100	–	–
Dr. Johannes Haupt	7 / 7	100	6 / 6	100	5 / 5	100
Dr. Florian Funck	7 / 7	100	–	–	5 / 5	100
Thomas Kniehl	7 / 7	100	–	–	5 / 5	100
Alyssa Jade McDonald-Bärtl	4 / 4	100	–	–	–	–
Aliz Tepfenhart	4 / 4	100	4 / 4	100	–	–
Dr. Dorothee Ritz	1 / 3	33	–	–	–	–
Christian Wendler	2 / 3	67	2 / 2	100	–	–

Management Report

for TAKKT AG and the TAKKT Group

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.

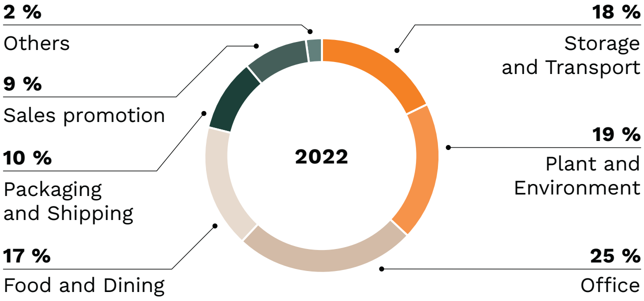
An overview of all the Group companies is provided by the list of shareholdings of the TAKKT Group, which can be found in the Notes to the consolidated financial statements under "Other notes" in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual 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.

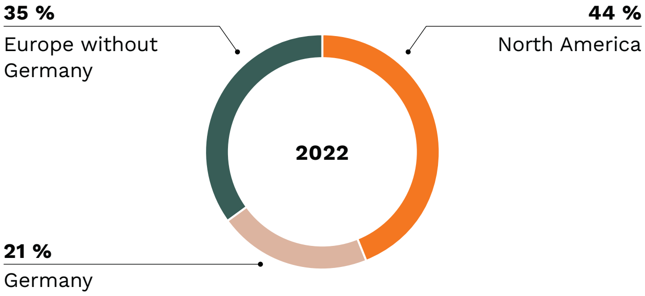
The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in M&A activities in the future.

Diversification of product ranges



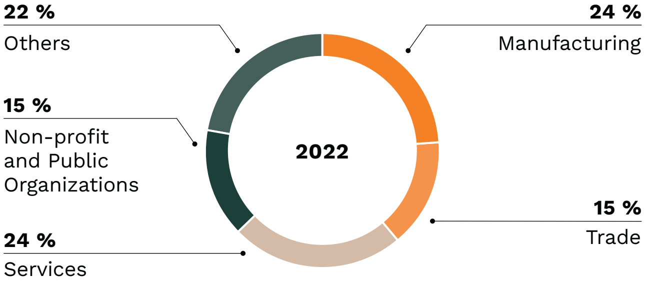
At the regional level, TAKKT differentiates between Germany, Europe without Germany and North America. In the past, this has proven to be a pillar of the TAKKT Group. This has allowed economic fluctuations in certain target markets to be partially offset by opposite developments in other regions. TAKKT 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 amd 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				

CORPORATE GOALS AND STRATEGY

With the strategy adopted at the end of 2021, TAKKT is speeding up the Group's transformation into a more strongly integrated, customer-focused and growth-oriented company. It comprises the three pillars Growth, OneTAKKT and Caring and the measures and goals associated with them. As part of the new strategy, TAKKT intends to increase sales to EUR 2 billion by 2025, generate EBITDA of EUR 240 million, achieve free TAKKT cash flow of EUR 150 million and to do even more justice to the interest of important stakeholders.

Strategic orientation and vision

"Bringing new worlds of work to life" is the vision behind the strategic positioning of the TAKKT Group. The world of work is undergoing a fundamental transformation, accelerated by the coronavirus pandemic. Important trends such as the shortage of skilled workers, the growing importance of health and prevention, digitalization and climate change are playing a decisive role. For example, the increasing competition for employees will lead to greater automation and the use of artificial intelligence. In addition, attractive workplace design and environments are becoming an increasingly important factor when it comes to acquiring and retaining employees.

TAKKT strives to live up to this vision by positioning itself as a more integrated, customer-focused and growth-oriented company. By placing a sharper focus on innovation and cross-functional collaboration, TAKKT wants to develop the right products for the work environments of the future together with customers and suppliers and integrate them into its product range. This means that analyzing customer needs and the services related to this will account for a greater part of value creation.

Strategic goals for 2025

The orientation is associated with ambitious strategic goals that TAKKT is aiming to achieve by 2025. As part of a comprehensive approach, these goals include financial aspects such as a significant increase in sales, earnings and free cash flow as well as moves to address the concerns of key stakeholders by improving customer satisfaction and employee motivation and conserving natural resources. The strategy is based on the three pillars Growth, OneTAKKT and Caring. The table below gives an overview of TAKKT's strategic goals.

Strategic goals for 2025

GROWTH	› Sales of EUR two billion
One TAKKT	› EBITDA of EUR 240 million › TAKKT free cash flow of EUR 150 million
CARING	› Customer NPS of 60 › Employee NPS of 50 › Share of women in executive positions of 45 percent › Share of "enkelfähig" products of 40 percent › Reduction of CO_2e emissions (Scope 1 and Scope 2) by 20 percent

Growth

TAKKT is aiming to use its strategic orientation and clear customer focus to increase its business volume to EUR 2 billion by 2025. A slightly larger portion of the additional sales are expected to come from organic growth and a somewhat smaller share from value-creating acquisitions.

Organic growth

TAKKT is aiming to achieve a marked increase in the Group's sales over the coming years and to increase its organic growth rate to ten percent annually on average. In the years prior to the coronavirus pandemic, the Group averaged organic growth in the low to mid single-digit range. TAKKT is convinced that the new orientation and strategy will allow it to achieve much higher growth rates in the future. The products that the divisions offer allow them to address a very large and fragmented market in which even leading brands like KAISER+KRAFT have a market share that is only in the very low single-digit percentage range, meaning they offer a lot of potential for growth.

Stronger e-commerce growth in particular is expected to contribute to realizing this potential. The further development of TAKKT's business model has already been connected with a steady increase in the e-commerce business in recent years, which by now accounts for well over half of the business volume. TAKKT expects the changes in customer behavior and the increasing shift towards e-commerce in the B2B sector to accelerate further. The Group wants to achieve above-average organic growth in e-commerce in the future as well.

Relevant e-commerce functions will be coordinated Group-wide and managed within the divisions to achieve this. As a first step, in 2022 TAKKT developed a uniform approach for key figures and performance measurement in e-commerce, which will be used throughout the entire Group in the future. In 2023, the focus in the three divisions will be on further optimization of e-commerce marketing with the technologies currently in use, such as through increased performance marketing and a wider presence on other platforms. In the medium term, TAKKT wants to realize further efficiency gains through greater standardization of the web shops and shared use of IT infrastructure.

On the division level, the different sales brands will cooperate more closely in marketing, sales and category management to offer their customers a wide product range of various product groups. This way, for example, a logistics buyer will be able to procure products for the storage and transport of their goods as well as packaging from a single source. With this increase in cross-selling, TAKKT expects to generate higher business volume with its existing customer base and therefore positive contributions to growth.

In the Industrial & Packaging division, the connection between the two largest sales brands, KAISER+KRAFT and ratioform, was highlighted in 2022 through a clear co-branding. In the course of 2023, a relaunch with a merger of the two brands is planned. At the end of 2022, the FoodService division decided that Hubert and Central would remain independent brands. However, the key product range of each respective partner brand will also be sold to the other's own customer base through cross-selling. In addition to increasing e-commerce and expanding cross-selling, the Group believes that sustainable products and business models offer considerable growth potential.

TAKKT also sees a major opportunity for additional growth through an improved and intelligent pricing strategy. Currently, pricing is based primarily on purchase prices and margin requirements. In the future, the determination of sales prices will be faster as well as partially automated. The aim is to expand the corresponding functions, to define prices that are geared more towards customer and competitive data, and to use algorithms for flexible and customer-specific pricing. In 2023, this will first be implemented at I&P, followed by a roll-out of the new approach in the other divisions. In the medium term, TAKKT expects the new strategy to be a driver of additional growth through more competitive pricing of some products. At the same time, taking advantage of a higher willingness to pay with less price-elastic product groups will have a positive effect on the gross profit margin.

Greater strength through acquisitions

In addition to organic growth, TAKKT also wants to continue to grow through acquisitions. For this, suitable companies are sought whose products and solutions strengthen and complement the existing activities. With a view to strengthening existing businesses, TAKKT makes sure that an acquisition target has an attractive customer base. Another aim is to enhance the added value within the Group through future acquisitions.
TAKKT also wants to acquire companies offering products or services that expand the existing range of services for customers. These could be, for example, solutions for manufacturing, refining or adapting products as well as service offerings. On the regional level, TAKKT's focus is on the European and North American markets, where the Group is already active. The approach to acquisitions remains opportunistic.

With regard to acquisitions, TAKKT's aim is to achieve a strong integration of the target company. This allows the acquired companies to benefit from the competencies and expertise at the divisional and Group level (e.g., in logistics, IT, data & analytics, category management and marketing). In addition to taking advantage of synergies, growth will be accelerated through improved scalability. Both result in a higher increase in value as opposed to the acquired company continuing to operate independently. TAKKT is also interested in investing in companies with a strong sustainability focus such as start-ups with circular business models.

OneTAKKT

One key component of the new strategic orientation is a more compact and integrated corporate structure. TAKKT expects the new structure to bolster growth as well as improve profitability through scaling effects and more efficient use of resources. Starting from an EBITDA margin of around ten percent last year, the Group aims to increase its profitability by two percentage points and lift its EBITDA to EUR 240 million by 2025. Further information on the current progress regarding the development of the Group functions IT and logistics can be found in the section "Organization and business areas" starting on page 30.

Improvement of profitability, earnings and free TAKKT cash flow

TAKKT achieves high levels of profitability by positioning itself as a B2B distance seller in attractive niche markets and using efficient processes. The starting point is a gross profit margin, which should exceed the Group average by over 40 percent. The relatively high margin results from the market position as a provider of business equipment as well as from targeted long-term measures such as the expansion of private labels and increasing the share of direct imports from Asia and Eastern Europe. Even in the current inflationary environment, TAKKT is adhering to its target for the gross profit margin and will continue to pass on price increases to customers in full.

TAKKT's aim is to increase absolute EBITDA significantly to EUR 240 million by 2025. The Group also wants to increase the EBITDA margin by two percentage points from the current level of around ten percent. Two main effects will contribute to this. First of all, organic growth and better infrastructure utilization should reduce the cost ratios for marketing, HR and other expenses. Second, TAKKT expects to see considerable scaling effects and efficiency gains from the stronger integration of Group functions, as well as from moves to expand cooperation between the various brands within a division.

TAKKT's business model is not only characterized by above-average profitability, but also enables the company to generate high free cash flows. In addition to sales and earnings growth, the change in net working capital is another decisive factor in free cash flow development. The Group will be paying even more attention to allocating capital as efficiently as possible. The objective is to achieve a long-term increase in the TAKKT cash flow to EUR 150 million by 2025.

An important part of the strategy is the repositioning of activities whose market environment has undergone long-term changes as a result of the pandemic. The activities of Displays2go and Hubert were particularly affected. At Displays2go, the repositioning resulted in expansion of the product portfolio with a focus on digital displays. This product area already saw very high growth rates in 2022. Unlike analog banners, which are usually more event-driven, digital displays are often in constant use and permanently installed. In the FoodService division, the decision was made at the end of 2022 to integrate the market-related functions in the US. This will enable Hubert to offer its customers kitchen equipment such as refrigerators and ovens in addition to merchandising solutions, as well as provide expert advice on these products.

Caring

The new strategy is not limited to improving the company's commercial success but instead pursues a comprehensive approach. TAKKT is convinced that addressing the concerns of all important stakeholder groups is the prerequisite for sustainable commercial success. This is why the Group has set itself ambitious goals for 2025 relating to customer satisfaction, employee engagement, and the environment and climate.

Increasing customer satisfaction

By focusing more strongly on the customer, TAKKT wants to improve their shopping experience and satisfaction. This can be measured with the customer NPS (cNPS), which shows a customer's willingness to recommend and is monitored continuously. TAKKT's goal is to achieve a cNPS of 60 points. With this in mind, the business units are focusing on the expectations and needs of customers along the entire value chain for an improved shopping experience. This includes strengthening the expertise in providing advice and problem-solving in customer service, continuously developing the product range with new, innovative products, and ensuring even faster and more reliable delivery to customers. The more integrated structure will also allow customers to benefit from standardized processes for order entry, processing and delivery, and consequently from higher process quality.

Dedicated and motivated employees

Dedicated employees are the key element for excellent performance and the best customer service. The Group wants to further strengthen employees' identification with the company and its attractiveness as an employer. While the cNPS indicates a customer's willingness to recommend, the employee NPS (eNPS) provides information about the attractiveness of the employer and the willingness of employees to recommend it to others. This value is measured on a regular basis. TAKKT's goal is to achieve an eNPS of 50 points in the long term. In order to realize this, the business units are working on specific measures to boost employee commitment and identification with the company.

In 2022, a Group-wide employer branding project was launched, which will emphasize the affiliation of the individual companies to the TAKKT Group and the associated benefits more strongly, and in turn support the recruitment and retention of employees. In addition, TAKKT is continuously working on improving development opportunities and communication within the company. Further information on calculation of the cNPS and eNPS can be found in the "Management system" section starting on page 41.

TAKKT believes firmly in the benefits of having diverse teams at all hierarchical levels. Diversity hereby refers to attributes such as cultures, nationalities, ethnic and social backgrounds, age, sexual orientation and also genders. The Group has set itself the goal of significantly increasing the share of women in executive positions to 45 percent by 2025.

Preserving natural resources and combating climate change

TAKKT is convinced that sustainability represents competitive advantages across all stages of the value chain and enhances company value for the long term. As a result, the Group aims to differentiate itself even more from other market players in this area. Besides taking sustainability aspects into even greater account with regard to the company's own processes and supply chain, the main focus is on the products. In addition, TAKKT intends to review the feasibility of business models that do justice to the idea of the circular economy.

The increasing demand for sustainable product ranges makes them an important growth driver. At the beginning of 2022, TAKKT introduced its own product classification system to help measure the sustainability of its products and make this information visible, namely a rating system using criteria that determines whether products add value for the generations to come. In the past year, the share of these "enkelfähig" products was at 20 percent. By 2025, TAKKT wants to contribute to resource-efficient management and increase the share of products that will add value for future generations to 40 percent.

Moreover, TAKKT is committed to combating climate change. By 2025, direct and indirect CO_2 equivalent (CO_2e) emissions that result, for example, from the use of electricity, heat and steam (Scope 1 and Scope 2 according to the GHG Protocol) will be reduced by 20 percent compared to the base year 2021. In the following step, TAKKT wants to reduce emissions by 50 percent by 2030. As the company is not highly energy intensive, TAKKT's activities offer limited opportunities for direct savings. Most of the reduction is expected to come from insetting, which would entail the Group building and operating photovoltaic systems and then using the electricity generated or feeding it back into the grid.

The original goal of fully offsetting the remaining Scope 1 and 2 emissions is no longer being pursued. This decision is based on the increasingly critical assessment of compensation mechanisms and the belief that reducing emissions is the key for effective climate protection.

Further details on sustainability goals and measures are presented in the new sustainability report.

MANAGEMENT SYSTEM

The strategic alignment with the three pillars of Growth, OneTAKKT and Caring is also reflected in TAKKT's management system. It comprises financial and other operational management indicators. The indicators are divided into different perspectives (growth, costs and earnings, cash, customer and employee perspectives, and sustainability). The Group's three divisions are managed based on the same key figures.

Organic growth

- The organic sales development serves as a measure for the growth of the company without the inclusion of company acquisitions and disposals or the impact of fluctuating exchange rates. The short-term development of sales is influenced by the economic cycles. With the new structure and its strategic initiatives, the Group wants to achieve average annual organic growth of ten percent over the long term. More information regarding the growth ambitions can be found in the "Corporate goals and strategy" section starting on page 36.
- Organic e-commerce growth reflects the development of the online business adjusted for acquisitions, disposals and the effects of currency fluctuations. For this, TAKKT includes order intake via e-procurement systems, web shops, online marketplaces and orders placed through traditional channels that were initiated over the internet. TAKKT continues to see very high growth potential here and is aiming for disproportionately high organic e-commerce growth.

Definition and target values

Key figure	Definition	Target values
Organic develop-ment of sales	Benchmark for company growth without acquisition	10 percent p.a. on average in the long term
Organic e-commerce development	Benchmark for e-commerce growth without acquisitions	Disproportionately high

Costs and earnings

- The gross profit is calculated by deducting the material costs (cost of sales and freight costs) from sales and adding other changes in inventory whose sum is not significant and own work capitalized. The TAKKT Group pursues the goal of achieving a gross profit margin – gross profit in relation to sales – of over 40 percent. The reason for this is the company's focus on the benefit to the customer and the provision of versatile additional services as opposed to the mere distribution of goods. TAKKT will continue to pass higher prices for products and shipping due to increased inflation on to its customers in full.
- EBITDA is an important key figure for the short-term operating earning power of the individual Group companies because the effects of the country-specific differences in tax rates and financing structures are not relevant for this key figure. As the figure does not include depreciation and amortization of non-current assets, it permits a direct comparison between existing and newly acquired companies. TAKKT intends to increase EBITDA sustainably to EUR 240 million by 2025. In doing so, the Group also aims to improve profitability through scaling effects and increase the EBITDA margin to around twelve percent in the medium to long term. Detailed information regarding the earnings targets can be found in the "Corporate goals and strategy" section starting on page 36.

Definition and target values

Key figure	Definition	Target values
Gross profit margin	Measure for added value (e.g., for customers and suppliers)	Stable at over 40 percent of sales
EBITDA	Measure for operating profitability	Sustainable increase to EUR 240 million by 2025

Cash

- The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in net working capital. As with EBITDA, the company also wants to increase TAKKT cash flow over the long term. In 2025, its value is expected to be EUR 190 million.
- The free TAKKT cash flow is calculated from the cash flow from operating activities, which includes effects from changes in net working capital, less capital expenditures in non-current assets and adding proceeds from the disposal of non-current assets and, if applicable, from the disposal of consolidated companies. It thus provides information about the cash surplus, which the company can use for the repayment of liabilities, dividend payments and the financing of acquisitions. As with EBITDA and the TAKKT cash flow, free TAKKT cash flow is also expected to increase sustainably. The target for 2025 is EUR 150 million. One-time effects from the sale of real estate, consolidated companies or investments can have a material impact on this key figure in individual fiscal years.
- The capital requirements for maintenance, expansion and modernization of the business operations are comparatively small at the established companies of the TAKKT Group. At the same time, IT infrastructure is becoming more important, fueling a corresponding need for investment, for example in web shop technology and ERP. The capital expenditure ratio is expected to average two percent of sales over many years. In individual fiscal years in which, for example, a business unit's warehouse capacities are expanded significantly or substantial IT investments are made, the ratio can exceed two percent.

Definition and target values

Key figure	Definition	Target values
TAKKT cash flow	Measure for internal financing capability	Sustainable increase to EUR 190 million by 2025
Free TAKKT cash flow	Cash surplus available for acquisitions, repayments and dividend payments	Sustainable increase to EUR 150 million by 2025
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Two percent of sales on average in the long term

Customer and employee perspective

- TAKKT collects and analyzes the customer Net Promoter Score (cNPS) in all business units as an indicator of customer satisfaction. For the survey, customers are asked how likely they would be to recommend the respective brand to others. The likelihood was rated using a scale from 0 to 10 and customers were then grouped into three categories (promoters, detractors and passives). Those with a score of less than seven are considered detractors, while customers with a nine or ten are labeled promoters. The cNPS is calculated by subtracting the percentage of detractors from the percentage of promoters and dividing by the number of customer surveys. It can thus generate a score between –100 and +100. At the Group level, TAKKT strives for a cNPS of over 60 points in the long term.
- While the cNPS indicates a customer's willingness to recommend, the employee NPS (eNPS) provides information about the willingness of employees to recommend. The method used to determine the eNPS is the same as that for the cNPS. Employees are classified as promoters, passives or detractors

based on their willingness to recommend. The eNPS is calculated based on the responses. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values. Employees can be dedicated and motivated top performers, even if they are dissatisfied with some working conditions and therefore not considered promoters based on their rating. A score of over 0 means that the majority of employees would recommend their employer to others. Due to the considerable strategic importance of a high recommendation rate, TAKKT's goal is to achieve an eNPS over 50 in the long term. The cNPS and eNPS are generally linked to one another: Satisfied employees are more dedicated, which has an indirect effect on customers due to the higher service quality. TAKKT has therefore set targets for both key figures and continuously works on the willingness to recommend among its employees and customers.

- TAKKT believes in the benefits of having a high level of diversity among its employees. Diversity comprises different dimensions. The current focus is on advancing women in executive positions. The Group has set itself the goal of having 45 percent of the executive positions filled by women by 2025.

Definition and target values

Key figure	Definition	Target values
cNPS	Measure of likelihood to recommend among customers	Values above 60 by 2025
eNPS	Measure of likelihood to recommend among employees	Sustainable increase to 50 by 2025
Share of women in executive positions	Measure of equal opportunity and diversity	Sustainable increase to 45 percent by 2025

Sustainability

- A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group applies an adequate product classification system with this in mind. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Particularly sustainable products are awarded the “enkelfähig” label – testimony to their ability to add value for the generations to come – once a defined score threshold has been reached. The goal is to increase the share of order intake of these products to 40 percent by 2025.
- TAKKT has committed to taking urgent action to combat climate change. Within the Group, this relates in particular to reducing CO_2e emissions wherever this is possible and makes sense. By 2025, direct and indirect CO_2e emissions (Scope 1 and Scope 2 according to the GhG Protocol) resulting, for example, from the consumption of electricity, heat and steam are to be reduced by 20 percent compared with the base year 2021. In a second step, TAKKT aims to reduce emissions by 50 percent by 2030. Further details on the sustainability goals are presented in the sustainability report.

Definition and target values

Key figure	Definition	Target values
Share of "enkelfähig" products in order intake	Measure for the sustainability of the product portfolio	Sustainable increase to 40 percent by 2025
CO_2e emissions (Scope 1 and Scope 2)	Contribution to fight climate change through reduction of emissions (Scope 1 and Scope 2)	Reduction of 20 percent by 2025 and 50 percent by 2030 compared to base year 2021

Overview of management system

Reporting on the key performance figures for the past fiscal year includes the key figures from the management system presented in last year's annual report. A presentation and analysis of the development of these key figures are included in the Sales and earnings review, Financial position, Assets position and Company performance sections. The key figures for the customer and employee perspective, together with the sustainability indicators, are relevant non-financial key figures for the management of the Group. The target figures for the financial and operational management indicators for 2023 are presented in the forecast report starting on page 80.

CORPORATE GOVERNANCE

The term corporate governance stands for responsible management with the aim of creating long-term added value. Good corporate governance increases the company's value in the long run. Values like responsibility, reliability and trust are therefore a priority at TAKKT. Detailed information regarding the topic of corporate governance at TAKKT can be found in the Declaration on Corporate Governance on the company's website at www.takkt.de. It also includes the current declaration of conformity with the German Corporate Governance Code.

Divisions shape the development of TAKKT AG

TAKKT AG is responsible for functional activities that apply to the entire Group, which is why they can best be implemented at this level. This includes functions such as finance, strategy development, M&A, legal and human resources. TAKKT AG is also increasingly assuming the coordination of, and responsibility for, operating activities in operations (warehousing and logistics) and technology & data (IT infrastructure and data analysis) within the Group in order to bundle and strengthen tasks that are critical to the Group's success. The operating business in terms of sales and marketing is handled within the divisions. Their results therefore have a considerable influence on the net assets, financial position and results of operations as well as the opportunities and risks for the future development of TAKKT AG.

Despite the challenging environment with high inflation rates, the three divisions were able to continue the good growth of the previous year in their operating business and once again achieve significantly higher sales and earnings in 2022. TAKKT AG increased its net income in the year under review to around EUR 91 (around 49) million, which was mainly attributable to the higher result from investments. The equity ratio of the AG was very stable at over 75 percent. As in previous years, the anticipated net income of TAKKT AG in 2023 will depend on the level of the investment result and is expected to be in the mid to high double-digit million euro range.

Information required under takeover law

According to section 289a(1) and section 315a(1) no. 1–9 of the German Commercial Code (HGB), the following details must be disclosed regarding TAKKT AG and the TAKKT Group:

TAKKT AG's share capital totaling EUR 65,610,331 corresponds to 65,610,331 no-par-value bearer shares. These are not subject to any restrictions regarding voting rights or the transfer of shares.

As of December 31, 2022, TAKKT AG is a subsidiary of Franz Haniel & Cie. GmbH, Duisburg, which holds a stake of 65.0 percent. There are no other shareholders holding more than ten percent of voting rights.

Sections 84 and 85 of the German Stock Corporation Act (AktG) and section 5 of the company's articles of association apply for appointing and removing members of the Management Board, while Sections 179 and 133 of the German Stock Corporation Act apply for changing the articles of association.

In accordance with the resolution passed at the Shareholders' Meeting of May 18, 2022, the Management Board of TAKKT is authorized to increase the share capital subject to the approval of the Supervisory Board, once or several times, by an amount of up to EUR 32,805,165 by issuing new no-par-value bearer shares by May 17, 2027, taking shareholders' subscription rights into account.

In addition, the Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 18, 2022, subject to section 71(1) no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares up to an amount of ten percent of share capital. There is no reverse subscription right or a right to tender in the case of purchasing, nor is there a subscription right for shareholders in the case of selling. The company can exercise this authorization in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until May 17, 2027.

On October 4, 2022, the Management Board of TAKKT AG resolved a share buy-back program for up to three percent of the current share capital with a volume of up to EUR 25 million. The buy-back program started on October 6, 2022, and will end on June 30, 2023, at the latest. Further information on the share buy-back can be found on the company's website.

At the end of the reporting period, an amount of EUR 43.8 million in liabilities from various financial institutions was subject to a change of control clause as per sections 289a(1) no. 8 and 315a(1) no. 8 of the German Commercial Code (HGB).

The additional disclosures as required by section 315a(1) no. 2 of the German Commercial Code (limitation of voting rights), no. 4 (shares with special rights), no. 5 (controlling voting rights of employees) and no. 9 (compensation agreement with the Management Board or employees in case of a takeover offer) are not relevant for TAKKT AG or the TAKKT Group.

Dependence report issued

Franz Haniel & Cie. GmbH, Duisburg is the majority shareholder of TAKKT AG. GmbH, Duisburg, Germany. The Management Board has therefore provided the Supervisory Board with a report on relations with affiliated companies as stipulated in section 312 of the German Stock Corporation Act. The dependence report comes to the following conclusion: "In summary, we can state that TAKKT AG has received adequate payment for every transaction, according to the circumstances known at the time when the transactions were undertaken."

EMPLOYEES

Committed and qualified employees are critical to the success of achieving the ambitious goals of TAKKT and implementing its strategic positioning. A key aspect of the new strategy is "Caring" – a comprehensive approach to corporate management that takes into account the interests of all stakeholders. In addition to customers, the environment and society, motivation, the trust and satisfaction of our employees are decisive goals for TAKKT. Key success factors for the Group therefore include a leadership culture of mutual respect and motivation, an inspiring work environment and a human resources that is in line with the company's strategy. In order to ensure this, TAKKT's human resources approach is being increasingly unified Group-wide and pursuing a common course across all divisions and companies.

Development of employee figures

The number of employees (full-time equivalents) in the TAKKT Group as of December 31, 2022, was 2,437. This represents a decrease of 59 employees in the Group (full-time equivalents), attributable mainly to job vacancies remaining open for a longer period of time.

Number of employees

	12/31/2021	**12/31/2022**
in full-time equivalent	**2,496**	**2,437**
thereof Division Industrial & Packaging	1,578	1,485
thereof Division Office Furniture & Displays	498	504
thereof Division FoodService	369	388
thereof other	51	60
in headcount	2,712	2,645

Based on headcount, the number of executives working in the Group as of the end of the year under review was 97. The sharp decline compared to the previous year's figure (December 31, 2021: 231 executives) is the result of a change in allocation logic. The two figures are not comparable.

Equal opportunity and diversity

The people who work in the TAKKT Group come from varied cultural backgrounds and different generations and bring diverse perspectives, skills and experiences to their work. TAKKT sees this diversity as a great strength. The Group promotes an understanding of leadership that values diversity and does not tolerate any form of discrimination. The principle of equal opportunity applies to both internal and external recruitment processes. Recruitment decisions are made solely on the basis of skills and qualifications.

The focus of diversity management is on increasing the share of women in executive positions. To this end, junior female professionals are specifically supported in preparing for the next step in their career. This includes various flexitime and part-time models as well as network opportunities. The goal is to increase the share of women in executive positions to 45 percent by 2025.

As of year-end 2022, women made up 43.2 (43.0) percent of all employees in the TAKKT Group. The share of executive positions was 28.9 percent compared with 27.3 percent in the previous year. Due to the change in allocation logic, the two figures are not directly comparable.

In accordance with the law on equal opportunities for women and men in management positions, which TAKKT AG is subject to as a listed company without co-determination, the following binding targets exist for the Supervisory Board, the Management Board and the top management level of the holding company.

- Supervisory Board: The target for the share of women on the Supervisory Board of TAKKT AG by the end of 2026 is 33.3 percent. At present, two women are represented on the six-member Board with Alyssa Jade McDonald-Bärtl and Aliz Tepfenhart, which means the target was met.
- Management Board: The target for the share of women on the Management Board of TAKKT AG by the end of 2026 is 50.0 percent. This target had been met by the end of 2022.

- Top management level: At TAKKT AG, one-third of the positions at the top management level below the Management Board were held by female executives as of the end of 2022. The target value of at least 30 percent is valid until the end of 2026.

An open corporate culture of mutual respect supports transformation

A central goal for TAKKT as part of the transformation is the establishment and continuous development of an open, trusting and respectful corporate culture and inspiring working environment. A comprehensive change management program was set up to promote further development of the corporate culture and support employees as they navigate the transformational changes. The program includes various formats for open and transparent exchange such as physical and virtual employee meetings, conferences with executives and the close involvement of individual employees in the transformation process who can act as spokespersons and representatives for larger groups.

TAKKT continues to apply a hybrid working model for its employees. For the majority of employees, remote working is an effective alternative to working in the office and can be used flexibly, taking into account operational requirements. The Group thus offers a good balance between private life and professional obligations, thereby enhancing its attractiveness as an employer. The feasibility of this approach is continuously reviewed in accordance with the operational requirements and needs of the employees.

TAKKT uses the Employee Net Promoter Score (eNPS) to make the current level of satisfaction of employees during the course of the transformation transparent and to respond appropriately. This key figure is an indicator of satisfaction and willingness to recommend among employees. Due to the challenging and dynamic transformation, the average eNPS for the Group decreased slightly from 16 to 11. Executives and employees work together on specific improvement measures based on the results of the survey. As part of the strategic realignment, TAKKT has set itself the ambitious goal of reaching an eNPS of 50 by 2025 (information on the calculation of the eNPS can be found in the “Management system” section starting on page 41).

Career and talent management at TAKKT

Due to the transformation, many new interesting positions in interdisciplinary and transnational team and project structures were created in the Group. TAKKT’s goal is to fill these key positions internally wherever possible. Talent management follows a structured process for identifying top performers, developing potential in a targeted manner and promoting career paths within the company. This includes annual talent conferences, performance reviews and measures for individual talent development.

Individual performance as well as upholding guiding principles such as customer focus, employee empowerment and continuous improvement play a key role in regard to the career development of executive personnel. In addition to the development and career advancement of internal talent, TAKKT equips itself with complementary skills through the use of targeted recruiting measures.

Qualification and training

TAKKT wants to create a working environment in which employees can develop according to their individual strengths and maximize their potential. TAKKT offers internal and external job-specific as well as leadership training opportunities to develop professional, methodical and managerial skills. Working on interdisciplinary, cross-divisional and transnational projects as well as further development at the workplace also play an important role. There are also opportunities for international assignments at locations in Europe and the US. Work shadowing and job rotation opportunities in the various companies of the Group complete the portfolio of training and career development measures. Another important focus of our in-house qualification includes training in commercial, technical and industrial professions as well as cooperation with regional universities.

Fiscal year

GENERAL CONDITIONS

After the strong economic recovery in 2021, growth in Europe and North America, which are the relevant regions for TAKKT, was significantly below the values of the previous year in some cases. Economic conditions were characterized by high inflation rates, uncertainty of energy supply, product availability challenges and the more restrictive monetary policy of the central banks. All of these factors resulted in a much weaker business performance than expected at the beginning of the year. The relevant industry-specific indicators for TAKKT, and especially the Purchasing Managers' Index in Europe, deteriorated noticeably over the course of the year.

Overall economic conditions

After the Russian attack on Ukraine, economic forecasts were subject to a high level of uncertainty. For its annual forecast, TAKKT assumed a deteriorating economic environment over the course of the year and GDP growth rates of around three percent. In Germany and the US, the actual development in 2022 was again weaker than expected.

Economic development in Europe and the US in the past fiscal year was heavily influenced by inflation. The inflationary pressure that began in the previous year as a result of limited product availability and the general resurgence in demand continued in the year under review. The onset of war in Ukraine has further exacerbated inflation due to the rise in energy prices. Consumer price inflation in both the eurozone and the US rose to high single-digit percentage levels. The increase in producer prices was once again significantly above that of consumer prices.

GDP growth for the eurozone, Germany and the USA

	GDP growth in percent		
	Actual 2021	Forecast 2022	**Actual 2022**
Eurozone	5.3	3.2	3.5
Germany	2.6	2.8	1.8
USA	5.9	3.0	2.1

Sources: Statistical offices

Despite the challenging environment, GDP growth in the eurozone reached a robust 3.5 percent. Particularly in the first half of the year, post-pandemic catch-up effects outweighed the consequences of the war. There were significant regional differences within the eurozone. The economy in southern European countries grew at an above-average rate, whereas GDP growth in Germany was weaker with an increase of 1.8 percent. Since production and exports account for a large share of economic output, Germany was particularly hard hit by the high energy prices and supply chain problems. At 2.1 percent, growth in the US was also not as strong as in the previous year. Following the significant expansion of the US economy in 2021, thanks in particular to the strong fiscal and monetary policy support, high inflation and the subsequent monetary tightening dampened growth.

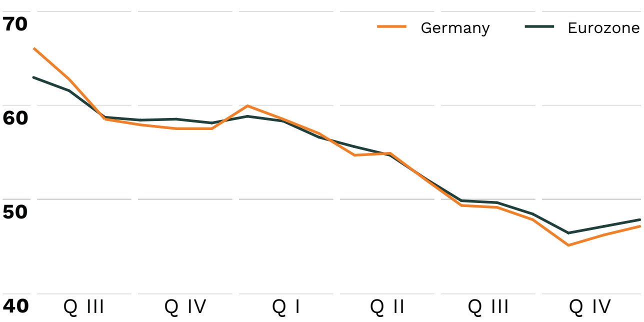
Industry-specific general conditions

TAKKT uses different Purchasing Managers' Indexes (PMIs), among other things, in order to better assess the anticipated development in the sales regions in the medium term. This refers to data from the manufacturing industry, which is compiled by different research institutes together with national associations and aggregated in an index. For TAKKT, purchasing manager indexes with a lead time of three to six months are indicators for order intake from the manufacturing industry and therefore particularly relevant for the activities of the European Industrial & Packaging division.

- Values below the reference level of 50 points indicate that market volumes are in decline and that sales potential is deteriorating.
- By contrast, values over 50 suggest increased market volume and a better business outlook.

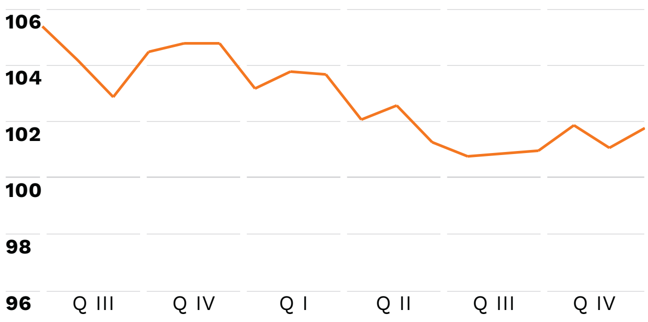
In the past fiscal year, the Russian attack on Ukraine put the PMI for the eurozone on a downward trend. After reaching an annual high of 58.7 points in January, the PMI fell significantly over the course of the year. In July, it dipped below the reference value of 50 points. The index reached its lowest level in October with 46.4 points before stabilizing somewhat. The PMI for Germany also saw a significant decline and developed very similarly to the indicator for the eurozone. At 45.1 points, the annual low of the PMI for Germany in October was even slightly below the level for the eurozone.

Purchasing Managers' Indexes July 2021 to December 2022



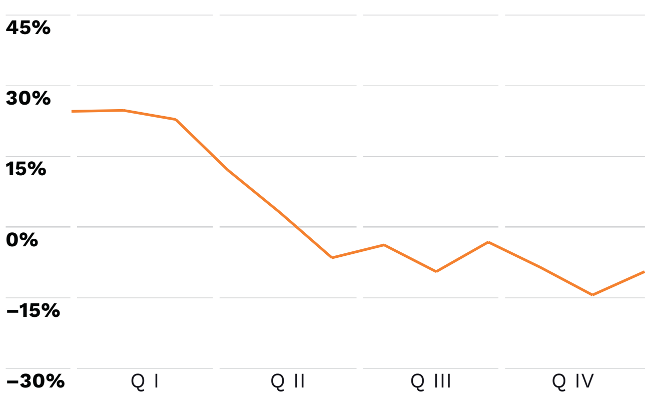
For the US companies Hubert and Central, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments of the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. The RPI declined significantly from 104.8 points over the course of the year. However, it was consistently above the 100-point mark. In contrast to the previous year, the values were considerably lower on average at 102.0 (104.0) points. However, they continued to indicate a slightly positive market assessment.

Restaurant Performance Index July 2021 to December 2022



BIFMA's assessment of the order intake of furniture manufacturers is an industry indicator for the environment of the US-based NBF. BIFMA ("Business and Institutional Furniture Manufacturers Association") gathers the approximate order intake of the past month by means of a survey of companies in its industry. This order intake, which covers a good portion of the industry according to BIFMA, is compared with the figure of the previous year. A forecast function like the PMI, and to a lesser extent also the RPI, is not part of the BIFMA assessment. For the full year of 2022, the order intake reported by BIFMA was 2.8 percent above the previous year's level. Order intake declined significantly during the year after strong growth at the beginning of the year. Around the middle of the year, order intake started to decline.

BIFMA order intake in 2022 compared to the corresponding month of the previous year



BUSINESS DEVELOPMENT

TAKKT's business development in 2022 was marked by high inflation rates, limited product availability and the consequences of the Russian attack on Ukraine. Despite these challenges, TAKKT was able to significantly increase its business in the past year. After a very strong start to the year with double-digit organic growth in the first quarter, momentum declined as the year progressed. This was due to the higher basis of comparison as well as the increasingly difficult economic conditions. In the second and third quarters, the Group achieved high single-digit organic growth. TAKKT also benefited from improved delivery capacity due to the previously built-up inventories and high order backlog. Sales declined slightly organically in the final quarter.

War in Ukraine impacts business development

Russia's war of aggression against Ukraine had a significant impact on business development in 2022. After the outbreak of the war, TAKKT quickly decided to cease its activities in Russia. The business had a volume in the low single-digit million euro range in the previous year. The indirect consequences of the conflict were even more severe than this direct effect. Among them are the rise in energy prices, the discussion about energy security in Europe, shipping restrictions and a loss of economic momentum.

High inflation pressure

The purchase price of products increased further in the year under review. At the end of the first quarter, inflation accelerated mainly due to rising energy prices as a consequence of the war in Ukraine. Shipping costs also saw a temporary sharp increase. TAKKT remained committed to its strategy of passing on price increases for products and shipping to customers in full in order to keep its gross profit margin stable. Accordingly, prices were adjusted much more often and to a greater extent than in previous years. In the first half of the year, TAKKT also placed orders earlier and purchased larger quantities to secure lower purchase prices. At the end of the year, inflationary pressure eased, most notably with a substantial drop in producer price inflation. Overall, inflation management was successful and TAKKT was able to maintain the gross profit margin close to its target of 40 percent in 2022.

Improvement of product availability during the year

In 2021, the surge in demand resulted in limited availability for many products. This also continued in the year under review and was further exacerbated by the war in Ukraine. Delivery times were prolonged as a result of China's zero-COVID policy and the high freight capacity utilization, especially for imports from Asia. In order to fulfill as many customer orders as possible, the Group further expanded its inventory levels in the first half of the year. Over the second half of the year, the availability of many products as well as freight capacities improved. As a result, TAKKT was able to significantly reduce its temporarily exceptionally high order backlog by the end of the year.

Industrial & Packaging division achieves robust growth

Growth of the business in the Industrial & Packaging division was very robust for the year as a whole. After a strong start to the year with double-digit organic growth, momentum declined over the course of the year. The higher basis of comparison in the previous year's quarters also contributed to this. While the business was still able to achieve growth in the mid-single-digit percentage range in the second and third quarters, the final quarter saw a decline in the mid-single-digit percentage range.

While the division was still on the market with different brands for regions and product groups in the year under review, the existing parallel structures in marketing and sales for the various brands were replaced by a single, integrated organization. This will enable stronger growth in the future through the expansion of cross-selling. From September onwards, in a first step packaging products from ratioform were sold in particular to KAISER+KRAFT's major customers.

Double-digit growth in the Office Furniture & Displays division

The business of the Office Furniture & Displays division started the new year with strong double-digit organic growth. In the second and third quarters, the division also delivered double-digit growth, although momentum was lower compared to the beginning of the year. Business remained stable in the final quarter. Both companies achieved double-digit organic growth for the year as a whole.

Office furniture sales at NBF began the new year with very good double-digit growth. In the second and third quarters, the pace declined slightly due to the higher reference basis but remained in the double-digit range. Organic sales in the final quarter were slightly below the level of the previous year.

The Displays2go business, which is geared to events such as conferences and trade shows, saw a noticeable improvement in the year under review after a challenging previous year. The company achieved double-digit growth in the first two quarters due to the return of large-scale events such as trade fairs and conferences. The good customer demand also continued in the second half of the year. Growth rates in the third and fourth quarters were in the high single-digit range.

FoodService division generates strongest organic growth in the Group

The FoodService division had a strong start to the fiscal year and benefited from the ongoing recovery in the US market. In the first quarter, the division achieved a strong double-digit growth rate. After a weaker second quarter, the division returned to double-digit growth in the third and fourth quarters. Hubert and Central both contributed to the good growth.

Hubert’s business with food retailers, large canteens and cafeterias continued the recovery that began in 2021. The company achieved double-digit organic growth rates in all quarters after business had still been impacted by the pandemic in the previous year. Hubert generated particularly strong growth in the first three quarters. In the final quarter, momentum slowed somewhat. Despite this, organic sales rose in the double-digit range.

Central’s business, which is geared toward smaller, family-run restaurants, achieved strong growth especially at the beginning of the year, also because the previous year’s quarter was still affected by the impact of the pandemic. Business declined slightly versus a significantly higher basis of comparison in the second quarter. In the third and fourth quarters, Central returned to its growth path and was able to increase business in the double-digit range.

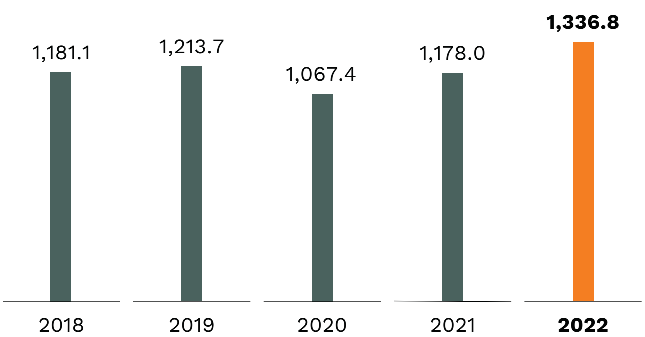
SALES AND EARNINGS REVIEW

In the 2022 fiscal year, TAKKT was able to increase sales significantly with growth of 13.5 percent. The Group benefited from the favorable development of demand, higher price level and positive currency effects. In organic terms (i.e., adjusted for currency effects), sales growth amounted to 7.5 percent. Both the divisions in the US, Office Furniture & Displays and FoodService, enjoyed particularly dynamic growth. As a result of the strong growth, EBITDA rose significantly to EUR 132.1 million. At 39.3 percent, the Group was able to maintain the gross profit margin close to the target value of 40 percent despite the high inflation pressure. TAKKT was able to more than offset the decline over the previous year through positive economies of scale and lower cost ratios for marketing and personnel. The EBITDA margin rose to 9.9 (9.6) percent.

Very good organic sales growth

In the year under review, TAKKT's sales grew by 13.5 percent to EUR 1,336.8 (1,178.0) million. Positive currency effects, predominantly from the stronger US dollar, contributed to the increase with 6.0 percentage points. Organically (i.e., adjusted for these effects), sales rose by 7.5 percent. TAKKT also benefited from the reduction of high order backlog at the beginning of the year as well as the recovery of individual markets and product groups that were still affected by the consequences of the pandemic in the previous year. All three divisions contributed to organic growth.

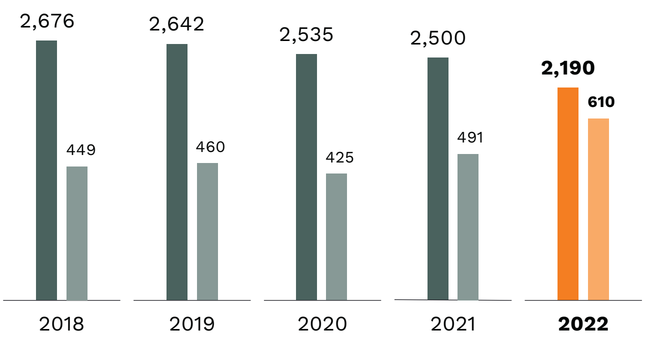
Sales in EUR million



Sales at same level as order intake

After sales were considerably lower than order intake in the previous year due to limited product availability, both figures were again at a very comparable level in 2022. In the year under review, order intake rose by 8.8 percent to EUR 1,336.9 (1,228.5) million. Organic growth came to 3.2 percent and was characterized by an opposite development in order numbers and values. In the year under review, price increases and currency effects contributed to a significant rise in average order value to EUR 610 (491), whereas the number of orders decreased to 2.2 (2.5) million. Another reason for the different development can be partly attributed to the structural effects from the difference in growth of the business units. In addition, TAKKT significantly expanded its business with larger customers, while the number of smaller orders for pandemic-related products for infection control and working from home continued to decline.

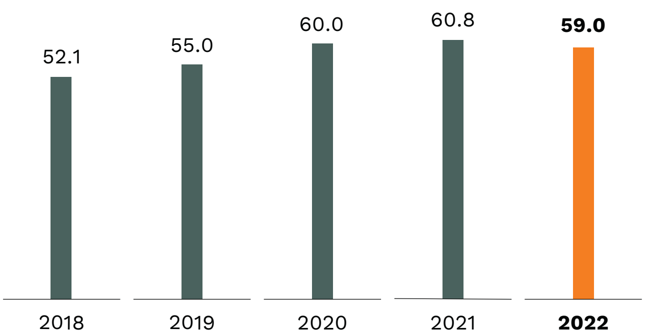
Number of orders in thousands
Average order value in EUR



Slowdown of growth in e-commerce

In TAKKT's business model, a differentiation is made between marketing and sales momentum on the one hand and the order intake method on the other. When allocating incoming orders, only the method by which the order has been received can be determined directly. The e-commerce business for TAKKT has grown significantly in importance in recent years. TAKKT was also able to further increase the corresponding volume in 2022 as well. Given the overall weak e-commerce environment, organic e-commerce growth was below average for the first time in over ten years at 1.1 percent. A structural effect from the decline in business development in the UK also contributed to the weak growth. The e-commerce share of order intake decreased slightly to 59.0 (60.8) percent. This also includes orders that were placed with TAKKT companies through traditional channels but initiated online. Traditional sales channels accounted for 41.0 (39.2) percent of order intake.

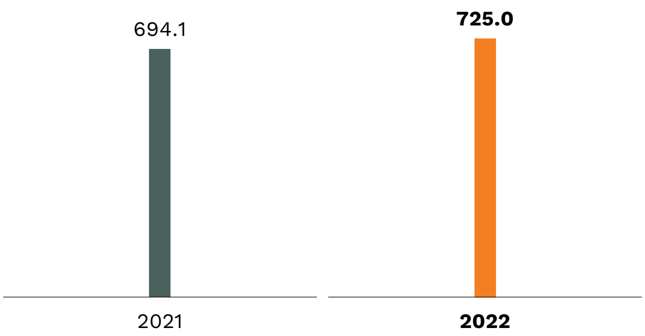
E-commerce share in order intake in %



Industrial & Packaging: Robust growth in almost all regions

In the year under review, sales in the Industrial & Packaging division rose by 4.4 percent to EUR 725.0 (694.1) million, corresponding to 54.2 percent of Group sales. Changes in exchange rates had a slight overall positive effect of 0.7 percentage points. Organic sales growth came to 3.7 percent. With the exception of the UK, all regions contributed to growth. Eastern Europe enjoyed particularly strong sales with growth in the double-digits. The division also achieved above-average growth in Scandinavia and southern Europe

Sales Industrial & Packaging in EUR million

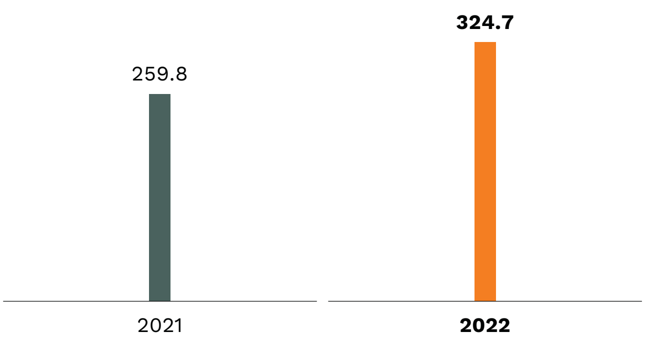


Office Furniture & Displays: Double-digit growth in both business units

In the Office Furniture & Displays division, sales rose significantly by 25.0 percent to EUR 324.7 (259.8) million. Its share of Group sales therefore came to 24.3 percent. The higher exchange rate of the US dollar contributed 13.7 percentage points to the sales increase. Organic sales growth in the division reached a double-digit rate of 11.3 percent.

Both NBF and Displays2go recorded a double-digit percentage increase. In addition to the good demand, the office equipment business of NBF benefited from working down high order backlog in the year under review. Displays2go sells products such as advertising banners, portable trade fair stands and stand-up displays, which are frequently used at conferences or other events. After two challenging years due to the pandemic, business rebounded considerably in 2022.

Sales Office Furniture & Displays in EUR million



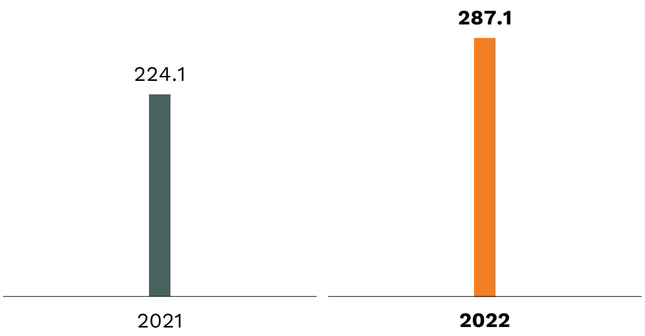
FoodService:
Strong customer demand at Hubert

At EUR 287.1 (224.1) million, sales in the FoodService division were 28.1 percent above the previous year. Contributing to this was the higher exchange rate of the US dollar, which increased growth by 13.2 percentage points. The division thus accounted for 21.5 percent of Group sales. At 14.9 percent, the division generated the strongest organic growth in the Group.

Hubert and Central provide equipment and supplies for the food service industry, though they address different customer groups. Central mainly sells to smaller and often independent, family-run restaurants. Central benefited from the ongoing strong demand and continued the growth trajectory with a double-digit increase in sales.

Hubert's customers include operators of cafeterias in educational institutions or sports facilities. After the activities of Hubert were still impacted by the pandemic in the previous year, business improved noticeably. Hubert benefited from the strong demand and also delivered double-digit organic growth.

Sales FoodService in EUR million



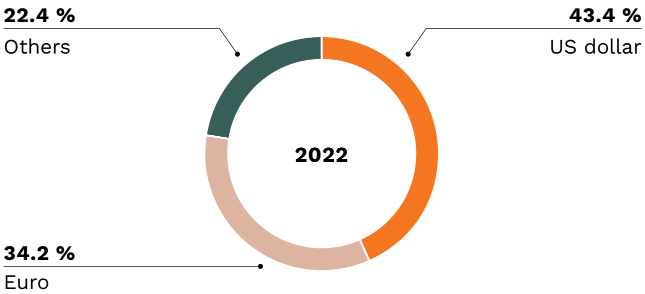
Sales by region:
North America share significantly higher

Affected by the differing performance of business in the individual countries as well as currency effects, the regional sales split developed as follows:

- Sales of the business in Germany increased to EUR 279.2 (268.2) million. Its share of Group sales therefore came to 20.9 (22.8) percent.
- Sales of the other European business increased to EUR 465.4 (448.8) million. Its share of Group sales thus decreased to 34.8 (38.1) percent.
- In North America, sales increased significantly to EUR 592.2 (461.0) million as a result of the steep growth and strong US dollar. Its share of Group sales therefore came to 44.3 (39.1) percent.

34.2 (36.8) percent of the Group sales was realized in the reporting currency of euros. The portion in US dollars increased to 43.4 (38.4) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, had a total share of 22.4 (24.8) percent.

Sales by currency



Gross profit margin close to target value of 40 percent

Due to high inflation rates, the prices for purchased products and shipping rose sharply in 2022. TAKKT set itself the goal of passing on the higher prices to customers in full and without delay. All in all, this has gone well. The gross profit margin in the Industrial & Packaging and Office Furniture & Displays divisions remained very stable in 2022. In the FoodService division, a lower freight margin and higher inventory write-downs had a negative impact. At the Group level, the gross profit margin in the year under review was 39.3 (40.2) percent and thus close to the target value. Approximately half of the decline compared to the previous year is attributable to structural effects resulting from the higher share of US business.

Improved personnel expense ratio

Personnel expenses in the year under review rose by 8.6 percent to EUR 213.5 (196.6) million and thus at a much lower rate than sales. The lower personnel expense ratio is partly due to economies of scale resulting from growth and partly due to some vacancies remaining open longer than planned. The amount of one-time effects related to personnel expenses were slightly higher than in the previous year.

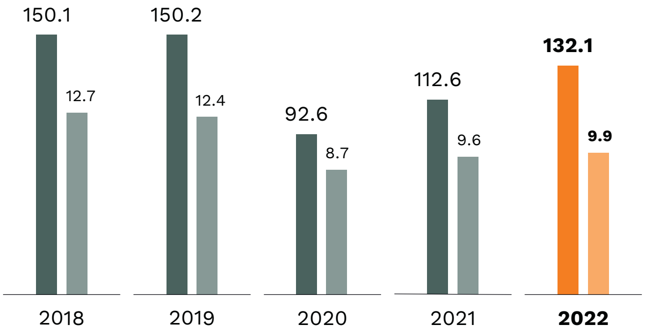
Greater marketing efficiency

Similarly to personnel expenses, marketing expenses also rose less strongly than sales, thereby allowing greater marketing efficiency. This included the continuous shift of the marketing budget from print advertising toward more online marketing. Expenses for online advertising increased in the high single-digit percentage area, while print advertising costs saw a double-digit percentage decline.

Slightly higher profitability despite lower gross profit margin

With an increase of 17.3 percent to EUR 132.1 (112.6) million, TAKKT was able to increase earnings before interest, taxes, depreciation and amortization (EBITDA) more strongly than sales. Despite the lower gross profit margin, the EBITDA margin increased to 9.9 (9.6) percent due to the improved expense ratios for marketing and personnel. Currency effects had a positive impact on EBITDA of around EUR 7 million. One-time effects of EUR 4.6 (6.1) million were slightly below the level of the previous year and resulted in part from the realignment of the Group as well as the discontinuation of the business in Russia. On the other hand, there was a one-time contribution to earnings of around EUR 2 million from the reversal of a risk provision.

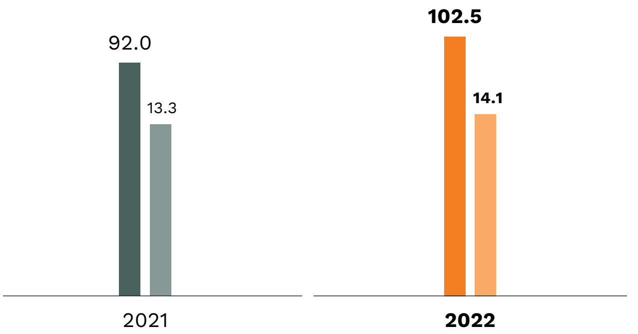
EBITDA in EUR million **/margin** in %



Industrial & Packaging: EBITDA over EUR 100 million

In the Industrial & Packaging division, EBITDA rose by 11.4 percent to EUR 102.5 (92.0) million. In addition to the good growth and stable gross profit margin, more efficient cost structures also contributed to the increase in earnings. One-time expenses had a negative impact on EBITDA of just under EUR 2 million due to the new orientation of the division and the discontinuation of business in Russia. In the previous year, one-time expenses also amounted to around EUR 2 million. In the year under review, the EBITDA margin rose to 14.1 (13.3) percent.

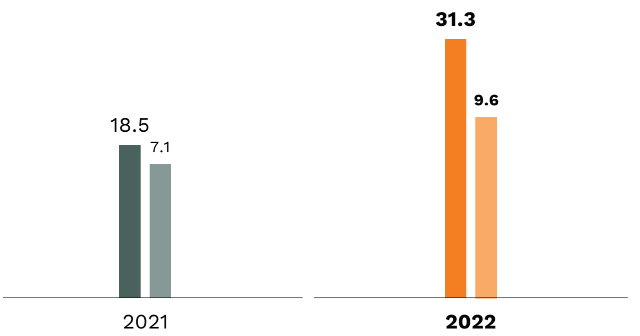
EBITDA Industrial & Packaging in EUR million **/margin** in %



Office Furniture & Displays: EBITDA with high double-digit percentage growth

In 2022, EBITDA in the Office Furniture & Displays division increased by 68.9 percent to EUR 31.3 (18.5) million. The growth in earnings was mainly driven by the recovery in the display business. In addition, currency effects and the reversal of a provision of around EUR 2 million also contributed to the increase. In the previous year, TAKKT created a risk provision with a volume of close to EUR 3 million. The EBITDA margin improved to 9.6 (7.1) percent.

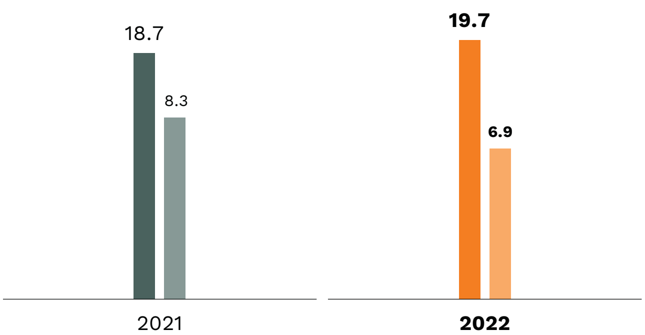
EBITDA Office Furniture & Displays in EUR million / **margin** in %



FoodService: Slight improvement in EBITDA

In the year under review, EBITDA in the FoodService division was EUR 19.7 (18.7) million and benefited from positive currency effects. Along with higher freight costs, effects from the valuation of inventories had a negative impact on earnings. In addition, one-time personnel expenses of less than EUR 1 million related to preparation for the integration of the division reduced EBITDA. The EBITDA margin was 6.9 (8.3) percent.

EBITDA FoodService in EUR million / **margin** in %



Depreciation and finance expenses higher than previous year

Depreciation and amortization increased considerably to EUR 51.3 (38.7) million in the year under review. The increase is mainly attributable to extraordinary impairments on brand rights of around EUR 11 million in connection with the harmonization of brands in Europe. Further extraordinary expenses such as the impairment of recognized goodwill were not incurred in 2022 or in the previous year. Despite higher depreciation and amortization, EBIT (earnings before interest and taxes) improved to EUR 80.8 (73.9) million and was 9.3 percent above the previous year's figure. The EBIT margin decreased slightly to 6.0 (6.3) percent.

The financial result decreased to minus EUR 4.9 (minus 1.1) million, mainly due to the positive contribution of EUR 2.5 million resulting from the sale of an investment in the previous year. Profit before tax improved to EUR 75.9 (72.8) million.

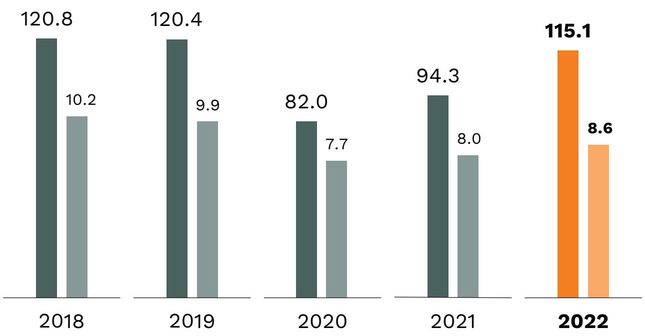
Tax ratio still at a low level

Income tax expenses rose slightly to EUR 16.7 (15.8) million due to the somewhat higher profit before tax. The tax ratio remained low at 21.9 (21.7) percent. Profit for the period improved by 4.0 percent to EUR 59.3 (57.0) million. Earnings per share increased accordingly to EUR 0.90 (0.87) based on the slightly lower average number of outstanding shares of 65,547,031 (65,610,331).

FINANCIAL POSITION

TAKKT has a centralized system of financial management that ensures the creditworthiness and financing capability of the Group for the long term. In addition to the payment of a dividend, it is also intended to provide the Group with sufficient financial flexibility to seize acquisition opportunities at short notice. In 2022, TAKKT generated significantly higher free cash flow than in the previous year despite a further increase in net working capital.

TAKKT cash flow in EUR million **and cash flow margin** in %



Centralized financial management limits financial risks

The financial management of the TAKKT Group includes the management and allocation of all financial resources with the primary goal of securing liquidity at any time. In addition, TAKKT pursues the following goals within the scope of financial management:

- Safeguarding the independence and flexibility of the Group and of all the Group companies through a diversified financing structure with sufficient available credit lines at all times.
- Limiting financial risks through the hedging of interest and currency risks as well as limiting counterparty risks.
- Optimization of financing conditions through an appropriate mix of short and long-term financing instruments.
- Efficient use of the Group's internal liquidity through the use of cash pooling agreements, whereby liquidity surpluses of the individual companies are used for financing the liquidity requirements of other Group companies.

High positive TAKKT cash flow

One of the key strengths of the TAKKT business model is its strong internal financing power. In the past fiscal year, the Group increased the TAKKT cash flow significantly to EUR 115.1 (94.3) million due to the strong growth and positive currency effects. TAKKT cash flow rose at a similar pace to EBITDA. The cash flow margin (i.e., the TAKKT cash flow in relation to sales) increased to 8.6 (8.0) percent. The TAKKT cash flow per share was EUR 1.76 (1.44).

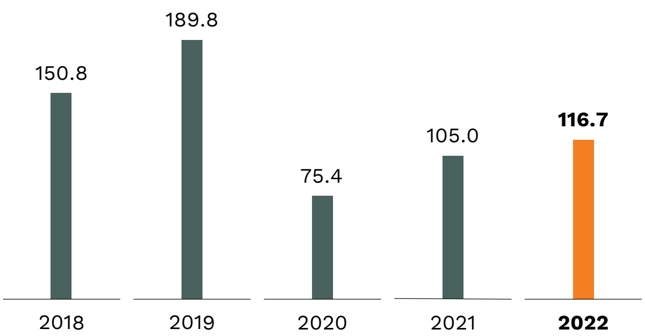
At EUR 31 (38) million, the cash outflow for building up net working capital was slightly lower than in the previous year. In expectation of continuing price increases due to high inflation and to improve delivery capacity, TAKKT placed larger orders in the first half of the year and expanded its inventory levels by around EUR 40 million. In the second half of the year, the Group benefited from the improved delivery capacity and sold off existing inventories. As a result, total cash outflow for the buildup of inventories was EUR 15 million in 2022. Trade receivables also increased due to the good growth trend and rose by EUR 16 million. Cash flow from operating activities increased significantly and came to EUR 84.4 (56.3) million.

Overall, the business model of the TAKKT Group is not very capital intensive. At EUR 14.6 (18.3) million, capital expenditure in 2022 was below the previous year's figure as well as slightly below expectations at the beginning of the year. The capital expenditure ratio (the ratio of capital expenditure for maintenance, expansion and modernization of the business operations to sales) came to 1.1 (1.6) percent. At EUR 0.6 (13.9) million, the cash inflow from disposals was not relevant in the year under review. In the previous year, TAKKT received a gain of EUR 13.4 million from the sale of investments.

As a result of the good earnings development and lower net working capital, the free TAKKT cash flow rose significantly to EUR 70.4 (51.9) million. Payment for the base and special dividend amounted to EUR 72.2 million and was thus at a comparable level to the free TAKKT cash flow. In addition, EUR 6.5 million was used until the end of the year to buy back treasury shares.

Net financial liabilities (i.e., financial liabilities less cash and cash equivalents) increased slightly to EUR 116.7 (105.0) million at the end of 2022. A higher percentage of the liabilities resulted from the leasing of buildings, plant and equipment, which are reported as lease liabilities in accordance with IFRS 16. Cash and cash equivalents came to EUR 7.6 (2.8) million as of December 31, 2022. For further details on the generation and usage of cash flow, please refer to the cash flow statement of this annual report.

Development of net financial liabilities in EUR million



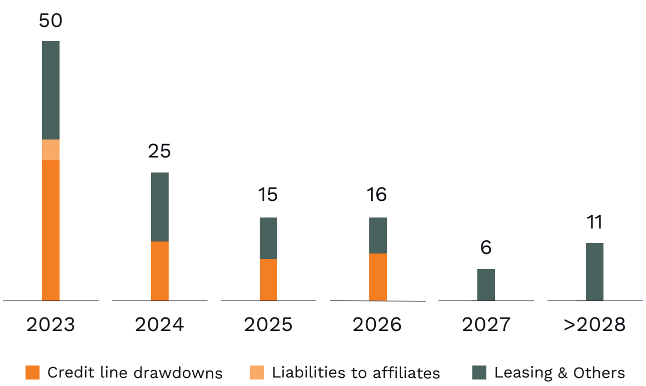
Diversified Financing

TAKKT places great importance on the conservative, long-term oriented and diversified financing of the business. The financing activities of the Group are centrally managed with funding mainly denominated in the EUR and USD currencies. TAKKT primarily uses the following financing instruments:

- Dedicated bilateral credit lines with twelve financial institutions are the focus of the financing portfolio. Short-term (terms of less than 18 months) and long-term (terms of more than 18 months) credit lines have mainly been concluded. These are renewed for an additional year on an annual basis. Long-term credit lines are mainly concluded for five-year periods. The credit agreements are unsecured and do not include any financial covenants. At the end of 2022, there were liabilities to banks from financing activities in the amount of EUR 55.1 (22.7) million.
- Leased buildings and plant installations are reported as finance leases in accordance with IFRS 16. Lease liabilities as of the end of the reporting period came to EUR 63.4 (75.4) million.

The maturity structure of the financial liabilities as of the end of the reporting period is as follows:

Maturity profile of financial liabilities in EUR million



In addition to the credit line drawdowns, the Group also had free approved credit lines of EUR 204.1 (235.3) million available to it, of which EUR 80.7 (104.3) million are short-term credit lines and EUR 123.4 (131.0) million are long-term credit lines. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

Managerial presentation of free TAKKT cash flow in EUR million

	2018	2019	2020	2021	2022
TAKKT cash flow	**120.8**	**120.4**	**82.0**	**94.3**	**115.1**
Change in net working capital as well as other adjustments	– 21.4	10.4	38.5	– 38.0	– 30.7
Cash flow from operating activities	**99.4**	**130.8**	**120.5**	**56.3**	**84.4**
Capital expenditure in non-current assets	– 25.0	– 24.7	– 13.3	– 18.3	– 14.6
Proceeds from disposal of non-current assets	8.3	1.0	22.6	13.9	0.6
Free TAKKT cash flow	**82.7**	**107.1**	**129.8**	**51.9**	**70.4**

The independence and degree of flexibility available to the TAKKT Group in its business decisions are ensured in the long term through the diversification of the financing portfolio with regard to financing sources and terms. The relationship of trust that the company has built with its lenders over many years also contributes to this. Regular face-to-face meetings and an annual Bankers' Day are held to provide detailed information on the current development and performance of the company.

Use of derivative financial instruments only for hedging purposes

As a global player, TAKKT is exposed to risks arising from fluctuations in exchange rates and market interest rates. The purpose of financial risk management is to regularly monitor these financial risks and limit them insofar as it is economically advisable. In dealing with derivative financial instruments, harmonized regulations ensure that no financial transactions are conducted outside of an established framework without the prior approval of the Management Board. Derivative financial instruments are only used for hedging purposes in relation to the hedged item. In addition, financial transactions are carried out exclusively with business partners who have been approved for this purpose and meet a certain credit rating. In line with the hedging policy, TAKKT's goal for interest rate risks is generally a hedge ratio of 60 to 80 percent of the finance volume. In the fiscal year and previous year, no use was made of interest rate swaps for hedging purposes. Net foreign currency cash flows are hedged at an average rate of 50 percent for a rolling twelve-month period. Details on the use and evaluation of these financial instruments can be found in the risk report as well as the notes to the consolidated financial statements.

Internal covenants remain at a very good level

Most of the covenants used by TAKKT internally for the long-term management of its financial structure were within the internally set target corridor as of the reporting date. The equity ratio was even above the target corridor. This underscores the solid financing of the Group and provides the framework for future growth. TAKKT strives to achieve a balance between financial independence and return on total capital. The objective is to ensure sufficient financial scope for growth and difficult times on the one hand as well as an appropriate return on total capital employed on the other.

As of the end of the reporting period, the equity ratio of 62.4 (62.2) percent was virtually unchanged compared to the previous year and still slightly above the target corridor of 30 to 60 percent. The gearing remained unchanged at 0.2 (0.2). Average net borrowings rose more sharply than the TAKKT cash flow. As a result, the debt repayment period increased slightly to 1.2 (0.9) years. The significant increase in net financing expenses, together with only a slight rise in operating profit before amortization of goodwill, led to a decline in interest cover to 14.4 (20.1). The interest cover was thus again significantly above the target value. The method of calculation and definition of the key figures are presented in the notes to the consolidated financial statements.

Internal covenants

	Self-imposed target	2018	2019	2020	2021	**2022**
Equity ratio in percent	30 to 60	60.8	58.5	64.7	62.2	62.4
Debt repayment period in years	< 5	1.4	1.7	1.4	0.9	1.2
Interest cover	> 4	23.8	16.7	11.0	20.1	14.4
Debt-equity-ratio (gearing)	< 1.5	0.2	0.3	0.1	0.2	0.2

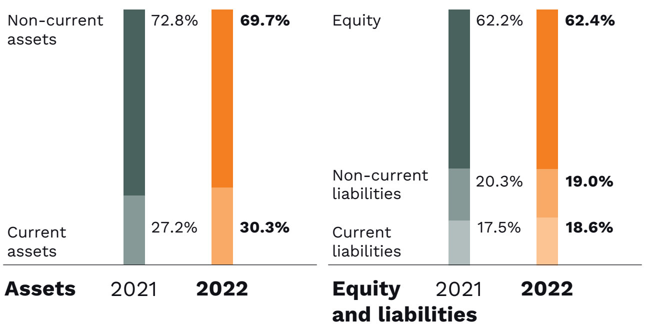
ASSETS POSITION

TAKKT's balance sheet structure remained very solid in 2022 with only minimal changes. The Group therefore continues to enjoy strong financial stability.

Assets impacted by currency effects

On December 31, 2022, total assets amounted to EUR 1,121.5 (1,115.4) million and were virtually unchanged compared to the previous year. Currency effects, caused primarily by the change in the US dollar closing rate, had a positive impact of around EUR 23 million on assets reported in euros. The value of current assets increased significantly as a result of the higher trade receivables and inventories. In contrast, non-current assets declined slightly.

Balance sheet structure of the TAKKT Group



As of the end of the reporting period, non-current assets of EUR 781.5 (812.2) million made up 69.7 (72.8) percent of the assets. Of this amount, EUR 113.9 (126.4) million were tied up in property, plant and equipment. The decrease was mainly attributable to scheduled amortization of rights-of-use from leases.

The majority of non-current assets consists of goodwill from past company acquisitions, which at 53.8 (52.9) percent represents a good half of the total assets. No impairment of goodwill was necessary on the basis of the impairment tests performed. Exchange rates had a positive impact of EUR 13.1 million on goodwill.

Customer and supplier relationships, brand names, web shops, domain names or internal expertise can, regardless of their significance for the TAKKT Group, only be recognized as intangible assets if they are in accordance with IAS 38. This is not generally the case with regard to the intangible assets generated within the TAKKT Group. Accordingly, these figures are not recognized. Where entire companies are acquired, some intangible assets are recorded in the consolidated financial statements as required by IFRS 3 for first-time consolidation as long as they are identifiable and can be measured independently. The corresponding recognition in the statement of financial position is a good indicator for the value potential of these assets.

Key figures for assets position (in EUR million)

	2018	2019	2020	2021	2022
Non-current assets	**758.6**	**835.5**	**781.1**	**812.2**	**781.5**
in % of Total assets	73.1	75.9	77.8	72.8	69.7
Current assets	**278.5**	**265.2**	**223.2**	**303.2**	**340.0**
in % of Total assets	26.9	24.1	22.2	27.2	30.3
Total assets	**1,037.1**	**1,100.7**	**1,004.3**	**1,115.4**	**1,121.5**
Total Equity	**630.4**	**644.2**	**649.6**	**694.0**	**699.8**
in % of Total equity and liabilities	60.8	58.5	64.7	62.2	62.4
Non-current liabilities	**250.3**	**267.6**	**215.8**	**226.3**	**213.6**
in % of Total equity and liabilities	24.1	24.3	21.5	20.3	19.0
Current liabilities	**156.4**	**188.9**	**138.9**	**195.0**	**208.1**
in % of Total equity and liabilities	15.1	17.2	13.8	17.5	18.6
Total equity and liabilities	**1,037.1**	**1,100.7**	**1,004.3**	**1,115.4**	**1,121.5**

At TAKKT, this mainly applies to the internet domains, web shops, brand names and customer relationships. As of the reporting date, the total value of these assets came to EUR 22.9 (36.1) million. In addition to scheduled amortization, the decrease is attributable to impairment losses of EUR 11.2 million on intangible assets in I&P. The brand landscape in the division is simplified and harmonized, thereby specifying the remaining useful life of individual brands. The value of the brands with indefinite useful life recognized as of December 31 decreased to EUR 18.8 (27.9) million.

Current assets increased significantly to EUR 340.0 (303.2) million. Inventories of EUR 163.1 (146.2) million as well as trade receivables of EUR 135.9 (119.4) million together accounted for 87.9 (87.6) percent of current assets. The increase in both items was due to growth as well as high inflation and price adjustments. In addition, TAKKT increased its inventories in the first half of the year in order to improve its delivery capacity. Currency effects contributed EUR 7.5 million to the increase in current assets.

Customers' payment behavior was low once again with a write-off rate of 0.1 (0.1) percent. Consequently, there was no significant impact on the development of trade receivables. The payment period for accounts receivable was 35 (31) days.

In the TAKKT Group, there are no off-balance-sheet financial instruments such as the sale of receivables or asset-backed securities.

Equity ratio stable above 60 percent

Total equity increased to EUR 699.8 (694.0) million in 2022. The negative effects from the high dividend payment of EUR 72.2 million and payments in connection with the share buy-back program of EUR 6.5 million were more than offset by positive effects. This is attributable to the addition from profit for the period of EUR 59.3 million, positive currency effects of EUR 15.8 million and positive effects recognized directly in equity of EUR 9.4 million, resulting primarily from the valuation of retirement pensions and other long-term equity investments. The equity ratio increased slightly to 62.4 (62.2) percent. It is therefore still slightly above the target corridor of 30 to 60 percent. Further information on the acquisition of treasury shares as part of the share buy-back program can be found in the notes on page 121.

Accounting for 19.0 (20.3) percent of the equity and liabilities were non-current liabilities amounting to EUR 213.6 (226.3) million. The decrease was mainly attributable to the lower pension provisions. The decline came to around EUR 26 million due to the significant increase in the actuarial discount interest rate. By contrast, non-current financial liabilities increased slightly to EUR 74.2 (71.7) million and deferred taxes more strongly to EUR 80.4 (68.1) million. The latter exist mainly as a result of the reduced tax value of goodwill in the US Group companies.

Current liabilities increased to EUR 208.1 (195.0) million, corresponding to a share of 18.6 (17.5) percent of total assets as of December 31, 2022. In addition to the higher financial liabilities, the increase was largely related to the rise in trade payables, due in part to the higher purchase prices in product procurement as a result of inflation. The currency effect due to the closing rate also contributed to the increase in current liabilities.

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_2e emissions in 2022 by 11 percent compared to 2021.

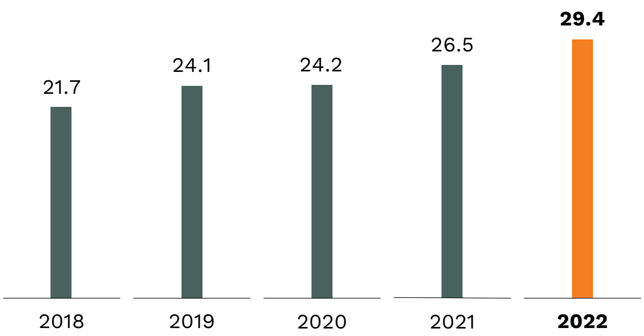
The non-financial report for the TAKKT Group is part of the sustainability report and can be found at http://www.takkt.de/en/sustainability

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.

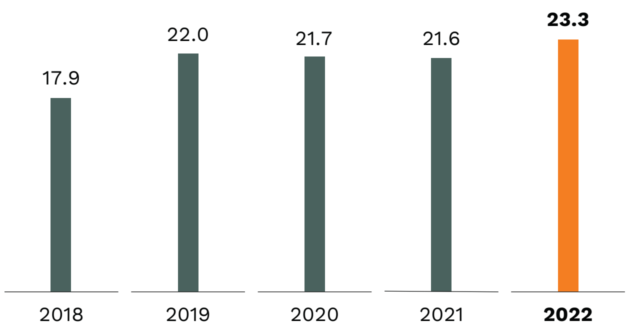
In the year under review, the share of sales generated with private labels rose significantly and increased to 29.4 (26.5) percent. All three divisions saw similar strong increases in private labels.

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 %

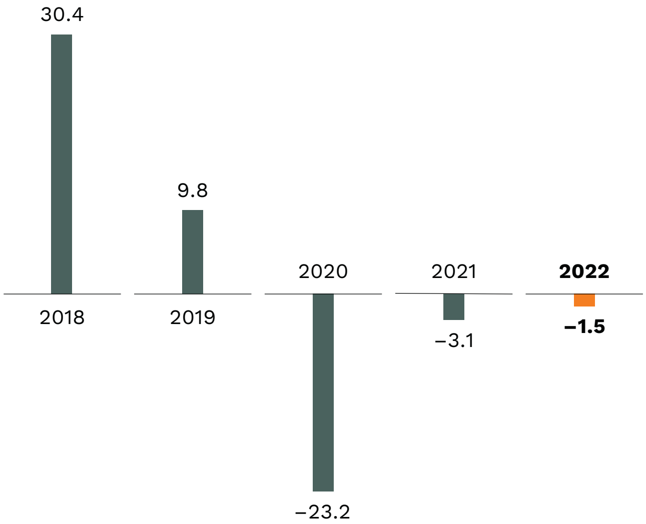


Value-based key figures: TAKKT Value Added and ROCE above previous year

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.

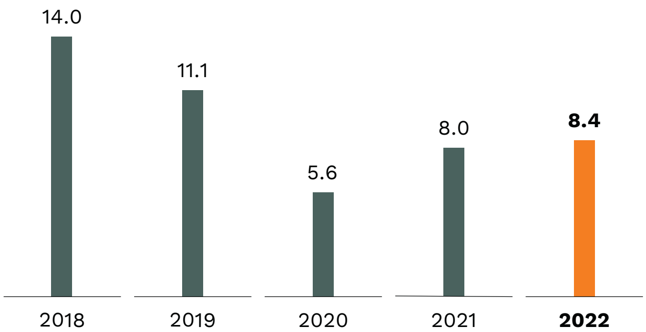
The resulting operating result after tax generated for calculation of the TAKKT Value Added increased over the previous year by a total of EUR 3.9 million and amounted to EUR 64.9 (61.0) million. The average capital employed increased slightly. The weighted average cost of capital (WACC) used to calculate 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_2e 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
Organic growth			
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
Costs and earnings			
Gross profit margin in percent	40.2	Stable development slightly above 40 percent 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 In July 2022 specification to EUR 120 to 130 million	132.1
Cash			
TAKKT cash flow in EUR million	94.3	In the range of EUR 90 to 110 million 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 In October adjustment to slightly more than one percent of sales	1.1
Customer and employee perspective			
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
Sustainability			
Share of "enkelfähig" products in order intake		Around 15 percent of order intake	19.8
CO_2e emissions (Scope 1 and Scope 2)		Project to survey CO_2e emissions (Scope 1 and Scope 2)	8,339t CO_2e

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

Outlook

RISK AND OPPORTUNITIES REPORT

In the course of its business activities, TAKKT is exposed to opportunities and risks. The opportunities and risk management of the Group serve to detect and assess these early. It also adopts appropriate control measures. The Management Board and Supervisory Board are regularly informed of the current risk situation of the Group and all of the major Group companies. The relationship between opportunities and risks in 2022 remained largely unchanged from the previous year from the perspective of the TAKKT Management Board.

Systematic management of risks and opportunities

TAKKT has an opportunity and risk management system that systematically identifies, quantifies, manages and monitors all material risks and opportunities. In accordance with German Accounting Standard 20, a risk is defined as the danger of a negative deviation from the goals of the company. An opportunity is defined as the possibility of exceeding these goals. TAKKT strives to achieve a balance of risks and opportunities in all activities for the purpose of sustainably increasing the value of the company in the interest of all stakeholders.

Organizationally, the opportunities and risk management is structured as follows:

- The Management Board is responsible for establishing and overseeing the opportunities and risk management system.
- It is supported by the division presidents, the managing directors of the Group companies and the Group functions Operations, Technology & Data, Finance and HR. Internal Audit and Legal also support the process.
- Important components of the opportunities and risk management system are a uniform risk management directive, a process integrated into planning for the standardized recording, evaluation and reporting of risks and opportunities; the controlling of all companies, uniform rules of management and the two-man rule applied throughout the Group.
- The Supervisory Board, represented by the audit committee, deals with the effectiveness of the opportunities and risk management system within the scope of its monitoring function.
- As an independent entity, the external auditor reviews the setup and suitability of the early risk detection system according to section 317(4) HGB.
- Internal Audit continuously supervises the major processes of all Group companies to ensure that they perform well, are cost-effective and comply with internal directives.

Uniform steering and control systems

The TAKKT Group's management relies on a range of uniform steering and control systems to manage the various divisions with their operating companies. The Management Board holds discussions with the subsidiaries each year on the operational planning for the coming year and the results of the risk monitoring. It is also regularly informed about the current order intake levels. The analysis and discussion of the monthly reports between the Management Board and Controlling help to actively manage risks and opportunities, also with respect to gross profit. Special report formats that provide information on significant cost blocks such as personnel and marketing costs also provide a basis for the uniform management of cost risks. The long-term management rests on planning for several years ahead. This planning is carried out annually.

In principle, all control and reporting structures begin at the level of the subsidiaries and lead up to the Management Board and Supervisory Board. The Supervisory Board's approval is required for important decisions. Internal controls have been established at all levels and at every stage of the process. Companies that have been newly founded or acquired are included in the controlling system and in the risk and opportunity management system as part of a structured integration process. They are expected to meet the same requirements as the established companies in the Group.

In order to ensure to secure essential commercial and operational processes, the TAKKT Group deploys an accounting-related and performance-related internal control system. Both are part of the entire internal control system of the TAKKT Group and are based on the internationally recognized "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission).

The effectiveness of accounting processes and the effectiveness of controls in the operating processes are documented in a recurrent process comprising risk analysis, control analysis and an assessment of the effectiveness of these internal controls. In these processes, data is first collected, updated and reviewed in relation to key risk areas according to predefined qualitative and quantitative criteria in a risk control matrix. In addition, the individual risks are aggregated into an overall risk. Based on this process, existing controls are identified and new control measures that are designed to limit the risks are implemented. The effectiveness of the controls is reviewed and documented at regular intervals through a self-assessment of the control officers.

Internal control system for accounting process in accordance with sections 289(4) and 315(4) of the German Commercial Code (HGB)

The internal accounting control system extends to the financial reporting of the entire TAKKT Group. Its purpose is to ensure the correctness and reliability of the internal and external accounting, including the necessary consolidation processes for the consolidated financial statements.

TAKKT ensures the Group-wide application of Generally Accepted Accounting Principles (GAAP) and the current International Financial Reporting Standards (IFRS) by means of mandatory requirements, including accounting guidelines that are updated on an ongoing basis, a standardized chart of accounts for reporting purposes, a Group-wide schedule for the preparation of financial statements, and various manuals. If necessary, external experts or qualified consultants are called in, for example for the evaluation of pension obligations or to obtain an expert opinion on the purchase price allocation for company acquisitions. All employees who are responsible for accounting and financial reporting receive regular training.

The preparation of financial statements of the individual companies as well as their consolidation for the consolidated financial statements are carried out using a modern standard software solution. Information for the preparation of the notes is recorded with a web-based application.

Extensive testing procedures are designed to ensure the completeness and reliability of the information contained in the consolidated financial statements. The IT systems in accounting are protected against unauthorized access. IT change management systems ensure that no data is lost when changes are made to the IT infrastructure. The internal control system is fundamentally based on the principle of cross-checking by a second person for all accounting-related processes. Within the scope of the audit of the consolidated financial statements, external auditors report on the most important audit results and weaknesses in the control system for the units audited in the context of the consolidated financial statements. The status of the internal control system is reported to the Management Board and the Supervisory Board represented by the audit committee.

Performance-based internal control system pursuant to section 91(2) of the German Stock Corporation Act (AktG)

The performance-based internal control system extends to the operational processes of the entire TAKKT Group. Its purpose is to ensure the correctness and reliability of operating processes.

For all performance-related processes, the fundamental elements of the internal control system include the principle of cross-checking by a second person, the separation of duties principle, signatory and approval policies, access restrictions to information and buildings, sanctions list screening, and ensuring the availability of the necessary information.

The results of the self-assessments are verified by internal auditing. In addition, the maturity level of the internal control system is assessed by the Internal Audit department within the scope of internal audits. The status of the internal control system is reported to the Management Board and the audit committee/ Supervisory Board.

Overview of opportunities and risks

	Economy and competition	Corporate strategy and positioning	Operating processes	Finance and legal
Possible risks	› Economic downturn › More aggressive competition from established providers and new market participants	› Structural changes in demand › Implementation risk in relation to the transformation › Integration risks associated with acquisitions › Risks associated with disposals › Loss of major customers › Increasing dependence on e-commerce	› Limited product availability and rising purchasing prices › Disruption of operational business › Limited availability and performance of the IT and communications systems › Introduction of new IT systems › Cybercrime › Quality problems related to direct imports	› Exchange rate risks: Transaction risks and translation risks › Increased loss of receivables › Legal and compliance risks › Risks from tax and tariff changes › More restrictive data protection regulations
Possible opportunities	› Economic upswing	› New strategic and organizational positioning › Increasing market shares for distance selling and strong growth in e-commerce › Value-creating acquisitions and start-ups › Sustainability as a competitive advantage › New products and services for new working environments	› Further development of IT applications	› Good access to capital

Continuous analysis and monitoring of opportunities and risks

The opportunities and risks relevant for the TAKKT Group are listed by topic in the table above and explained later in the risk report. The process for the evaluation of all opportunities and risks is as follows:

- The TAKKT Group continuously analyzes the market and competitive environment of the divisions and reviews its own potential to determine whether adjustments to the business model could lead to a better market position. This systematic observation enables it to identify opportunities and risks at an early stage.
- The goal of evaluating the individual opportunities and risks is to reveal the anticipated negative or positive effect on TAKKT. The evaluation is carried out based on the criteria of probability of occurrence and the extent of the loss or opportunity. Measures already taken by the company to manage opportunity or risk

are taken into account in the evaluation. Materiality thresholds are used with respect to the potential gain or loss depending on the level of analysis. This is done in order to show the relevance of the opportunities and risks under discussion.
- Based on this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks and allow the opportunities to be used.

The risks of the Group are explained in the following; the opportunities are discussed starting on page 77.

Economy and competition

Economic downturn

B2B distance selling for office equipment is generally dependent on the underlying economic conditions. TAKKT's business model is therefore subject to general economic risk. The Group has mostly managed to cushion the effects of economic fluctuations in individual countries, industries and fields through broadly diversified positioning.

- TAKKT addresses customers of all sizes from various industries with its three divisions, Industrial & Packaging, Office Furniture & Displays and FoodService.
- The TAKKT companies have a very wide range of products in different categories.
- Through its presence in over 25 countries in Europe and North America, TAKKT reduces its dependence on individual markets.

In particularly severe economic crises such as the months following the outbreak of the coronavirus pandemic in 2020, TAKKT is only able to benefit from the diversification of its business to a limited extent because most customer groups in nearly all industries and regions strongly refrain from making investments in these circumstances. A crisis triggered by a pandemic is particularly challenging because customer demand can decline much faster and more sharply than in the case of economic crises attributable to purely financial factors.

TAKKT is able to react relatively quickly to economic crises and flexibly adjust a large part of the costs and capital expenditures to new conditions. Accordingly, in 2020 TAKKT responded to the economic consequences of the coronavirus pandemic with cost-saving measures, particularly in the area of marketing costs and personnel expenses. TAKKT has also significantly reduced other expenses. The aforementioned savings helped TAKKT to offset the pandemic-related decline in gross profit by around a quarter for 2020 as a whole. Overall, EBITDA before one-time effects decreased by around one-third year-on-year. As a consequence of the global financial and economic crisis, there was also a sharp decline in sales in 2009, which came to a little more than 25 percent. With a margin of around ten percent, EBITDA decreased by around 50 percent compared to the previous year.

In order to assess macroeconomic developments, the TAKKT Group uses the forecasts of various widely recognized institutions such as the International Monetary Fund and banks. At the beginning of 2023, the economic conditions and expectations in the relevant target markets in Europe and the US were very subdued. Due to the still uncertain economic environment, TAKKT classifies the probability of occurrence of a stronger than expected economic downturn as possible. In particular, an even more restrictive monetary policy could contribute to a more severe economic slowdown. In addition, further unforeseen effects from the war in Ukraine could have a significant impact on economic development. The potential impact on earnings of a sharper economic contraction remained unchanged compared to the previous year at over EUR 20 million. It therefore represents a significant risk for TAKKT.

More aggressive competition from established providers and new market participants

The activities of the TAKKT Group compete with other providers in their respective markets. An overview of the competitive environment can be found on page 35 of this annual report. The entry of new market participants or more aggressive competitive behavior by established providers could result in TAKKT losing market shares or at least falling short of its growth ambitions. However, market entry barriers exist both for traditional competitors and purely online providers because setting up the supplier structures, logistics and customer base is costly and time-consuming. New competitors must expect many years of initial start-up losses. Compared to start-up companies, established providers like the TAKKT companies benefit from economies of scale in purchasing and distribution.

Supported by the new organizational structure in three divisions for specific work environments, the TAKKT companies aim to have an even more customer-oriented market positioning in the future and also stand out from the competition. Integrating different sales brands within one division and bundling sales and marketing activities will also allow TAKKT to address customers with cross-selling offers and meet their needs for a wide range of products. In addition, TAKKT strengthens its own market position by placing even greater focus on e-commerce and expanding its product range with highly sustainable products.

Furthermore, TAKKT distinguishes itself through focused positioning of the different brands. They are positioned either as CORE brands with an emphasis on exceptional quality and comprehensive service or marketed as VALUE brands with more affordably priced product ranges sold predominantly via digital channels. Medium-sized and large companies usually pursue a strategic procurement approach. This type of customer is interested in high-quality products and services, customized advice and comprehensive after-sales service. TAKKT serves these customers with its CORE brands. VALUE brands are geared to more price-sensitive customers with less complex requirements. These are often small and medium-sized businesses that are looking for good quality products at excellent value for money predominantly via digital channels.

TAKKT rates the probability of occurrence of the risk from established providers and new market participants as possible, with a potential negative impact on earnings of more than EUR 20 million. This risk is therefore considered to be significant.

Corporate strategy and positioning

Risk from structural changes in demand

The way in which people collaborate is changing as a result of the digitalization of the working world. Given the established use and further development of technologies, more flexible forms of working will become more common and remote working will increase. This trend has been accelerated further by the coronavirus pandemic. As a result, there is the risk that the need for traditional office space and thus corporate demand for traditional office equipment will decrease in the medium term.

Similar to the growing prevalence of flexible formats in daily collaboration, the changes brought about by the coronavirus pandemic will have an impact on conferences, trade shows and other event formats. TAKKT believes that in-person events will not have the same importance in the future as they did before the pandemic. Instead, conferences and trade fairs will continue to be held virtually in some cases or in a hybrid format with both on-site and virtual participation possible. A long-term decline in the number and importance of in-person events could mean permanently lower demand for advertising banners and displays.

TAKKT is observing these trends and the demand behavior of customers and continuously adapting the product ranges to the new circumstances. For example, the TAKKT companies offer products for new office concepts, remote work and to facilitate working from home. TAKKT also has diversified positioning both internationally and in terms of its products. This reduces dependence on individual product groups such as office equipment or displays. TAKKT considers the probability of occurrence of the risk from structural changes as possible and anticipates a potential impact on earnings of more than EUR 20 million. This risk is therefore considered to be significant.

Implementation risk in relation to the transformation

In the implementation of the new strategy comprising the three pillars of Growth, OneTAKKT and Caring, the focus in the 2021 fiscal year was on integrating purchasing, marketing and sales in the largest division Industrial & Packaging and on developing the group functions. The goal of the new alignment is to have an even more integrated structure and further improve the focus on customers. Further information on the new structure can be found in this report in the sections “Organization and business areas” starting on page 30 and “Corporate goals and strategy” starting on page 36. TAKKT expects the transformation to result in stronger organic growth. Delays could occur during the course of this change process, causing goals or partial goals to be achieved late or results to be unsatisfactory. This mainly involves the creation of new structures for the Group functions and bundling of the activities in the areas of sales, marketing and category management in the divisions. One of the consequences of brand harmonization could be the loss of individual customers and lower sales. In addition, the implementation could incur higher costs than expected or not have the desired effect on sales and earnings figures.

Furthermore, implementation of the new strategy also involves personnel risks. As part of the organizational transformation, the functions and areas of responsibility will be realigned. This could mean that employees may have to give up their previous roles, while elsewhere employees may be needed for newly established functions. Recruiting employees with digital skills and knowledge about the implementation and management of continuous improvement processes represents a particularly challenging task.

In order to address these risks, the organizational and strategic transformation will be planned and managed centrally. The Group relies on experts within the company. At the same time, it also receives support from external specialists for organizational transformation. For planning and controlling, TAKKT uses project management methods to implement the strategy and organizational realignment across the entire hierarchy. This makes it possible to keep a close eye on the implementation and success of the transformation and take early countermeasures if there are impending deviations from target. TAKKT addresses personnel risks through continual employee development. TAKKT also builds up additional necessary skill sets by recruiting new staff. In addition, TAKKT supports employees during the transformation process through comprehensive change management and addresses questions and concerns.

TAKKT considers the probability of occurrence of the implementation risk from the transformation to be possible. The loss could come to over EUR 20 million. TAKKT therefore considers this risk to be significant.

Integration risks associated with acquisitions
The TAKKT Group makes targeted acquisitions to strengthen the existing businesses and to expand the value proposition. On the one hand, this is associated with a host of opportunities. These are covered further on in this section. On the other hand, acquisition and integration risks could, for example, result from the following:

- The integration of acquired companies or their products and services into TAKKT's business activities may take longer or incur higher costs than expected.
- The development of growth and earnings that was assumed would take place with the acquisition does not occur.
- Goodwill and other intangible assets need to be written down due to business performance being worse than originally predicted.

TAKKT has decades of experience with acquisitions. Acquisitions are carefully prepared and reviewed and carried out only if there is a sufficient likelihood of the acquired company contributing to the success of the TAKKT Group in the long run. In view of this, the Group imposes stringent requirements and conducts thorough due diligence before the acquisition. Furthermore, companies are integrated into the Group according to defined processes that are based on past experience.

The TAKKT investment company holds shares in young companies with a business model that is innovative but has yet to be proven over the long term. The probability that these shareholdings turn out to have no substantial value is deemed to be higher.

Risks associated with disposals
Another risk could arise if a company in the Group does not develop satisfactorily and TAKKT recognizes this too late and therefore fails to take timely countermeasures. As a result of delays in the sale or discontinuation of activities, the Group may realize lower sales proceeds or incur higher costs. In order to prevent this, the development of the existing activities is continuously monitored and analyzed as part of various standard processes. In principle, all operational and strategic options are open in the event of difficulties in a Group company. These range from additional investments or changing the marketing strategy to repositioning, selling or phasing out the brand, i.e., the gradual discontinuation of marketing activities.

Loss of major customers
The customer structure of the business models in the TAKKT Group is relatively highly diversified. This includes companies from many different industries, such as the service sector, public authorities and the manufacturing industry. Contributions to sales are also generated in part within the scope of larger project orders. TAKKT generates a low single-digit percentage of its sales in relation to Group sales with a very small number of corporate customers, which are each spread across different locations. Negative effects from the loss of individual corporate customers are therefore limited for the Group as a whole. On the level of the individual business units, and especially at Hubert or NBF, the loss of a single corporate customer can nevertheless have a noticeable effect on business performance.

TAKKT caters to customers of many different sizes – from self-employed people to hotel chains and public bodies as well as single workshops to large-scale manufacturing facilities. The TAKKT companies will also address a broad customer base in the future.

Increasing dependence on e-commerce
TAKKT is driving forward the expansion of the e-commerce business by continuously improving its websites and web shops. Technological progress places constantly changing demands on the online presence. In online marketing, algorithm changes can also result in a loss of sales. The TAKKT companies address this risk by continuously adapting the content and structure of the web shops to the changing algorithms so that the company's website does not fall behind in the search engine rankings, causing the shops to lose potential customers. Online marketing is continuously optimized in response to changing conditions and technological trends. In addition, the company is in dialogue with search engine operators. The new strategy also includes greater standardization of the technologies used and the methods for measuring success in e-commerce.

Operating processes

Limited product availability and rising purchasing prices
In the event of limited availability of products over a longer period of time as a result of fully utilized transport or manufacturing capacities or potential production disruptions, TAKKT would not be able to meet existing customer demand and incoming orders with the usual speed. This would lead to an increase in order backlogs as well as delayed recognition of sales and earnings. In addition, there is an increased risk of order cancellations and a decline in future orders. In order to minimize this risk, TAKKT continuously monitors the order backlog and also adjusts its own purchasing behavior and inventories if necessary. There was a marked improvement in product availability during the course of the 2022 fiscal year.

In addition to product availability, a risk could also arise in the event of an exceptionally rapid increase in purchasing or transport prices. As a rule, TAKKT contracts external logistics companies for shipping. In general, the TAKKT companies pass on price increases for products or transport in full to customers in order to keep their gross profit margin stable. Particularly sharp or unexpected price increases, such as a rise in inflation, may only be passed on to customers with a time delay or not in full. An increase in energy prices, for example due to a gas shortage in Europe, could lead to a significant increase in manufacturing and especially transport costs. An exceptionally high level of inflation can also have an indirect negative impact on economic conditions and customer demand.

In order to counter this risk, TAKKT adjusts its prices at shorter intervals if necessary. In the past fiscal year, TAKKT was able to maintain the gross profit margin almost on par with the previous year's level by passing on the higher costs quickly and in full. In addition, the Group starts price negotiations with suppliers and major customers early in such cases.

With a possible probability of occurrence and potential impact on earnings of between EUR 10 and 20 million, TAKKT deems the risk from restricted product availability and rising purchasing prices to be significant.

Disruption of operational business

TAKKT generally stores products in large warehouses and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. In addition, TAKKT can benefit from better pricing by bundling product purchases. The business units only set up smaller regional warehouses to provide optimum delivery services if necessary, such as in the Nordics, Eastern Europe or the US. Due to the focus on a small number of central warehouses, this could result in temporary restrictions or even a breakdown of operations in the event of a severe disruption in one of the warehouses. Such a disruption could occur in the case of a fire, natural disaster or due to a temporary closure of the location during a pandemic.

TAKKT covers these risks wherever possible with insurance against fire, theft or business disruptions. In addition, each business unit regularly reviews its warehouse concepts, thereby ensuring consistently high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the companies can also deliver the majority of their goods by drop shipment. If necessary, the warehouses are adapted to new requirements. Due to the coronavirus pandemic, TAKKT implemented extensive protective and precautionary measures in the warehouses such as separating the staff into different shifts.

Limited availability and performance of the IT and communications systems

TAKKT depends on powerful and reliable IT systems, such as communication systems, ERP system software, product management systems and web shops. Failure or impaired operation of the IT systems could result in significant risks for the TAKKT Group because business processes would be affected or interrupted. In order to address this risk, TAKKT relies on powerful systems and software and also has back-up solutions in place that can take over in the event of problems in the primary system. Instead of a central internal infrastructure, TAKKT is increasingly using cloud solutions on an external infrastructure. Cloud solutions offer better scalability and central backups as protection against failure of individual servers in the cloud. TAKKT wants to reduce the complexity of the infrastructure further and achieve better performance through greater standardization of the IT systems used, such as for enterprise resource planning and web shops.

Introduction of new IT systems

Increased risks can arise in relation to the introduction of new IT systems, especially ERP and web shop systems, if the smooth continuation of business processes are affected as a result of complications during integration of a new IT system. In order to address the risks associated with the introduction of new IT systems, TAKKT carries out extensive test runs and quality assurance measures. New systems are gradually being introduced within the scope of pilot projects so that only a limited region or individual work flows are affected in the event of problems.

Cybercrime

Since TAKKT is an e-commerce company with digital business processes, it is at risk of falling victim to cybercrime. Risks can arise from fraud attempts initiated via emails and social media. One particular example of this is the risk of fraudsters who use identity theft in an attempt to trigger unauthorized payments to third-party accounts. Cyberattacks could also lead to the disruption of business operations, thereby resulting in financial loss and reputational damage. As a result of the war in Ukraine and the sanctions against Russia, there is the danger that the number of such fraud attempts will rise.

The IT systems are continually monitored and improved in order to limit the risks and ensure smooth operation. TAKKT also addresses the cybercrime risk by establishing defined processes such as cross-checking by a second person and individually verifying any changes in the payment data of the recipient. Furthermore, employees receive fraud awareness training on a regular basis through guidelines and courses. TAKKT counters potential unauthorized access to IT systems with technical preventive measures, which include the detection and prevention of attacks. In addition, TAKKT develops and creates emergency response plans in the event of a

Risk matrix

Earnings risk	unlikely	possible	very likely
more than EUR 20 million		› Economic downturn › Competition risk › Structural changes in demand › Implementation risk in relation to the transformation	
EUR 10 to 20 million	› Risks associated with disposals › Introduction of new IT systems	› Limited product availability and rising purchasing prices	
less than EUR 10 million	› Disruption of operational business › Performance of the IT and communications systems › Quality problems related to direct imports › Increased loss of receivables › Legal and compliance › Data protection regulations	› Integration risks associated with acquisitions › Loss of major customers › Dependence on e-commerce › Cybercrime › Exchange rate risks › Tax and tariffs	

Probability of occurrence

successful attack, which serve as a guideline for a quick and structured approach to minimize the damage and restore the systems to the fullest extent possible.

Quality problems related to direct imports
TAKKT is increasingly sourcing products via direct imports, i.e., products that come from countries outside the home markets of the respective Group company. For products that are procured from direct import countries in Asia or other third countries, there is a greater risk that these goods have quality defects and thus do not meet the standards of the sales markets in Europe and North America. Besides product quality, this also applies to potential problems with regard to certifications or test seals. The products concerned can either not be offered or only offered at a greatly reduced price. In order to address this risk, TAKKT carries out standardized checks of suppliers and product sample testing through official testing bodies.

Finance and legal

Exchange rate risks: Transaction risks and translation risks
Currency risks arise from transactions not processed in euros, which is the reporting currency. When it comes to volatility in exchange rates, a distinction should be made between transaction risks and translation risks.

- Transaction risks result primarily from buying and selling goods and services in different currencies. The Group protects itself against these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated sales – mainly from intercompany transactions. The open net items are identified based on the sales forecasts of the individual companies. The resulting currency risks are generally assumed by the respective service provider and hedged through derivative financial instruments at around 50 percent, rolling over the next twelve months. In general, forecast sales and cash flows are hedged for a period of several months.

- Translation risks arise for the TAKKT Group's statement of financial position and income statement when the individual financial statements of foreign subsidiaries are translated into euros, the reporting currency. The fluctuations of the US dollar in particular therefore influence the absolute value of the financial key figures reported in euros (also see the explanations on page 81). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

Increased loss of receivables

In the course of TAKKT's business activities, receivables from customers may not be collectible and therefore have to be written off. Systematic receivables management and regular checks on the creditworthiness of customers prior to transactions mean that TAKKT has a very low loss rate of well below half a percent in relation to sales. Economic crises, such as the one caused by the coronavirus pandemic, pose the risk of heightened losses on receivables due to the insolvency or financial difficulties of customers. In such cases, TAKKT may demand advance or installment payments or block customers with a negative payment history.

Legal and compliance risks

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. However, this litigation does not have a material impact on the economic situation of the Group, neither individually nor collectively. TAKKT is subject to different compliance requirements such as in connection with antitrust law or capital markets. Non-compliance can lead to legal consequences and sanctions and ultimately have a negative impact on earnings. A compliance management system, training for employees in the respective issues as well as a hotline for reporting possible violations are in place to counter this risk.

Risks from tax and tariff changes

The number of trade conflicts worldwide has risen in recent years. In view of this, there is still the risk that countries will raise the customs duties on imported goods. Direct imports in particular could be less attractive due to such trade barriers. The bulk of goods that the TAKKT companies sell, however, will still continue to be purchased from suppliers in their respective market. Competitors would be affected by such a development to a similar extent. Due to its international business activities, TAKKT is subject to a variety of tax laws. In certain countries, there may be changes in tax regulations and a greater number of tax audits. TAKKT keeps a close watch on tax conditions in order to be prepared for possible changes. Import tariffs are mainly passed on to the customer through price adjustments.

More restrictive data protection regulations

TAKKT uses customer data for targeted online and print marketing. The Group always observes the applicable legal conditions in the respective countries. Where there is a data protection officer assigned to a company, this person works within their power to ensure compliance with data protection laws. The regulations concerning the use of data are usually less restrictive in B2B than for private customers. However, there is the risk that individual countries will tighten the applicable legal regulations, thereby making it difficult to address individual customers in a targeted manner. TAKKT monitors proposed and current legislative developments in this area very closely in order to take possible changes into account early on.

Overall assessment of the Management Board

In the 2022 fiscal year, there was a balanced relationship between the opportunities and risks for the TAKKT Group. Based on the information currently available, the Management Board does not believe that there are any risks at present or in the forecast period that may be a risk to the Group as a going concern. The business model generates strong cash flows and the company has solid financing. This means that neither the risks as a whole nor a renewed global recession would generally threaten the viability of the Group as a going concern. The probability of occurrence and severity of the aforementioned risks are shown in the matrix on page 75. The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the economic trend.

There is also the risk that the entry of new providers and online marketplace models or a change in the behavior of established providers could lead to a more aggressive competitive environment and a consequent negative impact on sales and gross profit.

TAKKT also deems the risk from structural changes in demand to be significant. The trend towards new forms of collaboration and virtual or hybrid event formats has been accelerated by the consequences of the coronavirus pandemic. This could result in long-term market changes. As a result, there is the risk of decreased demand for office equipment and displays in the medium term.

In addition, there are significant risks in connection with the implementation of TAKKT's transformation. Goals or measures may be achieved later or results may not be satisfactory. The implementation could incur higher costs than expected or not have the desired effect on sales and earnings trends.

Limited product availability and rising purchasing prices also represent a significant risk for TAKKT. For example, if sales and earnings are delayed due to limited product availability and/or cannot be fully recognized or rising purchasing prices cannot be passed on in full.

As a whole, TAKKT places the highest priority on the monitoring and limitation of controllable risks and has therefore taken precautionary measures to detect and limit these early. Risks from economic and currency fluctuations due to external factors can only be controlled by TAKKT to a limited extent.

Opportunities of the TAKKT Group

Attractive growth opportunities continue to arise for TAKKT. Within the scope of the integrated opportunities and risk management system, the TAKKT Group has identified a series of opportunities for the development of the company for the years to come.

Economic upswing

TAKKT expects a difficult economic environment for 2023. Positive economic developments beyond the planning assumption, such as an easing of geopolitical conflicts or inflation rates dropping more sharply and faster than expected, represent an opportunity for the TAKKT Group.

New strategic and organizational positioning

In the past year, TAKKT made good progress in the implementation of the new strategy with the three pillars of Growth, OneTAKKT and Caring (see the "Corporate goals and strategy" section starting on page 36). The focus was on integration of the largest division, Industrial & Packaging. In addition to efficiency and synergy gains, cooperation between the sales brands in sales and marketing activities also allows customers to benefit from increased cross-selling across different product groups.

Along with the integration of purchasing, marketing and sales in the Industrial & Packaging division, top priority was given to development of the group functions. The focus of the group functions will be on logistics, technology & data, finance and HR. TAKKT expects the stronger integration to enable more effective utilization of resources, greater scaling, the use of additional synergies and an improvement of important operational processes. The goal of the changes at the division and Group level is to achieve stronger organic growth, higher market shares and a sustained improvement in earnings.

Increasing market shares for distance selling and strong growth in e-commerce

As discussed in the presentation of the competitive environment on page 35, the majority of products offered by TAKKT are sold through local retailers. The market share of distance selling models is growing steadily, which also benefits TAKKT. At the same time, more and more products are being ordered online. This can be seen in the above-average long-term growth of the e-commerce business in the market as a whole as well as in TAKKT's activities. In the latter, the online share already accounts for more than half of the business volume. This development is also expected to continue in the future.

In order to maximize the resulting growth potential, an essential part of the strategy involves strengthening e-commerce expertise. The goals include improvement and greater standardization of the web shop platforms, efficiency gains through the shared use of IT infrastructure, and the expansion of Group-wide collaboration.

Value-creating acquisitions and start-ups

Additional opportunities for increasing Group sales and earnings will be created through acquisitions in the coming years. High demands are put on the growth prospects and business model of the target company. TAKKT is able to participate in growth trends in selected industries and generate above-average gains through targeted company acquisitions. In addition to acquisitions to strengthen existing businesses, TAKKT increasingly wants to buy companies with the aim to expand the value proposition. Achieving this calls for the acquisition of other companies offering products or services that expand the existing range of services for customers. TAKKT sees investments in value-creating acquisitions as a key growth opportunity and wants to significantly increase the acquisition volume by 2025.

In the past, TAKKT often benefited from the additional contributions to sales and earnings of the acquisitions. In addition, the company has gained special expertise that can be used throughout the Group through these acquisitions. TAKKT has long-standing experience with integrating new companies into the Group. The integration of supporting functions such as IT or logistics will allow even closer integration of newly acquired companies in the future. TAKKT will consequently be able to leverage the advantages of greater scalability and higher potential for achieving added value with future company acquisitions. Exploring and taking advantage of value-creating acquisition opportunities will therefore also be a focus in the future. TAKKT also plans to expand existing business models to new markets where economically feasible.

Active control and management of the Group not only includes acquisitions and start-ups but also the periodic review of existing activities and the discontinuation of companies whose performance with respect to the value and growth drivers does not meet the long-term requirements of the Group.

Sustainability as a competitive advantage

Sustainability has been an integral part of the corporate strategy at TAKKT for many years. TAKKT is convinced that providers who focus on sustainability will be better able to compete better in the long run. B2B customers are increasingly demanding responsible and sustainable action from their suppliers and partners as well as products that meet sustainable criteria. In order to meet this need, TAKKT has introduced a product classification system for sustainable ("enkelfähig") products. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. TAKKT sees great opportunity for growth in marketing these products and wants to increase their share of sales to 40 percent by 2025.

New products and services for new working environments

"Bringing new worlds of work to life" is the vision behind the strategic positioning of the TAKKT Group. The worlds of work are undergoing a fundamental transformation, accelerated by the coronavirus pandemic. Playing a decisive role in this are significant trends like the shortage of skilled workers, the growing importance of health and prevention, digitalization and climate change. As a result, the increasing competition for employees to fulfill many tasks will lead to greater automation and the use of artificial intelligence. In addition, attractive workplace design and environments are becoming an increasingly important factor when it comes to acquiring and retaining employees.

By placing a sharper focus on innovation and cross-functional collaboration, TAKKT wants to develop the right products for the work environments of the future together with customers and suppliers and integrate them into its product range. This means that analyzing customer needs and the services related to this will account for a greater part of value creation.

Further development of IT applications

TAKKT is in the process of further optimizing the complex IT processes in communication systems, ERP software, product management systems and web shops in many of the Group companies. As part of the transformation process, the system landscape will be simplified and aligned step by step. This also includes the introduction of new ERP systems and CRM software for some activities. The Group expects this to result in efficiency gains, reduced complexity and ultimately lower costs per transaction.

Good access to capital

TAKKT has good access to capital due to a diversified financing structure that is geared towards the long term. Sufficient credit lines are available for short-term acquisition opportunities. As a stock-listed company, TAKKT can also use the equity market for raising capital in the event that the opportunity arises for the Group to make an acquisition that cannot be solely financed with debt capital.

FORECAST REPORT

Persistent inflation and a restrictive monetary policy

The economic conditions in the markets are a decisive factor regarding the extent to which the TAKKT Group will be able to use the opportunities described in the risk and opportunities report. Key factors for economic development in 2023 include the ongoing inflation and interest rate policy of the central banks as well as the further course of the war in Ukraine. The very pessimistic economic outlook for Europe and the US at the beginning of the year has brightened somewhat recently. Despite the slight improvement, most forecasts are predicting a marked negative impact from the restrictive monetary policy and minimal economic growth.

- According to an estimate from the end of February, Berenberg Bank anticipates GDP growth of 0.7 percent for the eurozone this year. In Germany, the economy is expected to stagnate with an increase of only 0.1 percent. After a weak start to the new year, Berenberg expects momentum to be slightly positive.
- In addition, Berenberg estimates that growth in the US will be on par with the eurozone at 0.7 percent. A further rise in interest rates could slow down momentum over the course of the year.

Due to the large number and variety of economic risks, further economic development remains subject to a high level of uncertainty. There is also the risk of a deeper recession if the high inflation proves to be persistent and the central banks take stronger countermeasures. On the other hand, in the event that the war in Ukraine comes to an end, stronger economic growth is also conceivable.

Challenging industry-specific conditions

The statements regarding the fundamental business prospects are complemented by the performance of relevant industry indicators. For example, purchasing manager indexes are indicators of the order trend of the Industrial & Packaging division with a time delay of three to six months. Values under 50 points generally signal a decline, while levels above 50 indicate an increase in order intake. Sparked by the Russian attack on Ukraine, a downward trend began in 2022 with values in the second half of the year consistently below 50 points. At 46.3 points for Germany and 48.5 points for the eurozone, the indicator was clearly below the threshold of 50 points in February 2023. Overall, the figures point to a challenging environment for the Industrial & Packaging division.

Other industry indicators showed a mixed picture at the beginning of the year. The RPI provides information about the situation of the US restaurant industry and is a relevant indicator for the FoodService division. Even though the RPI declined over the course of 2022, the values were consistently above the expansion threshold of 100 points. In January 2023, the value stood at 102.8 points, indicating a continued positive business trend for US restaurant operators and a relatively stable environment for the FS division. Demand in the US office furniture market had already weakened in the second half of 2022, and TAKKT also anticipates overall challenging conditions in the current year.

Slowed growth in difficult environment

After strong organic sales growth of 7.5 percent in the previous year, TAKKT expects less momentum in 2023. The weak economic environment is expected to contribute to a marked buying reluctance among customers, especially in the first half of the year. During periods of recession, the equipment business is more cyclical in nature than the general economic development. TAKKT expects an improvement in the second half of the year after a weak first half year. The timing and extent of the expected upswing will be decisive for the development of the year as a whole. From the current perspective, the Group expects organic sales to develop in the low single-digit negative to low single-digit positive percentage range. Despite the difficult conditions, the growth initiatives presented in the “Corporate goals and strategy” section are expected to result in additional sales contributions. Growth in the e-commerce business is expected to outpace sales in 2023.

Potential effects on sales and earnings from acquisitions and disposals

TAKKT intends to tap into additional growth potential through acquisitions in the future. They would contribute to sales in 2023 from the acquisition date, if applicable. In addition, changes in the composition of the Group through disposals are not ruled out if individual companies do not develop as expected or if strategic changes make sense. TAKKT presents the effects of acquisitions and disposals on sales and earnings in the financial reporting in a transparent manner.

US dollar affects key figures

In addition to the acquisitions and disposals, fluctuations in exchange rates also have an impact on reported sales growth and earnings. TAKKT generates approximately 45 percent of its sales in North America. Fluctuations in the exchange rate of the US dollar therefore have a significant impact on the Group's key figures reported in euros (translation risk). When translated into the reporting currency of euros, a strong US dollar leads to higher sales. When the dollar is weaker compared to the euro, Group sales are diminished. This can be illustrated using the following scenarios:

- If the EUR/USD exchange rate increases by five percent against the previous year (i.e., the US dollar becomes weaker), the increase in reported sales (in euros) will be around two and a half percentage points below the currency-adjusted growth.
- If the EUR/USD exchange rate decreases by five percent against the previous year (i.e., the US dollar becomes stronger), the increase in reported sales (in euros) will be around two and a half percentage points higher than the currency-adjusted growth.

In addition to the fluctuation effects from the US dollar mentioned above, fluctuations in other currencies can also have an impact on the reported Group key figures. To illustrate currency effects clearly and depict business performance objectively, the Group does not only report sales development in the reporting currency but also adjusts for currency effects.

Focus on improvement of gross profit margin

TAKKT has the goal of keeping the gross profit margin of the Group above the 40 percent mark for the long term. Owing to negative structural and temporary effects, the figure for 2022 came to 39.3 percent. Improving the gross profit margin will also continue to be one of the top priorities in the current year. In the current environment of persistently high inflation rates, the Group will continue to pass on the higher prices for products and shipping to customers quickly and in full in order to keep the margin stable. Price adjustments are made much more frequently and to a greater extent. In addition, TAKKT wants to realize additional positive effects by improving its purchasing conditions and discounts for customers, and through more variable pricing. Overall, TAKKT's aim is to achieve a slight improvement in the gross profit margin to around 40 percent in 2023.

Flexible cost management

In 2023, TAKKT will manage its costs flexibly and adapt them to the current conditions. Given the expected weak start to the new year, the focus in the first half of the year will be on consistent cost management. The Group is able to manage its marketing expenses very flexibly. In 2023 as well, the amount will be based on the current growth potential and level of sales and order intake. The marketing cost ratio should therefore remain stable. With regard to personnel expenses, the Group expects rising costs due to persistently high inflation and has been actively countering this with a restrictive approach to recruitment since the end of 2022. Despite these measures, TAKKT expects personnel expenses to increase.

The one-time expenditure for structural changes associated with the implementation of the transformation amounted to EUR 4.6 million in 2022. These costs are also expected to amount to a mid-single-digit million euro figure in the new year. With the further development of the Group functions and integrated positioning of the divisions, the Group is also investing in stronger growth and improved efficiency in 2023. Due to the challenging conditions, the positive impact of these measures in the current year will be lower than the expenses required for them. In the following years, profitability is expected to increase noticeably with decreasing one-time charges and increasingly positive contributions from scaling effects due to the strong growth and integrated positioning.

Given the expected conditions, TAKKT expects EBITDA to be in the range of EUR 120 to 140 million. In addition to growth and transformation costs, currency effects and possible acquisitions and disposals may have a noticeable influence on earnings. Corresponding effects from currency fluctuations, acquisitions and disposals are not included in the forecast.

Increase in capital expenditure and free TAKKT cash flow

Essentially the same influencing factors are relevant for the development of the TAKKT cash flow as for EBITDA. The Group expects TAKKT cash flow of EUR 100 to 120 million in the current year. The build-up of net working capital in the previous two years will partially reverse in 2023, primarily as a result of the further reduction in inventories. Investments in the maintenance, expansion and modernization of existing business are expected to be higher than in the previous year and account for less than two percent of sales. Despite the increasing capital expenditure, TAKKT wants to generate significantly higher free cash flow in the current year.

Stable development of cNPS and eNPS, increase in share of women in executive positions

TAKKT has set ambitious targets with regard to the willingness to recommend among customers and employees and is continuously working on improvement measures. The cNPS, which indicates a customer's willingness to recommend, is also expected to be at a high level in the current year, very close to the target value of 60 points. For the eNPS, which provides information on the attractiveness of the Group as an employer, TAKKT's goal is to achieve a significant improvement in the medium term. The figure for 2023 is expected to remain around the level of the year under review. TAKKT is convinced of the benefits of more diverse teams and intends to further increase the share of women in executive positions. For 2023, TAKKT anticipates a slight increase. However, the share can also stagnate or even decline slightly within a single year due to personnel changes.

Further improvement of sustainability indicators

In order to achieve the targets for 2025, TAKKT wants to further intensify its efforts in the area of sustainability. In the current year, the share of products classified as "enkelfähig" is expected to rise only slightly and then increase significantly in 2024. The Group wants to achieve a slight reduction in CO_2e emissions (Scope 1 & 2 according to the GHG Protocol).

Dividend proposal

TAKKT has a business model that generates strong cash flow and also wants shareholders to participate in the company's success in the form of dividend payments. For the past fiscal year, the Management Board and Supervisory Board propose a total dividend payment of EUR 1.00 per share. This would comprise a base dividend of EUR 0.60 per share plus a special dividend payment of EUR 0.40.

General statement on anticipated development of the Group

The operational development in 2023 will depend largely on the economic conditions. Assuming there is no or only a mild recession in the target markets of Europe and the US, the TAKKT Management Board expects a stable organic sales development in the current year. EBITDA is expected to be in the range of EUR 120 and 140 million (excluding acquisitions and disposals).

The TAKKT cash flow should come to between EUR 100 and 120 million, while the capital expenditure ratio and free TAKKT cash flow is expected to be above the level of the previous year. TAKKT expects a stable development in the willingness to recommend of customers and employees. The sustainability indicators should continue to improve.

Guarantee

This annual report and the forecast report include forward-looking statements and information. These statements are estimates made by TAKKT Management based on all the information available to them at the time of preparing the annual report. Should the basic assumptions not be realized, or other opportunities and risks arise, the actual results may differ from those expected. The TAKKT Management Board therefore cannot accept any liability for these statements.

Consolidated financial statements

Consolidated statement of income of the TAKKT Group in EUR thousand

	Notes	2022	2021
Sales	(1)	**1,336,775**	**1,177,972**
Changes in inventories of finished goods and work in progress		558	449
Own work capitalized		964	1,957
Gross performance		**1,338,297**	**1,180,378**
Cost of sales		812,634	707,307
Gross profit		**525,663**	**473,071**
Other operating income	(2)	4,673	6,368
Personnel expenses	(3)	213,475	196,606
Other operating expenses	(4)	184,739	170,193
EBITDA		**132,122**	**112,640**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	51,329	38,717
Impairment of goodwill	(6)	0	0
EBIT		**80,793**	**73,923**
Income from associated companies	(7)	0	2,489
Finance expenses	(8)	– 5,626	– 3,992
Other finance result	(9)	774	391
Financial result		**– 4,852**	**– 1,112**
Profit before tax		**75,941**	**72,811**
Income tax expense	(10)	16,656	15,784
Profit		**59,285**	**57,027**
attributable to owners of TAKKT AG		59,285	57,027
attributable to non-controlling interests		0	0
Weighted average number of issued shares in million		65.6	65.6
Basic earnings per share (in EUR)	(11)	0.90	0.87
Diluted earnings per share (in EUR)	(11)	0.90	0.87

Consolidated statement of comprehensive income of the TAKKT Group in EUR thousand

	2022	2021
Profit	**59,285**	**57,027**
Actuarial gains and losses resulting from pension provisions recognized in equity	28,667	9,020
Tax on actuarial gains and losses resulting from pension provisions	– 8,193	– 2,714
Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity	– 11,785	27,153
Tax on subsequent measurement of investment in equity instruments	225	– 475
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**8,914**	**32,984**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	136	– 639
Income recognized in the income statement	640	809
Tax on subsequent measurement of cash flow hedges	– 218	31
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**558**	**201**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	15,758	26,410
Income recognized in the statement of income	0	0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**15,758**	**26,410**
Other comprehensive income after tax for items that will be reclassified to profit and loss	**16,316**	**26,611**
Other comprehensive income (Changes to other components of equity)	**25,230**	**59,595**
attributable to owners of TAKKT AG	25,230	59,595
attributable to non-controlling interests	0	0
Total comprehensive income	**84,515**	**116,622**
attributable to owners of TAKKT AG	84,515	116,622
attributable to non-controlling interests	0	0

Detailed information on other comprehensive income can be found on page 122.

Consolidated statement of financial position of the TAKKT Group in EUR thousand

Assets	Notes	**12/31/2022**	12/31/2021
Property, plant and equipment	(12)	113,891	126,413
Goodwill	(13)	602,822	589,751
Other intangible assets	(14)	45,400	65,891
Other assets	(15)	13,939	24,850
Deferred tax	(16)	5,468	5,269
Non-current assets		**781,520**	**812,174**
Inventories	(17)	163,081	146,205
Trade receivables	(18)	135,895	119,412
Other receivables and assets	(19)	30,431	26,503
Income tax receivables		3,030	8,292
Cash and cash equivalents	(20)	7,566	2,787
Current assets		**340,003**	**303,199**
Total assets		**1,121,523**	**1,115,373**

Equity and liabilities	Notes	**12/31/2022**	12/31/2021
Share capital		65,610	65,610
Treasury shares		– 6,524	0
Retained earnings		607,852	621,523
Other components of equity		32,906	6,891
Total equity	(21)	**699,844**	**694,024**
Financial liabilities	(22)	74,184	71,725
Pension provisions and similar obligations	(23)	51,024	76,987
Other provisions	(24)	7,962	9,446
Deferred tax	(16)	80,437	68,146
Non-current liabilities		**213,607**	**226,304**
Financial liabilities	(22)	50,065	36,061
Trade payables	(25)	63,036	47,070
Other liabilities	(26)	69,913	82,386
Provisions	(24)	20,460	25,421
Income tax payables		4,598	4,107
Current liabilities		**208,072**	**195,045**
Total equity and liabilities		**1,121,523**	**1,115,373**

Consolidated statement of changes in total equity of the TAKKT Group in EUR thousand

	Share capital	Treasury shares	Retained earnings	Other components of equity	Total equity
Balance at 01/01/2022	**65,610**	**0**	**621,523**	**6,891**	**694,024**
Transactions with owners	0	– 6,524	– 72,171	0	– 78,695
thereof acquisition of treasury shares	0	– 6,524	0	0	– 6,524
thereof dividends paid	0	0	– 72,171	0	– 72,171
Total comprehensive income	0	0	59,285	25,230	84,515
thereof Profit	0	0	59,285	0	59,285
thereof Other comprehensive income (Changes to other components of equity)	0	0	0	25,230	25,230
Transfer to retained earnings	0	0	– 785	785	0
Balance at 12/31/2022	**65,610**	**– 6,524**	**607,852**	**32,906**	**699,844**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01/01/2021	**65,610**	**627,033**	**– 43,070**	**649,573**
Transactions with owners	0	– 72,171	0	– 72,171
thereof dividends paid	0	– 72,171	0	– 72,171
Total comprehensive income	0	57,027	59,595	116,622
thereof Profit	0	57,027	0	57,027
thereof Other comprehensive income (Changes to other components of equity)	0	0	59,595	59,595
Transfer to retained earnings	0	9,634	– 9,634	0
Balance at 12/31/2021	**65,610**	**621,523**	**6,891**	**694,024**

For further information on Total equity, refer to page 121 et seq.

Consolidated statement of cash flows of the TAKKT Group in EUR thousand

	Notes	2022	2021
Profit		59,285	57,027
Depreciation, amortization and impairment of non-current assets	(5)/(6)	51,329	38,717
Deferred tax expense	(10)	679	2,736
Other non-cash expenses and income		3,654	– 1,386
Result from disposal of non-current assets		195	– 2,830
TAKKT cash flow		**115,142**	**94,264**
Change in inventories		– 15,398	– 34,499
Change in trade receivables		– 15,970	– 29,459
Change in trade payables and similar liabilities		3,775	23,118
Change in provisions		– 4,483	6,864
Change in other assets / liabilities		1,355	– 3,965
Cash flow from operating activities		**84,421**	**56,323**
Proceeds from disposal of non-current assets		574	13,898
Capital expenditure on non-current assets	(12)/(14)	– 14,571	– 18,347
Cash flow from investing activities		**– 13,997**	**– 4,449**
Proceeds from Financial liabilities		87,970	46,577
Repayments of Financial liabilities		– 74,934	– 27,959
Dividend payments to owners of TAKKT AG		– 72,171	– 72,171
Payments to owners of TAKKT AG (share buy-back)		– 6,524	0
Cash flow from financing activities		**– 65,659**	**– 53,553**
Cash and cash equivalents at 01/01/		2,787	4,271
Increase / decrease in Cash and cash equivalents		4,765	– 1,679
Non-cash increase / decrease in Cash and cash equivalents		14	195
Cash and cash equivalents at 12/31/	(20)	**7,566**	**2,787**

For further information on Consolidated statement of cash flows, refer to page 144 et seq.

Notes to the consolidated financial statements

1. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

General Information

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and section 315e of the German Commercial Code (HGB). The interpretations (IFRIC – International Financial Reporting Interpretations Committee and SIC – Standards Interpretations Committee) by the IFRS Interpretations Committee (IFRS IC) have been taken into account. All International Financial Reporting Standards (IFRS) valid at the closing date and approved by the Commission of the European Union (EU) have been applied.

TAKKT AG, Presselstr. 12, 70191 Stuttgart / Germany, registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's parent company. The consolidated financial statements as of December 31, 2022, prepared in accordance with IFRS, the management report of TAKKT AG and of the TAKKT Group, the separate financial statement of TAKKT AG prepared in accordance with the HGB and all other required documentation according to section 325 of HGB will be submitted to the Company Register.

The consolidated financial statements have been prepared in euros. Unless specified differently, figures are rounded on the nearest thousand. In order to improve clarity, various items are grouped in the statement of financial position and statement of income. A breakdown of the individual amounts is provided in the notes. The balance sheet has been divided into current and non-current items in accordance with IAS 1. Assets and liabilities are classified as current if they are due within twelve months. The statement of income was prepared in accordance with the nature of expense method.

The consolidated financial statements and the combined management report of TAKKT AG and the Group were approved by the Management Board for submission to the Supervisory Board on March 10, 2023.

New Reporting Standards

The following reporting standards and interpretations, having been passed or amended by IASB and IFRS IC and endorsed by the EU, were mandatory for the first time in the 2022 financial year for TAKKT:

Standard		Status	Applicable from
Amendment IFRS 3	Business Combinations – Reference to the Conceptual Framework	amended	1/1/2022
Amendment IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	amended	1/1/2022
Amendment IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	amended	1/1/2022
Annual Improvement to IFRS Standards 2018 – 2020 Cycle	Amendment to IFRS 1; IFRS 9; IFRS 16 and IFRS 41	amended	1/1/2022

None of the amended IFRS requiring first-time application in the current financial year has a significant impact on the net assets, financial position and results of operations at TAKKT.

The IASB and IFRS IC have passed new and revised standards which TAKKT must only apply starting January 01, 2023 or later. Some of these standards still have to be approved by the EU prior to their application.

Specifically, these include the following reporting standards and interpretations:

Endorsed by EU-commission

Standard		Status	Applicable from
IFRS 17, Amendment IFRS 17	Insurance Contracts – Amendments to IFRS 17 Insurance Contracts, Initial Application of IFRS 17 and IFRS 9 – Comparative Information	new	1/1/2023
Amendment IAS 1, IFRS Practice Statement 2	Disclosure of Accounting policies	amended	1/1/2023
Amendment IAS 8	Definition of Accounting Estimates	amended	1/1/2023
Amendment IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	amended	1/1/2023

Not yet endorsed by EU-commission

Standard		Status	Applicable from
Amendment IAS 1	Classification of Liabilities as Current or Non-current	amended	1/1/2024 *
Amendment IAS 16	Lease liability for sale- and leaseback-transactions	amended	1/1/2024 *

* expected

The option of applying standards already approved by the IASB early is not utilized. According to current estimates, an earlier application would have had no material effects on net assets, financial position and results of operations. According to current estimates, the other new or amended standards will not have material effects on net assets, financial position and results of operations.

The consolidated financial statements have been prepared using the same accounting and valuation principles as in the previous year.

Scope of consolidation

TAKKT is a B2B direct marketing specialist for business equipment and is active in more than 25 countries. The consolidated financial statements include all companies that are controlled by TAKKT according to IFRS 10. The fully consolidated subsidiaries are 100 percent investments. Thus, besides TAKKT AG, 15 (17) domestic and 39 (41) foreign companies are included in the consolidated financial statements.

The number of fully consolidated companies has changed as follows in comparison to December 31, 2021.

Event	Subsidiary	Segment
Merger	gaerner GmbH, Duisburg / Germany	Industrial & Packaging
Merger	gaerner Gesellschaft m.b.H., Elixhausen / Austria	Industrial & Packaging
Merger	gaerner AG, Zug / Switzerland	Industrial & Packaging
Merger	Davpack Kartons und Verpackungsmaterialien GmbH, Markkleeberg / Germany	Industrial & Packaging

As of December 31, 2022, no associated companies were included in the consolidated financial statements. Two domestic associated companies were disposed of during the previous year.

On December 31, 2022, Franz Haniel & Cie. GmbH, Duisburg / Germany, which is registered in the German Commercial Register of the local court of Duisburg under the number HRB 25, holds 65.0 (59.45) percent of the voting shares in the share capital of its subsidiary TAKKT AG. The TAKKT Group will therefore be included in the latter's consolidated financial statements, which are available at the Company Register.

Principles of consolidation

Subsidiaries are fully consolidated from the date TAKKT AG has obtained control over the investee according to IFRS 10 Consolidated Financial Statements either directly or indirectly. Control exists if TAKKT holds decision-making power over the relevant activities of the investee based on voting or other rights, if it has exposure or rights to the variable returns from its involvement with the investee and if it has the ability to use its decision-making power over the investee to affect the amount of the variable returns.

A structured entity is an entity that has been designed in a way that voting or similar rights are not the dominant factor in deciding who controls the entity. A structured entity´s activities are often limited, its objective is narrow and well-defined or its equity is insufficient. The entity is subject to consolidation if TAKKT controls it according to IFRS 10 Consolidated Financial Statements.

Associated companies are included in the consolidated financial statements from the date TAKKT has the ability to exercise significant influence on operating and financial policy. Significant influence is generally assumed if the Group holds a share of voting rights of 20 percent to 50 percent. Associated companies are generally included in the consolidated financial statements using the equity method.

A subsidiary is deconsolidated at the date TAKKT has lost control of the subsidiary.

The consolidated financial statements and all separate financial statements have the same balance sheet date, December 31, 2022. The separate financial statements of the domestic and foreign subsidiaries included in the financial statements were prepared using uniform accounting and valuation principles.

Business combinations are accounted for in accordance with IFRS 3 Business Combinations using the acquisition method. Basis are the fair values at the date on which TAKKT Group obtained control over the acquired company. The part of the purchase price which was transferred in a business combination in the expectation of future positive inflows of funds from the business combination and which cannot be allocated to the fair value of identified or identifiable assets within the scope of the complete new valuation method is reported as goodwill in non-current assets.

In accordance with IFRS 3 Business Combinations, the respective goodwill is not amortized but subjected to an impairment test according to IAS 36 Impairment of Assets once a year or during the year if indicated by the occurrence of triggering events. Additional details on this can be found on page 96 et seq. Incidental costs incurred during a business combination are recorded as expense.

Capital consolidation was carried out by eliminating the carrying amount of the investments against the shareholder´s share of the subsidiary´s equity.

Intercompany profits and losses, sales, expenses and income as well as all receivables and liabilities between the Group subsidiaries were eliminated. Guarantees and warranties that TAKKT AG or a consolidated subsidiary issues in favor of other consolidated subsidiaries are eliminated. Intercompany profits contained in current and non-current assets resulting from intercompany deliveries and services were eliminated.

Deferred taxes were recognized for consolidation transactions in accordance with IAS 12 Income Taxes, provided that the tax differences are expected to reverse in future financial years.

Within TAKKT Group there are no non-controlling interests in equity, profit and comprehensive income.

Currency translation

TAKKT AG's reporting currency is euro. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, currency is translated using the functional currency method. Since all companies manage their businesses financially autonomously, the respective local currency is identical to the functional currency. Under the functional currency concept, assets and liabilities of all subsidiaries not reporting in euros are translated using the closing rate on the reporting date, whereas income and expenses are translated using the average exchange rate for the year. Currency differences from the translation of foreign financial statements into the Group currency are recorded in Other comprehensive income without any effect on profit.

If a foreign business operation is disposed of, currency differences, which until then were recorded in Other comprehensive income without any effect on profit, are recorded in the statement of income.

The TAKKT Group does not operate subsidiaries in high-inflation countries.

In the separate financial statements of the TAKKT Group companies, transactions in foreign currencies are translated at the rate prevailing at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate prevailing at the reporting date. Exchange differences are primarily recognized under Other operating expenses in the statement of income of the separate financial statements.

Material exchange rates for TAKKT Group

		Year-end rates		Average rates	
Currency	**Country**	**2022**	2021	**2022**	2021
USD	USA	1.0666	1.1326	1.0512	1.1821
CHF	Switzerland	0.9847	1.0331	1.0044	1.0808
GBP	UK	0.8869	0.8403	0.8522	0.8594
SEK	Sweden	11.1218	10.2503	10.6191	10.1458
CAD	Canada	1.4440	1.4393	1.3678	1.4818

Accounting and valuation principles

Sales include sales of products and services less cash discounts, rebates and accruals from customer loyalty programs. In principle, sales are recognized when the control over the products or services is transferred to the customer. This occurs either at a certain point in time or over a certain period of time. TAKKT fulfills the performance obligations essentially at a certain point in time. This is the case if the customer has the ability to use the asset and decide its further use. The sale of the various products and services generally takes place at customary payment terms and does not include a financing component. The consideration received does not comprise any variable purchase price components. Sales are recorded at the fair value of the consideration expected. Return rights of customers are taken into account through the recognition of an asset from return claims and the recognition of a refund liability.

Material guarantees above and beyond the legal requirements are not granted. Loyalty award credits which are granted as part of a customer loyalty program are deferred in sales by forming a contractual liability measured at fair value under Current Other liabilities.

Other operating income is realized if the incoming economic benefit is probable and the amount can be determined reliably.

Advertising costs are expensed as soon as the company has the right to access the advertising material and / or has received the service associated with the advertising activities.

Impairments are carried out if the asset's recoverable amount has fallen below the book value (amortized cost). The recoverable amount is defined as the higher value of the asset's fair value less cost to sell and the present value of future cash flows from the usage of the asset (value in use).

Interest income and interest expenses not requiring capitalization in accordance with IAS 23 are recognized in the proper period using the effective interest method.

Income tax expense includes income tax as well as deferred tax expense that is recognized in profit or loss. The income tax for the year is determined based on the taxable income according to the tax regulations of the specific countries and taking the respective applicable tax rate into account.

Property, plant and equipment is capitalized at acquisition or manufacturing costs less scheduled depreciation and any impairments. If the reasons for an impairment no longer exist, the impairment is reversed. The new value must not exceed the amortized cost. The costs of self-constructed property, plant and equipment include direct costs as well as those portions of overhead costs directly attributable to the construction.

Property, plant and equipment is generally depreciated using the straight-line method over its useful economic life, which in the case of leasehold improvements maximally equals the term of the underlying lease agreements. Depreciation is based on the following useful lives in the Group:

	Useful life in years	
	2022	2021
Buildings (incl. leasehold improvements)	1 – 50	1 – 50
Plant, machinery and equipment	3 – 16	3 – 16

Net book values and useful lives are reviewed at each reporting date and adjusted, if necessary.

According to IFRS 16, a **lease** is an agreement under which the lessor transfers control of the use of an identified asset to the lessee for an agreed period in return for payment of a fee. TAKKT as lessee recognizes a right-of-use asset for the leased asset as well as a corresponding lease liability for generally all leases. TAKKT makes use of practical expedients for leased assets of low value as well as for short-term leases (12 months or less, excluding real estate). TAKKT does not apply the standard to leases involving intangible assets. The lease payments for which TAKKT makes use of practical expedients are recognized as lease expenses in accordance with the practical expedients.

The lease liability is generally measured as the present value of future lease payments. The valuation of the lease liability includes the fixed lease payments less incentives to be received as well as lease payments dependent on an index or an (interest) rate. Additionally, expected payments in connection with residual value guarantees and payments based on purchase options deemed reasonably certain as well as lease payments based on the reasonably certain exercise of extension and termination options are considered.

If possible, the interest rate underlying the lease contracts is used to determine the present value. Usually this rate is not available at TAKKT thus the lessee's incremental borrowing rate is used in these cases. The incremental borrowing rate is determined using the build-up approach in which the risk-free interest rate represents the basis which is adjusted for the credit risk of the lessee, the lease term as well as the underlying currency of the lease.

Lease liabilities are recognized as non-current and current financial liabilities depending on their maturity. The lease liability is subsequently measured at amortized cost using the effective interest method meaning the lease instalments are divided into a repayment and an interest component. The interest portion is recognized as finance expense.

At the commencement date of the lease term, the amount of the right-of-use asset generally corresponds to the amount of the lease liability. Deviations may result from the consideration of initial costs incurred in connection with obtaining the lease, any advance payments made and lease incentives received prior to the commencement date as well as any costs of vacating and demolition. The right-of-use assets are recognized at acquisition costs less scheduled depreciation and any impairments. The right-of-use assets are depreciated on a straight-line basis over the expected useful economic life or throughout the shorter lease term of the lease contract. If the exercise of a purchase option is assessed reasonably certain and if the transfer of ownership is expected at the end of the lease term, the right-of-use asset is depreciated throughout the useful economic life of the underlying asset.

Contracts can contain both lease and non-lease components. TAKKT assigns the transaction price to these components on the basis of their relative stand-alone selling prices. Leases for vehicles constitute an exception. In these cases, TAKKT makes use of the option not to split lease and non-lease components but to account the whole contract as a lease contract.

TAKKT is exposed to possible future increases in variable lease payments that may result from a change in index or (interest) rate. These possible changes to the lease payments are not considered in the lease liability until they take effect. Accordingly lease liabilities are adjusted as soon as changes in an index or (interest) rate affect the lease payments.

When determining the lease term, extension and termination options are taken into consideration if the exercise of these options is considered reasonably certain. When determining the lease term at the date of availability, TAKKT considers all facts and circumstances that provide an economic incentive to exercise extension options or non-exercise termination options. A reassessment of the original estimate is carried out when a significant event or change in circumstances occurs and this possibly affects the previous assessment if the significant event or change in circumstances is within the lessee's control. The assessment is reviewed at the latest when an extension or termination option is in fact being exercised (or not exercised).

TAKKT acts as lessor for a small number of leases. These are classified as operating leases. In these cases the underlying asset (or in the case of subleases the right-of-use asset from the main lease) continues to be recognized in the balance sheet. The lease payments received are recognized as lease income.

Where there is a transfer of control according to IFRS 15 in sale and leaseback transactions, TAKKT, as seller and lessee, recognizes the right-of-use asset associated with the leaseback in accordance with IFRS 16 as the portion of the previous carrying amount of the underlying asset that relates to the right-of-use asset retained by the seller. The gain or loss on the sale transaction is recognized in profit or loss on a pro rata basis to the extent of the rights transferred to the lessor. If there is no transfer of control, the transaction is accounted for as a financing transaction. The asset legally underlying the lease is not derecognized but depreciated in accordance with the previous rules. It is not recognized as a lease.

For **goodwill** and **intangible assets with an indefinite useful life**, as these do not generate any independent cash flows, recoverability of the capitalized book value is reviewed once a year or, if indicated by triggering events also during the year, at the level of cash generating units in accordance with IAS 36 Impairment of Assets. In the year under review, the TAKKT Group had a total of 6 (7) cash generating units.

The impairment test is based on a detailed plan of the future cash flows before interest and taxes less capital expenditure on maintenance and replacements less changes in the net working capital for a period of five years and perpetuity following the detailed planning period. This detailed planning is based on financial plans approved by the responsible management, which are also used for internal purposes. The main assumptions for planning relate to the underlying sales growth and operational margin in the detailed planning period as well as the growth in perpetuity for the years following it. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. The growth in perpetuity is determined that it lies below the long-term average organic growth and below the long-term average expected future market growth.

The determined cash flows are discounted individually with the weighted average cost of capital (WACC) before tax calculated for every cash generating unit in order to determine the value in use of the cash generating unit. Based on a WACC rate after taxes derived from the Capital Asset Pricing Model, the WACC rate before tax is calculated using an iterative procedure for which the value in use before tax equals the value in use after tax. Cost of equity was determined using a risk-free interest rate as well as a risk markup per cash generating unit resulting from a market risk premium and an average relevered beta factor of the peer group. Cost of debt consists of a risk-free interest rate plus a risk markup (credit spread).

The recoverable amount – i.e. the higher of value in use or fair value less costs to sell, which may be calculated subsequently – is then compared with the respective book value. If this amount is below the book value of the cash generating unit, an impairment is recognized on goodwill and, if required, on the other assets of the cash generating unit concerned.

Brands are entered with an indeterminate useful life as long as the right of use for the brands can be utilized indefinitely and the level of awareness is permanently maintained by advertising.

Purchased **intangible assets with a determinable useful life** are valued at acquisition cost plus incidental acquisition costs less amortization using the straight-line or declining balance method in line with usage and any impairment. The net book values and useful lives are reviewed at every reporting date and adjusted if necessary.

Amortization within the Group was based on the following basic useful lives:

	Useful life in years	
	2022	2021
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3 – 10	3 – 10
Domain names	5 – 10	5 – 10
Catalog- / web design	3	3
Software, licenses and similar rights	2 – 7	2 – 7

In deviation from the basic useful lives, the useful life for individual brands or internet domains is one year.

If not subject to capitalization according to IAS 38 Intangible Assets, r**esearch and development costs** are recognized in the statement of income when incurred. Development costs are capitalized when the recognition criteria of IAS 38 are met. **Internally generated intangible assets** are recognized at acquisition and manufacturing costs less scheduled amortization and impairment. Capitalized development costs include all directly attributable costs and proportionate overhead costs and are amortized over the expected useful life using the straight-line method.

Investments in associates are accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. Based on the acquisition costs of the shares in the associated company, the respective carrying amount of the investment is increased or decreased by any changes in equity affecting profit or not affecting profit as far as these changes are attributable to the shares of TAKKT. Dividends received from the investee reduce the book value. Goodwill included in the carrying amount is determined in accordance with the principles of full consolidation and is not amortized. An impairment test is performed if there are substantial indications of a potential impairment for the entire carrying amount of the investment.

Financial assets and financial liabilities are divided into the following measurement categories:

Financial assets
- Debt instruments measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income
- Debt instruments, derivatives and equity instruments measured at fair value through profit and loss
- Equity instruments measured at fair value through other comprehensive income

Financial liabilities
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit and loss

The classification of financial assets into the different categories is based on the way in which they are managed (the so-called business model condition in accordance with IFRS 9) and on the characteristics of the asset´s contractual cash flows (so-called cash flow condition according to IFRS 9).

The classification is determined at the date of acquisition and reviewed as of each reporting date. Financial assets are initially recognized at fair value and, provided they are not subsequently measured at fair value through profit or loss, plus transaction costs.

Depending on the underlying "business model", debt instruments whose cash flow characteristics consist exclusively of interest and repayments of outstanding principal are classified as subsequently measured either at amortized cost ("hold") or at fair value through other comprehensive income ("hold and sell"). All remaining debt instruments are measured at fair value through profit or loss. Debt instruments valued at amortized cost are generally accounted for using the effective interest method and are subject to the impairment requirements of IFRS 9.

For equity instruments, a valuation at fair value through profit or loss is required. This does not apply to equity instruments that are not held for trading and for which the option to measure at fair value through other comprehensive income is irrevocably exercised upon initial recognition. This option, which is exercisable on a case-by-case basis, is used in the TAKKT Group exclusively for investments in unlisted corporate entities. Gains and losses from changes in fair value are recognized in other comprehensive income with no effect on income. Such changes in value recognized in other comprehensive income are never reclassified to the income statement. Dividend payments, on the other hand, are recognized in profit or loss. The equity instruments are not subject to any impairment requirements.

For debt instruments, derivatives and equity instruments of the category at fair value through profit or loss, directly attributable transaction costs and changes in fair value are to be recognized in profit or loss in the income statement. They are not subject to any impairment requirements. In the TAKKT Group, only venture capital funds and derivatives for which no formal hedge accounting is applied are within this measurement category.

IFRS 9 uses the expected credit losses model as the impairment model for financial assets. In principle, expected credit losses must be taken into account when the financial asset is recognized for the first time. In order to determine the expected credit losses on debt instruments, which are measured subsequently at amortized cost, rating-dependent probabilities of default and market default rates are to be used for each financial instrument. At TAKKT, mainly the trade receivables are in the scope of application of this new model.

Financial liabilities, which are not classified into the measured at fair value through profit and loss category, after initial recognition are measured at amortized cost, using the effective interest method where appropriate. Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading. At TAKKT, these are exclusively derivatives which are classified as held for trading and which are not included as hedging instruments within hedge accounting.

Purchases and sales of financial assets or securities of all categories are accounted for on the Settlement Date.

Financial assets and liabilities are reported net in the balance sheet if there is currently a legally enforceable right to offset. In addition, there must be an intention to settle on a net basis or to settle the associated liability and realize the financial asset simultaneously. Otherwise, the financial asset and liability are shown without offsetting in the balance sheet. Accordingly, related expenses and income are reported net to a limited extent.

Fair values for every financial instrument category according to IFRS 7 generally correspond to book values. This applies directly to financial instruments that are shown in the balance sheet at fair value. For financial assets and liabilities measured at amortized cost, the book value generally represents a sufficient approximation of the fair value. If this is not the case, additional details are provided. The other receivables and payables are either current or subject to a variable market interest rate.

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.

Sometimes, the input factors used to measure the fair value of an asset or liability might be categorized within different levels of the valuation hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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 are included in current Other receivables and assets as well as in current Other liabilities and relate to level 2. The investments as well as contingent considerations included in current Other liabilities relate to level 3.

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.

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 on the basis of recognized valuation methods, are aggregated and adjusted for appropriate illiquidity discounts for the overall fund. In the 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).

The contingent considerations´ fair value is calculated by risk-adjusted discounting the most likely expected value for the amount to be paid.

Inventories are recognized at the lower of acquisition respectively manufacturing costs or net realizable value. In general, a value based on the FIFO method (first in, first out) is applied. The manufacturing costs include not only the directly attributable materials used for production and wages but also appropriate portions of the indirect material and production overhead costs. There are no relevant borrowing costs due to the nature of the company's business. Obsolescence reserves were made, taking into account the expected sell-down period of the inventories. If the reasons for the write-downs no longer apply, the original reserves are released.

Trade receivables are initially recognized at the transaction price, which corresponds to the consideration paid in exchange for the transfer of goods or services to a customer. They are subsequently measured at amortized cost in accordance with the effective interest method. The simplified impairment approach is applied, under which the expected credit losses over the term are measured by an impairment matrix for initial recognition and subsequent measurement at TAKKT. In addition to the age of the receivables, the general credit risk and past experience, current and predicted conditions are taken into account. Trade receivables are derecognized if, according to a reasonable assessment, no recovery is possible.

The investments (equity and debt instruments) and derivatives included in **Other assets** are measured at fair value, the remaining assets at amortized cost.

Income tax or other tax receivables and income tax or other tax payables are measured using the amount expected to be received from or paid to the tax authorities. Calculation of the amount is based on the tax rates and laws applicable as of the closing date in the countries in which the taxable income is generated or the underlying transaction takes place.

Derivative financial instruments such as forward foreign exchange contracts and interest rate swaps are generally used for hedging purposes to reduce currency and interest risks from operating activities or the financing requirements resulting from these activities. At TAKKT, derivative financial instruments are used to either hedge the fair value of a balance sheet asset or liability (fair value hedge) or to hedge a future cash flow from a firm commitment or forecast transaction (cash flow hedge). They are not undertaken for trading purposes or for reasons of speculation.

The fair value of a forward foreign exchange contract corresponds to the difference in the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate at the reporting date. The fair value of an interest rate swap is equal to the present value of the future cash flows resulting from this derivative instrument. The cash flows are discounted using rating- and maturity-matched interest rates in line with the interest rate curves of the respective currency.

Accounting for derivative financial instruments occurs in Other receivables and assets or in Other liabilities as soon as purchase or sales contracts are made.

According to IFRS 9, all derivative financial instruments are to be recognized at fair value, irrespective of their purpose or intention. Fair value changes in derivative financial instruments for which hedge accounting is applied are recognized either in the income statement (fair value hedge) or, if it is a cash flow hedge, in other comprehensive income, taking into account deferred taxes. Derivative financial instruments for which no formal hedge accounting is used are to be classified into the category debt instruments, derivatives and equity instruments measured at fair value through profit or loss.

In a fair value hedge, derivatives are used to hedge balance sheet positions. The results from the fair value measurement of the hedging instruments are recognized in profit or loss. The changes in fair value of the underlying transactions attributable to the hedged risk are also recognized in profit or loss as book value adjustments. As part of a cash flow hedge, derivatives are used to hedge future cash flow risks from existing underlying transactions or planned transactions. The hedge-effective portion of the fair value changes in derivatives is initially recognized in Other comprehensive income.

The treatment of amounts recognized in Other comprehensive income depends on the nature of the underlying transaction. If the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the amount recognized in Other comprehensive income is taken into account when determining the initial cost or other carrying amount. For all other types of hedged underlying transactions, reclassifications to profit and loss are made at the same time as the underlying transaction has an impact on profit and loss. The hedge-ineffective portion of the fair value changes in derivatives is recognized directly in the income statement. Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss in cases where hedge accounting is not applied. No fair value hedge accounting is applied at TAKKT.

Deferred taxes are recognized for all temporary differences between the relevant tax balance sheet and the IFRS balance sheet – with the exception of goodwill, if it is not tax deductible – as well as for loss carry forwards. Deferred tax assets are impaired if their realization cannot be expected with a significant degree of confidence. For the probable use of losses, the five-year budget of the individual company and its loss history are considered. Deferred taxes were calculated using the respective local tax rates. Tax rate changes determined at the reporting date have been taken into account for the calculation of deferred taxes. The netting of deferred taxes is carried out according to the rules of IAS 12 if they relate to the same tax authority and the right to offset current tax refund claims and liabilities is legally enforceable. Provided that items were entered in Other comprehensive income with no effect on profits and loss and imply a change in deferred taxes, these deferred taxes were also recognized in Other comprehensive income with no effect on profit and loss. All other changes in deferred taxes are recognized in the statement of income.

In accordance with IAS 19 Employee Benefits, **pension provisions and similar obligations** are calculated using the actuarial projected unit credit method. Determination of the defined benefit obligations is carried out by independent actuaries on an annual basis. In calculating these contractual obligations, prevailing long-term capital market interest rates as well as current assumptions about future salary and pension increases are considered in addition to biometric calculation bases. The actuarial interest rate is determined using a yield curve approach per currency area on the basis of yields on fixed-rate corporate bonds rated at least by one well-known rating agency with a rating of at least AA. For the eurozone, the corporate bonds of the iBoxx ™ Corporates AA are applied. The probability of employee fluctuation was considered, depending on the job tenure in the company and the age of the beneficiaries. Direct pension commitments in Germany are derived using Prof. Dr. Klaus Heubeck's biometric calculation tables 2018 G.

Actuarial gains and losses resulting from changes in actuarial assumptions and / or from deviations between previous actuarial assumptions and actual developments are recognized immediately in Other comprehensive income as soon as they are incurred with no effect on profits and taking deferred taxes into account. The actuarial gains and losses immediately recorded in Other comprehensive income and associated deferred taxes are not reclassified to profit and loss in subsequent periods. The actuarial gains and losses recorded in a given reporting period and the applicable deferred taxes are presented separately in the statement of comprehensive income.

Net interest expense is determined by applying the actuarial interest rate determined at the end of the prior financial year to the pension provisions calculated at this point. The same interest rate is used for pension obligations and plan assets. Net interest expense is reported in Finance expenses. Current and past service costs are reported in Personnel expenses. Past service costs arising from plan amendments and curtailments are recognized in profit and loss in the period in which they occur.

With the exception of other personnel-related provisions calculated in accordance with IAS 19 Employee Benefits respectively IFRS 2 Share-based Payment, **Other provisions** are made on the basis of IAS 37 Provisions, Contingent Liabilities and Contingent Assets at the best estimate of the amount to be paid if a current legal or factual external obligation exists which is based on transactions or incidents in the past. The outflow of resources must be probable and calculable. Other provisions with a maturity of over one year are discounted using maturity-matched interest rates. Provisions are reviewed on a regular basis and adjusted to the best estimate currently available if new insights are obtained or circumstances have changed. If it is not probable any more that fulfilling the obligation is connected to the outflow of resources, a provision is released.

Restructuring provisions are created if a detailed, formal restructuring plan has been approved and those affected have valid expectation that it will be implemented. The restructuring provisions only include costs that are directly related to the measures.

Classified as **cash-settled share-based payment** in accordance with IFRS 2 Share-based Payment, the yearly reissued long-term performance cash plans of the Management Board are exclusively dependent on the development of total shareholder return (TSR) from 2020 onwards. The development of the share price and the dividend payment is taken into account in the calculation of the TSR. The expense for the benefits received or liability to settle these benefits is recorded after the claims are earned. The liability is reassessed on each reporting date and on the settlement date. Changes in fair value are recorded in the respective year under review through profit and loss.

In the case of a buy-back of **treasury shares**, the consideration paid, which includes directly attributable costs less any tax effects, is presented as a reduction of equity. If the treasury shares are withdrawn, the nominal amount of EUR 1 per share will be deducted from the share capital. Any premium or discount from the nominal amount is shown as a change in retained earnings.

Liabilities are initially recognized at the amount to be paid and, with the exception of derivative financial instruments and contingent considerations, subsequently measured at amortized costs (using the effective interest method where appropriate).

The short-term portions of non-current assets and liabilities whose remaining terms are less than one year are generally disclosed under the current balance sheet items.

If IFRS 3 Business Combinations is not applicable, **contingent liabilities and assets** are generally not recognized in the balance sheet but stated and explained in the notes.

The consolidated financial statements are prepared on the basis of certain **assumptions** and **estimates** which have an effect on the amount and presentation of the reported assets, liabilities, income, expenses and contingent liabilities and assets. The premises underlying these assumptions and estimates are based on the management knowledge available at that given time. The assumptions and estimates primarily concern the items set forth below.

During the acquisition of companies all identifiable assets, liabilities and contingent liabilities are measured at fair value within the scope of the purchase price allocation. The fair value is determined by recognized valuation methods depending on the type of asset. These valuations are closely related to the management's assumptions concerning the future development of the assets and the applied discount rates. The recognized fair values represent key estimates as well as the goodwill derived from the purchase price allocation.

In addition to the determination of fair values of the assets, liabilities and contingent liabilities acquired, the valuation of contingent consideration for business combinations is based on management's estimates and assumptions regarding the future development of the acquired entity. Deviations of the future actual development of the entity compared to the expected development may affect the amount of contingent consideration and the profit after taxes.

Impairment tests of goodwill and other intangible assets with indefinite useful lives are based on forward-looking assumptions. These assumptions consider past developments and assumptions concerning the future development of markets. The main assumptions are the future sales growth and operational margin in the detailed planning period, estimated growth rates after the detailed planning period, weighted average cost of capital and tax rates. The premises above and the underlying calculation model can significantly influence the individual values and ultimately the amount of a possible impairment.

In the case of trade receivables, the determination of the allowance for expected credit losses relies to a large extent on estimates and assessments. At every reporting date an impairment analysis is conducted to measure the expected credit losses. The impairment rates are based on the aging structure of the receivables, past experience and the assessment of the current and forecast creditworthiness of customers.

The actual payments received may differ from the carrying amounts. Valuation allowances for inventories are mainly based on the experienced sell-down period of the single products.

The key assumptions and estimates for the measurement of provisions, especially those for pensions, litigations, onerous contracts and restructuring measures, concern the probability of the provisions being used, the amount of the obligation and, in the case of non-current provisions, the interest rates applied. In addition, pension obligations under defined benefit plans require actuarial assumptions regarding salary and pension trends, life expectancies and employee turnover. Obligations from expected customer credit notes need to be assessed based on the experience in regard to customer credit notes issued in the past. The actual development, and hence actual payments due in the future, may deviate from the expected development and the recognized provisions.

Deferred tax assets and liabilities are measured on the basis of management's assumptions and estimates. In addition to the interpretation of the tax regulations applicable to the taxable entity concerned, the key factor in the calculation of deferred tax assets in respect of temporary differences and tax loss carryforwards is an assessment of the likelihood that adequate taxable income will be generated in future or that appropriate tax planning opportunities for utilizing tax loss carryforwards will be implemented.

All assumptions and estimates are based on the circumstances prevailing on the reporting date and are examined on an ongoing basis. Although the assumptions and estimates are made with management's best knowledge, future events and changes in general circumstances often give rise to differences between the actual amounts and the estimates. This applies in particular to obligations where existence, amount and timing of occurrence are uncertain. In case of differences, the assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly.

The Ukraine war and the associated material uncertainties, in particular about rising energy costs, were taken into account, where relevant, in estimates and judgements.

2. NOTES TO THE INCOME STATEMENT

(1) Sales in EUR thousand

	2022	2021
Sales with third parties	1,335,423	1,177,452
Sales with affiliated companies	1,352	520
	1,336,775	**1,177,972**

Sales are generated mainly by selling goods. Sales resulting from the provision of services are of minor significance.

Sales with affiliated companies related to majority shareholder Franz Haniel & Cie. GmbH, Duisburg / Germany, as well as to subsidiaries of the majority shareholder that are not included in the consolidated financial statements of TAKKT AG. A listing of sales with affiliated companies can be found under related-party transactions on page 155.

In the financial year, revenues of EUR 19.6 million (EUR 9.8 million) were generated which had been recognized at the beginning of the financial year under liabilities from contracts with customers.

Sales from a distribution perspective are as follows:

Sales according to regions in EUR thousand

	Industrial & Packaging	Office Furniture & Displays	Food Service	2022
Germany	271,422	3,833	3,908	279,163
Europe without Germany	453,323	403	11,653	465,379
USA	22	316,422	258,664	575,108
Other	231	4,007	12,887	17,125
	724,998	**324,665**	**287,112**	**1,336,775**

	Industrial & Packaging	Office Furniture & Displays	Food Service	2021
Germany	260,442	2,898	4,895	268,235
Europe without Germany	433,429	380	14,963	448,772
USA	24	253,542	195,028	448,594
Other	242	2,921	9,208	12,371
	694,137	**259,741**	**224,094**	**1,177,972**

(2) Other operating income in EUR thousand

	2022	2021
Rental income	250	457
Income from the disposal of non-current assets	229	277
Other income	4,194	5,634
	4,673	**6,368**

Other income includes, in particular, prior year income.

(3) Personnel expenses in EUR thousand

	2022	2021
Wages and salaries	179,283	165,436
Social security costs	30,780	27,948
Retirement costs	6,259	5,293
Release of personnel-related provisions	– 4,369	– 3,228
Other	1,522	1,157
	213,475	**196,606**

For the release of personnel-related provisions, see page 130. For the number of employees in the Group please refer to the segment reporting on page 146 et seqq.

(4) Other operating expenses in EUR thousand

	2022	2021
Impairment on financial assets	1,940	– 90
Release of provisions	– 2,288	– 473
Leasing	2,083	1,848
Foreign exchange differences	– 498	54
Operating taxes	3,518	3,079
Operating expenses	143,439	132,530
Administrative expenses	36,545	33,245
	184,739	**170,193**

Impairment on financial assets mainly relates to the change in valuation allowances on trade receivables and full write-offs of trade receivables where they cannot be recovered. Write-offs amounted to EUR 1,455 thousand (EUR 1,199 thousand). Subsequent payments received on written off receivables are included with EUR 212 thousand (EUR 209 thousand).

A major part of operating expenses is print and online advertising costs. Operating taxes include real estate tax, car tax and taxes on capital and assets for example.

(5) Depreciation, amortization and impairment of property, plant and equipment and other intangible assets in EUR thousand

	2022	2021
Property, plant and equipment	23,851	23,198
Other intangible assets	27,478	15,519
	51,329	**38,717**

Depreciation and amortization comprise scheduled amortization amounting to EUR 2,974 thousand (EUR 4,229 thousand) relating to intangible assets recorded in conjunction with purchase price allocations.

In the current financial year, impairments were made in accordance with IAS 36 Impairment of property, plant and equipment amounting to EUR 83 thousand (EUR 247 thousand). In 2022, EUR 83 thousand (EUR 247 thousand) result from impairment losses on right-of-use assets that according to IFRS 16 are subject to the regulations of IAS 36. The underlying assets of the impaired right-of-use assets mainly relate to rented office buildings that have already been terminated at the next possible date but which are no longer used during the remaining term of the lease.

Impairment losses of EUR 230 thousand (EUR 0 thousand) were recognised on intangible assets in accordance with IAS 36 in 2022. The impairment relates to a web shop that is no longer used.

The recoverability of the capitalized book value of intangible assets with an indefinite useful life, as these do not generate any independent cash flows, is reviewed together with the goodwill at the level of cash generating units.

As part of the new set-up of the Industrial & Packaging division, TAKKT has decided to simplify and harmonize the brand landscape, which is to be implemented in 2023. As a result of this decision, the Group has recognized impairment losses of EUR 11.2 million on intangible assets. These mainly relate to brand rights that were acquired and accounted for in the course of previous acquisitions and are based on the value in use using a discount rate of 8.3%. There was no need for impairment in the previous year. Further information can be found in the following section Impairment of goodwill. Please refer to the details on page 116 et seq. for information about the book values of intangible assets with an indefinite useful life.

(6) Impairment of goodwill

The following table shows the book values of the goodwills as well as the key assumptions used for the purpose of impairment testing:

Cash generating units	Book values of goodwill (in EUR thousand)		WACC (before taxes) (in percent)		Growth of Perpetuity rate (in percent)	
	2022	2021	**2022**	2021	**2022**	2021
Industrial & Packaging	325,072	-	10.1	-	1.0	-
NBF	43,716	41,168	9.5	7.8	2.0	2.0
D2G	88,004	80,616	9.4	7.7	2.0	2.0
Hubert	76,018	71,589	9.6	8.0	2.0	2.0
Central	68,012	64,049	9.4	7.8	2.0	2.0
XXLhoreca	2,000	-	9.4	-	2.0	-
Kaiser+Kraft	-	124,253	-	7.6	-	1.0
Ratioform	-	142,656	-	7.4	-	2.0
Newport	-	65,420	-	8.1	-	2.0

As part of the organizational realignment, a new cash-generating unit was formed at the beginning of the year from Kaiser+Kraft, Ratioform and a part of Newport. Part of the goodwill of Newport was therefore transferred to Industrial & Packaging on a fair value basis. The rest of Newport was allocated on the basis of fair values to D2G and the newly formed cash generating unit XXLhoreca.

The compound annual growth rate in external sales in the detailed planning period is between 5.2 (6.2) percent and 16.1 (10.8) percent for the cash generating units.

Please refer to the details on page 96 et seq. for information about the general procedure with regard to impairment testing. The evidence for recoverability at all cash generating units is based on the value in use. No need for impairment was derived from the impairment tests in both the 2021 and 2022 financial years.

The sensitivity analyses led to the following results:

In the case of the cash generating unit XXLhoreca, the value in use exceeds the book value by round a million euro. With a 0.7 percentage points increase in the weighted average cost of capital before taxes or with a decrease of 0.9 percentage points in growth of perpetuity rate or with a reduction in cash flows before interest and taxes by around eight percent, the book value equals the value in use.

Additional details on goodwill can be found in the corresponding notes on page 115. A description of the cash generating units can be found in the corresponding notes in the segment reporting on page 146 et seqq.

(7) Profit from associated companies

In the previous year, a profit of EUR 2,489 thousand arose from non-significant associated companies accounted for using the equity method, which mainly resulted from TAKKT's divestment of its shareholding in Simple System GmbH & Co. KG, Munich / Germany.

(8) Finance expenses in EUR thousand

	2022	2021
Interest portion of lease liabilities	– 2,074	– 2,212
Interest portion of pension provisions	– 818	– 416
Interest on financial liabilities	– 2,734	– 1,364
	– 5,626	**– 3,992**

Further information can be found in the table for the net result of the financial instruments categories on page 135 and on page 142 et seq.

(9) Other finance result in EUR thousand

	2022	2021
Valuation of financial instruments	862	85
Other financial expenses	– 118	0
Interest and similar income	30	306
	774	**391**

More details on the use of derivative financial instruments are disclosed in the Risk and opportunities report on page 67 et seqq. as well as in the notes on page 132 et seqq.

(10) Income tax expense

Income tax expense includes current tax paid respectively due in the individual countries as well as deferred taxes recognized in the income statement. The income tax rates applied for the individual countries range between 9.0 (9.0) percent and 30.7 (30.7) percent.

Breakdown of income tax expense in EUR thousand

	2022	2021
Current tax	15,977	13,048
Deferred tax	679	2,736
	16,656	**15,784**

Current tax income includes income of EUR 796 thousand (prior year expense of EUR 156 thousand) relating to prior periods. Deferred tax income of EUR 141 thousand (EUR 24 thousand) results from the changes of allowances on deferred tax assets. Deferred tax expense of EUR 7 thousand (EUR 323 thousand) results from tax rate changes.

The difference between the actual income tax expense and the income tax expense calculated at a rate of 30.7 (30.7) percent for TAKKT AG is made up as follows:

Tax rate reconciliation in EUR thousand

	2022	2021
Profit before tax	**75,941**	**72,811**
Expected average tax expense	23,314	22,353
Changes in tax rates	7	323
Differences between local and Group tax rates	– 8,284	– 6,827
Non-deductible expenses	2,323	1,336
Non-taxable income	– 120	– 143
Allowance for deferred tax assets	– 141	– 24
Taxes relating to prior years	– 769	156
Other differences	326	– 1,390
Income tax expense per the consolidated income statement	**16,656**	**15,784**
Tax ratio (in percent)	21.9	21.7

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2022. A corporation tax of 15.0 percent, the solidarity surcharge of 5.5 percent and the average municipal trade tax rate for the German Group companies were taken into account.

The tax rate in the reporting year amounted to 21.9 (21.7) percent and thus at a level comparable to the previous year.

(11) Earnings per share

	2022	2021
Number of shares issued (in thousand)	65,610	65,610
Weighted average number of shares issued after share buy-back (in thousand)	65,547	65,610
Profit (in EUR thousand)	59,285	57,027
Basic earnings per share (in EUR)	0.90	0.87
Diluted earnings per share (in EUR)	0.90	0.87
TAKKT cash flow (in EUR thousand)	115,142	94,264
TAKKT cash flow per share (in EUR)	1.76	1.44

Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of shares issued. As potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued, basic and diluted earnings per share are identical.

3. NOTES TO THE BALANCE SHEET

(12) Property, plant and equipment in EUR thousand

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2022	203,279	103,609	580	307,468
Currency translation	1,614	1,549	17	3,180
Additions	2,297	8,059	634	10,990
Transfers	221	467	– 678	10
Disposals	– 2,095	– 10,941	– 22	– 13,058
Balance at 12/31/2022	**205,316**	**102,743**	**531**	**308,590**
Cumulative depreciation and impairment				
Balance at 01/01/2022	98,154	82,901	0	181,055
Currency translation	580	1,304	0	1,884
Additions	15,949	7,902	0	23,851
Disposals	– 1,799	– 10,292	0	– 12,091
Balance at 12/31/2022	**112,884**	**81,815**	**0**	**194,699**
Net book values				
Balance at 12/31/2022	**92,432**	**20,928**	**531**	**113,891**

Details on impairments in accordance with IAS 36 Impairment of Assets can be found on page 96 et seq.

Property, plant and equipment of EUR 113,891 thousand (EUR 126,413 thousand) at reporting date includes EUR 59,312 thousand (EUR 60,720 thousand) property, plant and equipment legally owned by TAKKT and EUR 54,579 thousand (EUR 65,693 thousand) right-of-use assets for leased assets. Information on leases as of reporting date can be found on page 150 et seq.

As in the previous year, tangible assets legally and economically owned by the Group, with the exception of the capitalized right-of-use assets, were not subject to any restraints on disposal rights.

Purchase commitments for Property, plant and equipment amount to EUR 927 thousand (EUR 657 thousand).

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2021	194,363	97,443	312	292,118
Currency translation	3,728	2,451	12	6,191
Additions	9,330	6,024	887	16,241
Transfers	248	348	– 596	0
Disposals	– 4,390	– 2,657	– 35	– 7,082
Balance at 12/31/2021	**203,279**	**103,609**	**580**	**307,468**
Cumulative depreciation and impairment				
Balance at 01/01/2021	85,181	75,325	0	160,506
Currency translation	1,443	1,994	0	3,437
Additions	15,204	7,994	0	23,198
Disposals	– 3,674	– 2,412	0	– 6,086
Balance at 12/31/2021	**98,154**	**82,901**	**0**	**181,055**
Net book values				
Balance at 12/31/2021	**105,125**	**20,708**	**580**	**126,413**

(13) Goodwill in EUR thousand

	2022	2021
Acquisition costs		
Balance at 01/01/	602,611	580,723
Currency translation	13,071	21,888
Additions	0	0
Disposals	0	0
Balance at 12/31/	**615,682**	**602,611**
Cumulative impairment		
Balance at 01/01 / 12/31	**12,860**	**12,860**
Net book values		
Balance at 12/31/	**602,822**	**589,751**

The accumulated scheduled amortization of goodwill until 2004 was offset against acquisition costs due to the impairment-only approach that is applied since 2005 at TAKKT.

Book value of goodwill in EUR thousand

	2022	2021
Cash generating units		
Industrial & Packaging	325,072	-
NBF	43,716	41,168
D2G	88,004	80,616
Hubert	76,018	71,589
Central	68,012	64,049
XXLhoreca	2,000	-
Kaiser+Kraft	-	124,253
Ratioform	-	142,656
Newport	-	65,420
	602,822	**589,751**

(14) Other intangible assets in EUR thousand

	Brands with undefined useful life	Customer lists	Other (purchase price allocation)	Software, licenses and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01/01/2022	27,929	47,646	36,055	79,994	2,175	193,799
Currency translation	1,097	– 263	– 410	977	127	1,528
Additions	0	0	0	4,642	937	5,579
Transfers	– 10,200	0	10,200	2,597	– 2,608	– 11
Disposals	0	0	0	– 3,274	0	– 3,274
Balance at 12/31/2022	**18,826**	**47,383**	**45,845**	**84,936**	**631**	**197,621**
Cumulative amortization and impairment						
Balance at 01/01/2022	0	46,589	28,954	52,365	0	127,908
Currency translation	0	– 235	– 348	657	0	74
Additions	0	866	2,108	13,079	0	16,053
Impairment	9,200	0	1,995	230	0	11,425
Transfers	– 9,200	0	9,200	0	0	0
Disposals	0	0	0	– 3,239	0	– 3,239
Balance at 12/31/2022	**0**	**47,220**	**41,909**	**63,092**	**0**	**152,221**
Net book values						
Balance at 12/31/2022	**18,826**	**163**	**3,936**	**21,844**	**631**	**45,400**

As in the previous year, intangible assets were not subject to any restraints on disposal.

The acquired brands are reported at their book value as intangible assets with an indefinite useful life. The customer lists have a remaining useful life of one year and are reported at net book value.

	Brands with undefined useful life	Customer lists	Other (purchase price allocation)	Software, licenses and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01/01/2021	26,564	47,571	34,095	66,449	3,974	178,653
Currency translation	1,365	75	1,960	1,267	36	4,703
Additions	0	0	0	7,153	3,490	10,643
Transfers	0	0	0	5,325	– 5,325	0
Disposals	0	0	0	– 200	0	– 200
Balance at 12/31/2021	**27,929**	**47,646**	**36,055**	**79,994**	**2,175**	**193,799**
Cumulative amortization and impairment						
Balance at 01/01/2021	0	45,138	24,417	40,337	0	109,892
Currency translation	0	93	1,666	938	0	2,697
Additions	0	1,358	2,871	11,290	0	15,519
Disposals	0	0	0	– 200	0	– 200
Balance at 12/31/2021	**0**	**46,589**	**28,954**	**52,365**	**0**	**127,908**
Net book values						
Balance at 12/31/2021	**27,929**	**1,057**	**7,101**	**27,629**	**2,175**	**65,891**

The distribution on business units is as follows:

	Book values of brands with undefined useful life (in EUR thousand)		**Book values of customer lists** (in EUR thousand)	
	2022	2021	**2022**	2021
Industrial & Packaging	0	-	163	-
NBF	7,013	6,604	0	0
Central	11,813	11,125	0	0
Kaiser+Kraft	-	0	-	600
Ratioform	-	10,200	-	425
Newport	-	0	-	32
	18,826	**27,929**	**163**	**1,057**

Purchase commitments for intangible assets amount to EUR 226 thousand (EUR 145 thousand)
.

(15) Other assets in EUR thousand

	2022	2021
Investments in corporate entities	11,229	23,045
Investment in venture capital funds	2,437	1,517
Other	273	288
	13,939	**24,850**

(16) Deferred tax

Deferred tax on loss carry forwards in EUR thousand

	2022	2021
Deferred tax on loss carry forwards (gross)	5,954	5,495
Allowance	– 1,379	– 1,906
Deferred tax on loss carry forwards (net)	**4,575**	**3,589**

Expiration of impaired loss carry forwards in EUR thousand

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2022	897	3,186	406	1,877	6,366
2021	715	3,778	459	4,044	8,996

Deferred tax assets and liabilities result from recognition and valuation differences for the following balance sheet positions:

Deferred tax assets and liabilities in EUR thousand

	Assets		Liabilities	
	2022	2021	**2022**	2021
Property, plant and equipment and other intangible assets	3,069	3,064	23,241	29,451
Goodwill	0	0	87,170	80,984
Other non-current assets	0	0	694	635
Inventories	4,208	4,327	172	146
Trade receivables and other assets	656	748	1,094	726
Non-current provisions	4,271	12,541	0	0
Current provisions	659	782	184	235
Financial liabilities	13,748	18,090	0	0
Other liabilities	6,448	5,988	22	22
Fair value of derivative financial instruments	283	408	309	215
Loss carry forwards	4,575	3,589	0	0
Subtotal	**37,917**	**49,537**	**112,886**	**112,414**
Netting	– 32,449	– 44,268	– 32,449	– 44,268
Consolidated balance sheet	**5,468**	**5,269**	**80,437**	**68,146**

Deferred taxes of EUR 101 thousand (EUR 326 thousand) were recognized on the fair value changes of investments recognized directly in equity. Deferred tax liabilities of EUR 26 thousand (deferred tax assets EUR 193 thousand) on the market value of derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 2,610 thousand (EUR 10,775 thousand) on actuarial gains and losses for the evaluation of pension provisions were recorded with no effect on profit and loss.

Of the deferred tax assets in the amount of EUR 5,468 thousand (EUR 5,269 thousand), EUR 241 thousand (EUR 488 thousand) relate to companies which generated losses in the year under review or the previous year. The recognition of deferred tax assets is based on the positive results of the rolling five-year budget of the respective company taking into account the future expectations as well as the specific business development respectively on the loss history in the past.

In accordance with IAS 12.39, no deferred tax liabilities are reported for the retained earnings of subsidiaries because TAKKT is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

In the event of future dividend payouts, there would be a tax liability of EUR 5,034 thousand (EUR 5,457 thousand). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

(17) Inventories in EUR thousand

	2022	2021
Raw materials and supplies	6,623	5,708
Work in progress	1,528	1,509
Finished goods and purchased merchandise	152,408	133,358
Assets for rights from customer returns	1,289	888
Payments on account	1,233	4,742
	163,081	**146,205**

An obsolescence reserve of EUR 13,256 thousand (EUR 15,827 thousand) has been made on finished goods and purchased merchandise, taking the expected sell-down period of the inventories into consideration. Intercompany profits of EUR 150 thousand (EUR 129 thousand) were eliminated.

(18) Trade receivables

Development of allowances on trade receivables in EUR thousand

	2022	2021
Balance at 01/01/	3,548	4,559
Additions	1,189	268
Release	– 485	– 1,380
Currency translation and other changes	38	101
Balance at 12/31/	**4,290**	**3,548**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (page 132 et seqq.).

TAKKT has not capitalized any overdue receivables that are not impaired.

(19) Other receivables and assets in EUR thousand

	2022	2021
Market value of derivative financial instruments	722	486
Other tax receivables	1,213	939
Bonus claims against suppliers	15,746	15,333
Deferred expenses	8,024	6,185
Other	4,726	3,560
	30,431	**26,503**

(20) Cash and cash equivalents in EUR thousand

	2022	2021
Checks, cash balances	65	238
Bank balances	7,501	2,549
	7,566	**2,787**

Bank balances comprises funds with a maturity of up to three months.

(21) Total equity
The consolidated statement of changes in total equity can be found on page 87. The fully paid-in share capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331) and is divided into 65,610,331 (65,610,331) no-par-value bearer shares with a nominal value of EUR 1.00. The authorization granted by the Annual General Meeting on May 18, 2022 to acquire treasury shares until May 17, 2027 was used in the financial year.

On October 4, 2022, the Management Board passed a resolution on a share buy-back program of up to 1,968,309 shares for a total purchase price of up to EUR 25 million (excluding incidental costs) and a term from October 6, 2022 to June 30, 2023. From 6 October to 31 December 2022, 509,781 shares were purchased on the stock exchange at an average price of EUR 12.78. The costs of the share buyback amounting to EUR 7 thousand after tax were offset against equity. The company may use the repurchased shares for all purposes in accordance with the authorization granted.

In accordance with the resolution of the Shareholders' Meeting amending the statutes on May 18, 2022, the Management Board is authorized until May 17, 2027, to increase the issued capital by an amount of up to EUR 32,805,165 once or several times by issuing new no-par-value bearer shares, taking the subscription rights of the shareholders into account. With the approval of the Supervisory Board, the Management Board is, however, entitled to exclude residual amounts from the shareholders' statutory subscription right. No use was made of this authorization in 2022. Please refer to page 44 in the Management Report.

Retained earnings include earnings contributed by the Group as well as the consolidation adjustments and related deferred taxes affecting profit.

Other components of equity in EUR thousand

	Pension provisions	Equity instruments	Cash flow hedges	Tax	Foreign currency reserves	Total
Balance at 01/01/2021	**– 46,253**	**– 2,900**	**3,337**	**12,394**	**– 9,648**	**– 43,070**
Other comprehensive income	8,839	27,153	134	– 3,122	26,591	59,595
thereof currency translation effects	– 181	0	– 36	36	26,591	26,410
Transfer to retained earnings	– 110	– 9,673	0	149	0	– 9,634
Balance at 12/31/2021 / 01/01/2022	**– 37,524**	**14,580**	**3,471**	**9,421**	**16,943**	**6,891**
Other comprehensive income	28,464	– 11,785	775	– 8,160	15,936	25,230
thereof currency translation effects	– 203	0	– 1	26	15,936	15,758
Transfer to retained earnings	0	785	0	0	0	785
Balance at 31/12/2022	**– 9,060**	**3,580**	**4,246**	**1,261**	**32,879**	**32,906**

The shareholders have a claim to the unappropriated profits of TAKKT AG, provided that the latter is not excluded from distribution to the shareholders by law or the statutes of the company, by way of a shareholders' resolution or as additional charge to the retained earnings.

On the balance sheet date, TAKKT AG held 509,781 treasury shares, which corresponds to an arithmetical share of EUR 509,781 in the share capital and 0.8 percent of the share capital.

The Management Board proposes to the Supervisory Board to distribute a dividend of EUR 1.00 (EUR 1.10) per share for the financial year 2022. This will consist of an ordinary dividend of EUR 0.60 (EUR 0.60) and a special dividend of EUR 0.40 (EUR 0.50).

(22) Non-current and current financial liabilities in EUR thousand

	Remaining term			
	up to 1 year	**1 to 5 years**	**over 5 years**	**12/31/2022**
Liabilities to banks	27,237	27,846	0	55,083
Lease liabilities	18,767	33,443	11,227	63,437
Finance liabilities to affiliated companies	3,762	0	0	3,762
Other	299	1,668	0	1,967
	50,065	**62,957**	**11,227**	**124,249**
thereof long-term (maturity > 1 year)				74,184

	Remaining term			
	up to 1 year	**1 to 5 years**	**over 5 years**	**12/31/2021**
Liabilities to banks	13,704	9,000	0	22,704
Lease liabilities	14,756	43,774	16,885	75,415
Finance liabilities to affiliated companies	7,038	0	0	7,038
Other	563	2,066	0	2,629
	36,061	**54,840**	**16,885**	**107,786**
thereof long-term (maturity > 1 year)				71,725

The remaining terms of the liabilities to banks are equivalent to the terms of the respective utilized financing commitments. Additionally, TAKKT has unused credit lines amounting to EUR 204.1 million (EUR 235.3 million). Average net financial liabilities for the financial year amounted to EUR 135,286 thousand (EUR 83,806 thousand). Debt was weighted by months.

The liabilities to banks are unsecured. Lease liabilities primarily relate to office and warehouse buildings as well as vehicles. At the reporting date, the item Other includes TAKKT Performance Bonds issued to TAKKT Group executives.

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 155.

(23) Pension provisions and similar obligations

For many employees of the TAKKT Group, different pension commitments are in place depending on the legal, economic and tax situation of the particular country, which usually take the length of service as well as salary or final salary of the employee into consideration. These include defined benefit as well as defined contribution pension plans that cover retirement, disability and surviving dependents. The pension provisions include obligations from current pensions as well as the present value of obligations for employee benefits payable in the future.

The key defined benefit pension plans that apply to the TAKKT Group relate to German companies and are in place for the Management Board, executives and other employees. The resulting obligation is financed mostly through provisions.

Management Board members receive an entitlement for pension and survivors‘ benefits, with an annual contribution amounting to ten percent of the sum of the basic salary and the target bonus (100 percent of the target) under the Short Term Incentive Plan. Contributions are only granted as long as the individual is appointed to the Management Board. Interest of five percent p.a. is granted for the contributions set aside in the reporting year until the occurrence of the insured event, and six percent p.a. for older contributions. An entitlement to retirement benefits commences on the date of retirement, but not before reaching the age of 60. In the case of disability and death, the amount from the pension plan paid out or annuitized is equivalent to what would have been paid if contributions had been made up to the age of 63. Part of this commitment is hedged against insolvency using standard market products on the basis of a contractual trust agreement. The assets held by the trustee are plan assets.

For certain executives, pension commitments are in place that cover benefits upon reaching the age of 65, disability and widow’s / widower’s or orphan´s pension. The annual contribution to the pension plan is eight percent of the annual fixed income of the respective executive. The German Commercial Code (HGB) reference interest rate of the German Federal Bank is used for the annual interest yield of the respective capital account. Payments are made generally in installments or on request as an annuity. Pension payments are still being made to former executives based on a plan that has been discontinued.

For many of the other employees of the German Group companies, there is a pension plan in place that regulates retirement pension upon reaching the age of 65, disability as well as widow’s / widower’s and orphan’s pension. Depending on the completed years of service and the average remuneration of the last three work years subject to pension contributions and in accordance with the current valid works agreement, monthly fixed amounts in euros for each year of service will become due at the time of pension payout. In addition, specific employees have the option of converting salary into pension contributions. These amounts, which are referred to as deferred compensation, are converted into benefit components and paid out as pension benefits.

In Switzerland, pension commitments exist according to the BVG (Bundesgesetz über die berufliche Vorsorge; Swiss Federal Act on Occupational Retirement, Survivors´ and Disability Pension Plans) for employees and executives, that cover retirement, disability and surviving dependents. The pension plans are financed by contributions from employees and the employer to a pension fund (collective foundation), that represent plan assets. Contributions as a percentage of the pensionable salary vary depending on salary and age. Payments are made annuitized or as a lump sum. To cover the pension claims, the plans are subject to minimum funding requirements from which future additional contribution obligations may arise.

In one Dutch company, there is a pension plan in place for 4 (5) employees that covers retirement pension after the age of 65 as well as disability and widow’s / widower’s and orphan´s pension. The amount of the pension is based on the employee’s remuneration less the state pension plan. These pension commitments have been financed through contributions paid to an insurance company. Plan assets created in this process solely involve qualifying insurance policies. With effect on January 01, 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

The value of the pension provisions reported in the balance sheet is derived as follows:

Development of pension provisions in EUR thousand

	2022	2021
Present value of funded obligations	17,602	23,178
Present value of unfunded obligations	47,422	68,859
Total present value of obligations	**65,024**	**92,037**
Fair value of plan assets	– 14,000	– 15,050
Pension provision at 31.12.	**51,024**	**76,987**

For the pension plans described above, the following parameters are applied for the calculation of the present value of obligations:

Parameters in percent

	2022		2021	
	EUR	**CHF**	**EUR**	**CHF**
Actuarial interest rate	3.50	2.20	1.10	0.20
Salary trend	2.75	1.50	2.50	1.50
Pension trend	2.00	0.00	1.75	0.00

The actuarial interest rate is based on high-quality fixed-rate corporate bonds with a rating of at least AA from a recognized rating agency.

The weighted duration of the pension provisions as of December 31, 2022, is 16.2 (20.4) years.

All other commitments are not material and are determined using specific local accounting principles and parameters.

Development of pension provisions in EUR thousand

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01/01/2022	**92,037**	**15,050**	**76,987**
Current service cost	3,695	0	3,695
Past service costs and gains and losses on settlements and curtailments	782	917	– 135
Personnel expenses	**4,477**	**917**	**3,560**
Net interest expense	**897**	**79**	**818**
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	– 231	0	– 231
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	– 29,674	0	– 29,674
Experience gains / losses	– 77	– 1,315	1,238
Changes to other components of equity	**– 29,982**	**– 1,315**	**– 28,667**
Effect of changes in foreign exchange rates	583	345	238
Transfer of obligation	0	0	0
Contributions of plan participants	340	340	0
Contributions of employer	0	508	– 508
Benefit payments	– 3,328	– 1,924	– 1,404
Other Effects	**– 2,405**	**– 731**	**– 1,674**
Balance at 12/31/2022	**65,024**	**14,000**	**51,024**

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01/01/2021	**99,258**	**13,523**	**85,735**
Current service cost	3,806	0	3,806
Past service costs and gains and losses on settlements and curtailments	– 3,357	– 2,729	– 628
Personnel expenses	**449**	**– 2,729**	**3,178**
Net interest expense	**446**	**30**	**416**
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	– 805	0	– 805
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	– 8,794	0	– 8,794
Experience gains / losses	756	177	579
Changes to other components of equity	**– 8,843**	**177**	**– 9,020**
Effect of changes in foreign exchange rates	544	316	228
Transfer of obligation	0	0	0
Contributions of plan participants	358	358	0
Contributions of employer	0	2,112	– 2,112
Benefit payments	– 175	1,263	– 1,438
Other Effects	**727**	**4,049**	**– 3,322**
Balance at 12/31/2021	**92,037**	**15,050**	**76,987**

In addition to qualified insurance contracts (EUR 9,554 thousand, prior year EUR 10,029 thousand, without underlying active market), the plan assets contain securities funds (EUR 4,445 thousand, prior year EUR 5,020 thousand, with underlying active market) as well as cash (EUR 1 thousand, prior year EUR 1 thousand, with underlying active market). The plan assets do not include any of the Group's financial instruments or assets used by the Group. Employer contributions to plan assets are expected to come to EUR 1,540 thousand in 2023.

The following table shows the effect of the change of a significant actuarial assumption on the present value of the defined benefit obligations. All other assumptions regarding the original calculation remain unchanged, i.e., possible interactions between the individual assumptions are not taken into account.

Sensitivity analysis of present value of obligation in EUR thousand

	Present value of obligation	
	2022	2021
Actuarial interest rate		
Increase of 0.5 percentage points	60,489	83,626
Decrease of 0.5 percentage points	70,443	101,852
Salary trend		
Increase of 0.5 percentage points	65,305	92,363
Decrease of 0.5 percentage points	64,999	91,721
Pension trend		
Increase of 0.5 percentage points	67,362	96,018
Decrease of 0.5 percentage points	63,135	88,442
Mortality / Life expectancy		
Increase of 1 year	66,584	94,691
Decrease of 1 year	63,719	89,418

The following table shows the expected future pension benefit payments:

Expected maturity of pension benefits 2022 in EUR thousand

	2023	**2024 – 2027**	**2028 – 2032**
Expected Payments	1,497	7,378	14,848

Expected maturity of pension benefits 2021 in EUR thousand

	2022	**2023 – 2026**	**2027 – 2031**
Expected Payments	1,392	6,743	13,647

The risks associated with the defined benefit obligations relate to actuarial risks such as longevity as well as financial risks such as market price risks which influence the actuarial interest rate or inflation risks which could have an effect on the development of salary and pension trend. There is no intention to hedge these risks.

Defined Contribution Plans
Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under Personnel expenses amounted to EUR 9,694 thousand (EUR 8,965 thousand) during the reporting period. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in the United States, have voluntary defined contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after a certain time of service. Employer contributions depend on voluntary employee contributions and are limited to up to 5.0 (5.0) percent of the employee’s salary. Moreover, there are plans for certain US companies, that can lead to further employer contributions to an external fund depending on the sales development of the respective company. The companies cannot derive any claims from their contribution payments; accordingly there are no plan assets to be capitalized by these companies. Expenses for defined contribution plans amounted to EUR 2,699 thousand (EUR 2,115 thousand) in the year under review.

(24) Non-current other and Current provisions

Development of Non-current other and Current provisions in EUR thousand

	01/01/2022	Currency translation	Usage	Transfers	Release	Additions	12/31/2022
Personnel obligations	7,875	4	– 605	– 812	– 1,976	1,797	6,283
Other	1,571	51	– 32	0	– 36	125	1,679
Long-term other provisions	**9,446**	**55**	**– 637**	**– 812**	**– 2,012**	**1,922**	**7,962**
Staff bonuses	15,223	72	– 14,894	812	– 1,152	13,748	13,809
Personnel obligations	5,311	14	– 3,204	0	– 1,241	3,499	4,379
Other	4,887	275	– 962	0	– 2,252	324	2,272
Short-term provisions	**25,421**	**361**	**– 19,060**	**812**	**– 4,645**	**17,571**	**20,460**

	01/01/2021	Currency translation	Usage	Transfers	Release	Additions	12/31/2021
Personnel obligations	2,887	6	– 426	77	– 34	5,365	7,875
Other	1,504	79	– 38	0	– 100	126	1,571
Long-term other provisions	**4,391**	**85**	**– 464**	**77**	**– 134**	**5,491**	**9,446**
Staff bonuses	8,518	381	– 7,802	300	– 941	14,767	15,223
Personnel obligations	11,421	56	– 7,397	– 377	– 2,253	3,861	5,311
Other	3,285	232	– 916	0	– 373	2,659	4,887
Short-term provisions	**23,224**	**669**	**– 16,115**	**– 77**	**– 3,567**	**21,287**	**25,421**

Non-current personnel obligations mainly comprise obligations for long-term remuneration components of the Management Board and top executives as well as obligations for early retirement part-time working arrangements.

Current personnel obligations mainly include obligations from severance agreements.

(25) Trade payables
With regard to trade payables, most of the goods delivered are subject to customary ownership retention rights.

(26) Current Other liabilities in EUR thousand

	2022	2021
Liabilities from contracts with customers	13,080	19,226
Fair value of derivative financial instruments	525	1,031
Uninvoiced goods and services	20,540	23,782
Other tax payables	11,482	14,101
Personnel liabilities	6,839	6,532
Social security contributions	1,274	1,731
Bonus liabilities to customers	1,968	1,980
Expected customer credit notes	3,752	3,341
Audit fees	1,005	869
Other	9,448	9,793
	69,913	**82,386**

Liabilities from contracts with customers contain customer payments on account and obligations from customer loyalty programs. The liabilities from other taxes mainly consist of VAT liabilities. Obligations from expected customer credit notes mainly result from refund liabilities.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the risk and opportunities report contained in the combined management report on page 67 et seqq., TAKKT details the possible financial risks that pose a threat to the success of the TAKKT Group as well as its strategy to manage these risks. In addition to the liquidity and credit risks, in the area of financial risks TAKKT is also exposed to both opportunities and risks from fluctuations in exchange rates and interest rates on international capital markets due to its international presence. The Group's risk management system covers the uncertainties of future development of financial markets accordingly. Derivatives are used to reduce these risks. With this strategy, the risk management system supports the Group's financial performance.

Financial instruments held by TAKKT are assigned to the IFRS 9 categories as follows:

Reconciliation of financial instruments to IFRS 9-categories as of December 31, 2022 in EUR thousand

	Financial instrument category				No IFRS 9 category	Reconciliation to balance sheet	Balance sheet item total
	Debt instruments and derivatives measured at fair value through profit and loss	Equity instruments measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost			
Non-current assets							
Debt instruments	2,437	0	0	0	-	-	
Equity instruments	0	11,229	0	0	-	-	
Other	0	0	273	0	-	-	
Other assets	2,437	11,229	273	0	0	0	13,939
Current assets							
Trade receivables	0	0	135,895	0	0	0	135,895
Other receivables and assets	77	0	20,472	0	645	9,237	30,431
Cash and cash equivalents	0	0	7,566	0	0	0	7,566
Assets	**2,514**	**11,229**	**164,206**	**0**			
Non-current liabilities							
Financial liabilities	0	0	0	29,514	44,670	0	74,184
Current liabilities							
Financial liabilities	0	0	0	31,298	18,767	0	50,065
Trade payables	0	0	0	63,036	0	0	63,036
Other liabilities	16	0	0	33,956	509	35,432	69,913
Liabilities	**16**	**0**	**0**	**157,804**			

Reconciliation of financial instruments to IFRS 9-categories as of December 31, 2021 in EUR thousand

	Financial instrument category				No IFRS 9 category	Reconciliation to balance sheet	Balance sheet item total
	Debt instruments and derivatives measured at fair value through profit and loss	Equity instruments measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost			
Non-current assets							
Debt instruments	1,517	0	0	0	-	-	
Equity instruments	0	23,045	0	0	-	-	
Other	0	0	288	0	-	-	
Other assets	1,517	23,045	288	0	0	0	24,850
Current assets							
Trade receivables	0	0	119,412	0	0	0	119,412
Other receivables and assets	161	0	18,892	0	325	7,125	26,503
Cash and cash equivalents	0	0	2,787	0	0	0	2,787
Assets	**1,678**	**23,045**	**141,379**	**0**			
Non-current liabilities							
Financial liabilities	0	0	0	11,066	60,659	0	71,725
Current liabilities							
Financial liabilities	0	0	0	21,305	14,756	0	36,061
Trade payables	0	0	0	47,070	0	0	47,070
Other liabilities	66	0	0	39,741	964	41,615	82,386
Liabilities	**66**	**0**	**0**	**119,182**			

The category Debt instruments and derivatives measured at fair value through profit and loss within non-current assets relates to an investment classified as debt instrument and within current assets and liabilities relates to derivatives which are to be classified as held for trading in accordance with IFRS 9. These derivatives are used exclusively for hedging purposes.

The equity instruments included in the category Equity instruments measured at fair value through other comprehensive income relate to investments in unlisted companies. They were designated as at fair value through Other comprehensive income as they are held strategically and not for trading.

The column ‘No IFRS 9 category’ includes mainly lease liabilities with a book value of EUR 63,437 thousand (EUR 75,415 thousand) as well as derivatives (cash flow hedges).

The calculation method used for all financial instruments measured at fair value relates to level 3 for the reporting year and the previous year, except for the valuation of derivatives, which is attributable to level 2. A definition of the levels can be found on page 100.

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 thousand:

	2022	2021
Balance at 01/01/	**24,562**	**7,144**
Addition	0	15
Fair value change recognized in profit or loss	920	650
Fair value change recognized in other comprehensive income	– 11,784	27,153
Disposals	– 32	– 10,400
Balance at 12/31/	**13,666**	**24,562**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	920	650

In the previous year, the positive fair value change in the amount of EUR 9.2 million recognized in Other comprehensive income results from the revaluation of the start-up investment parcelLab GmbH as a consequence of a financing round. TAKKT no longer participated in this as an investor, but disposed of the shares, resulting in the disposals of EUR 10.4 million presented for the previous year. The other change in fair value recognized in Other comprehensive income in the previous year mainly results from a financing round for another investment in a fast-growing company where a new investor has joined. The negative fair value change in the reporting year essentially relates to the same investment and was derived from a change in shareholders.

In the year under review, no reclassifications were made between the individual levels.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for fair values as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to other financial liabilities.

The disclosures for these financial liabilities as of the closing date are as follows:

Financial liabilities by book value and fair value in EUR thousand

	Book Value 12/31/2022	Fair Value 12/31/2022	Book Value 12/31/2021	Fair Value 12/31/2021
Other liabilities	1,967	2,338	2,629	2,913

The 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 cash flow-method.

The net result of the financial instrument categories recognized in the income statement is broken down as follows:

Net result of the financial instruments categories in EUR thousand

	From interest	At fair value	Currency translation	Valuation allowance	2022
Debt instruments and derivatives measured at fair value through profit and loss	0	887	0	0	887
Financial assets measured at amortized cost	30	0	1,139	– 1,940	– 771
Financial liabilities measured at amortized cost	– 2,667	0	– 24	0	– 2,691
	– 2,637	**887**	**1,115**	**– 1,940**	**– 2,575**

	From interest	At fair value	Currency translation	Valuation allowance	2021
Debt instruments and derivatives measured at fair value through profit and loss	0	676	0	0	676
Financial assets measured at amortized cost	138	0	755	90	983
Financial liabilities measured at amortized cost	– 1,319	0	– 591	0	– 1,910
	– 1,181	**676**	**164**	**90**	**– 251**

Credit risk

TAKKT is exposed to credit risk both from operating business as well as from financial instruments. Credit risk in the operating business results from possible write-offs due to customer default. The possible loss cannot exceed the book value of the receivable from an individual customer. Given the high number of existing customer relationships, the risk can generally be seen as being comparatively low. As a result of the strong diversification of the customer structure described in the risk report on page 73 there is no exceptional concentration of risk in the operating business. However, a possible prolonged weakening of economic dynamics and high inflationary pressure may lead to higher default risks for TAKKT's receivables. Due to an intensified receivables management with consistent creditworthiness assessments prior to transactions as well as a stringent dunning process, in the financial year write-offs on trade receivables are very low at 0.1 (0.1) percent of sales. Risks of write-offs are accounted for by customary ownership retention rights for goods delivered and by creating allowances. A forecast on the development of customers' creditworthiness is associated with high uncertainties. For the year 2023, a deterioration in the payment behaviour of customers is generally not expected.

Trade receivables in EUR thousand

	01/01/2022	Currency translation	Other changes	12/31/2022
Nominal value of receivables	122,960	2,516	14,709	140,185
Valuation allowances	– 3,548	– 38	– 704	– 4,290
Book value of receivables	**119,412**	**2,478**	**14,005**	**135,895**

	01/01/2021	Currency translation	Other changes	12/31/2021
Nominal value of receivables	91,499	3,033	28,428	122,960
Valuation allowances	– 4,559	– 101	1,112	– 3,548
Book value of receivables	**86,940**	**2,932**	**29,540**	**119,412**

The nominal value of the receivables on which the value adjustments are based as of the balance sheet date results from December of the reporting year with 78.1 (72.7) million euros, from November and October with 44.4 (36.9) million euros and from September with 5.6 (5.2) million euros. 12.1 (8.2) million euros resulted from the time before.

The credit risk from derivative financial instruments consists in the risk of default of a contractual partner and therefore in the maximum amount of the recognized positive fair values less the negative fair values with the same contractual partner. Since financial transactions are only concluded and maintained with counterparties with good creditworthiness, the actual risk of default can be considered as rather low. Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of banks with good ratings. The banks' creditworthiness is checked continuously.

Liquidity risk

Liquidity risk is understood as the risk of not being able to meet payment obligations at any time. The following table lists the contractually agreed interest payments and repayments from original financial liabilities as well as incoming and outgoing payments from derivative financial liabilities and assets at December 31, 2022. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the reporting date.

Maturity analysis as of December 31, 2022 in EUR thousand

	Cash flow 2023	Cash flow 2024	Cash flow 2025 – 2027	Cash flow 2028 – 2032	Cash flow 2033...
Original financial liabilities					
Liabilities to banks	– 27,699	– 11,251	– 16,595	0	0
Lease liabilities	– 20,465	– 14,014	– 23,107	– 9,158	– 4,805
Finance liabilities to affiliated companies	– 3,762	0	0	0	0
Trade payables	– 63,036	0	0	0	0
Other liabilities	– 34,264	– 575	– 1,480	0	0
Derivative financial receivables					
Outgoing payments	– 60,924	0	0	0	0
Connected incoming payments	61,647	0	0	0	0
Derivative financial liabilities					
Outgoing payments	– 18,694	0	0	0	0
Connected incoming payments	18,169	0	0	0	0

Maturity analysis as of December 31, 2021 in EUR thousand

	Cash flow 2022	Cash flow 2023	Cash flow 2024 – 2026	Cash flow 2027 – 2031	Cash flow 2032…
Original financial liabilities					
Liabilities to banks	– 13,704	0	– 9,000	0	0
Lease liabilities	– 16,654	– 19,295	– 28,926	– 14,252	– 6,037
Finance liabilities to affiliated companies	– 7,038	0	0	0	0
Trade payables	– 47,070	0	0	0	0
Other liabilities	– 40,324	– 481	– 1,955	0	0
Derivative financial receivables					
Outgoing payments	– 47,946	0	0	0	0
Connected incoming payments	48,432	0	0	0	0
Derivative financial liabilities					
Outgoing payments	– 80,279	0	0	0	0
Connected incoming payments	79,248	0	0	0	0

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 204.1 million (EUR 235.3 million). Thus, the liquidity risk resulting from the maturities is largely negligible.

Market price risk

The term 'market price risk' relates to the risk that the fair value or the future cash flows of a financial instrument change due to fluctuations in market prices. In the case of TAKKT, market price risk mainly comprises currency and interest rate risks. In the following paragraphs, for each type of risk, the financial instruments on the books at the reporting date will be described in detail.

The following sensitivity analyses of market price risks show which effects on profits and equity there would have been if financial instruments recorded at the closing date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the closing date was representative for the full year and that the assumed changes in risk variables at the closing date were reasonable.

Currency risk

The table below shows the hedged nominal volumes and the market values of the respective currency hedges. As in the previous year, contracts have maturities of up to one year. No netting of currency derivatives was undertaken.

Currency hedging in EUR thousand

	Nominal value		Market value	
	2022	2021	**2022**	2021
Assets				
Currency derivatives designated as cash flow hedges	34,790	18,481	645	325
Currency derivatives without hedge accounting	25,606	29,916	77	161
Liabilities				
Currency derivatives designated as cash flow hedges	12,591	55,221	– 509	– 964
Currency derivatives without hedge accounting	5,934	25,114	– 16	– 66
	78,921	**128,732**	**197**	**– 544**

Currency derivatives designated as cash flow hedges

TAKKT is exposed to currency risks because a limited volume of purchases and sales of products and services (less than ten percent of consolidated sales) is in different currencies.

The expected net foreign currency cash flows within the TAKKT Group are hedged currency instruments for a period of 12 months at an average of 50% on a rolling basis. The currency instruments can be designated as effective cash flow hedges and were not associated with any significant ineffectiveness until the balance sheet date. Exchange rate differences of the underlying currencies impact other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in equity-related sensitivity calculations.

In the 2022 financial year, gains after deferred taxes totaling EUR 110 thousand (losses of EUR 446 thousand) resulting from changes in the fair values of foreign exchange derivatives were recorded in Other comprehensive income without affecting profit. These changes in valuation represent the effective part of the hedge relationship. In addition, losses of EUR 448 thousand (EUR 647 thousand) recorded in Other comprehensive income were transferred to the statement of income (under Other operating expenses). With the payments taking place within the next twelve months, TAKKT expects that losses recorded in Other comprehensive income amounting to EUR 110 thousand after deferred taxes will be transferred to the statement of income.

Broken down by currency, the designated transactions underlying the cash flow hedges have the following maturities:

Underlying currency derivative transactions in EUR thousand

	2022		2021	
	Cash flow 2023	**Cash flow 2024…**	**Cash flow 2022**	**Cash flow 2023…**
CAD	4,917	0	5,628	0
CHF	20,047	0	31,768	0
CZK	1,474	0	1,886	0
DKK	1,066	0	1,735	0
GBP	6,517	0	7,321	0
HUF	1,809	0	2,677	0
NOK	1,425	0	2,133	0
PLN	323	0	507	0
RON	406	0	297	0
SEK	1,817	0	1,876	0
USD	– 7,580	0	– 17,874	0

Currency derivatives without hedge accounting

Intercompany loans involving more than one currency are hedged with forward foreign exchange contracts. This locks in prices for intercompany financing transactions. Accordingly, the Group is not exposed to any risk from exchange rate movements. While the individual company can establish a relationship between the derivative instrument and the underlying transaction, the underlying transaction is eliminated in the context of the Group's debt consolidation. From the Group's perspective, the derivative is therefore no longer used for hedging purposes. Fluctuations in exchange rates in the underlying currencies trigger changes in market values with regard to the derivatives and the related intercompany loans causing counteracting changes in Other finance result and are therefore included in the profit-based sensitivity calculation.

Foreign currency receivables or payables against third parties at individual companies are also hedged economically using forward foreign exchange contracts, if necessary. Here, fluctuations in exchange rates of the underlying currencies also lead to counteracting fluctuations in profit through changes in market value of the derivative instrument as well as the corresponding receivables and payables and are therefore also included in the profit-based sensitivity calculation.

No fair value hedge accounting is applied.

The following table lists the effects of a theoretical change in the EUR / CHF, EUR / USD and EUR / GBP exchange rates on the profit before tax as well as on equity at the reporting date. Other exchange rate fluctuations have no material effect on profit or equity. Influences on the balance sheet and statement of income resulting from the translation of separate financial statements into the reporting currency euro (known as translation risks) are not included.

Sensitivity analysis for currency fluctuations in EUR thousand

12/31/2022	Increase / decrease	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR / CHF	+10%	– 11	+1.993
EUR / CHF	-10%	+11	– 1,993
EUR / USD	+10%	+29	– 457
EUR / USD	-10%	– 36	+457
EUR / GBP	+10%	– 99	+634
EUR / GBP	-10%	+99	– 634

12/31/2021	Increase / decrease	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR / CHF	+10%	-4	+3.184
EUR / CHF	-10%	+4	-3.184
EUR / USD	+10%	+72	-693
EUR / USD	-10%	-89	+693
EUR / GBP	+10%	-21	+724
EUR / GBP	-10%	+18	-724

Interest rate risk

TAKKT's general objective with interest rate swaps is to transform floating rate into fixed rate financing.

A potential change in creditworthiness and therefore the credit margin of the debtor is not part of this hedge. The effective part of the interest rate swaps is recorded at fair value without an effect on profits. In the case of interest rate swaps which qualify as cash flow hedges, changes in market interest rates cause fluctuations in both the other components of equity (changes in fair value) and the finance expense (compensation payments). These financial instruments are therefore taken into account in equity and profit-related sensitivity calculations.

In the reporting year as well as in the prior year, at TAKKT no interest rate swaps were concluded. As a result, no interest rate swaps were designated as cash flow hedges to hedge future interest payments.

Without interest rate swaps and thus without changes in fair values, there were no gains or losses to be recognized in Other comprehensive income or gains or losses recognized in equity to be transferred to the income statement.

Underlying interest rate derivative transactions

The TAKKT Group is financed by means of long-term bilateral credit lines, which are usually made use of on a revolving basis with a short-term fixed-rate period. TAKKT uses derivative financial instruments to hedge against rising market interest rates and therefore potentially increasing future interest payments. The target hedge level for the interest rate risk that is generally aimed for is between 60 and 80 percent of the financing volume. In the financial year and in the previous year, hedging by means of interest rate swaps was waived.

Other financial instruments

Floating rate financial instruments are included in the profit-related sensitivity calculation since interest rate changes affect the financial result.

Non-interest-bearing financial instruments (e. g. trade receivables and payables) are generally not subject to interest rate risks. Only if changes in market interest rates have an influence on financial instruments recognized at fair value they are considered in the sensitivity calculation.

The following table lists the sensitivity of the profit before tax and equity in case of a theoretical change in the level of market interest rates relating to the financial instruments at the closing date which would have been exposed to such a change in the interest rate level. Fluctuations in interest rates in currency areas other than those shown do not have a significant impact on the profit or equity. Financial instruments with a fixed interest rate and a remaining term of less than one year are included in the analysis. It is assumed, that the level is representative for the whole year and that the assumed change of the market interest level was possible.

Sensitivity analysis for interest rate fluctuations in EUR thousand

12/31/2022	Increase / decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	-90/+90	-112/+112
CHF	+100/–100	+18/-18	+78/-78
USD	+100/–100	-291/+291	-46/+47
GBP	+100/–100	-16/16	+36/-36

12/31/2021	Increase / decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	-158/+158	-178/+179
CHF	+100/–100	-17/+17	+136/-136
USD	+100/–100	-69/+69	-96/+97
GBP	+100/–100	-62/+62	+76/-76

5. OTHER NOTES

Notes to the statement of cash flows

The statement of cash flows has been derived from the consolidated financial statements of the TAKKT Group and prepared in accordance with IAS 7 Statement of Cash Flows. It shows changes in cash and cash equivalents during the financial year on the basis of cash transactions. Cash flows are reported separately according to source and application of funds into operating, investing, and financing activities. Operating cash flows are presented according to the indirect method, cash flows from investing and financing activities according to the direct method. To adjust for exchange rate effects, the individual items of the opening balance were translated at the respective exchange rates at the closing date. These figures were compared with the closing statement of the financial position.

The key figure TAKKT cash flow is used in financial communication. The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in net working capital.

Capital expenditure relates mainly to maintenance, expansion and modernization of the business. The cash inflows from the disposal of non-current assets in the previous year were mainly attributable to the sale of minority interests.

Cash flow from operating activities increased significantly to EUR 84,421 thousand (EUR 56,323 thousand). The cash outflow for the build-up of net working capital was slightly lower than in the previous year at EUR 30,721 thousand (EUR 37,941 thousand). In anticipation of further price increases due to high inflation and in order to improve delivery capacity, TAKKT placed a large number of orders in the first half of the year and increased inventories by EUR 40,205 thousand. In the second half of the year, the Group benefited from the improved delivery capability and sold off existing inventory. In total, the cash outflow for inventory build-up in 2022 was EUR 15,398 thousand. Trade receivables also increased due to the good growth and rose by EUR 15,970 thousand. The cash flow from operating activities includes interest receipts of EUR 30 thousand (EUR 306 thousand) and interest payments of EUR 4,380 thousand (EUR 3,367 thousand). In 2022, income taxes of EUR 10,221 thousand (EUR 17,762 thousand) were paid.

Cash flow from financing activities includes payments from transactions with owners as well as payments from changes in financial liabilities. The transactions with owners are related to the distribution of dividends to the shareholders of the TAKKT AG in the amount of EUR 72,171 thousand (EUR 72,171 thousand) and the share buy-back with EUR 6,524 thousand (EUR 0 thousand). The cash-effective changes of the financial liabilities concern the incoming and outgoing payments in order to borrow or repay financial liabilities.

The following table shows both the cash and non-cash changes in financial liabilities in EUR thousand:

	01/01/2022	Payment effective change	Non-cash change			12/31/2022
			Currency translation	Additions leasing	Other	
Liabilities to banks	22,704	32,059	320	0	0	55,083
Lease liabilities	75,415	– 15,370	1,648	2,000	– 256	63,437
Finance liabilities to affiliated companies	7,038	– 2,866	– 410	0	0	3,762
Other	2,629	– 787	1	0	124	1,967
	107,786	**13,036**	**1,559**	**2,000**	**– 132**	**124,249**

	01/01/2021	Payment effective change	Non-cash change			12/31/2021
			Currency translation	Additions leasing	Other	
Liabilities to banks	1,263	21,352	89	0	0	22,704
Lease liabilities	78,999	– 14,565	3,111	8,554	– 684	75,415
Finance liabilities and accordingly recei-vables to affiliated companies	– 3,141	11,911	– 1,732	0	0	7,038
Other	2,598	– 80	10	0	101	2,629
	79,719	**18,618**	**1,478**	**8,554**	**– 583**	**107,786**

Cash and cash equivalents include checks, cash on hand and bank balances with a term of up to three months and comprise the balance sheet item Cash and cash equivalents. These were not netted off against short-term financial liabilities. The cash and cash equivalents are not subject to any restrictions on disposal.

Notes to the segment reporting

Segment reporting 2022 of the TAKKT Group in EUR thousand

	Industrial & Packaging	Office Furniture & Displays	Food Service	Segments total	Others	Consoli-dation	Group total
Sales to third parties	724,998	324,665	287,112	1,336,775	0	0	1,336,775
Inter-segment sales	11	8	0	19	0	– 19	0
Segment sales	725,009	324,673	287,112	1,336,794	0	– 19	1,336,775
Other non-cash expenses (+) and income (–)	1,295	392	2,777	4,464	– 810	0	3,654
EBITDA	102,511	31,254	19,693	153,458	– 21,336	0	132,122
Depreciation and amortiza-tion of segment assets	25,882	8,354	4,308	38,544	1,277	0	39,821
Impairment of segment assets	11,278	230	0	11,508	0	0	11,508
EBIT	65,350	22,670	15,385	103,405	– 22,612	0	80,793
Finance expenses	– 3,852	– 2,670	– 2,741	– 9,263	– 3,019	6,656	– 5,626
Interest and similar income	282	9	– 2	289	6,397	– 6,656	30
Profit before tax	61,609	20,009	12,642	94,260	– 18,319	0	75,941
Income tax expense	– 13,121	– 5,376	– 3,485	– 21,982	5,326	0	– 16,656
Profit	48,488	14,633	9,157	72,278	– 12,993	0	59,285
TAKKT cash flow	82,986	27,461	17,475	127,922	– 12,780	0	115,142
Segment assets	667,478	234,776	268,170	1,170,424	292,022	– 340,923	1,121,523
thereof deferred tax and income tax receivables	1,440	0	551	1,991	9,001	– 2,494	8,498
investment in non-current assets	10,340	2,744	1,155	14,239	332	0	14,571
Segment liabilities	310,682	128,034	147,304	586,020	176,582	– 340,923	421,679
thereof deferred tax and income tax payables	23,240	28,734	34,743	86,717	812	– 2,494	85,035
thereof financial liabilities (non-current and current)	173,324	61,972	76,324	311,620	144,701	– 332,072	124,249
Average no. of employees (full-time equivalent)	1,528	511	388	2,427	58	0	2,485
Employees at the closing date (full-time equivalent)	1,485	504	388	2,377	60	0	2,437

Segment reporting 2021 of the TAKKT Group in EUR thousand

	Industrial & Packaging	Office Furniture & Displays	Food Service	Segments total	Others	Consoli-dation	Group total
Sales to third parties	694,137	259,741	224,094	1,177,972	0	0	1,177,972
Inter-segment sales	14	49	0	63	0	– 63	0
Segment sales	694,151	259,790	224,094	1,178,035	0	– 63	1,177,972
Other non-cash expenses (+) and income (–)	– 1,271	– 691	1,161	– 801	– 585	0	– 1,386
EBITDA	92,030	18,507	18,655	129,192	– 16,552	0	112,640
Depreciation and amortiza-tion of segment assets	25,025	7,939	4,460	37,424	1,045	0	38,469
Impairment of segment assets	248	0	0	248	0	0	248
EBIT	66,757	10,568	14,195	91,520	– 17,597	0	73,923
Income from associated companies	2,479	0	0	2,479	10	0	2,489
Finance expenses	– 3,491	– 2,014	– 896	– 6,401	– 1,466	3,875	– 3,992
Interest and similar income	146	23	5	174	4,007	– 3,875	306
Profit before tax	65,333	8,577	13,304	87,214	– 14,403	0	72,811
Income tax expense	– 14,253	– 2,487	– 3,806	– 20,546	4,762	0	– 15,784
Profit	51,080	6,090	9,498	66,668	– 9,641	0	57,027
TAKKT cash flow	71,449	14,730	16,148	102,327	– 8,063	0	94,264
Segment assets	663,656	227,861	252,751	1,144,268	288,061	– 316,956	1,115,373
thereof deferred tax and income tax receivables	2,225	0	227	2,452	16,306	– 5,197	13,561
Investment in non-current assets	13,074	4,024	806	17,904	443	0	18,347
Segment liabilities	330,306	134,270	123,812	588,388	149,917	– 316,956	421,349
thereof deferred tax and income tax payables	21,672	23,464	31,560	76,696	754	– 5,197	72,253
thereof financial liabilities (non-current and current)	180,105	65,990	53,401	299,496	131,770	– 323,480	107,786
Average no. of employees (full-time equivalent)	1,535	479	364	2,378	49	0	2,427
Employees at the closing date (full-time equivalent)	1,578	498	369	2,445	51	0	2,496

Segment reporting by geographical region 2022 of the TAKKT Group in EUR thousand

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	279,163	465,379	575,108	17,125	1,336,775
Non-current assets*	368,096	74,021	319,959	37	762,113

* Non-current assets excluding financial instruments and deferred tax assets.

Segment reporting by geographical region 2021 of the TAKKT Group in EUR thousand

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	268,235	448,772	448,594	12,371	1,177,972
Non-current assets*	372,655	100,898	308,472	30	782,055

* Non-current assets excluding financial instruments and deferred tax assets.

Within the scope of segment reporting under IFRS 8 Operating Segments, the activities of the TAKKT Group are broken down according to the organizational structure. The breakdown is carried out according to the management approach. Correspondingly, segment reporting is presented on the basis of internal reporting to the Management Board of TAKKT AG as the chief operating decision maker. The reportable segments follow the new organizational structure and correspond to the focus on three business models for three product categories and sales markets. The fundamental segment result for controlling purposes is the EBITDA.

By the end of 2021, TAKKT was divided into three divisions along different sales channels. Since the beginning of 2022, the Group has addressed the market through the following three segments: Industrial & Packaging, Office Furniture & Displays and FoodService. Each segment has a focused product portfolio that is primarily focused on a specific working environment. TAKKT AG coordinates and is responsible for supporting group functions such as IT, logistics, HR and finance. The prior-year figures have been adjusted accordingly.

Segment reporting uses the same accounting standards as the consolidated financial statements. Intra-group transfers are valued at internal prices calculated on the basis of the cost-plus method and checked for plausibility using an arm's-length comparison wherever possible. This cost-plus method complies with OECD (Organization for Economic Co-operation and Development) principles. The same system was used in the previous year.

Investment in non-current segment assets comprises additions to Property, plant and equipment, to Other intangible assets and to long-term financial assets. Investments from acquisition of subsidiaries are not included.

The product portfolio of the **Industrial & Packaging** segment is focused on the working environment of the factory floor or warehouse in the manufacturing industry and logistics. This includes the following mainly European sales brands:

Kaiser+Kraft, Certeo, büromöbelonline, Gerdmans and Runelandhs, which offer products for transportation, plant, warehouse and office equipment in more than twenty countries in Europe. Customers include industrial enterprises as well as companies from the areas of service and retail and public bodies.

As packaging specialists, Ratioform and Davpack offer around 14,000 different articles in seven European countries for companies in different industries.

OfficeFurnitureOnline and BiGDUG offer office furniture and equipment such as desks, chairs, cabinets or workbenches to small and medium-sized companies, especially in Great Britain.

The product portfolio of the **Office Furniture & Displays** segment is geared towards the working world of service providers. This includes, for example, office equipment for everyday use in the company or for work at home. This includes the following brands, which are mainly active in the USA:

National Business Furniture and OfficeFurniture.com offer products in the area of office equipment. In addition to companies, its customers include government agencies, the health care sector, schools and churches.

Displays2go offers approximately 13,000 merchandising products in the US, including advertising banners, digital display stands, mobile trade booths and stand-up displays. Mydisplays offers a similar range in Germany.

The product portfolio of the **FoodService** segment is geared towards the working world of hotels, restaurants and catering. The segment offers, among other things, products that are required for the preparation and presentation of food and groceries. This includes the following brands with a focus on North America:

Hubert as well as Retail Resource sell equipment for the food service sector and food retailers. The customers include large canteens and catering businesses.

Central Restaurant Products sells restaurant equipment. Central customer group are restaurant operators.

XXLhoreca, based in the Netherlands, is a specialized e-commerce retailer in catering equipment and mainly supplies hotels, restaurants, canteens and catering companies.

The segment reporting´s column **Others** discloses TAKKT AG, in which the key functions of the Group are concentrated, TAKKT America Holding and TAKKT Beteiligungsgesellschaft with its investments in start-ups, which do not satisfy the definition of a reportable segment according to IFRS 8 Operating Segments.

Geographical information

Sales to third parties are allocated according to customer location; non-current assets are allocated according to where the owning unit is located.

Leasing

Book values in connection with leases in EUR thousand

	2022	2021
Recognized under property, plant and equipment		
Land, buildings and similar assets	53,874	64,462
Plant, machinery and equipment	705	1,231
	54,579	**65,693**
Recognized under financial liabilities		
Non-current lease liabilities	44,670	60,659
Current lease liabilities	18,767	14,756
	63,437	**75,415**

Additions to right-of-use assets for financial year 2022 amounted to EUR 2,000 thousand (EUR 8,695 thousand). Of this amount, EUR 1,882 thousand (EUR 8,035 thousand) related to additions to right-of-use assets for buildings and EUR 118 thousand (EUR 660 thousand) to additions to right-of-use assets for vehicles.

Income and Expenses in connection with leases in EUR thousand

	2022	2021
Scheduled depreciation of right-of-use assets for land, buildings and similar assets	13,363	12,549
Scheduled depreciation of right-of-use assets for plant, machinery and equipment	631	961
Impairment of right-of-use assets	83	247
Interest expenses of lease liabilities	2,043	2,212
Expenses for variable lease payments not included in lease liabilities	15	30
Expenses for short-term leases (12 months or less, other than real estate)	717	296
Expenses for leases of low-value assets, excluding short-term leases	299	397
Expenses	**17,151**	**16,692**
Income from sub-leasing of rights of use	192	269
Income	**192**	**269**

Total lease payments in 2022 amounted to EUR 18,444 thousand (EUR 17,500 thousand).

Payments for variable lease liabilities as well as payments for short term and low value leases of EUR 1,031 thousand (EUR 723 thousand) and interest payments on lease liabilities of EUR 2,043 thousand (EUR 2,212 thousand) are recognized in cash flow from operating activities. The repayment of lease liabilities of EUR 15,370 thousand (EUR 14,565 thousand) is recognized in cash flow from financing activities.

TAKKT leases various office and warehouse buildings as well as vehicles. Lease agreements are generally concluded for fixed periods of between 12 months and 10 years but may include extension and termination options. As of December 31, 2022, possible future cash outflows of EUR 71,091 thousand (EUR 69,795 thousand) were not taken into consideration for the measurement of lease liabilities as it is not reasonably certain that these leases will be extended respectively termination options will not be exercised. The future obligations arising from leases already concluded but not commenced as of December 31, 2022, amounts to EUR 2,176 thousand (EUR 40 thousand).

Contingent liabilities and receivables

As in prior year, material contingent liabilities and receivables do not exist.

Capital management

The overriding goal of the TAKKT Group’s capital management is to optimize and maintain a solid capital structure in order to secure the necessary flexibility and scope for value-adding investments. Total equity and net financial liabilities constitute the basic values for the capital management. In principle, the instruments available for capital management include dividend payments and measures relating to equity and debt financing. TAKKT is not subject to any external minimum capital requirements.

The Group monitors and steers its capital structure based on long-term financial planning and specific self-imposed covenants. For each of these key figures, TAKKT has internally determined critical thresholds. The Group’s total equity ratio target is between
30 and 60 percent. For gearing, the long-term target is below 1.5. The target for the debt repayment period is less than five years. For the interest cover ratio, another index for the company’s financial stability, the aim is a figure above four. The Management Board is regularly informed about the development of these key figures.

Internal covenants in EUR thousand

	2022	2021
Total equity	699,844	694,024
/ Total assets	1,121,523	1,115,373
Equity ratio (in percent)	**62.4**	**62.2**
Financial liabilities / -receivables	124,249	107,786
./. Cash and cash equivalents	7,566	2,787
Net financial liabilities	116,683	104,999
/ Total equity	699,844	694,024
Gearing	**0.2**	**0.2**
Average net financial liabilities	135,286	83,806
/ TAKKT cash flow	115,142	94,264
Debt repayment period (in years)	**1.2**	**0.9**
Operating result before Goodwill impairment	80,793	73,923
/ Net interest expense (= Finance expenses less Interest and similar income)	5,596	3,686
Interest cover	**14.4**	**20.1**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of financial key management figures. In this context, the EBITDA serves as benchmark for the short-term operating profitability and the TAKKT value added as material key figure within the scope of long-term value-based controlling. For more details on value-based corporate management, please refer to sections management system and company performance on page 41 et seqq. and page 62 et seqq. of the annual report.

Interests in unconsolidated structured entities

Like in prior year, as per December 31, 2022, TAKKT has leased one warehouse from a leasing company which is classified as unconsolidated structured entity. The leasing company has constructed the warehouse especially for TAKKT and rents it to the Group. TAKKT neither has interests in the company nor has TAKKT the power to decide about the activities relevant for the variable returns on the basis of contractual regulations. The company is fully financed by external banks.

The book value of the right-of-use assets and the lease liability are recognized in accordance with IFRS 16. Overall, this results in the assets and liabilities shown in the following table.

Book values associated with unconsolidated structured entities in EUR thousand

	2022	2021
Land, buildings and similar assets	5,502	5,949
Non-current lease liabilities	0	4,631
Current lease liabilities	4,631	392

As of the balance sheet date, other financial obligations that correspond to the minimum lease payments amount t to EUR 4,758 thousand (EUR 5,316 thousand). There are no exposures to loss according to IFRS 12 Disclosure of Interests in Other Entities.

Changes in contingent considerations

A variable purchase price component of up to EUR 15.0 million was agreed for XXLhoreca, which was acquired with effect from May 03, 2019. The amount of the purchase price component depended on the achievement of a cumulative earnings figure over the years 2020 and 2021. This purchase price component did not lead to any payment, therefore no purchase price liability has been recognized in the previous year.

Events after the reporting period

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

Staff participation model

Executives of the TAKKT Group have the option of subscribing for TAKKT Performance Bonds. The term of the TAKKT Performance Bonds is five years. Premature termination is only permitted in specific cases. The interest rate of the subordinated TAKKT Performance Bonds is calculated annually. It includes a basic interest yield plus a subordination premium, plus a positive respectively minus a negative TAKKT value added spread. The minimum yield is zero percent per annum. The maximum yearly yield is capped. The TAKKT value added is defined as the difference between the operating profit after tax generated by the company and the cost of capital on the average capital employed. The profit after taxes is defined as EBIT (adjusted for amortization of intangible assets from the acquisition of companies), reduced by the Income tax expense and increased by the Other financial result. The TAKKT Performance Bonds amount to EUR 1,967 thousand (EUR 2,629 thousand) and are disclosed as Other under Financial liabilities. An interest expense of EUR 124 thousand (EUR 101 thousand) was posted in the year under review. In the reporting year 2020, the subscription option was suspended once.

Additionally, German employees had again the opportunity to purchase employee shares in the year under review. Shares acquired at the stock exchange for this purpose were sold to employees in early 2022. In total, 12,675 (12,150) shares were acquired by 299 (274) employees. This corresponds to a participation of 25.6 (25.6) percent of all eligible persons.

German corporate governance code

The declaration on the recommendations made by the Government Commission of the German Corporate Governance Code required under section 161 AktG was issued as of December 31, 2022, and made available to the shareholders on the website of TAKKT AG.

Related entities transactions

Related entities in the sense of IAS 24 include the TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg / Germany (including its subsidiaries and associated companies). 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 entities are contractually agreed and performed on terms that are customary for transactions with third parties.

Related entity transactions in EUR thousand

	Franz Haniel & Cie. GmbH / service companies		Divisions of Haniel Group		Associated companies Haniel Group		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Turnover / Other income	3	23	1,349	497	13	139	1,365	659
Cost of Sales / Other expenses	951	1,419	408	555	0	0	1,359	1,974
Finance expense	113	21	0	0	0	0	113	21
Short-term receivables	0	0	91	150	0	2	91	152
Short-term payables	3,762	7,038	9	7	0	0	3,771	7,045

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and / or suppliers. These customers and / or suppliers include companies that have a connection with members of the Management Board or of the Supervisory Board of TAKKT.

Related persons transactions

Related persons in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these Boards) and the Management and Supervisory Board members of the majority shareholder Franz Haniel & Cie. GmbH, Duisburg / Germany, (including any and all persons related to these Boards). Related-party transactions mainly relate to service contracts with the members of TAKKT AG's Management Board. All transactions with related persons are contractually agreed and performed on terms that are customary for transactions with third parties.

Management Board

The total remuneration of the Board members is made up of non-performance-related and performance-related components. The components of performance-based compensation include the Short Term Incentive Plan (STIP), a remuneration component with a short-term and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component with a long-term incentive. The performance cash plans in 2020, 2021 and 2022 and the share-price-based components of the performance cash plans still in operation in 2019 are classified and accounted for as share-based payments with cash settlement in accordance with IFRS 2.

The fixed salaries and benefits and fringe benefits of the Management Board amounted to EUR 824 thousand (EUR 1,485 thousand) in reporting year 2022.

The entitlement for the STIP is fully vested with the activity in the reporting year. The STIP in the financial year amounted to EUR 1,432 thousand (EUR 1,377 thousand). This includes an overuse of the provision in the amount of EUR 27 thousand (EUR 0 thousand).

In accordance with IFRS 2, the total expense or income for the performance cash plans comprises the fair value of the entitlement earned in the respective financial year of issuance plus the change in value of entitlements already earned under the performance cash plans of previous years. The performance cash plan liability is remeasured at each reporting date and at the settlement date. The measurement is based on the expected development of the relevant performance factors. The income from the valuation of the performance cash plans amounted in the reporting year to EUR 387 thousand (in the previous year expense of EUR 2,839 thousand). The fair value of the 2019, 2020, 2021 and 2022 performance cash plans (2018, 2019, 2020 and 2021) as well as the corresponding provision amounted to EUR 432 thousand (EUR 2,059 thousand) as of the reporting date.

Expenses of EUR 325 thousand (EUR 462 thousand) relate to post-employment benefits. As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 2,955 thousand (EUR 3,743 thousand).

In total, the expense for the remuneration of the Management Board according to IFRS in the financial year 2022 amounts to EUR 2,194 thousand (EUR 6,163 thousand).

The remuneration for the members of the Management Board of TAKKT AG in office in the financial year pursuant to section 314 of the German Commercial Code (HGB) amounts to a total of EUR 2,626 thousand (EUR 3,386 thousand). Of this amount, EUR 824 thousand (EUR 1,485 thousand) is attributable to non-performance-related components and EUR 1,802 thousand (EUR 1,901 thousand) to performance-related components. Of the performance-related components, EUR 1,405 thousand (EUR 1,377 thousand) relates to the STIP and EUR 397 thousand (EUR 524 thousand) to the LTIP. For the LTIP, the value of the performance cash plan issued in the respective reporting year at the date of the time of granting is stated.

For termination benefits, EUR 1,907 thousand (EUR 640 thousand) were recognized in the income statement.

As of December 31, 2022, the Management Board members held no shares of TAKKT AG, as in the previous year. There are liabilities to the members of the Management Board from TAKKT Performance Bonds of EUR 221 thousand (EUR 113 thousand). In addition, there are pension obligations to the members of the Management Board from the voluntary conversion of part of the target achievement into a pension plan (i.e., deferred compensation) in the amount of EUR 373 thousand (EUR 550 thousand). In the financial year, the Management Board members voluntarily contributed EUR 50 thousand (EUR 0 thousand) from the STIP target achievement to this plan.

Remuneration granted to former members of the Management Board of TAKKT AG and their surviving dependents in 2022 amounted to EUR 401 thousand (EUR 398 thousand). Pension provisions for former members of the Management Board and their surviving dependents totaled to EUR 16,814 thousand (EUR 15,992 thousand) as of December 31, 2022.

Supervisory Board
Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 452 thousand (EUR 434 thousand), of which EUR 410 thousand (EUR 405 thousand) were for activities in relation to the Supervisory Board, EUR 27 thousand (EUR 14 thousand) for activities in relation to the committees as well as EUR 15 thousand (EUR 15 thousand) for attendance fees. The member of the works council on the Supervisory Board is also entitled to a regular salary as set out in his employment contract which represents an appropriate remuneration for his function respectively work in the Company. The compensation of the Supervisory Board is purely a fixed compensation. Of the claims granted, EUR 437 thousand (EUR 419 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2022, the Supervisory Board members held 140 (140) shares in TAKKT AG.

Detailed explanation of the remuneration of the Supervisory Board can be found in the Remuneration Report on page 174 et seqq.

Fees for Group Auditor in EUR thousand

	2022	2021
Audit services	449	399
Other assurance services	6	16
Tax advisory services	0	0
Other services	31	33
	486	**448**

Other assurance services mainly relate to EMIR audits. Other services primarily include audit-related services.

Declaration of shareholders' holdings

Outside the reporting requirements of the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, voluntarily notified us in February 2023 that it owned 65.0 (59.45) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2022.

For the notification of voting rights as per section 40(1) of the German Securities Trading Act (WpHG), please refer to our website.

Exemption from disclosure obligations

Pursuant to section 264(3) of the German Commercial Code (HGB), the following companies included in the consolidated financial statements are exempt from the obligation to disclose their financial statements:

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
Certeo Business Equipment GmbH, Stuttgart
VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt
UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen
Ratioform Verpackungen GmbH, Pliening
BEG GmbH, Stuttgart
TAKKT Beteiligungsgesellschaft mbH, Stuttgart
Mydisplays GmbH, Burscheid
newport.takkt GmbH, Stuttgart
büromöbelonline GmbH, Stuttgart
TAKKT OCC GmbH, Stuttgart
TAKKT WFC GmbH, Stuttgart

Subsidiaries within TAKKT AG, Stuttgart, as of December 31, 2022

TAKKT AG, Stuttgart, described as number 1 in the following overview, holds interests in the following companies:

No.	Group companies	held by no.	interest %
2	TAKKT OCC GmbH, Stuttgart / Germany	1	100.00
3	TAKKT WFC GmbH, Stuttgart / Germany	1	100.00
4	KAISER+KRAFT EUROPA GmbH, Stuttgart / Germany	1	100.00
5	KAISER+KRAFT GmbH, Stuttgart / Germany	4	100.00
6	KAISER+KRAFT Gesellschaft m.b.H., Salzburg / Austria	4	100.00
7	KAISER+KRAFT N.V., Diegem / Belgium	4/15	50.00/50.00
8	KAISER+KRAFT AG, Zug / Switzerland	4	100.00
9	KAISER+KRAFT s.r.o., Prague / Czech Republic	4	100.00
10	KAISER+KRAFT S.A., Barcelona / Spain	4	100.00
11	FRANKEL S.A.S., Massy / France	4	100.00
12	KAISER+KRAFT Ltd., Hemel Hempstead / Great Britain	4	100.00
13	KAISER+KRAFT Kft., Budaörs / Hungary	4	100.00
14	KAISER+KRAFT S.r.l., Fenegrò / Italy	4	100.00
15	Vink Lisse B.V., Lisse / The Netherlands	4	100.00
16	KAISER+KRAFT S.A., Lisbon / Portugal	4	100.00
17	KAISER+KRAFT Sp. z o.o., Warsaw / Poland	4	100.00
18	KAISER+KRAFT OOO, Moscow / Russia	4/5	99.00/1.00
19	KAISER+KRAFT s.r.o., Nitra / Slovakia	4/5	99.90/0.10
20	Gerdmans Inredningar AB, Markaryd / Sweden	4	100.00
21	Gerdmans Kontor-og Lagerudstyr A / S, Nivaa / Denmark	20	100.00
22	Gerdmans Innredninger AS, Sandvika / Norway	20	100.00
23	Gerdmans OY, Espoo / Finland	20	100.00
24	Runelandhs Försäljnings AB, Kalmar / Sweden	20	100.00
25	KAISER+KRAFT Logistics East s.r.o., Syrovice / Czech Republic	4	100.00
26	KAISER+KRAFT s.r.l., Ramnicu Valcea / Romania	25	100.00
27	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen / Germany	4	100.00
28	BEG GmbH, Stuttgart / Germany	4	100.00
29	VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt / Germany	1	100.00
30	Ratioform Verpackungen GmbH, Pliening / Germany	1	100.00
31	Ratioform Imballaggi S.r.l., Calvignasco / Italy	30	100.00
32	Ratioform Embalajes, S.A., Sant Esteve Sesrovires / Spain	30	100.00

No.	Group companies	held by no.	interest %
33	Ratioform Verpackungen AG, Regensdorf / Switzerland	30	100.00
34	R.F. Verpackungsmittel-Versand G.m.b.H., Vienna / Austria	30	100.00
35	Davenport Paper Co. Ltd., Derby / Great Britain	30	100.00
36	Davpack AB, Markaryd / Sweden	30	100.00
37	newport.takkt GmbH, Stuttgart / Germany	1	100.00
38	TAKKT Beteiligungsgesellschaft mbH, Stuttgart / Germany	37	100.00
39	Mydisplays GmbH, Burscheid / Germany	37	100.00
40	Certeo Business Equipment GmbH, Stuttgart / Germany	37	100.00
41	BiGDUG Ltd., Gloucester / Great Britain	37	100.00
42	Equip4work Ltd., Westlinton / Great Britain	37	100.00
43	büromöbelonline GmbH, Stuttgart / Germany	37	100.00
44	Juma International B.V., Wormerveer / The Netherlands	37	100.00
45	TAKKT America Holding, Inc., Milwaukee / USA	1	100.00
46	Hubert North America Service LLC, Harrison / USA	45	100.00
47	Hubert Company LLC, Harrison / USA	45	100.00
48	Hubert Hong Kong Ltd., Hong Kong / China	46	100.00
49	SPG U.S. Retail Resource LLC, Harrison / USA	45	100.00
50	Hubert Distributing Company, Inc., Markham / Canada	45	100.00
51	Central Products LLC, Indianapolis / USA	45	100.00
52	D2G Group LLC., Fall River / USA	45	100.00
53	Hubert Europa Service GmbH, Pfungstadt / Germany	4	100.00
54	Hubert GmbH, Pfungstadt / Germany	53	100.00
55	National Business Furniture LLC, Milwaukee / USA	45	100.00

REPRESENTATIVE BODIES

Supervisory Board

Thomas Schmidt, Düsseldorf, born November 10, 1971
Chairman
Chairman of the Management Board (CEO) of Franz Haniel & Cie. GmbH, Duisburg

Dr. Johannes Haupt, Ettlingen, born June 29, 1961
Deputy Chairman
Management consultant
Member of the Board of Lenze SE, Aerzen
Member of the Advisory Board of ACO Group SE, Büdelsdorf
Chairman of the Advisory Board of Regionique GmbH, Ettlingen

Dr. Florian Funck, Essen, born March 23, 1971
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of CECONOMY AG, Düsseldorf
Member of the Supervisory Board of Vonovia SE, Bochum
Member of the Supervisory Board of Innovation City Management GmbH, Bottrop
(since June 08, 2022)

Thomas Kniehl, Stuttgart, born June 11, 1965
Employee Customer Support at KAISER+KRAFT GmbH, Stuttgart (until July 15, 2022)
Full-time Works Council member (since July 15, 2022)
Chairman of the Joint Works Council of KAISER+KRAFT GmbH, Stuttgart,
and KAISER+KRAFT EUROPA GmbH, Stuttgart
Chairman of the General Works Council of Franz Haniel & Cie. GmbH, Duisburg
(since June 08, 2022)

Alyssa Jade McDonald-Bärtl, Waldetzenberg, born August 14, 1979 (since May 18, 2022)
General Manager of BLYSS GmbH, Berlin

Aliz Tepfenhart, Grünwald, born November 04, 1974 (since May 18, 2022)
Managing Director of Burda Digital SE, München
CEO of business unit Burda Commerce, München
Chairman of the Board of Cyberport GmbH, Dresden
Chairman of the Board of Cyberport IT-Services GmbH, Starnberg
Chairman of the Board of Silkes Weinkeller GmbH, Mettmann
Member of the Board of BurdaForward GmbH, München
Representative of the shareholders of computeruniverse GmbH, Friedberg
Member of the Board of nebenan.de, Berlin
Member of the Management Board of GEFRO Stiftung GmbH, Memmingen

Dr. Dorothee Ritz, Pullach, born March 21, 1968 (until May 18, 2022)
General Manager of E.ON Energie Deutschland GmbH, Munich

Christian Wendler, Hameln, born July 24, 1962 (until May 18, 2022)
Chairman of the Management Board of Lenze SE, Aerzen

Mangament Board

Maria Zesch, Klosterneuburg/Austria, born April 9, 1973
Chairman of the Management Board, CEO
Member of the Supervisory Board of Ottakringer Getränke AG, Vienna/Austria

Dr. Claude Tomaszewski, Stuttgart, born April 25, 1969
Member of the Management Board, CFO (until December 31, 2022)

Lars Bolscho, Stuttgart, born November 06, 1978
Member of the Management Board, CFO (since January 01, 2023)

Stuttgart, March 10, 2023
TAKKT AG
The Management Board

Maria Zesch

Lars Bolscho

Further disclosures

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined Management report for TAKKT AG and 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.

Stuttgart, March 10, 2023
TAKKT AG
The Management Board

Maria Zesch

Lars Bolscho

INDEPENDENT AUDITORS’ REPORT

To the **TAKKT AG, Stuttgart**

Report on the audit of the consolidated financial statements and the combined management report

Audit Opinions

We have audited the consolidated financial statements of TAKKT AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of TAKKT AG and the TAKKT Group (referred to subsequently as ‚combined management report‘), Stuttgart, for the financial year from January 1 to December 31, 2022. In accordance with German legal requirements, we have not audited the factual accuracy of the sustainability report, published on the company‘s homepage, which contains the separate non-financial (Group) report, to which reference is made in the section ‚Company performance‘ in the combined management report, the (Group) declaration on corporate governance also published on the company‘s homepage, to which reference is made in the section ‚Corporate Governance‘ in the combined management report, as well as the statements on the appropriateness and effectiveness of the internal control system pursuant to section 91 (2) of the German Corporate Governance Code (AktG), which are presented in the section “Risk and opportunity report” of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the above-mentioned parts of the combined management report which are not audited with regard to factual accuracy.

Pursuant to section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537 / 2014; referred to subsequently as ‚EU Audit Regulation‘) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are further described in the ‚Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report‘ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10(2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the key audit matter is the impairment of goodwill.

a) The financial statement risk

As at the end of the reporting period, the consolidated statement of financial position shows goodwill with a carrying amount of EUR 602.8 million. This corresponds to 53.8 percent of total assets and 86.1 percent of total equity.

The company’s disclosures regarding goodwill are contained in sections 1, 2(6) and 3(12) of the notes to the consolidated financial statements. In accordance with IAS 36.90, cash generating units to which goodwill has been allocated must be tested for impairment at least once annually. Impairment of goodwill was tested based on its recoverable amounts. The recoverable amounts of the respective cash-generating units are determined by the company based on the present values of future cash flows using discounted cash flow model. The planning, prepared by management, which takes into consideration current developments based on long-term assumptions, are extrapolated for subsequent years. The result of these measurements depends largely on the managers’ planning assumptions and assessments of future cash inflows as well as on the respective discount rates used for the measurement models.

The measurements are therefore subject to a high degree of uncertainty. As a result, this matter was of particular significance to our audit.

b) Audit approach and conclusions

In our audit, we performed a plausibility check on the planning which formed the basis of the impairment tests of goodwill. We also tested this for a possible biased exercise of discretion. In addition to checking the plausibility of the underlying planning, we also assessed adherence to the budget by comparing the previous year's budget numbers with the actual amounts realized.

We paid special attention to goodwill for which the recoverable amount of the cash generating unit approximates its carrying amount. In addition, we evaluated the calculation methods used in terms of their methodical approach and the derivation of the discount rates, as well as with regard to mathematical accuracy in samples. We validated the calculation results of the client by means of additional analyses, which also included sensitivity analyses.

In our view, the measurement parameters and assumptions used by management are generally appropriate for testing the impairment of goodwill. Overall, the valuation parameters and assumptions used by management are in line with our expectations.

Other Information

The Management Board respectively the Supervisory Board is responsible for the other information. The other information comprises:

- the sustainability report published on the company's website, which contains the separate non-financial (group) report to which reference is made in the section ‚Corporate performance' in the combined management report, and the (group) governance statement also published on the website, referred to in the section "Corporate governance" in the combined management report,
- the statements on the appropriateness and effectiveness of the internal control system pursuant to section 91 (2) of the German Corporate Governance Code (AktG), which are presented in the "Risk and Opportunities Report" section of the combined management report,
- the report of the Supervisory Board,
- the other parts of the annual report, except for the consolidated financial statements and the audited combined management report as well as our audit opinion and
- the confirmation pursuant to section 297(2) sentence 4 HGB regarding the consolidated financial statements and the confirmation pursuant to section 315(1) sentence 5 HGB (in conjunction with § Section 289(1) sentence 5 HGB) regarding the combined management report.

The Supervisory Board is responsible for the report of the Supervisory Board. The Management Board and Supervisory Board are responsible for the declaration pursuant to Section 161 AktG on the German Corporate Governance Code, which is part of the (group) governance declaration referred to in the combined management report. Otherwise, management is responsible for other information. Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report audited by us with regard to factual accuracy or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, on the basis of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group.

In addition, the Management Board is responsible for such internal control, as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatements due to fraud (i.e. manipulation of the accounting and financial loss) or errors.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the statements made in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinion on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatements of the consolidated financial statements and of the combined management report due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of the arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of the accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision, monitoring and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where relevant, the Actions taken or safeguards taken to eliminate threats to independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other statutory and other legal requirements

Report on the Audit in Accordance with 317(3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

Audit Opinion
We have performed the audit in accordance with section 317(3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as ‚ESEF documents') contained in the attached electronic file ‚TAKKT_AG_KA+KLB_ESEF-2022-12-31.zip' and prepared for publication purposes complies in all material respects with the requirements of section 328(1) HGB for the electronic reporting format (‚ESEF format'). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format. Except for this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the fiscal year from January 1 to December 31, 2022, contained in the preceding ‚Report on the Audit of the Consolidated Financial Statements and Combined Management Report', we do not express any opinion on the information given in these statements or on the other disclosures made in the above-mentioned electronic file.

Basis for the Audit Opinion

We conducted our audit of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317(3a) HGB and the IDW Assurance Standard: Assurance in Accordance with section 317(3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports prepared for Publication Purposes (IDW PS 410 (10.2021)). Accordingly, our responsibilities are further described in the section ‚Auditor‘s Responsibility for the Audit of the ESEF Documents‘. In our audit, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Management Board and the Supervisory Board for the ESEF Documents

The Management Board is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328(1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328(1) sentence 4 no. 2 HGB. Furthermore, the Management Board is responsible for such internal control as they have considered necessary to enable the preparation of the ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format. The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor‘s Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work.

Furthermore, we:

- identify and assess the risks of material intentional and unintentional non-compliance with the requirements of section 328(1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- evaluate the technical validity of the ESEF documents, i. e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

› evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable at the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on May 18, 2022. We were engaged by the Supervisory Board on October 19, 2022. We have been the group auditor of the TAKKT AG, Stuttgart, without interruption since the financial year 1999.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters – Use of the audit opinion
Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format report – including the versions to be published in the Company Register – are only electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein are only to be used in conjunction with the audited ESEF documents provided in electronic form.

German public auditors responsible for the engagement
The German Public Auditor responsible for the engagement is Mrs. Sonja Kolb.

Stuttgart, March 13, 2023

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Christian Fuchs	Sonja Kolb
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

REMUNERATION REPORT

The remuneration report explains the principles of the remuneration system for the members of the Management Board and Supervisory Board of TAKKT AG and describes the structure and amount of the Management Board remuneration. In addition, it describes the structure and amount of the remuneration of the Supervisory Board. It meets the requirements of the German Stock Corporation Act (section 162 AktG) and follows the recommendations of the German Corporate Governance Code.

A LOOK BACK AT THE 2022 REMUNERATION YEAR

Approval of the remuneration report by the Shareholders

The remuneration system applying to all Management board contracts which is initially valid until 2025 and which was changed by the Supervisory Board taking into account the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the new German Corporate Governance Code was approved with 85.1 percent by the Shareholders' Meeting on May 11, 2021 (agenda item 6). In 2022, the annual remuneration report for the year 2021 was approved by the Annual General Meeting on May 18, 2022 with 82.36 percent (agenda item 6).

Business development in 2022

Despite a challenging environment with high inflation rates in 2022, TAKKT was able to build on the good growth from the previous year and increased its turnover and earnings again significantly. Turnover increased by 13.5 percent to EUR 1,336.8 million (EUR 1,178.0 million) benefiting from positive exchange rates effects. Organic growth in turnover was 7.5 percent.

Inflation management was a high priority in the reporting year. TAKKT pursued the goal of completely passing on the increased price level of the purchased products and the transport of goods to customers. At group level, the gross profit margin was 39.3 (40.2) percent and thus close to the target value.

TAKKT was able to compensate for the slightly lower gross profit margin on the cost side through positive economies of scale and lower cost ratios for marketing and staff. EBITDA margin increased to 9.9 (9.6) percent. Due to the strong growth and the slightly improved profitability, EBITDA increased by 17.3 percent to EUR 132.1 million (EUR 112.6 million).

Changes in the management board

Claude Tomaszewski resigned TAKKT at his own request on December 31, 2022. His successor Lars Bolscho, who has already been working for the TAKKT Group since 2009 and recently as CFO of the Industrial & Packaging Division (I&P), took over the CFO position of TAKKT on January 1, 2023.

REMUNERATION SYSTEM AT A GLANCE

Principles of the remuneration system

The Management Board remuneration system is closely linked to TAKKT's corporate strategy and makes a key contribution to achieving the corporate goals. The remuneration paid is based on the company's size, its financial position, and the structure and amount of the remuneration paid to Board Members at comparable companies. The remuneration paid to Board Members is made up of non-performance-related and performance-related components.

Non-performance-related remuneration comprises a fixed remuneration, the occupational pension scheme and fringe benefits. Fringe benefits include in particular the use of a company car. The amount of the non-performance-related remuneration is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned. The components of the performance-related payments consist of the Short Term Incentive Plan (STIP), a remuneration component with a short- and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component that acts as a long-term incentive. With particular regard to the performance-related components with a long-term incentive effect, Management Board remuneration is clearly oriented to a sustainable increase in the external value of the company through its direct connection to earnings per share. The STIP is primarily based on the operating result of the respective fiscal year before interest, taxes and amortization or impairments from purchase price allocations (EBITA) as a performance criterion. Since 2020, the LTIP has been based exclusively on the development of TAKKT's total shareholder return (TSR), i.e. on the performance of TAKKT shares as well as the dividend. The performance-related remuneration component is subject to an overall cap with regard to both the STIP and the LTIP.

Appropriateness of remuneration

The remuneration system was developed by the Personnel Committee and based in part on an expert report. The expert opinion on the system formed part of an appropriateness opinion prepared by independent remuneration experts. The Personnel Committee is responsible for preparing the resolutions to be passed by the Supervisory Board on the remuneration system and for reviewing the system on a regular basis. In all of their remuneration decisions, the Personnel Committee and the Supervisory Board take the requirements set out in the German Stock Corporation Act (AktG) into account. Furthermore, they are guided by the recommendations made in the German Corporate Governance Code and by the following guidelines:

- Performance-based focus of the remuneration system
- Promotion of the company's long-term sustainable development and value generation
- Ensuring remuneration that is in line with market standards
- Conformity with stock corporation law and governance requirements

The Personnel Committee regularly reviews on the basis of appropriateness reports whether the Management Board remuneration and the individual components are in line with market standards, are competitive as well as appropriate and makes proposals for adjustments to the Supervisory Board as and when required. The assessment whether the remuneration is in line with market standards and is competitive and appropriate is based on a comparison with similar companies (peer-group), on the company's economic position and future prospects, and on the tasks and performance of the respective Board Member. The Supervisory Board conducts regular horizontal and vertical comparisons for this purpose. The horizontal comparison looks at comparable companies, while the vertical comparison assesses the remuneration paid to the Management Board in relation to the remuneration paid to top executives within the company and the company's workforce as a whole.

Following its review, the Supervisory Board came to the conclusion that the level of Management Board remuneration and pensions are appropriate from a legal point of view in accordance with section 87(1) AktG.

Peer-Group

Company	Index
Amadeus FiRe AG	SDAX
Cancom SE	SDAX
Carl Zeiss Meditec AG	MDAX
CEWE Stiftung & Co. KGaA	SDAX
CTS Eventim AG & Co. KGaA	MDAX
DEUTZ AG	SDAX
Drägerwerk AG & Co. KGaA	SDAX
Elring Klinger AG	-
GFT Technologies SE	SDAX
Grenke AG	SDAX
Hamburger Hafen und Logistik AG	-
Heidelberger Druckmaschinen AG	SDAX
Hornbach Holding AG & Co. KGaA	SDAX
JENOPTIK AG	SDAX
Klöckner & Co SE	SDAX
Koenig & Bauer AG	-
LEONI AG	-
Nemetschek SE	MDAX
NORMA Group SE	SDAX
Pfeiffer Vacuum Technology AG	SDAX
Salzgitter AG	SDAX
Scout24 AG	MDAX
SGL Carbon SE	SDAX
SMA Solar technology AG	SDAX
Ströer SE & Co. KGaA	MDAX
Vossloh AG	-

Target remuneration and maximum remuneration

Target remuneration

The total target remuneration is defined as the total of non-performance-related remuneration (fixed remuneration, occupational pension scheme and fringe benefits) and performance-related remuneration in the event of a target achievement of 100 percent. The fixed remuneration makes up between 33 and 39 percent of the total target remuneration for the Board Members. Fringe benefits account for between one and two percent and the occupational pension scheme makes up seven percent of the total target remuneration. The portion of the STIP with a short-term incentive (STIP without deferral) corresponds to between 24 and 29 percent of the total target remuneration; the performance-related remuneration with a long-term incentive (LTIP and STIP deferral) corresponds to between 28 and 30 percent. In line with the focus on performance, this means that the share of performance-related target remuneration exceeds the share of non-performance-related remuneration. In addition, the long-term remuneration components slightly outweigh the short-term ones.

The following table shows the individual target remuneration of each Management Board member and the relative shares of the individual compensation elements as a proportion of total target remuneration.

Maximum remuneration

The individual variable remuneration components and the total amount of all Management Board remuneration components, including fringe benefits and the occupational pension scheme (total remuneration), are capped. Payout of the STIP and LTIP is capped at 300 percent of the target value per plan.

The maximum remuneration amount for Management Board members pursuant to section 87a(1) no. 1 AktG (including fringe benefits and occupational retirement costs) amounts to EUR 3,435 thousand p.a. for the CEO and EUR 2,437 thousand p.a. for the CFO. The remuneration cannot exceed these amounts.

Target remuneration

	Maria Zesch (since 08/01/2021)				**Claude Tomaszewski** (until 12/31/2022)			
	2021		**2022**		2021		**2022**	
	EUR thousand	**in %**	**EUR thousand**	**in %**	**EUR thousand**	**in %**	**EUR thousand**	**in %**
Fixed salary	188	39%	450	38%	360	35%	360	35%
Fringe benefits	8	2%	20	2%	20	2%	20	2%
Company pensions	35	7%	85	7%	77	7%	77	7%
Non-performance-related target remuneration	**231**	**48%**	**555**	**47%**	**457**	**44%**	**457**	**44%**
STIP without deferral	117	24%	280	24%	287	28%	287	28%
STIP deferral	50	10%	120	10%	123	12%	123	12%
LTIP	83	17%	221	19%	176	17%	176	17%
Performance-related target remuneration	**250**	**52%**	**621**	**53%**	**586**	**56%**	**586**	**56%**
Total target remuneration	**481**	**100%**	**1,176**	**100%**	**1,043**	**100%**	**1,043**	**100%**

STRUCTURE OF THE REMUNERATION SYSTEM IN DETAIL

Non-performance-related remuneration

Fixed remuneration

All Management Board members receive an agreed basic annual salary. This is paid out in twelve equal monthly installments. The amount of the annual basic salary is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned.

Fringe benefits

The fringe benefits mainly comprise the use of company cars. Board Members are also reimbursed for expenses incurred in the interests of the company (travel, representation and hospitality expenses). In addition, accident, luggage and D&O insurance is taken out for the Management Board members, the latter with a deductible of ten percent to be borne by the Board Member. In accordance with section 93(2) sentence 3 AktG, this deductible corresponds to no more than one and a half times the fixed remuneration.

Occupational pension scheme

The Board Members receive pensions and survivors' benefits in the form of a direct defined contribution commitment to which an annual contribution is made that corresponds to ten percent of the sum of the basic salary and the contractually agreed STIP target amount. The granting of the contribution is linked to the term of appointment as a member of the Management Board. Interest of five percent p.a. is granted for annual contributions until the occurrence of the insured event, and six percent p.a. for older contributions. Board members are entitled to pension payments when they leave the company but not before reaching the age of 60. In the case of disability or death, the amount from the pension plan paid out or annuitized is equivalent to what would have been paid if contributions had been made up to the age of 63. The part of this commitment that exceeds the protection ceiling of the statutory agency providing insolvency protection for occupational pension schemes is hedged against insolvency using standard market products on the basis of a contractual trust agreement.

Other fixed remuneration components

The Supervisory Board can grant further payments to new appointments on a case-by-case basis at its own discretion. These payments can be one-time payments (e.g. to compensate for other remuneration the individual would have been entitled to) or the assumption of costs associated with the move to the company (e.g. relocation costs).

Performance-related remuneration

Short Term Incentive Plan (STIP)

EBITA, a key figure for the short-term operating earning power of the TAKKT Group, serves as the basis of valuation for the STIP. The target achievement is determined by means of linear interpolation based on a target value within a corridor of minus 30 percent (zero percent of the target value) to plus 30 percent (200 percent of the target value). The target value of the EBITA is set by the Supervisory Board based on the annual operating plan in line with the multi-year planning.

The value, which is determined in accordance with the target corridor, is multiplied by a modifier of zero to two based on the assessment of individual targets (results) as well as individual conduct (behavior). The results and the behavior are assessed to determine whether a Board Member meets, is below, or exceeds expectations. Depending on the assessment of the two aspects, each Board Member is positioned in a "9-box grid."

Each field in the grid is assigned a modifier/modifier range. For the fields that include a range, the Supervisory Board decides on the final individual modifier at its due discretion based on a recommendation made by the Personnel Committee.

Results \ Behavior	C below expectations	B meets expectations	A exceeds expectations
1 exceeds expectations	0	1,1 – 1,3	1,5 – 2,0
2 meets expectations	0	1,0	1,2 – 1,4
3 below expectations	0	0,4 – 0,6	0,7 – 0,9

The individual goals are agreed with the Board Members for each fiscal year. They can be quantitative or qualitative. The quantitative targets include revenue, profit and cash flow targets. The qualitative goals are divided into:

- Strategic goals (e.g. an elaboration of growth strategies for individual divisions derived from the corporate strategy or functional strategies, such as in the area of sustainability),
- Execution goals (e.g. improvements in processes or defined control KPIs such as the Customer Net Promotor Score) and
- Talent targets (e.g. building and expanding leadership teams, cultural changes).

Each individual target is assessed separately at the end of the year according to the scale described above. The assessment is made on a summary basis, taking into account the relevance of the individual targets for the success of the company. They are monitored on an ongoing basis and can be adjusted if necessary.

Individual behavior is assessed based on the five TAKKT Core Behaviors:

- Think customer first: We make it easy to do business with. Our customer is the center of everything we do.
- Empower others: We engage our employees through open feedback, collaboration, transparency and teamwork.
- Improve every day: We challenge the status quo and quickly embrace change. We keep it simple and impactful.
- Take ownership: We are accountable for our targets and always deliver on our commitments.
- Compete for success: We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

70 percent of the compensation linked to target achievement is paid out in the following year, 30 percent is retained for a period of three years after the end of the respective fiscal year (known as deferral).

Interest on the deferral is subject to the total shareholder return (TSR), with both positive and negative interest possible. The TSR reflects the development of the share taking into account the share price development and the reinvested dividends.

This involves comparing the average closing prices of TAKKT's shares in the XETRA trading system of Deutsche Börse AG over the last 60 stock exchange trading days before the start of the waiting period ("opening share price") with the average XETRA closing prices of the last 60 stock exchange trading days before the end of the waiting period ("closing share price"). The dividends paid by TAKKT during the waiting period are taken into account via a reinvestment assumption (pro rata acquisition of TAKKT shares at the XETRA closing price on the day of distribution in the amount of the dividend per share).

In the 2021 fiscal year, EBITA was slightly above the defined EBITA target value, resulting in a target achievement of 101 percent with regard to the financial component of the STIP. With a target achievement of "meets expectations" in regards to the individual targets (results) and "exceeds expectations" regarding the individual behavior (behavior), Maria Zesch achieved a modifier of 1.3. Claude Tomaszewski was ranked with "exceeds expectation" and "meets expectation" in the dimension results respectively in the dimension behavior, leading to a modifier of 1.2. Tobias Flaitz has fulfilled the expectations, so that a modifier of 1.0 is applied. The STIP target achievement based on the multiplicative link of the financial and individual components can be seen in the following table.

The STIP 2021 was paid out in full to Claude Tomaszewski and Tobias Flaitz. In addition, Claude Tomaszewski was paid the STIP 2022 including the deferral in December 2022. This was based on a financial target achievement of 135 percent and a pre-agreed modifier of 1.0.

STIP 2021 payout in financial year 2022

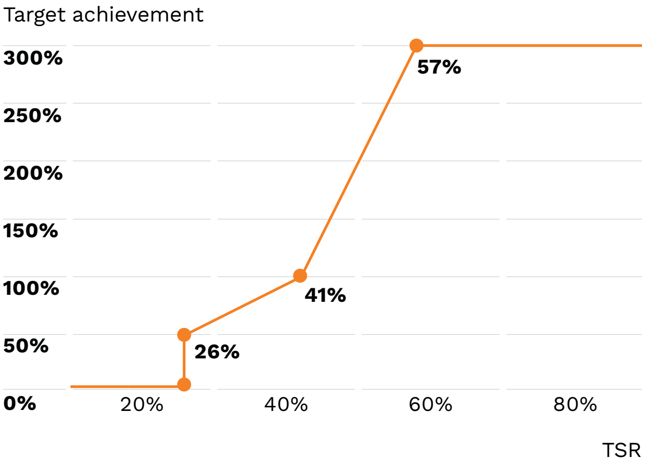
	Targetvalue (100%) in EUR thousand	Financial target achievement in %	Modifier for individual target achievement	Total target achievement in %	STIP incl. Deferral	STIP-Payout
Maria Zesch (since 08/01/2021)	167[1]	101%	1.3	131%	219	153
Claude Tomaszewski (until 12/31/2022)	410	101%	1.2	121%	496	496
Tobias Flaitz (until 12/20/2021)	350	101%	1.0	101%	353	353

1 Pro rata from August 2021

Long Term Incentive Plan (LTIP)
The LTIPs are launched each year in the form of performance cash plans and paid out in cash after a period of four years depending on whether the relevant targets are met. For 2020, 2021 and 2022, performance cash plans were granted which are due at the end of 2023, 2024 and 2025, respectively. The amount to be paid out depends solely on the development of total shareholder return (TSR) over the term of the four-year plan. The TSR is defined in the STIP in line with the calculation of interest on the deferral.

The target value is achieved when the TSR is nine percent p.a. The lower threshold that needs to be reached for a payout to be made is six percent TSR p.a. The upper threshold at which the payout is capped is twelve percent TSR p.a.

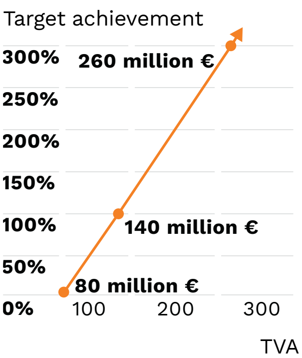
Total Shareholder Return (TSR)



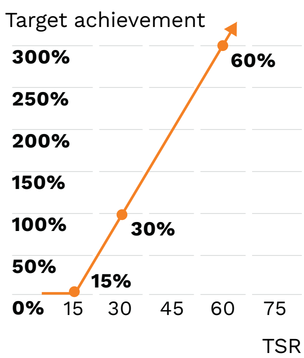
If the lower threshold is reached, the target achievement is 50 percent of the contractually agreed LTIP target amount. If the upper threshold is reached, the target achievement is 300 percent. Linear interpolation is used between six and nine percent TSR p.a. and between nine and twelve percent TSR p.a.

In addition to the TSR with a target weighting of 30 percent, the performance cash plans from 2018 and 2019 also depend on the amount of the cumulative TAKKT Value Added (TVA) with a target weighting of 70 percent over the term of the four-year plan. The TVA indicator is used for value-based corporate management and shows whether the interest demand by equity and debt investors will be met over the four-year performance period. The TVA is defined as the difference between the profit generated and the cost of capital on the average capital employed. The profit generated is determined on the basis of the EBIT (adjusted for amortization of intangible assets resulting from acquisitions), which is deducted by the income tax expense and increased by the other financial result.

Cumulative TAKKT Value Added (TVA) 2018 – 2021



Total Shareholder Return (TSR) 2018 – 2021



With a negative total shareholder return and a cumulative adjusted TVA of EUR 49 million (adjusted, among other things, for the effects of the change in accounting for lease contracts from the 2019 fiscal year onwards), the target achievement and payout for the year 2022 of the LTIP tranche 2018-2021 were as follows:

Calculation of the target achievement level of LTIP 2018 – 2021

	Target	Weighting	Total
TVA	0%	70%	0%
TSR	0%	30%	0%
Sum			**0%**

Calculation of LTIP 2018 – 2021 payout in fiscal year 2022
in EUR thousand

	Target value	Target	Total
Felix Zimmermann	212	0%	0
Heiko Hegwein	124	0%	0
Claude Tomaszewski	135	0%	0
Dirk Lessing	135	0%	0
Sum			**0**

Claude Tomaszewski exercised his right to have the LTIP 2021 tranche paid out early in December 2022. With an annual share return of over 12 percent for this tranche, a target achievement of 300 percent was reached.

Malus / Clawback

TAKKT may, in justified cases, demand the partial or full reimbursement of an already paid out STIP or LTIP amount over a period of three years from the due date. Justified cases refer, in particular, to the materialization of one of the following scenarios involving the Board Member:

- The Board Member was significantly involved in or responsible for conduct that resulted in considerable losses or a significant government sanction for TAKKT AG, meaning that they breached their duties intentionally or by gross negligence.
- The Board Member committed a serious breach of relevant external or internal regulations relating to their conduct and acted intentionally or by gross negligence in this regard.

TAKKT has the burden of proving that one of the aforementioned scenarios has materialized involving the Board Member. The reversal of the burden of proof set out in section 93c(2) sentence 2 AktG does not apply in this respect.

In the 2022 fiscal year, TAKKT AG did not claw back or reduce any variable remuneration.

BENEFITS IN THE EVENT OF TERMINATION OF SERVICES

Occupational pension scheme

The following table lists the contributions to pension plans, current service costs for the year under review and the present values of obligations for the members of the Management Board in accordance with IAS 19.

Payments in the event of early termination

Individual members of the Management Board have the right to terminate their contracts of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG within the meaning of sections 29ff. of the German Securities Acquisition and Takeover Act (WpÜG). In exercising this right of termination, the Board member has the right to severance payments. In the current contracts of the Management Board Members, the limit of possible severance payments corresponds to the recommendations of the German Corporate Governance Code. According to the Code, the payments that could be paid in the event of a premature termination of the membership of the Management Board without cause may at most remunerate the remaining term and also may not exceed the amount of two annual salaries. Other sources of income are not taken into account. The right to a severance payment does not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

Claude Tomaszewski resigned from the Management Board at his own request on December 31, 2022. In relation to the premature termination of his Board position, a severance payment of EUR 1,742 thousand was agreed, which was paid out in January 2023. In addition, a one time addition of EUR 141 thousand to the company pension plan was agreed. Tobias Flaitz stepped down from the Management Board of TAKKT AG on December 20, 2021. A severance payment of EUR 515 thousand for the premature termination of his Board position was paid out in May 2022. For the period from January 1, 2022 to May 31, 2022, he was also paid a fixed compensation with severance character in monthly instalments totaling TEUR 125.

Pension commitments in EUR thousand

	Contribution to company pension plan		Service cost according to IAS 19		Pension obligation according to IAS 19	
	2021	**2022**	2021	**2022**	2021	**2022**
Maria Zesch (since 08/01/2021)	35	85	91	181	82	168
Claude Tomaszewski (until 12/31/2022)	77	218	162	309	3,458	2,787
Total	**112**	**303**	**253**	**490**	**3,540**	**2,955**

“REMUNERATION GRANTED AND OWED” IN ACCORDANCE WITH SECTION 162(1) SENTENCE 1 AKTG

Pursuant to section 162(1) sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components “granted and owed” to the individual members of the Management Board in the 2022 fiscal year must be disclosed. The values stated for both the STIP and LTIP for the 2022 fiscal year therefore include all benefits actually received in the respective fiscal year, regardless of the fiscal year for which they were received by the members of the Management Board. Accordingly, the 2022 STIP corresponds to the amount of the STIP from the 2021 fiscal year, which was disbursed in the 2022 fiscal year in accordance with the contractual agreement. The 2018 LTIP therefore corresponds to the amount for the LTIP whose four-year term ended on December 31, 2021 and which was disbursed in the 2022 fiscal year in accordance with the contractual agreement.

In accordance with section 162(5) AktG, the personal information of former Management Board members is no longer included if they left before December 31, 2012.

Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the former members of the Management Board in EUR thousand

	Maria Zesch (since 08/01/2021)				**Claude Tomaszewski** (until 12/31/2022)			
	2021		**2022**		2021		**2022**	
	EUR thousand	**in %**	**EUR thousand**	**in %**	**EUR thousand**	**in %**	**EUR thousand**	**in %**
Fixed salary	188	35%	450	74%	360	56%	360	18%
Fringe benefits	2	0%	6	1%	7	1%	7	0%
Non-performance-related remuneration	**190**	**35%**	**456**	**75%**	**367**	**58%**	**367**	**19%**
STIP 2020/2021	–	–	153	25%	205	32%	496[1]	25%
STIP 2022	–	–	–	–	–	–	555[2]	29%
LTIP 2017/2018	–	–	–	–	66	10%	–	–
LTIP 2021	–	–	–	–	–	–	528	27%
Performance-related remuneration	**–**	**–**	**153**	**25%**	**271**	**42%**	**1,579**	**81%**
Other	350[3]	65%	–	–	–	–	–	–
Total remuneration (section 162(1) sentence 1 AktG)	**540**	**100%**	**609**	**100%**	**638**	**100%**	**1,946**	**100%**

1 STIP 2021 including deferral
2 STIP 2022 including deferral
3 One-time payment in connection with the new appointment (e.g. to compensate for other remuneration entitlements)

Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the former members of the Management Board in EUR thousand

	Tobias Flaitz (until 12/20/2021)		**Felix Zimmermann** (until 05/11/2021)		**Heiko Hegwein** (until 09/30/2020)		**Dirk Lessing** (until 10/31/2019)		**Franz Vogel** (until 02/28/2014)	
	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
Fixed salary incl. Fringe benefits	354	–	224	–	-	–	-	–	-	–
STIP	93	353	596	–	154	–	-	–	-	–
LTIP	-	–	103	–	-	–	66	–	-	–
Pensions	-	–	-	–	-	–	-	–	91	94
Other[4]	-	640	2,565	–	725	–	-	–	-	–
Total remuneration	**447**	**993**	**3,487**	**–**	**879**	**–**	**66**	**–**	**91**	**94**

4 Severance payments in relation to premature termination of Board position

REMUNERATION OF THE SUPERVISORY BOARD

Each member of the Supervisory Board of TAKKT AG generally receives a fixed annual salary of EUR 55 thousand. The Chairman of the Supervisory Board receives double that amount; the Deputy Chairman receives EUR 25 thousand in addition to his fixed annual salary. Members of a Supervisory Board committee generally receive an additional fixed salary of EUR 3 thousand. The Chairman of the Supervisory Board committee receives double that amount; the Deputy Chairman receives one and a half times that amount. In addition, for each meeting of the Supervisory Board or a committee that they attend, each member receives an attendance fee of EUR 500 per day in attendance. In addition, TAKKT AG offers the members of the Supervisory Board compensation for expenses.

Remuneration related to activities on the Supervisory Board and committees is not paid out until the following fiscal year. Attendance fees are paid at the end of the month in the respective fiscal year. For better comparability of the annual change in remuneration, the attendance fees shown in the following table and comparative presentation are treated as if they had also been paid in the following year.

The fixed remuneration, remuneration for additional committee activities, attendance fees and the lack of performance-related Supervisory Board remuneration are specifically intended to reinforce the independence of the Supervisory Board members.

With effect from May 18, 2022, Alyssa Jade McDonald-Bärtl and Aliz Tepfenhart were elected as members of the Supervisory Board. Dorothee Ritz and Christian Wendler are no longer members of the Supervisory Board.

Remuneration granted and owed of the current and former members of the Supervisory Board

2022	Fixed payments		Committee remuneration		Attendance fees		Total
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand
Thomas Schmidt	90.3	93%	3.8	4%	2.5	3%	96.6
Johannes Haupt	80.0	92%	4.5	5%	2.5	3%	87.0
Florian Funck	74.7	94%	2.2	3%	2.5	3%	79.4
Thomas Kniehl	55.0	96%	–	–	2.5	4%	57.5
Dorothee Ritz (until 05/18/2022)	55.0	96%	–	–	2.5	4%	57.5
Christian Wendler (until 05/18/2022)	55.0	91%	3.0	5%	2.5	4%	60.5
Alyssa Jade McDonald-Bärtl (since 05/18/2022)	–	–	–	–	–	–	–
Aliz Tepfenhart (since 05/18/2022)	–	–	–	–	–	–	–

2021	Fixed payments		Committee remuneration		Attendance fees		Total
	EUR thousand	in %	EUR thousand	in %	EUR thousand	in %	EUR thousand
Thomas Schmidt	44.0	95%	–	–	2.5	5%	46.5
Johannes Haupt	64.0	91%	3.6	5%	2.5	4%	70.1
Florian Funck	88.0	92%	4.8	5%	2.5	3%	95.3
Thomas Kniehl	44.0	95%	–	–	2.5	5%	46.5
Dorothee Ritz	44.0	95%	–	–	2.5	5%	46.5
Christian Wendler	44.0	90%	2.4	5%	2.5	5%	48.9

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF REMUNERATION OF MANAGEMENT BOARD MEMBERS, SUPERVISORY BOARD MEMBERS AS WELL AS THE REMAINING WORKFORCE AND THE EARNINGS DEVELOPMENT OF THE COMPANY

In order to comply with the requirements of section 162(1) sentence 2 no. 2 AktG, the following table shows the percentage change in the remuneration of the Management Board members, the Supervisory Board members and average remuneration of employees (full-time equivalents) as well as the earnings development of the Company compared with the previous year.

The remuneration of the Management Board members included in the table reflects the amounts actually received in the respective fiscal year. These values correspond to the values stated in the tables on remuneration “granted and owed” in accordance with section 162(1) sentence 1 AktG. For better comparability of the remuneration, payments in the event of early termination of Board membership are not taken into account. Where members of the Management Board only received pro rata remuneration in the individual fiscal years (e.g. due to joining the company during the year), the remuneration for this fiscal year was projected for the full year in order to ensure comparability.

In accordance with section 162(1) sentence 2 no. 2 AktG, the comparative presentation also includes the annual change in the “earnings development of the Company”. “Company” in the meaning of section 162(1) sentence 2 no. 2 AktG is understood to be the legally independent, listed individual company (TAKKT AG). Since the remuneration of the Management Board members is also largely dependent on the development of Group key figures, the development of EBITA in the TAKKT Group is also included.

Since the employee and remuneration structures in the subsidiaries are diverse, particularly in the case of employees abroad, comparison of the development of average remuneration of the employees is based on the average remuneration of the workforce of the German subsidiaries of the TAKKT Group. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

Comparative presentation of the annual change in the compensation of Management Board members and the Supervisory Board members as well as the average employee compensation and earnings development

	Change 2022 vs. 2021 in %	Change 2021 vs. 2020 in %	Change 2020 vs. 2019 in %	Change 2019 vs. 2018 in %	Change 2018 vs. 2017 in %
Current members of the Management Board in fiscal 2022					
Maria Zesch (since 08/01/2021)	81%	–	–	–	–
Claude Tomaszewski (until 12/31/2022)	35%	– 24%	– 14%	– 2%	– 20%
Former members of the Management Board					
Tobias Flaitz (06/01/2020 until 12/20/2021)	– 31%	57%	–	–	–
Felix Zimmermann (until 05/11/2021)	– 100%	3%	– 11%	– 1%	– 19%
Heiko Hegwein (02/01/2018 until 09/30/2020)	– 100%	– 70%	– 11%	116%	-
Dirk Lessing (until 10/31/2019)	– 100%	– 60%	– 84%	3%	13%
Franz Vogel (until 02/28/2014)	3%	1%	4%	2%	3%
Current members of the Supervisory Board in fiscal 2022					
Alyssa Jade McDonald-Bärtl (since 05/18/2022)	–	–	–	–	–
Aliz Tepfenhart (since 05/18/2022)	–	–	–	–	–
Thomas Schmidt (since 05/15/2019)	108%	– 20%	–	–	–
Florian Funk	– 17%	– 1%	83%	0%	0%
Johannes Haupt	24%	– 20%	8%	0%	0%
Thomas Kniehl	24%	– 20%	10%	0%	0%
Former members of the Supervisory Board					
Dorothee Ritz (until 05/18/2022)	24%	– 20%	13%	0%	3%
Christian Wendler (05/10/2017 until 05/18/2022)	24%	– 19%	10%	0%	–
Stephan Gemkow (until 05/15/2019)	–	–	0%	0%	0%
Arnold Picot (until 05/10/2017)	–	–	–	–	0%
Employees					
Average employee compensation	6%	6%	6%	2%	0%
Performance					
Annual profit / loss TAKKT AG	86%	30%	– 4%	– 26%	– 23%
EBITA TAKKT Group	22%	33%	– 50%	– 11%	– 1%

OTHER DISCLOSURES

Deferred compensation

Management Board members may convert parts of their STIP payments into additional pension components on a graduated basis according to age group (deferred compensation). By opting to do without gross STIP payment amounts, the Board Members acquire benefit component entitlements vis-à-vis the company. The pension benefits are granted as entitlements for pensions and survivors' benefits and in the event of disability. Amounts converted from 2021 onwards bear interest at a rate of four percent p.a. until pension payments begin; and at five or six percent p.a. for older contributions.

There are pension obligations to the members of the Management Board from deferred compensation in the amount of EUR 373 thousand (EUR 550 thousand). In the fiscal year, EUR 50 thousand (EUR 0 thousand) was contributed to this plan.

TAKKT performance bonds

Stock options are not considered part of the remuneration of the Management Board at TAKKT and there are no plans for this in the future. A voluntary participation offer is made to TAKKT executives allowing them to take part in the economic development of the TAKKT Group through bonds.

The return of this instrument results from a basic interest rate plus a premium or discount determined according to the performance of the TAKKT Group (TAKKT value added). The subscription amount as well as the attainable return have an upper limit. There are liabilities of EUR 221 thousand (EUR 113 thousand) to members of the Management Board from TAKKT Performance Bonds.

Remuneration for supervisory board mandates

Remuneration for activities associated with supervisory board mandates or activities performed as a member of the management in companies in which TAKKT holds a direct or indirect stake, or for which the Board Member is acting in TAKKT's interests, is offset against the STIP. The amounts are offset such that the remuneration received in the course of a fiscal year is offset against the STIP payable by the company for that year.

Miscellaneous

With respect to the members of the Management Board, there are the usual receivables and liabilities from appointment and employment contracts.

The members of the Management Board did not receive any benefits from third parties in the 2022 or 2021 fiscal years, which were either promised or granted to them in connection with their service on the Management Board.

As of December 31, 2022, the members of the Management Board did not hold any shares in TAKKT AG, as in the previous year.

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162(3) OF THE GERMAN STOCK CORPORATION ACT (AKTG)

To **TAKKT AG, Stuttgart**

Audit opinion

We have formally audited the remuneration report of Takkt AG, Stuttgart, for the fiscal year from January 1 to December 31, 2022, to verify whether the disclosures pursuant to section 162(1) and (2) AktG have been made. In accordance with section 162(3) AktG, we have not audited the factual accuracy of the remuneration report.

In our judgment, the disclosures pursuant to section 162(1) and (2) have been made in the enclosed remuneration report in respect of all material matters. Our audit opinion does not extend to the factual accuracy of the remuneration report.

Basis for the audit opinion

We carried out our audit of the remuneration report in accordance with section 162(3) AktG, paying due regard to the Audit Standard of the Institute of Public Auditors in Germany (IDW) "Auditing the Remuneration Report pursuant to Section 162(3) AktG" (IDW AuS 870 [08.2021]). Our responsibility pursuant to this regulation and this standard is described in more detail in the "Auditor's responsibilities" chapter of our report. We applied the requirements of the IDW Standard on Quality Control "Requirements for Quality Control in Audit Firms" (IDW QS 1) as our audit practice. We complied with the professional obligations pursuant to the German Public Accountant Act (WPO) and the Professional Code of Conduct for Auditors/Certified Accountants, including the independence requirements.

Responsibilities of the management board and the supervisory board

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the corresponding disclosures, that meets the requirements of section 162 AktG. In addition, they are responsible for the internal control that they deem necessary to enable the preparation of a remuneration report, including the corresponding disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162(1) and (2) AktG have been provided in respect of all material matters in the remuneration report and to issue an audit opinion in this regard in a report.

We planned and conducted our audit in such a way that we were able to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162(1) and (2) AktG. In accordance with section 162(3) AktG, we did not verify the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

Approach to dealing with any misleading information

In connection with our audit, we are responsible for paying due regard to knowledge gained during the audit of the annual financial statements when reading the remuneration report and remaining alert as to whether the remuneration report contains misleading information in respect of the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

If, on the basis of the audit we have carried out, we conclude that such misleading information is present, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, March 13, 2023

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Christian Fuchs Wirtschaftsprüfer (German Public Auditor)	Sonja Kolb Wirtschaftsprüferin (German Public Auditor)

Sustainability Report

SUSTAINABILITY STRATEGY

The TAKKT sustainability approach

The past couple of years have been challenging in many respects. The consequences of the pandemic and the Russian attack on Ukraine had some severe negative effects on us as individuals and on society. But also companies had to adapt to the changing circumstances and to react flexibly to new developments. Due to the great commitment of its employees and the resilience of its business model, TAKKT has coped well with the consequences of these crises to date and will also master the existing challenges. In such a volatile and uncertain environment, it is crucial to have the future in mind while taking care of the day-to-day operations. Maintaining TAKKT's long-term success is dependent on positioning the group in a future-oriented and sustainable manner. Hence, TAKKT has been pursuing a new strategy since the beginning of 2022, which consists of three pillars: Growth, OneTAKKT and Caring. In addition to higher growth and a more integrated setup, sustainability is an essential part of the corporate strategy.

Responsible entrepreneurship, a collaborative partnership with customers and employees as well as the protection of the climate and natural resources are core elements of TAKKT's sustainability strategy. TAKKT is committed to the principles of the Global Compact and is guided by the Sustainable Development Goals (SDGs) of the United Nations. In doing so, TAKKT undertakes to observe sustainable corporate practices not only with regard to its employees, but also along the entire value chain. The goal is to be part of the solution of ecological, social and economic challenges on a global scale. This means taking into account the needs of the present generation, while also ensuring that the needs of future generations are met.

Our vision:
Bringing tomorrow's worlds of work to life

TAKKT Vision 2025: Bringing new worlds of work to life by caring about environmental resources, people and customer success.

The TAKKT vision serves as the foundation for the sustainability and business strategy. The aim is to shape tomorrow's worlds of work together with TAKKT's stakeholders. One thing that is not negotiable: they need to be sustainable.

For TAKKT, meeting the demands of customers as well as satisfying the requirements of tomorrow regarding sustainable products and services is not only a social mission, but also an important growth opportunity. Sustainability will change the work environments in the future, therefore TAKKT wants to embrace this development at an early stage and take advantage of the opportunity it presents. Sustainability already plays a significant role in the purchasing decisions of more than half of the customers. This is also reflected in customers' willingness to pay more for products that have ecological and social added value.

At the 26th UN Climate Change Conference in Glasgow, 196 countries agreed on the joint implementation of the Paris Agreement with the goal of limiting the rise in global temperatures to below 1.5 degrees Celsius. This decision is already having a growing impact on the economic activity of companies at both the micro and macro level. In addition to new legal requirements and regulations, the markets in which TAKKT operates are also changing. The design of sustainable procurement and sales markets, innovations and greater capital flows towards sustainable economic activities are changing the general conditions. Legislative initiatives such as the EU Taxonomy and the German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG]) are a reflection of the increased societal demand for ecologically and socially acceptable corporate behavior.

TAKKT sees these changes as an opportunity: Actively working on the transformation to a carbon-free economy today ensures that TAKKT will remain competitive in the future. In addition to the shortage of skilled workers, digitalization and the growing significance of health in the workplace, transforming tomorrow's worlds of work in a socially responsible way will play a deciding role in shaping the purchasing decisions of customers in the future.

Our mission statement

TAKKT Sustainability Mission: We want to give our customers the ability to choose sustainable products (by education and enablement) and have them delivered via sustainable logistics from a sustainable business.

TAKKT's responsibility as a B2B omnichannel distributor is to help customers make the right choice when purchasing a product or solution. TAKKT wants its customers to be optimally equipped so that they can meet their day-to-day challenges and remain successful in their markets. In addition to the necessary information about a product or solution, this also includes empowering customers to take into account all relevant factors in their decision-making, including sustainability. TAKKT knows that today's customers place a high value on sustainable products and solutions. The goal is to make this information easily accessible so that they can make more sustainable product choices wherever possible. In addition to the ever-growing range of sustainable products and solutions, TAKKT also has a responsibility to make the corresponding logistics sustainable.

TAKKT's mission statement incorporates the needs of stakeholders, including employees, customers, shareholders and society. This means that it is also deeply anchored in the materiality assessment and reflects the aim to make TAKKT a sustainable and future-ready company.

With our "enkelfähig" approach, we provide customers with the necessary information to choose products that fulfill their purpose, while also creating ecological and social added value. TAKKT is working on a comprehensive "enkelfähig" portfolio of sustainable products and solutions, which involves evaluating the existing product portfolio and setting standards for new products and suppliers.

In addition to the climate impact of the products and solutions, more action is required in the area of Scope 3 emissions caused by logistics. Together with its partners in this area, TAKKT wants to continue working on climate, environmentally and socially compatible transport solutions in order to minimize the carbon footprint in logistics.

TAKKT itself strives to become a more sustainable company. This means that TAKKT is increasingly working on minimizing its Scope 1 and 2 emissions. The emission reduction strategy currently being developed will help to identify and reduce the largest sources of emissions in the future. In addition, various initiatives and campaigns in the area of social sustainability will continue to be promoted with the help of the ENGAGE team, which supports employees who would like to contribute to society through volunteer work. With a view to the increasing legal requirements and regulations, TAKKT wants to adapt its internal processes and structures at an early stage to ensure the future viability of its business activities.

Stakeholders and materiality

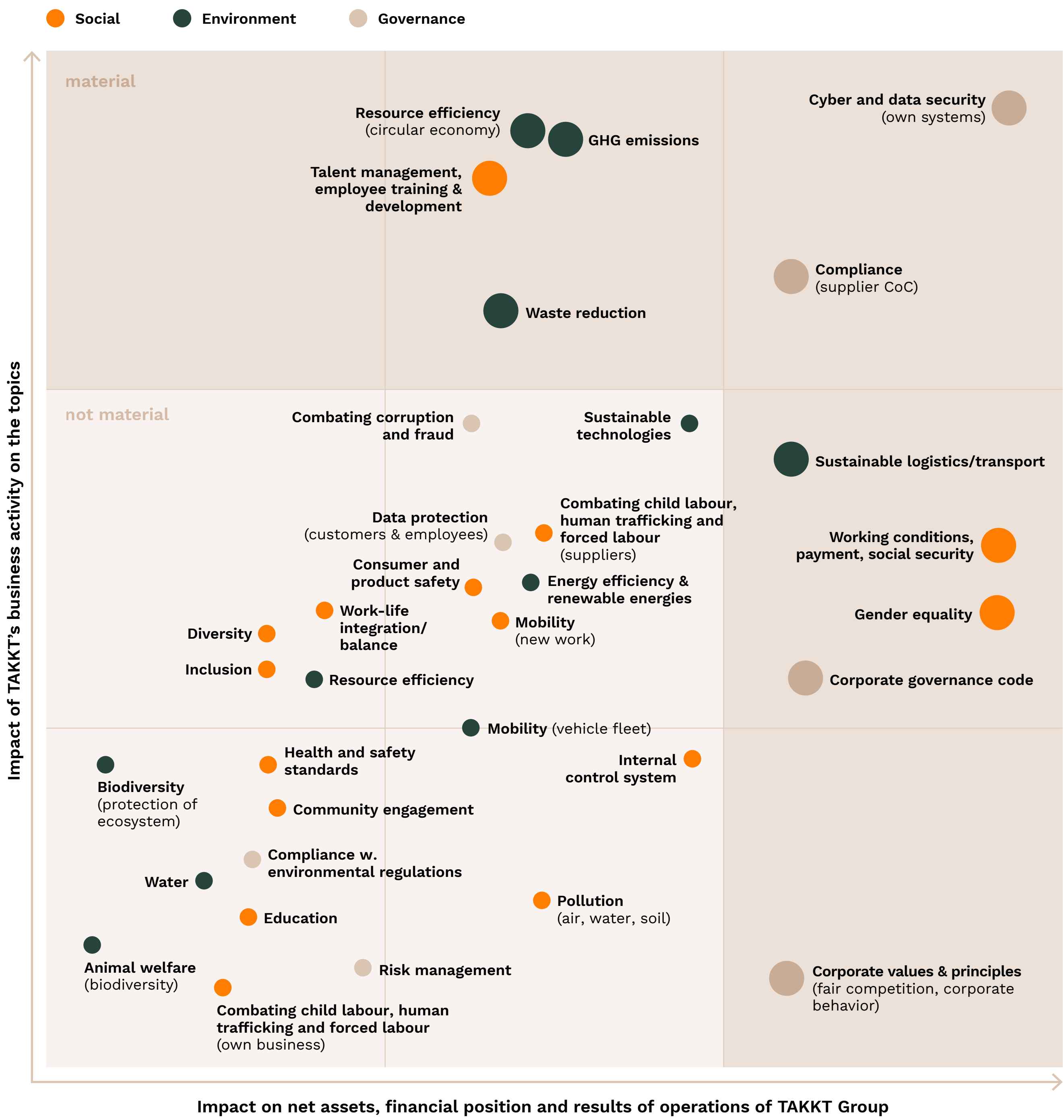
TAKKT's sustainability activities are reviewed on a regular basis in a dialogue with stakeholders. The material aspects are determined on the basis of the non-financial declaration, the sustainable development goals (SDGs) of the United Nations and the standards for sustainability reporting of the Global Reporting Initiative (GRI).

The aim is to gain a comprehensive overview of the topics that are relevant from a stakeholder perspective and also crucial for TAKKT's long-term business success. The materiality analysis is therefore a strategic instrument to ensure TAKKT's long-term added value and future viability.

The most comprehensive stakeholder survey on sustainability to date was carried out in 2020/2021. A quantitative online survey asked 1,250 stakeholders from 18 companies across all TAKKT divisions in eleven countries about their social, environmental and economic needs and expectations.

Based on this stakeholder survey, TAKKT once again conducted a materiality analysis in 2022. This materiality analysis was conducted applying the concept of double materiality with the help of external consultants. The concept of double materiality requires performing an assessment of how sustainability factors affect the company's performance as well as the impact of the company's activities on non-financial aspects. The process has already been carried out preparing for the upcoming Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The review carried out together with an external team of experts confirmed the areas of focus that TAKKT set for itself. The results were presented to the Management Board and approval was obtained.

The chart shows an overview of the fields of action identified as material by TAKKT. A description of all material topics can be found in the GRI index at the end of the sustainability report.



Our Sustainability Roadmap

The key fields of action of the TAKKT Sustainability Roadmap, which are based on the results of the materiality analysis, are at the product level, in logistics and the social area. At the product level, TAKKT wants to make the product portfolio more transparent by means of the "enkelfähig" rating. The effects of the individual products can be gathered, analyzed and documented based on the multidimensional sustainability assessment (SDG 12). In the area of logistics, TAKKT also wants to implement further measures to reduce emissions in the long term (SDGs 7 & 13). In the social area, TAKKT wants to do more for the community, especially through social involvement.

In addition to the product, logistics and social areas, TAKKT has defined "must-haves". This includes the expansion of reporting structures in order to ensure compliance with legal requirements and regulations. This also involves internal and external communication to keep employees, customers, partners and other stakeholders up to date on TAKKT's projects, goals and successes. The ongoing work regarding carbon accounting, regular EcoVadis ratings and in the future the Carbon Disclosure Project (CDP) are also "must-haves" for TAKKT.

Goals

The year 2022 showed a positive development for TAKKT and its subsidiaries in terms of the sustainability key figures. Sales with sustainable products as well as the share of women in executive positions increased and the first steps were taken towards reducing emissions. Specification of the sustainably certified purchasing volume and the resulting new definition of the key figure was successfully implemented. This provides a solid and more manageable basis for the further progress that TAKKT would like to achieve in the coming years.

Results 2022

Focus area	SDGs	Sustainability KPI	Goal 2025	Result 2022
Core business	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Share of enkelfähig products of order intake (in %)	**40%**	**19.8%**
		Purchasing volume from sustainability-certified suppliers (in %)	Ever certified: **80%**	Ever certified: **38.3%**
			Certification obtained in 2025: **40%**	Certification obtained in 2022: **10.9%**
Environment	13 CLIMATE ACTION	Scope 1 & 2 emissions (in t CO_2e)	**7,471 t CO_2e** (20% reduction in comparison to base year 2021)	**8,339 t CO_2e** (11% reduction in comparison to base year 2021)
Commitment	5 GENDER EQUALITY	Share of women in management positions (in %)	**45 %**	**28.9 %**

GOVERNANCE

Sustainability organization

A comprehensive sustainability strategy is absolutely essential for TAKKT. It enables the long-term survival and success of the company by aligning economic, social and ecological aspects. Effective governance ensures that TAKKT acts sustainably in all respects. In addition, it helps in complying with laws and regulations, managing risks and enhancing the company's reputation. By anchoring sustainability in the corporate strategy and decision-making processes, TAKKT demonstrates its commitment to the long-term well-being of our planet and its inhabitants.

The Group-wide SCORE (Sustainable Corporate Responsibility) governance system was fundamentally revised in 2021 and rolled out throughout the company in 2022.

TAKKT Management Board

At TAKKT, sustainability is anchored at the highest level of corporate governance. Accordingly, the TAKKT Management Board is responsible for the entire sustainability performance of the Group. It approves and informs about the vision, mission, strategy, goals and priorities regarding sustainability at TAKKT.

Together with the Vice President of Group Sustainability, the management of the TAKKT divisions and the individual business units, the Management Board regularly reviews the most important sustainability performance indicators. In addition, the Management Board gets informed of the overall progress of the sustainability topics in the TAKKT Executive Meetings on a quarterly basis.

Group Sustainability

The department of Group Sustainability at TAKKT is lead by the Vice President Group Sustainability and is responsible for creating and implementing the sustainability strategy and acts as a central interface between the divisions, business units and external stakeholders. It is also responsible for the development of the sustainability mission, vision, strategy, goals and priorities throughout the entire Group and promotes the implementation of the sustainability roadmap as part of the sustainability strategy.

Furthermore, the Group Sustainability department supports the individual TAKKT companies in transferring the Group-wide goals to company-specific projects and concise implementation plans. The team monitors the implementation, coordinates the exchange of knowledge and is responsible for consolidating the sustainability KPIs tracked throughout the Group

Management

The management of the TAKKT divisions and business units is responsible for the specific sustainability goals, projects and results of its own divisions and companies. It informs its companies and approves relevant measures. In addition, management appoints the SCORE officers in the specific areas who are responsible for the operational implementation of the measures and data collection in the respective companies. Management also designates the contact persons who are responsible for implementing department-specific sustainability projects (e.g., sustainable procurement).

SCORE officers

Together with TAKKT Group Sustainability, the SCORE officers at the individual TAKKT business units develop company-specific sustainability goals and implementation plans in order to achieve the Group-wide goals. This is coordinated with their respective managers. They also coordinate the implementation of projects in the functional areas, assess their progress and are responsible for the corresponding collection, validation and provisioning of data.

They work closely with the function-specific contact persons on the individual sustainability topics in their company.

CLIMATE

Our climate strategy

The impacts of the climate crisis can be felt already today and the global community is facing enormous challenges. The Paris Climate Agreement calls for global warming to be limited to 1.5 degrees Celsius, which means that greenhouse gas neutrality must be achieved by 2045.

TAKKT is also aware of its responsibility toward climate protection, which is why it is an essential part of the Group's corporate strategy. As a global B2B omnichannel distributor, TAKKT wants to reduce the Scope 1 and 2 greenhouse gas emissions of all locations by 50 percent by 2030 compared to the base year 2021. TAKKT is already working towards achieving a reduction of 20 percent by 2025. This is to be achieved through several reduction measures, including insetting projects. The offsetting of emissions by external partners should only be applied as an optional measure, not an integral part of the climate strategy.

Achieving the aforementioned goals by 2025 and 2030 not only requires ambition, but also the necessary willingness to invest. TAKKT sees this challenge as an opportunity to demonstrate its competitiveness and offer added value to stakeholders on an economic as well as social and ecological level over the long term.

The foundation for the path to emission reduction was laid in 2021, when the emissions of all TAKKT companies were calculated in accordance with the GHG Protocol Standard for the first time. In 2022, the focus was on improving the data quality in order to strengthen the validity of the carbon footprint results. In the course of this, software was introduced facilitating the systematic retrieval and aggregation of data from over 60 locations with nearly 100 data suppliers. In addition, it also allows for an external audit of the data, which TAKKT is already preparing for the upcoming changes due to the Corporate Sustainability Reporting Directive (CSRD).

Within the scope of improving data quality, also training on carbon accounting according to the Greenhouse Gas (GHG) protocol was offered to all TAKKT managing directors during the reporting year. The training will be extended to all employees in 2023.

To support TAKKT's climate initiatives, guidelines serve the purpose of helping to implement the climate strategy in the business processes successfully. In 2022, a policy for the reduction of emissions was introduced, which will be rolled out company-wide in 2023. The policy is meant to help employees understand how and when the company wants to reduce emissions within the scope of its business activities. While the new policy is aimed at all employees, it is especially addressed to the SCORE officers and management within the individual TAKKT business units. According to the governance structure, these persons are responsible for implementation of the policy. In addition, the policy will become part of TAKKT's new onboarding process and regular training will be provided over time. Another policy for business travel and company cars is also planned.

Calculation of Scope 1 and 2 emissions

The first steps in the reduction process include the continuous, comprehensive tracking of emission sources and establishing a robust data model for calculating emissions. As in the previous year, emissions of the reporting year were calculated and documented in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. TAKKT reports exclusively according to the location-based allocation method of the GHG Protocol. In the reporting year, emissions were calculated internally for the first time. As a result, data quality was significantly improved.

In-depth and face-to-face conversations with the individual business units revealed a misinterpretation of data from certain consumption points at some of the TAKKT sites in the carbon footprint from the base year 2021. In particular, incorrect energy sources (e.g., gas instead of district heating or electricity) were used for calculating heat at eight locations. This resulted in a higher representation of emissions at the locations concerned. Subsequent recalculation of the emissions for 2021 showed that the actual Scope 1 and 2 emissions in 2021 were 4 percent lower than originally calculated. The recalculated result of the base year emissions can be found in the diagram "TAKKT carbon footprint (in t CO_2e)."

Working closely with the companies to improve data quality also made it possible to achieve a high share of activity-based data. Only 5.5 percent of the emissions were calculated using spend-based data. Spend-based data always involves a certain degree of inaccuracy, for example due to inflation effects. Therefore, the goal is to lower this risk to a minimum. Most of the work was done with primary data, and secondary data was only used in exceptional cases. As a result, the quality of the carbon footprint was further improved in this area as well. Additional software and reporting processes are also planned in all companies in order to make data collection even more efficient in the future.

Results

The emissions shown include the direct emissions caused by TAKKT's activities at the locations (Scope 1) as well as the indirect emissions that arise during the production of externally sourced energy (Scope 2).

Software was used to retrieve data on consumption and associated emissions in a structured manner and allocated into five GHG categories by means of sound emission factors:

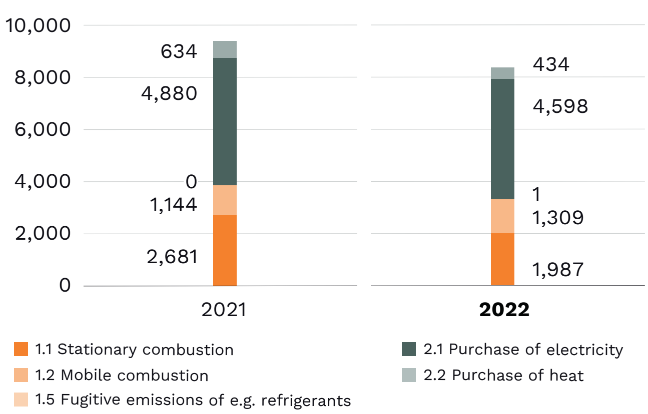
Scope 1: Our direct emissions in the area of stationary combustion (Scope 1.1) were reduced by 694t CO_2e compared to the base year. This can be attributed to energy-saving measures as well as site closures due to company mergers and relocations to more energy-efficient and smaller office premises.

In the area of mobile combustion (Scope 1.2), an increase over the base year was observed. This was attributable to the increasing return of business travel due to the improved pandemic situation.

Scope 2: Indirect emissions from the purchase of heat (2.2) as well as electricity (2.1) were reduced compared to the base year. Here as well, energy-saving measures, site closures and relocations were key factors.

Overall, TAKKT was able to reduce Scope 1 and 2 emissions by 11 percent compared to the base year 2021. In working towards the goal of reducing Scope 1 and 2 emissions by 20 percent by 2025, an in-depth analysis of the potential for reduction is being carried out and project teams being put together. In 2023, the Group-wide emission reduction strategy and corresponding investment planning will be professionalized based on marginal abatement cost curves (MACCs). MACCs are a valuable tool for assessing decarbonization projects. The use of MACCs allows TAKKT to weigh, visualize and evaluate the potential CO_2e savings and associated costs. As a result, informed decisions can be made about which projects offer the most cost-effective method for achieving maximum decarbonization.

TAKKT carbon footprint in t CO_2e



Outlook

In 2023, TAKKT wants to expand the calculation to Scope 3 emissions. To do this, the basis for calculating the following GHG categories first needs to be defined:

- 3.1 Purchased Goods and Services
- 3.2 Capital Goods
- 3.4 Upstream Transportation and Distribution

As a B2B omnichannel distributor, TAKKT wants to take responsibility for the emissions generated during the production and transport of the products sold. In order to achieve this, TAKKT is also planning to calculate a product carbon footprint (PCF) for the most important products from its in-house production in 2023. This is intended to create more transparency at the customer level and also support our suppliers in terms of incorporating more sustainability aspects into their business activities.

TAKKT wants to work together with its logistics partners on lower-emission transport solutions and optimizing delivery routes in the future. In this regard, the use of renewable energy sources is no longer demanded solely by TAKKT, but increasingly becoming a part of the requirements of its partners as well. This makes collaboration and achieving optimal results considerably easier and also motivates TAKKT to take this step together.

By extending the calculation to Scope 3 emissions, TAKKT will be able to determine where the greatest consumption of energy, materials and resources occurs within its supply chain. In addition, it allows TAKKT to encourage its suppliers to calculate their own carbon footprint and to develop corresponding reduction measures.

ENVIRONMENT & ENERGY

ISO certification and EMAS

Environmental and energy certifications are a fundamental element of sustainability assessment in companies. TAKKT also uses various standards to assess and improve product portfolios, supply chains and production processes. In addition, they serve as the basis for future certifications within the company. In particular, the ISO 9001 (quality management systems), 14001 (environmental management systems) and 50001 (energy management systems) standards are widely used throughout TAKKT. 17 TAKKT locations are already certified in accordance with ISO 9001, 12 in accordance with ISO 14001 and 8 in accordance with ISO 50001.

In addition, ratioform has an EMAS certification in Germany, Austria and Switzerland. EMAS is a performance-based system at the operational level that can be used for climate protection, sustainability and resource conservation. In addition, it serves for evaluating, reporting and improving the environmental performance of TAKKT and its companies.

TAKKT and its subsidiaries obtain the external environmental and energy certifications annually and this confirms that the approach chosen to achieve sustainability is also a reality and continuously driven at their locations. Another significant step is the work being carried out to certify TAKKT's Stuttgart location according to ISO 14001.

In addition, various TAKKT subsidiaries are members of other initiatives and business networks such as the Charta der Vielfalt (Diversity Charta) and B.A.U.M., are part of the EcoVadis sustainability ranking or received a FSC certification.

PRODUCTS

"Enkelfähig"

As a B2B omnichannel distributor, TAKKT has the greatest influence in making the product portfolio as sustainable as possible together with its suppliers. For this reason, a new product classification system, called the “enkelfähig” rating, was introduced in 2021 to measure the sustainability of products and improve transparency regarding the product range.

TAKKT keeps a close eye on its target of generating 40 percent of its sales with “enkelfähig” products by 2025 and together with the business units is working on an evaluation of the products adapted to their business area. Different markets, products and customer needs require a coordinated analysis of the product evaluations.

In addition to the must-have criteria, whose non-fulfillment prohibits a sale by a TAKKT business unit and which are based on the ten principles of the UN Global Compact, the products are also evaluated in the categories of circular economy, climate change, economic efficiency, biodiversity and innovation. In order to sufficiently evaluate these categories, subcategories based primarily on objective master data and supplier questionnaires were created in order to ensure an unbiased evaluation. In the course of the rating preparation, the evaluation according to BIFMA (Business and Institutional Furniture Manufacturer’s Association) also proved to be “enkelfähig.” A particular influencing factor is the evaluation of suppliers by EcoVadis because sustainability performance is measured objectively and the positive performance also has an impact on the product and its manufacture. The rating scale starts at 1.0 for “non-enkelfähig” products and products with very low “enkelfähig” potential, while products with a value of 3.0 or higher qualify as “enkelfähig.”

„An ‘enkelfähig’ product or service has fewer negative social and environmental impacts than comparable products and services.

‘Enkelfähig’ solutions therefore do not generally have a negative impact on society, the environment, human or labor rights, and is compliant to all rules and regulations that apply in the entire value chain of its lifecycle.“

What TAKKT achieved in 2022

Overall, TAKKT reports an “enkelfähig” sales share of 19.8 percent in 2022. This figure is well above the target value defined for this year. One of the reasons for this was the higher than anticipated generation of “enkelfähig” sales of the individual subsidiaries. In addition, TAKKT is ahead of schedule at the American companies and was able to report better earnings by including CO_2e-offset transport services in the “enkelfähig” evaluation. Due to varying market requirements and the internal transformation, the evaluation processes of the

Must have criteria

- › No child labor
- › No corruption or bribery
- › No infringement of labor rights and minimum wages
- › No discrimination
- › No personal or environmental harm

+

Enkelfähig criteria

- › Circularity
- › Climate change
- › Biodiversity
- › Profitability
- › Innovation

=

Enkelfähig rating

5 **ENKELFÄHIG IMPACT SOLUTION**
best solution

4 **ENKELFÄHIG CONTRIBUTOR SOLUTION**
extraordinary product

3 **ENKELFÄHIG SOLUTION**
absolutely enkelfähig product

2 **NOT ENKELFÄHIG**
solution with possibilities to improve

1 **NOT ENKELFÄHIG**
low enkelfähig potential

individual companies are still differing in the degree of maturity. The goal is to first establish uniform evaluation processes within the divisions as part of the transformation and then continuously adapt and improve them. Due to the different market requirements and levels of process maturity, the progress of TAKKT's "enkelfähig" product portfolio in the individual divisions requires a differentiated approach. The following information describes the current status of the rating processes within the TAKKT divisions:

I&P: Evaluation of the product portfolio has been nearly completed and the next major step will be implementing the score in the ERP system.

FS: For the American market, the supplier surveys required for scoring have been sent out and a European pilot project was launched with a large catering equipment supplier.

OF&D: The products from the entire range with the highest probability of exceeding the "enkelfähig" score of 3 have already been rated.

Outlook for 2023

The aim is to expand the already strong performance of TAKKT's sustainable product portfolio (19.8 percent) in the future. An interim target of 21.7 percent will be set for 2023 in order to achieve the long-term goal of 40 percent "enkelfähig" sales by 2025. Due to the very good implementation of the rating ("enkelfähig" rating) of the existing product portfolio of the companies, TAKKT has started 2023 with a lot of tailwind. Despite this positive development in 2022, TAKKT expects a relatively moderate increase in 2023. The harmonization of the rating processes between the companies is initially expected to result in a slight temporary decline in "enkelfähig" products. However, this will be more than offset by the progress of the product portfolio evaluation of our FS and OF&D divisions as well as by the expansion of marketing activities (including online and offline campaigns) for "enkelfähig" products and new product launches. Within the scope of the implementation of TAKKT's Caring strategy, these activities represent an important initiative and are managed by the top management.

Sustainable products at D2G

D2G has already made a sustainable start in its product portfolio with its Greenprint products. The aim of the Greenprint product range is to improve the environmental impact of the products in order to meet the growing customer requirements. The Greenprint product range includes various approaches for making the future more sustainable. Therefore, it is already paving the way for a comprehensive "enkelfähig" portfolio. Environmentally friendly product features, innovative solutions and transparency are at the core of the concept. Even though the initiative is just getting underway, various approaches will help make D2G's offerings more sustainable in the future:

The sustainability characteristics of the products will be reviewed on a regular basis by means of a sustainability rating. In line with our "enkelfähig" rating, the emphasis is on recyclability, climate impact and environmental compatibility as well as the innovative characteristics of the products. FSC-certified materials are increasingly being used in Greenprint products. In addition, D2G is already producing some of the products in-house in Fall River. Besides recycled materials, this also involves the reuse of raw material waste.

SUPPLY CHAIN

EcoVadis in the supply chain

For TAKKT as an international B2B omnichannel distributor, the procurement of goods is an important aspect of the value chain. Supply chains therefore play an extremely important role and are a key factor for the long-term development of the company. The sustainability of supply chains is gaining significance, which is why TAKKT works closely with the internationally recognized CSR platform EcoVadis. The collaboration with EcoVadis enables TAKKT to put greater focus on supply chain sustainability. The screening process can be used to identify development potential and improve transparency with regard to sustainable action in the business models of suppliers.

The EcoVadis analysis covers four areas: Environment, labor and human rights, ethics, and sustainable procurement. Companies connected via the portal can view the results and use them to make suggestions for improvement to the suppliers. The program has been gradually expanded since its first use in 2013. In addition, relevant environmental and social risks across the entire supply chain will be systematically recorded and evaluated for the first time in 2023 as part of the reporting on the German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG]) and made available to the public starting in 2024.

Realignment of the key figure

Since CSR standards, international regulations and customer expectations are constantly changing, it is imperative that companies demonstrate continuous improvement by participating in regular CSR assessments. When gathering the KPI "purchasing volume from sustainably certified suppliers," TAKKT exclusively targeted all suppliers certified in the past (38.3 percent) until 2022.

In order to operate more closely in line with global best practices in the future – and thereby in accordance with the validity of EcoVadis ratings (12 months) – TAKKT has defined an additional narrower KPI with "Purchasing volume of EcoVadis sustainability-certified suppliers." In this key figure, purchasing volumes are only included if the respective supplier was certified or re-certified within the reporting period and had a current valid certification in place as of the effective date of December 31, 2022. This more narrowly defined KPI results in a baseline of 10.9 percent purchasing volume from EcoVadis-certified suppliers. The target value for this KPI is 40 percent by 2025. TAKKT is already working on several measures to achieve this ambitious goal, including the implementation of the German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG]), cooperation with suppliers in an "enkelfähig" rating and general product portfolio and supplier management.

EcoVadis at TAKKT

This year, the Kaiser+Kraft Group (including Gerdmans and Runelandhs) also received the EcoVadis Gold Seal for its sustainability activities. This puts it at the top 3 percent of all EcoVadis-certified companies and among the top 1 percent in the industry.

Ecovadis assessment of the Kaiser+Kraft Group

SOCIAL

Our values

TAKKT's core behaviors serve as the basis for value-based leadership and collaboration. TAKKT's company-wide code of conduct encompasses the following values:

„Think Customer First": We make it easy to do business with us. Our customer is the center of everything we do.

„Empower Others": We engage our employees through open feedback, collaboration, transparency and teamwork.

„Improve Every Day": We challenge the status quo and quickly embrace change. We keep it simple and impactful.

„Take Ownership": We are accountable for our targets and always deliver on our commitments.

„Compete for Success": We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

The five core behaviors define what is expected of every employee. Not only do they apply in everyday working life within TAKKT, but also in the collaboration with customers and partners.

During the annual performance reviews and in the day-to-day management activities, TAKKT executives and employees are regularly made aware of the applicable code of conduct. The aim is to ensure that all of TAKKT's activities are aligned with its values. In particular, executives are measured and evaluated on the basis of the annual performance review with regard to their compliance with the value-based standards of conduct.

Employee interests

The working conditions of TAKKT's employees are based on the respective legal framework and local market conditions. In addition to fairness, the overall experience of employees and the corporate culture are also paramount. Guided by the core behaviors, TAKKT strives for a culture of open feedback, autonomy, empowerment, collaboration and transparency. TAKKT has set itself the goal of promoting "new worlds of work" within the company for customers as well as employees by supporting the integration of work and family through various types of working models. Whether in the office, at home, on the train or in a café – a hybrid working model benefits employees as well as the company and environment. Many of our employees greatly appreciate the hybrid workplace design.

Dedicated employees are the reason for TAKKT's corporate success. Employees play a decisive role in the overall success of the company. That is why it is important for TAKKT to obtain regular feedback from employees to gain insight into what is working well and what should be improved. One of the feedback surveys that TAKKT conducts is the Employee Net Promoter Score (eNPS), which evolved from the Customer Net Promoter Score (cNPS) and its evaluation methodology. The evaluation is based on how likely employees are to recommend the company as a workplace. Despite the current stage of the transformation, TAKKT was able to achieve an eNPS of 11 in the reporting year. TAKKT wants to achieve an eNPS of 50 by 2025. The company is optimistic that this can be achieved through regular employee feedback and by implementing measures to improve the employee experience. Even if the eNPS is tracked and measured company-wide, it is important to know that it is only one source of employee feedback. TAKKT encourages employees and executive staff to maintain a continuous flow of communication and make suggestions for improvement, such as through pulse surveys, town halls and Q&A formats.

Training and qualification

TAKKT's goal is to fill executive and key positions internally to the greatest extent possible. By doing this, TAKKT enables career paths for employees and provides development opportunities. Talent management at TAKKT strives to identify, promote and further the potential and areas of development of employees in a targeted manner. This is done as part of a structured process that includes annual talent conferences, dialogues between employees and executives, as well as measures for professional and individual training in many areas of the company.

TAKKT offers internal and external job-specific as well as leadership training opportunities to develop professional, methodical and managerial skills. The offerings of the Enkelfähig Academy of Haniel with a focus on management development and job-specific training complete the portfolio of continuing education opportunities. Furthermore, employees have the opportunity to work on international, interdisciplinary, divisional and transnational projects. Work shadowing and job rotation opportunities in order to build individual skills complement the range of development measures.

In addition, as part of the current transformation processes within TAKKT, many executives participated in change management training courses and workshops. These offerings help them to support and successfully implement the transformation of the organization and achieve the defined target state with their teams.

Equal opportunity

TAKKT employs a wide variety of people. Employees from varied cultural backgrounds and different generations enrich the daily work life of all divisions. Employees are encouraged to bring their perspectives, skills and experiences into everyday work life. TAKKT sees this diversity as a great strength.

TAKKT therefore promotes an understanding of leadership that values diversity and does not tolerate any form of discrimination. The principle of equal opportunity applies to both internal and external job placements: Recruitment decisions are made solely on the basis of skills and qualifications. The employees who work in human resources are trained to avoid unconscious or implicit biases. This helps to ensure equal opportunity in all of the department's processes.

TAKKT also supports the annual Girls' Day and Boys' Day. The event is part of a federal project aimed at improving the career opportunities of girls in particular. At the same time, boys have the chance to learn about professions in which they are still underrepresented. In this way, TAKKT takes responsibility for the future of diversity within the company as well as in society. In addition, anti-harassment training for staff is carried out on a regular basis at TAKKT's US companies.

At present, the focus of TAKKT's diversity management is on increasing the share of women in executive positions. In addition to corresponding recruitment activities, this also involves specifically empowering female junior staff for the next step in their career. Since 2022, TAKKT has been promoting networking among female executives through a "Female Leadership Network" exchange event held regularly.
As of the end of the reporting year 2022, women made up 43.2 percent of all employees at TAKKT. In the previous year, it was 43 percent. The share of executive positions was 28.9 percent compared to 27.3 percent in the previous year. The aim is to increase the share of women in executive positions to 45 percent by 2025 and 50 percent by 2026.

A variety of work time models within TAKKT enable a high level of flexibility and offer development opportunities at all phases of life. In addition, TAKKT has established a concept of shared leadership which also enables part-time employees to hold leadership positions. This development will be complemented by shared positions.

Furthermore, TAKKT has established structured processes for assessing employee performance. During annual performance reviews, personal development goals are agreed upon in order to promote individual skills. This way, TAKKT ensures that all employees have equal opportunities and possibilities for professional and personal development.

Social responsibility

TAKKT sees itself as part of society and therefore as a driver of local projects. For TAKKT, social commitment is an important part of responsible action. The ENGAGE program supports employees who would like to contribute to society through volunteer work. By taking paid leave of absence, they have the option to pursue self-initiated activities on site or to take advantage of programs offered by non-profit organizations. In addition to supporting organizations and institutions that engage in environmental and social issues, this also promotes volunteer commitments by the employees.

Activities such as zero-waste cooking courses and clean walks are also regularly offered as part of the ENGAGE program. The aim of these initiatives is to inspire and encourage employees to make a valuable contribution to society in the area of sustainability.

In addition, TAKKT regularly calls on its employees to participate in fundraising campaigns. TAKKT matches all the donations contributed by employees and gives the money to non-profit emergency relief organizations.

Respect for human rights

Compliance with legal and contractual obligations as well as with ethical principles are highest priority at TAKKT. In order to ensure this and to support employees in their day-to-day work, the company adopted a revised TAKKT Code of Conduct in 2014. It is derived from the company values and the principles of the United Nations Global Compact as well as other international standards. The code of conduct is currently being updated and adapted to the new legal and ethical standards. The new code of conduct will be published within 2023.

As a large B2B omnichannel distributor, TAKKT bears responsibility in particular for its highly complex supply chains. After all, the working conditions and the impacts on the environment of how raw materials are extracted, products are manufactured and sales are concluded are highly relevant for TAKKT. In preparation for the German Supply Chain Due Diligence Act, TAKKT has formed an interdisciplinary team comprising employees from Compliance, Purchasing and Sustainability, whose goal it is to make sustainability and risks in TAKKT's supply chain transparent across functions and to manage them. TAKKT will anchor the comprehensive responsibility for the topic of human rights at the level of the holding company as well as the division level.

At the end of 2022, a project was launched together with majority shareholder Haniel to ensure compliance with the German Act on Corporate Due Diligence Obligations in the Supply Chain (LkSG) and a human rights officer was appointed. This ensures full compliance and implementation of the human rights charter to be published for all TAKKT shareholdings. Within this context, a transition will be made to determined risk management on the basis of the comprehensive risk analysis. In this way, measures specifically adapted to each supplier's risk profile will be developed to eliminate or reduce any risks identified, and their implementation status will be regularly monitored. This is how TAKKT ensures and takes responsibility for a continuously improving supply chain.

In addition to all the precautionary measures, there is the possibility of reporting transgressions in the supply chain via a complaint mechanism, which can be reached at any time. This ensures that incidents can be addressed promptly.

Combating corruption and bribery

TAKKT's corporate values provide a touchstone and form the basis for internal collaboration as well as cooperation with business partners. Responsible corporate management (Corporate Governance) is one of TAKKT's fundamental principles. For this reason, TAKKT explicitly supports the objectives of the German Corporate Governance Code. Taking a responsible approach to business-related risks is one of the requirements of good corporate governance. The Management Board and management have extensive Group-wide and company-specific reporting and control systems available to them, which make it possible to record, assess and manage these risks. Compliance with all statutory and contractual obligations associated with responsible corporate governance is a company-wide priority matter. TAKKT is subject to various compliance requirements from e.g., the areas of antitrust law, the capital markets and data protection. Failure to comply with the Group-wide compliance principles (e.g., in the area of antitrust law or capital markets) may lead to significant legal consequences (e.g., legal proceedings, exclusion from public procurement processes) and resulting financial effects (e.g., fines, loss of revenue due to reputational damage) and ultimately have a negative effect on earnings. To counter this risk, TAKKT has a centralized compliance management function that is audited by the departments and the compliance officer. These measures allow possible breaches to be identified quickly. In addition to the existing TAKKT values, the TAKKT Code of Conduct and the TAKKT compliance management guideline (e.g., for anti-corruption and anti-discrimination matters), TAKKT also has a compliance helpline set up, where employees can report compliance violations anonymously. In addition, TAKKT has expanded the existing system where employees are trained in compliance-related issues both in person and via an online platform and receive a certificate after successful completion of a test. Additional training on core issues in compliance is offered as needed.

NON-FINANCIAL DECLARATION, EU TAXONOMY, GRI CONTENT INDEX

Non-financial declaration

Parts of this sustainability report serve to fulfill the non-financial declaration resulting from the legal requirements for TAKKT AG as a listed company. An overview of the components and their detailed coverage within the sustainability report can be found in the following table:

NFD components	Section and page(s) Sustainability report
Environmental issues	„Climate" pp. 194-195 „Environment & Energy" p. 196
Employee issues	„Employee interests" p. 200
Social issues	„Social responsibility" p. 202
Respect for human rights	„Respect for human rights" p. 202
Combating corruption and bribery	„Combating corruption and bribery" pp. 202-203

The remaining parts of the sustainability report contain additional information which is not part of the non-financial declaration.

EU taxonomy

Introduction

As part of the European Green Deal, the EU Taxonomy Regulation creates an EU-wide framework that aims to support financial market actors in assessing to which extent certain economic activities can be classified as sustainable. This should, on the one hand, promote investments in more sustainable technologies and industries and, on the other, further increase the transparency and comparability of sustainability reporting. For this purpose, the EU has defined six goals that capital market-oriented companies should use to report their contribution based on three key performance indicators: sales, capital expenditure (CapEx) and operating expenses (OpEx). Pursuant to Article 8 of the Regulation (EU) 2020/852 dated June 18, 2020 and the delegated acts dated June 4, 2021, and July 6, 2021, TAKKT is obligated to report on sustainable economic activities based on the classification system of the EU Taxonomy.

For the 2022 fiscal year, only the relevant economic activities that are eligible for the taxonomy in relation to the environmental objectives 1 "Climate change mitigation" and 2 "Climate change adaptation" are initially to be reported on. A list of activities in various sectors that have the potential to make a significant contribution to the respective environmental objective was determined for each environmental objective. If an economic activity in this list is mentioned, it may be taxonomy-eligible. For this purpose, a review is carried out to determine whether the legislative description provided corresponds to the actual economic activity. The extent to which taxonomy-eligible activities are actually aligned to the taxonomy (in their compliance with certain technical screening criteria targets) will also be reported on from this year.

Methodology of the impact analysis

A cross-functional team was set up at TAKKT to determine the taxonomy-eligible activities, with its core team comprising the Group Sustainability and Group Accounting departments. In the first step, all the economic activities relating to Annexes 1 and 2 of the delegated act of Regulation (EU) 2020/852 were analyzed to determine whether they are at all relevant for an examination to determine taxonomy eligibility. In the second step, these taxonomy-relevant activities were examined to determine their potential taxonomy eligibility. For the activities identified as taxonomy-eligible, corresponding key performance indicators were gathered via the accounting systems and supplementary information was obtained from function-specific contacts in the business units. Double counting was avoided by taking into account either clearly attributable postings to the respective accounts or data collections from the respective functions of the business units. The two data collection methods were not combined per activity and business unit to avoid overlaps.

Capital expenditure and operating expenses can be taxonomy-eligible if either the capital expenditure is incurred in direct connection with actual or future expected income from taxonomy-eligible revenue (Options A and B of the definition in Annex 1 of the delegated act of EU Regulation 2020/852) or if they are incurred in connection with "enabling activities" through the purchase of taxonomy-eligible third-party goods or services (Option C). Since TAKKT itself does not generate any taxonomy-eligible revenue, only the latter definition is relevant for TAKKT. The taxonomy-relevant capital expenditures correspond to all additions to non-current assets. Operating expenses relevant to the taxonomy relate to direct, non-capitalized costs, which relate in particular to building renovation measures, short-term rental, maintenance and repair of property, plant and equipment.

Results

With respect to environmental objective 2 “Climate change adaptation,” no taxonomy-eligible revenue, operating expenses or capital expenditure was identified at TAKKT. With respect to environmental objective 1 “Climate change mitigation,” no taxonomy-eligible revenue was identified at TAKKT for the 2022 fiscal year. The reason for this is not that TAKKT’s business activities are less sustainable than the activities defined in the EU taxonomy. Rather, the EU taxonomy has so far mainly focused on the economic activities of the sectors with the highest emissions (energy, industry, transport and agriculture) because their reduction has the greatest impact on the environmental objectives. Since TAKKT as a B2B omnichannel distributor does not belong to any of these sectors, TAKKT’s revenue is not covered by the economic activities defined in the EU taxonomy. The taxonomy-eligible capital expenditure and operating expenses can be found in the compressed table and in the detailed tables in the notes to the annual report. TAKKT does not report any taxonomy-aligned economic activities for the 2022 reporting year.

GRI Index

The following overview (pp. 208 ff.) was prepared in reference to the 2021 GRI Sustainability Reporting Standards.

Figures under the terms of the EU taxonomy in EUR thousand

	Taxonomy-relevant	Taxonomy-eligible		Not taxonomy-eligible		Taxonomy-aligned	
Revenue	–	–	0%	–	0%	–	0%
Capital expenditures	16,569	5,396	33%	11,173	67%	–	0%
Operational expenses	9,767	1,375	14%	8,392	86%	–	0%

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) in TEUR	Proportion of CapEx (4) in %	Climate change mitigation (5) in %	Climate change adaptation (6) in %	Water & marine resources (7) in %	Circular economy (8) in %	Pollution (9) in %	Biodiversity & ecosystems (10) in %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water & marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity & ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, 2022 (18) in %	Taxonomy-aligned proportion of CapEx, 2021 (19) in %	Category (enabling activity) (20) E	Category '(transitional activity)' (21) T
				Substantial contribution criteria						**DNSH criteria (‚Does Not Significantly Harm')**										
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Acquisition and ownership of buildings	7.7	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Data processing, hosting and related activities	8.1	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**	**0%**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1,607	9.7%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	114	0.7%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	97	0.6%																	
Acquisition and ownership of buildings	7.7	1,882	11.4%																	
Data processing, hosting and related activities	8.1	1,696	10.2%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,396**	**32.6%**														–	–		
Total (A.1 + A.2)		**5,396**	**32.6%**														**0%**	**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**11,173**	**67.4%**																	
TOTAL (A + B)		**16,569**	**100.0%**																	

				Substantial contribution criteria						DNSH criteria (‚Does Not Significantly Harm‘)										
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx (3)** in TEUR	**Proportion of OpEx (4)** in %	**Climate change mitigation (5)** in %	**Climate change adaptation (6)** in %	**Water & marine resources (7)** in %	**Circular economy (8)** in %	**Pollution (9)** in %	**Biodiversity & ecosystems (10)** in %	**Climate change mitigation (11)** Y/N	**Climate change adaptation (12)** Y/N	**Water & marine resources (13)** Y/N	**Circular economy (14)** Y/N	**Pollution (15)** Y/N	**Biodiversity & ecosystems (16)** Y/N	**Minimum safeguards (17)** Y/N	**Taxonomy-aligned proportion of OpEx, 2022 (18)** in %	**Taxonomy-aligned proportion of OpEx, 2021 (19)** in %	**Category (enabling activity) (20)** E	**Category ‚(transitional activitiy)‘ (21)** T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Collection and transport of non-hazardous waste in source segregated fractions	5.5	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Installation, maintenance and repair of energy efficiency equipment	7.3	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Acquisition and ownership of buildings	7.7	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Data processing, hosting and related activities	8.1	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
Professional services related to energy performance of buildings	9.3	–	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	0%	–	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**	**0%**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Collection and transport of non-hazardous waste in source segregated fractions	5.5	366	3.8%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	89	0.9%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	57	0.6%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	64	0.7%																	
Acquisition and ownership of buildings	7.7	662	6.8%																	
Data processing, hosting and related activities	8.1	133	1.4%																	
Professional services related to energy performance of buildings	9.3	5	0.0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,375**	**14.1%**														–	–		
Total (A.1 + A.2)		**1,375**	**14.1%**														**0%**	**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		**8,392**	**85.9%**																	
TOTAL (A + B)		**9,767**	**100.0%**																	

GRI-section	Disclosures 2022
GRI 1 Foundation	For the second year in a row, TAKKT AG reports with reference to the guidelines of the GRI standard. TAKKT AG is in the process of introducing standardised key data collection with the aim of being able to report in accordance to the GRI standards in the following year.
GRI 2 – 1-a Legal name	TAKKT AG
GRI 2 – 1-b Nature of ownership and legal form	TAKKT AG is a stock corporation under German law. The company has been listed in the Prime Standard of the German Stock Exchange since January 01, 2003. Ownership structure as of 12/31/2022: – Franz Haniel & Cie. GmbH (FHC) 65% – Free float: 35%
GRI 2 – 1-c Location of headquarters	Stuttgart, Germany
GRI 2 – 1-d Countries of operations	TAKKT AG is a global company with locations in Europe and the United States of America. TAKKT AG is represented by a total of 54 companies in over 25 countries.
GRI 2 – 2-a Entities included in the sustainability reporting	To review the list of companies in the consolidated annual financial statements, see p. 149. The organizational reporting boundaries for the non-financial or sustainability matters reported in 2022 include all TAKKT companies worldwide.
GRI 2 – 2-b Differences between those entities included in financial reporting and those included in sustainability reporting	The non-financial reporting covers all entities included in TAKKT's financial reporting.
GRI 2 – 2-c Approach for the consolidation of the information of all entities incl. minority interests	The scope of consolidation in the non-financial reporting corresponds to that in the financial reporting. Companies in which TAKKT holds a minority interest are not controlled by TAKKT and are not part of the non-financial reporting.
GRI 2 – 3-a Reporting period and frequency	The reporting period corresponds to TAKKT's financial year and is the calendar year 2022. Relevant information is included up to the editorial deadline of March 10, 2023. The sustainability report is prepared with reference to the GRI standard and will be published annually as part of the annual report since the reporting year 2022.
GRI 2 – 3-b Reporting period for financial reporting	The reporting period for the financial reporting corresponds to TAKKT's financial year and is the calendar year 2022.
GRI 2 – 3-c Publication date of the sustainability report	March 28, 2023
GRI 2 – 3-d Contact point for questions regarding the report	Philipp Petry, Vice President Group Sustainability
GRI 2 – 4-a Restatements of information from previous reporting periods	By internalizing the entire emission calculation for 2022, a misinterpretation of data from certain consumption points at individual TAKKT sites were detected. Essentially, the wrong energy sources (e.g. gas instead of district heating or electricity) were used for the calculation at eight sites for heating. As a result, the emissions at these sites were overstated. A subsequent recalculation of emissions for 2021 showed that Scope 1 and Scope 2 emissions are 4% lower than originally calculated. The recalculated result for the base year 2021 can be found on page 195.

GRI-section	Disclosures 2022
GRI 2 – 5-a Policy and practice for seeking external assurance	At the request of TAKKT AG's Management Board, the Sustainability Report 2022 was subjected to an independent review by the auditing company Ebner Stolz GmbH & Co. KG (see certification p. 216). The results were presented to and approved by the Supervisory Board at its meeting on March 24, 2023.
GRI 2 – 5-b Information about the audit	On behalf of TAKKT AG's Management Board, the Sustainability Report 2022 was subjected to an independent review by the auditing company Ebner Stolz GmbH & Co. KG. The auditing company has been continuously working as the auditor of TAKKT AG, Stuttgart, since the financial year 1999.
GRI 2 – 6-a Industry	See pp. 30 ff.
GRI 2 – 6-b Value chain	See pp. 30 ff.
GRI 2 – 7-a Employees by gender and region	Total number of employees by gender: Employees as of 12/31/2022 (headcount): 2.645 Asia: female 1; male: 1 Europe: female 743; male: 1070 North America: female 398; male: 432
GRI 2 – 7-c Methodology used to compile the data	The data was compiled on head count basis for the entire TAKKT AG and applies to December 31, 2022.
GRI 2 – 9 Governance structure and composition	See Corporate Governance Statement 2022 https://www.takkt.de/en/investors/corporate-governance/declaration-on-corporate-governance/
GRI 2 – 10 Nominating and selecting the highest governance body	See Corporate Governance Statement 2022 https://www.takkt.de/en/investors/corporate-governance/declaration-on-corporate-governance/
GRI 2 – 11-a Chairman of the highest governance body	See pp. 25 ff.
GRI 2 – 12 Role of the highest governance body in overseeing the management of impacts	See p. 193
GRI 2 – 14 Role of the highest governance body in sustainability reporting	The sustainability report, including the material topics, is reviewed and approved by the Management Board of TAKKT AG. In addition, the Management Board of TAKKT AG prepares the non-financial disclosure, which is reviewed by the Supervisory Board of TAKKT AG.
GRI 2 – 16-a Communication of critical concerns to the highest governance body	The Chief Compliance Officer submits a summarized compliance report to the Supervisory Board once a year. Furthermore, in case of critical compliance incidents, an ad hoc report is submitted by the Chief Compliance Officer to the Executive Board. Generally, the management, among others, is also part of the sanctioning body, which is gathered together after the completion of the main proceedings in case of confirmation of the suspicion. Exceptions are made if the hierarchy levels are differing a lot.
GRI 2 – 16-b Number of critical concerns	No incident was reported during the reporting period.
GRI 2 – 17 Collective knowledge of the highest control body	See Corporate Governance Statement 2022 https://www.takkt.de/en/investors/corporate-governance/declaration-on-corporate-governance/

GRI-section	Disclosures 2022
GRI 2 – 19-a Remuneration policies	See remuneration report pp. 174 ff.
GRI 2 – 20 Process for determining remuneration	See remuneration report pp. 174 ff.
GRI 2 – 22 Statement on sustainable development strategy	See pp. 189 – 193
GRI 2 – 23 Policy commitments	See p. 202
GRI 2 – 26-a Mechanisms for seeking advice and raising concerns	All internal and external reporting channels are explained in internal compliance training courses and in the corporate compliance policy. In addition to the compliance helpline, a corporate whistleblower hotline, which is also available for anonymous indications and is accessible to both internal and external whistleblowers, the compliance team, the compliance officer or the works council can be contacted. After a plausibility check, each indication is followed up on. An internal code of conduct has been established which states guidelines for appropriate behavior.
GRI 2 – 27 Compliance with laws and regulations	There was no known non-compliance with environmental protection laws and regulations during the reporting period.
GRI 2 – 28 Membership associations	– bevh Bundesverband E-Commerce und Versandhandel – CDP – Stiftung Allianz für Entwicklung und Klima
GRI 2 – 29 Approach to stakeholder engagement	See pp. 190 – 191
GRI 2 – 30 Collective bargaining agreements	TAKKT's German companies are guided by the applicable collective bargaining agreements. Thus, no TAKKT employees are covered by collective bargaining agreements. In the United States, there are no employees covered by collective bargaining agreements due to the fundamentally different employer-employee relationship.
GRI 3 – 1 Process to determine material topics	See pp. 190 – 191
GRI 3 – 2 List of material topics	Material topics for TAKKT were identified through a thorough materiality assessment. The chart on page 191 illustrates the materiality of topics according to the double materiality assessment: – Resource efficiency (circular economy) – Waste reduction – Sustainable logistics / transport – GHG emissions – Gender equality – Talent management, employee training & development – Working conditions, payment, social security – Compliance (supplier Code of Conduct) – Cyber and data security (own systems) – Corporate governance code – Corporate values and principles (fair competition, corporate behavior)
GRI 305 – 1-a Direct (Scope 1) GHG emissions	3,298t CO_2e

GRI-section	Disclosures 2022
GRI 305 – 1-b Gases included in the calculation	In the calculation of Scope 1 emissions, all gases used in TAKKT's operations were converted into CO_2 equivalents.
GRI 305 – 1-d Base year for calculation	The base year is the year 2021, in which the carbon footprint for all TAKKT companies was systematically collected for the first time. As can be read in the "Climate" section of the sustainability report on pages 194 ff., the scope 1 emissions of the base year 2021 were recalculated. Compared to the base year 2021 (3,825t CO_2e), the scope 1 emissions were reduced by 14%.
GRI 305 – 1-e Source of emission factors	For the subsequent calculation, the emission factors of the following offices, authorities and organizations were used, among others: BEIS, UBA, EEA, EPA.
GRI 305 – 1-f Consolidation approach	TAKKT reports emissions according to the consolidation approach of operational control and exclusively according to the location-based accounting approach of the GHG Protocol.
GRI 305 – 1-g Standards, methodologies, assumptions and / or calculation tools used	Like for 2021, emissions for 2022 were determined according to the GHG Protocol Corporate Standard. The data was collected with the help of a software. The calculation was conducted using data models in Microsoft Excel.
GRI 305 – 2-a Energy indirect (Scope 2) GHG emissions	5,041t CO_2e
GRI 305 – 2-b Gases included in calculation	In the calculation of Scope 2 emissions, all gases used in TAKKT's operations were converted into CO_2 equivalents.
GRI 305 – 2-d Base year for calculation	The base year is the year 2021, in which the carbon footprint for all TAKKT companies was systematically collected for the first time. As can be read in the "Climate" section of the sustainability report on page 194 ff, the scope 2 emissions of the base year 2021 were recalculated. Compared to the base year 2021 (5,514t CO_2e), scope 2 emissions were reduced by 9%.
GRI 305 – 2-e Source of emission factors	For the subsequent calculation, the emission factors of the following offices, authorities and organizations were used, among others: BEIS, UBA, EEA, EPA.
GRI 305 – 2-f Consolidation approach	TAKKT reports emissions according to the consolidation approach of operational control and exclusively according to the location-based accounting approach of the GHG Protocol.
GRI 305 – 2-g Standards, methodologies, assumptions and / or calculation tools used	Like for 2021, emissions for 2022 were determined in accordance with the GHG Protocol Corporate Standard. The data was collected with the aid of a software program. The calculation was conducted using data models in Microsoft Excel.
GRI 305 – 3 Other indirect (Scope 3) GHG emissions	TAKKT is working intensively on calculating all Scope 3 emissions. The goal is to implement the first data models in 2023, which will enable the collection of the necessary data for a calculation of most of the scope 3 emissions.
GRI 305 – 5 Reduction of GHG emissions	See pp. 194 ff.
GRI 307 Non-compliance with environmental laws and regulations	TAKKT and all subsidiaries operate within the locally applicable environmental laws. In addition, TAKKT systematically monitors all environmental requirements at all locations with environmental management systems and adjusts operational processes and overall actions as necessary. 10 of our companies operate with certified environmental management systems. In the reporting period, no non-compliance with environmental laws and regulations is known.
GRI 308 Supplier environmental assessment	See p. 199

GRI-section	Disclosures 2022
GRI 402 – 1 Minimum notice periods regarding operational changes	TAKKT complies with the respective legal standards and observes the corresponding deadlines and procedures with regard to consultations and information obligations.
GRI 403 – 1 Occupational health and safety management system	All TAKKT business units record work-related accidents at all locations in accordance with applicable national law. Serious accidents are reported to the relevant authorities or organizations. So far, only lost time incidents, i.e. accidents resulting in sick leave or loss of productive work, have been recorded centrally for all business units. In this context, 32 incidents occurred in 2022. An occupational illness rate is not determined at TAKKT, because there are no workers with work-related health risks. TAKKT strives to continuously improve in the area of work-related health and safety and regularly prepares required risk assessments in order to derive improvement measures.
GRI 403 – 2 Hazard identification, risk assessment and incident investigation	All employees must comply with the internal safety regulations. Employees are trained / instructed on the basis of the existing risk assessments depending on the activity in order to prevent hazards. Safety officers assist in the identification of new hazards. Injuries or damage to health are reported by the organization. After an incident occurs, existing hazard assessments are reviewed and revised if necessary. Where indicated, additional instruction or refresher trainings are provided.
GRI 403 – 3 Occupational health services	The appointed occupational safety specialists, the company medical officers and the safety officers have been announced and communicated.
GRI 403 – 4 Worker participation, consultation and communication on occupational safety and health	The safety officers and employees in the company are involved in the preparation of the risk assessments and operating instructions. The risk assessments are communicated to employees in the form of a training session at least once per year. ASA meetings are held four times a year at the German sites. All interest groups are represented in the ASA meetings (employer, safety officer, company medical officer, representative of the severely disabled).
GRI 403 – 5 Worker training on occupational safety and health	Employees receive a general safety briefing to educate them about the hazards at their site. In addition, employees receive instruction on mental threats and maternity leave. Employees receive specific instruction depending on the work tasks and work equipment they handle to ensure safety within the work tasks. External employees are briefed on the hazards present on site before they start working.
GRI 403 – 6 Promotion of worker health	Employees at the German sites are offered a free flu vaccination every year during working hours by the medical officer. A consultation appointment can be arranged with the medical officer at any time. Employees in Germany have access to an annual subsidy of 100 euros for fitness products and services.
GRI 403 – 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The existing risk assessments are regularly updated and communicated to employees. This is supported by external and internal occupational safety specialists, external medical officers and the safety officers. In the event of accidents, the cause is analyzed and consequences are following.
GRI 403 – 9 Work-related injuries	In 2022, there were 32 accidents with a loss in time of > 1 day in the TAKKT Group.
GRI 404 – 1 Average hours of training per year per employee	The data for training and continuing education are currently not tracked centrally. Since continuing education in particular also includes self-study by employees, it is currently not possible to collect this data.

GRI-section	Disclosures 2022
GRI 404 – 2 Programs for upgrading employee skills and transition assistance programs	There is an extensive range of internal training and development courses as well as the opportunity to attend external seminars or courses. The need for personal further training is determined personally at least once a year with each employee and measures to implement the need are discussed.
GRI 404 – 3 Percentage of employees receiving regular performance and career development reviews	100% worldwide.
GRI 405 – 1 Diversity of governance bodies and employees	See Corporate Governance Statement 2022 https://www.takkt.de/en/investors/corporate-governance/declaration-on-corporate-governance/ and page 201.
GRI 406 – 1 Incidents of discrimination and corrective actions taken	A reporting system is set up at all TAKKT locations. In 2022 there was one incident.
GRI 407 – 1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	All employees of TAKKT as well as its subsidiaries have the right to freedom of association. Neither TAKKT nor its subsidiaries stand in the way of this. Where a works council already exists, we work together constructively and in partnership. For TAKKT as a trading company, the procurement of goods is already an important part of the value chain. Due to this, TAKKT pays close attention to sustainability in the supply chain. Thus TAKKT cooperates with the internationally recognized EcoVadis platform. The auditing process makes it possible to transparently map the relevant details of sustainable action in the suppliers' business models and at the same time identify potential for development. By regularly repeating the audits, TAKKT aims to measure suppliers' progress and improvements. The four areas that EcoVadis analyzes are "environment", "social conditions", "ethics" and "supply chain". TAKKT's product managers can check the results in the online portal, make suggestions for improvement to suppliers as a result and develop development plans. The assessment program was successfully tested in 2013. Since then, it has been expanded step by step.
GRI 408 Child labor	TAKKT and all its subsidiaries work actively against child labor, forced or compulsory labor. Depending on the assignment of suppliers to our subsidiaries, this is again demonstrated, where applicable, in the Code of Conduct, which suppliers must sign.
GRI 408 – 1 Operations and suppliers at significant risk for incidents of child labor	In 2022, the purchasing volume of suppliers certified by EcoVadis according to the old definition amounted to 38.3%. Due to the realignment of the KPI to only suppliers certified as of the reporting date 12/31/2022, the new value is 10.9%.
GRI 413 – 1 Operations with local community engagement, impact assessments and development programs	An option of paid leave is offered in order to implement charitable projects. 15% of the total workforce made use of this option in 2022. Committees and procedures for consulting local communities or impact assessments do not occur beyond the legal requirements, as there are no significantly negative impacts on local societies at TAKKT locations.
GRI 414 Supplier social assessment	In addition to the environmental assessment of suppliers, social assessment and compliance with human rights is also an important issue. TAKKT conducts this assessment by using the service provider EcoVadis and has set itself the target of 40% certified purchasing volume by 2025. This is the target value of the newly defined KPI (old target value: 80%).
GRI 414 – 1 New suppliers that were screened using social criteria	10.9% of all TAKKT suppliers were evaluated by EcoVadis.
GRI 414 – 2 Negative social impacts in the supply chain and actions taken	By signing the Code of Conduct, TAKKT's suppliers commit themselves to comply with the highest labor, safety and health standards as well as all applicable and valid national and international regulations.

GRI-section	Disclosures 2022
GRI 417 Marketing and labeling	As part of its sustainability communication, TAKKT as well as its subsidiaries, implements various measures to enable informed purchasing decisions and to inspire consumers to adopt more sustainable products and services. Credibility, transparency and a target-group-specific approach are important principles of communication.
GRI 417 – 1 Requirements for product and service information and labeling	TAKKT business units implement the applicable national and international standards for products labeling. This can involve both the origin of components and the composition of products. In addition, TAKKT companies use recognized external labels and e.g. have products with the FSC® (Forest Stewardship Council) or PEFC™ (Programme for the Endorsement of Forest Certification Schemes) labels in their product range.

REPORT OF THE INDEPENDENT AUDITOR CONCERNING A LIMITED ASSURANCE AUDIT ON SELECTED SUSTAINABILITY INFORMATION

To the Management Board of TAKKT AG, Stuttgart

We have audited the selected information of the "Results 2022" table in the "Targets" section in the "Sustainability strategy" chapter of the sustainability report (hereinafter referred to as "Report") of TAKKT AG, Stuttgart, (hereinafter referred to as "Company") for the period from January 1 to December 31, 2022, based on a limited assurance audit.

Responsibility of the management

The management of TAKKT AG, Stuttgart, is responsible for the preparation of the report and the ascertainment and presentation of the selected information in refence to the principles of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) 2021, in accordance with the Greenhouse Gas Protocols (GHG) (hereinafter: "Report Criteria") and for the selection of the details to be assessed.

This responsibility of the Company's management includes the selection and application of appropriate methods for sustainability reporting and making assumptions and estimates about individual sustainability disclosures which are appropriate under the given circumstances. Furthermore, the management is responsible for the internal controls that they have deemed to be necessary, to enable the preparation of a report that is free of material – intentional or unintentional – misstatements.

Auditor's responsibility

Our responsibility is to issue a limited assurance opinion on the selected sustainability information based on the audit that we have conducted. We have conducted our audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," published by the IAASB.

Those standards require that we plan and conduct the audit in such a way that we can state with limited assurance that we have not become aware of any facts that lead us to believe that the disclosures described above for the period from January 1 to December 31, 2022, have not been prepared in all material respects in accordance with the relevant reporting criteria. This does not mean that a separate audit opinion will be issued for every identified disclosure. In the case of a limited assurance audit, the audit procedures performed are less extensive than in a reasonable assurance audit and therefore a significantly lower assurance is obtained. The selection of the audit procedures is at the auditor's discretion.

As part of our audit, we conducted the following audit procedures and other activities, among others:

- Gaining an understanding of the structure of the sustainability organization and the involvement of relevant stakeholders
- Surveying the relevant employees involved in the compilation of the selected information concerning sustainability on the setup process, on the internal control systems related to this process and on information concerning sustainability
- Identification of likely risks of material misstatements regarding the selected sustainability information and a risk assessment of relevant information on sustainability performance in the reporting period
- Surveys and assessment of the design and implementation of systems and processes for the identification, processing and monitoring of information and results in the scope of the audit, including consolidation of data
- Inspection of selected internal and external documents
- Analytical assessment of selected data and trends in quantitative disclosures reported by reporting units for consolidation at Group level
- Comparison of selected disclosures with the corresponding data in the consolidated financial statements and Group management report

Assuring the independence and quality of the auditor

In performing the engagement, we have complied with the independence and quality assurance requirements set out in the national legal regulations and professional pronouncements, particularly the Professional Code of Conduct for Public Accountants and Certified Public Accountants and the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QS 1).

Audit opinion

On the basis of the audit procedures conducted and the audit evidence obtained, we have not become aware of any facts that lead us to the conclusion that the selected information described above in the report of TAKKT AG, Stuttgart, for the period from January 1 to December 31, 2022, was not prepared in accordance with the reporting criteria in all material respects.

Purpose of the report

We point out that the audit was conducted for the purposes of the Company and that the report is only intended to inform the Company of the result of the audit. Consequently, it may not be suitable for a purpose other than that mentioned above. Therefore, the report is not intended for third parties to make (asset) decisions on the basis of it. Our responsibility is solely to the Company. However, we assume no responsibility towards third parties.

Terms of engagement and liability

The General Terms and Conditions for Auditors and Auditing Firms dated January 1, 2017, apply to this engagement, also in relation to third parties. In addition, we refer to the liability provisions contained therein in Section 9 and to the exclusion of liability vis-à-vis third parties. We assume no responsibility, liability or other obligations towards third parties.

Stuttgart, March 13, 2023

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Sonja Kolb
Wirtschaftsprüferin
(German Public Auditor)

Stefan Fauß
Wirtschaftsprüfer
(German Public Auditor)

GLOSSARY

B2B or Business-to-Business
Supplier and customer relationships between corporate customers.

Circular economy
The circular economy is a production and consumption model in which the life cycle of existing materials and products is extended. This minimizes resource consumption, waste generation and emissions. The circularity of products is also an essential criterion for sustainable ("enkelfähig") products.

CNPS
The customer Net Promoter Score, or cNPS, indicates the willingness of customers to recommend a company. Collecting the value is a common way to capture the likelihood to recommend a certain brand or company using a standardized survey.

Corporate Social Responsibility (CSR)
CSR stands for responsible corporate action. This includes social, ecological and economic aspects.

CO_2 equivalents (CO_2e)
CO_2e is a unit of measurement used to standardize the climate impact of different greenhouse gases. It indicates how much a fixed amount of a greenhouse gas contributes to climate change. Carbon dioxide (CO_2) serves as the reference value.

Cross-Selling
Sale of complementary products or services from different product groups or by different brands.

Debt repayment period
This figure defines the arithmetical duration of debt repayment in years. TAKKT defines this as average net financial liabilities divided by the TAKKT cash flow.

Direct imports
Direct imports at TAKKT are products that come from countries outside the home market of the respective Group company. At TAKKT, these are in particular countries in Asia and Eastern Europe as well as Turkey.

Distance selling
TAKKT sells its products exclusively via distance selling. Depending on the segment, TAKKT's business units use the sales channels webshop, print, telesales and key account manager.

Drop shipment
Goods ordered by the customer, for example bulky items, are delivered directly from the supplier to the customer. Invoicing takes place in the same way as for warehouse business.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

ENPS
The employee Net Promoter Score, or eNPS, is a measure that provides information about the willingness of employees to recommend it to others. The method used to determine the eNPS is the same as that for the cNPS. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values.

E-Procurement
The electronic catalog available on the internet is edited for the sourcing system or intranet of the customer or for electronic marketplaces. This procurement approach allows the customer to save on transaction costs.

Equity ratio
The equity ratio is determined by dividing total equity by the total assets.

EU Taxonomy
The EU Taxonomy is a classification system of the EU Commission for defining environmentally sustainable economic activities. It contains a set of rules with binding standards for sustainable business activities on the corporate side. The aim is to create more transparency for financial decisions at EU level.

Foodservice (FS)
The FS division offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments. A broad product portfolio serves customers such as large canteens, catering companies, food retailers, as well as small to medium-sized restaurants. The FS division's main focus is North America.

Gearing
Gearing measures the ratio between total equity and net financial liabilities. This ratio is calculated by dividing net financial liabilities by total equity.

Global Reporting Initiative (GRI)
The GRI provides an internationally recognized standard for the preparation of sustainability reports. The requirements/guidelines set out therein serve to ensure transparency, quality and comparability within sustainability reporting.

Greenhouse Gas Protocol (GHG Protocol)
The GHG Protocol is the world's leading standard for the accounting and management of greenhouse gas emissions in companies.

Group functions
An essential part of the new strategic positioning is the central coordination and management of the Group functions. The focus is on Operations, Technology & Data, Finance and HR. Integrating these functions at Group level offers greater advantages than operating parallel structures in the divisions.

Industrial & Packaging (I&P)
The I&P division offers a focused product portfolio for the work environment on the factory floor and in the warehouse in the manufacturing or logistics industries. Typical customers include manufacturing facilities such as mechanical engineering companies or automotive suppliers, but also service and retail companies and public institutions. The division's activities are based in Europe.

Interest cover
This figure shows the relation between the EBITA and net finance expense.

ISO 9001, 14001, 50001
These are international standards that define globally recognized requirements in various business areas (ISO 9001 = quality management system, ISO 14001 = environmental management system, ISO 50001= energy management system).

Materiality assessment
As part of the materiality assessment, companies identify their key areas for action in the areas of environment, society and governance. On this basis, they can adapt and optimize their sustainability strategy.

Net financial liabilities
Net financial liabilities are the balance of all financial liabilities and liquid funds reported in the balance sheet.

Office Furniture & Displays (OF&D)
OF&D specializes in products for service providers. This positioning gives OF&D a very broad range of customers that includes both office operators as well as companies that are seeking to present themselves or their products in an attractive way. They include large industrial corporations, smaller service providers such as lawyers and architects, but also public institutions like government agencies and schools. The division's activities focus on the American market.

Private labels
Private labels are product brands that are internally developed and managed by the TAKKT companies. Individual TAKKT companies are thus introducing new products at the best value for money, for example, to also meet the lesser needs of the entry-level segment. Using performance brands, other Group companies offer products that at least meet the industry standard or even satisfy higher quality standards. These brands improve customer loyalty and usually generate above-average margins.

ROCE

The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed.

Scope 1, 2, 3

According to the GHG Protocol logic, greenhouse gas emissions are divided into three areas of origin – known as "scopes." Scope 1: Direct emissions generated by the company's on-site activities (gas consumption, vehicle fleet). Scope 2: Indirect emissions caused by externally sourced energy (electricity, heating, cooling). Scope 3: Indirect emissions resulting from upstream and downstream supply chain.

Supply Chain Due Diligence Act

The Supply Chain Due Diligence Act is a law on corporate responsibility to prevent human rights violations in global supply chains. This includes, for example, protection against child labor, the right to fair wages, and protection of the environment.

Sustainable Development Goals (SDGs)

The SDGs comprise 17 United Nations Sustainable Development Goals. They cover economic, environmental and social aspects.

Sustainable Products

A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group applies an adequate product classification system with this in mind. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Particularly sustainable products are awarded the "enkelfähig" label – testimony to their ability to add value for the generations to come – once a defined score threshold has been reached.

TAKKT Cash flow / free TAKKT Cash flow

The TAKKT cash flow is calculated from EBITDA less financial result, current income tax and the balance from other non-cash expenses and income as well as non-cash income and losses on disposals of fixed assets. TAKKT cash flow shows the operational cash flow earned in the reporting period before the effects from the changes in current net working capital. After adjusting the TAKKT cash flow for the change in net working capital and deducting investments as well as adding divestments, the free TAKKT cash flow can be derived. This free TAKKT cash flow can generally be used for acquisitions, payments to shareholders and repayment of financial liabilities.

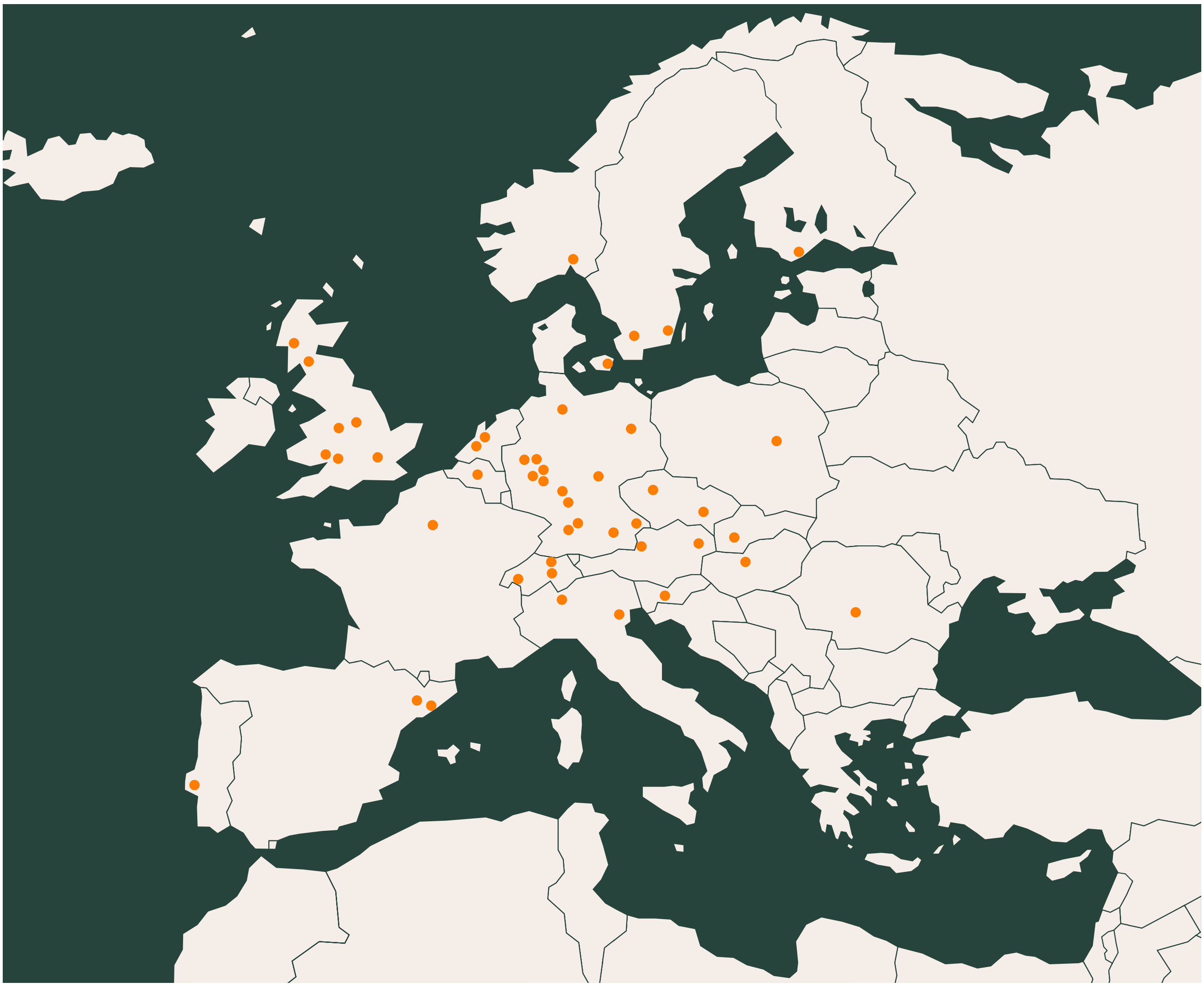
TAKKT Value Added

TAKKT value added serves as an important key figure for a longer term, value-oriented controlling. It is defined as the difference between the profit generated and the cost of capital on the average capital employed.

Total Shareholder Return (TSR)

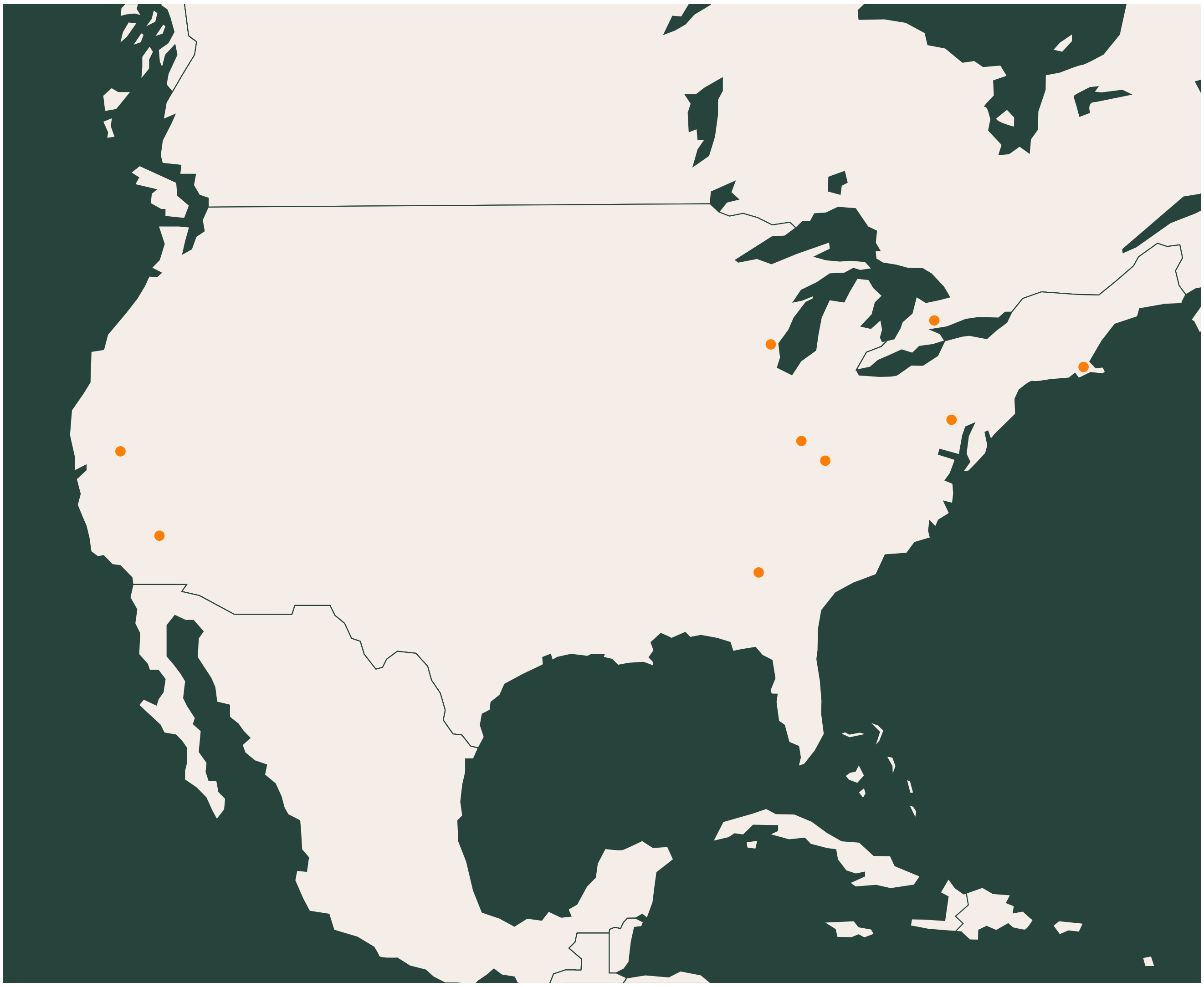
This is also referred to as yield on shares. TSR corresponds to the total return of a share, taking into account share price changes and any dividends distributed.

LOCATIONS IN EUROPE



AUSTRIA Salzburg, Vienna
BELGIUM Diegem
CZECH REPUBLIC Prague, Syrovice
DENMARK Nivaa
FINLAND Espoo
FRANCE Massy
GERMANY Berlin, Burscheid, Cologne, Duisburg, Groß-Gerau, Haan, Hamburg, Kamp-Lintfort, Pfungstadt, Pliening, Remda-Teichel, Sindelfingen, Stuttgart, Waldkirchen
GREAT BRITAIN Derby, Dumfries, Glasgow, Gloucester, Hemel Hempstead, Mitcheldean, Stafford
HUNGARY Budaörs
ITALY Fenegrò, Tribano
NETHERLANDS Lisse, Wormerveer
NORWAY Sandvika
POLAND Warsaw
PORTUGAL Lisbon
ROMANIA Râmnicu Vâlcea
SLOVAKIA Nitra
SLOVENIA Ljubljana
SPAIN Barcelona, Sant Esteve Sesrovires
SWEDEN Kalmar, Markaryd
SWITZERLAND Regensdorf, Steinhausen, St. Sulpice

LOCATIONS IN NORTH AMERICA



CANADA Markham (ON)
USA Austell (GA), Carlisle (PA), Fall River (MA), Harrison (OH), Indianapolis (IN), Las Vegas (NV), Milwaukee (WI), Reno (NV)

FINANCIAL CALENDAR 2023

January 9	Oddo BHF forum (virtual event)
January 18	Kepler Cheuvreux & Unicredit GCC, Frankfurt
February 9	Hamburger Investorentag, Hamburg
February 23	Publication of preliminary figures for 2022
March 28	Publication of the annual report 2022 and analyst‘ conference (virtual event)
April 27	Quarterly statement 1 / 2023
May 15	German Spring Conference, Frankfurt
May 24	Shareholders‘ meeting 2023 (virtual event)
June 22	Bankers‘ Day
July 27	Half-year financial report 2023
September 20	Berenberg und Goldman Sachs GCC, München
October 25	Quarterly statement 3 / 2023
November 27– 29	German Equity Forum, Frankfurt
November 29 – 30	CM CIC Market Solutions Forum, Paris

All information is subject to changes at short notice.

IMPRINT

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In case of doubt the German version is authoritative.

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