TAKKT AG

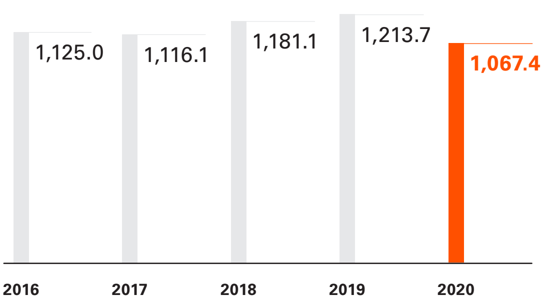
BUSINESS EQUIPMENT SOLUTIONS

WE ARE ALL TAKKT.

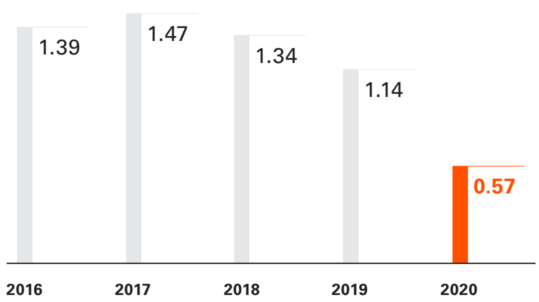
ANNUAL REPORT OF TAKKT GROUP 2020

SELECTED KEY FIGURES

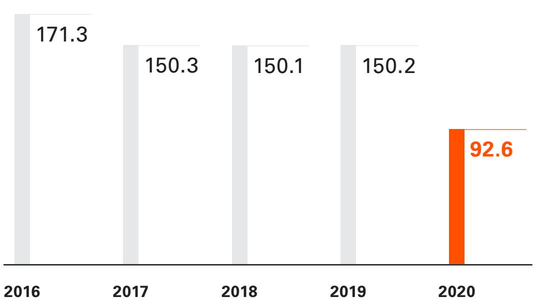
SALES *in EUR million*



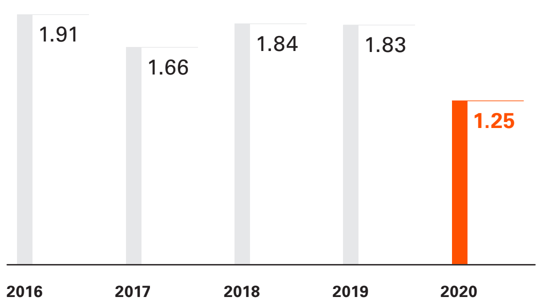
EARNINGS PER SHARE *in EUR*



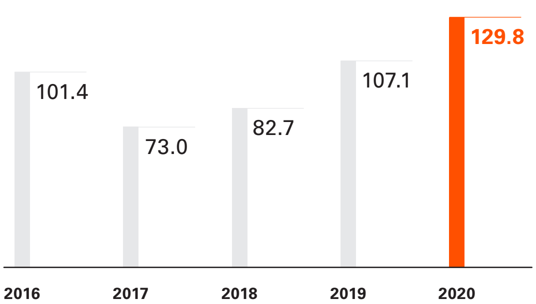
EBITDA *in EUR million*



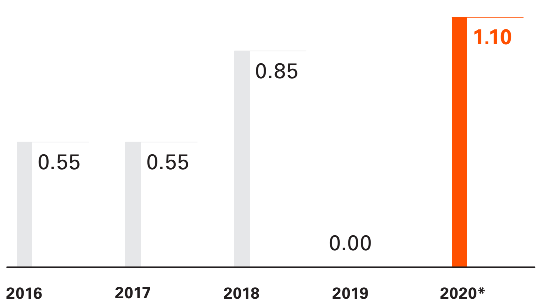
TAKKT CASH FLOW PER SHARE *in EUR*



FREE TAKKT CASH FLOW *in EUR million*



DIVIDEND PER SHARE *in EUR*



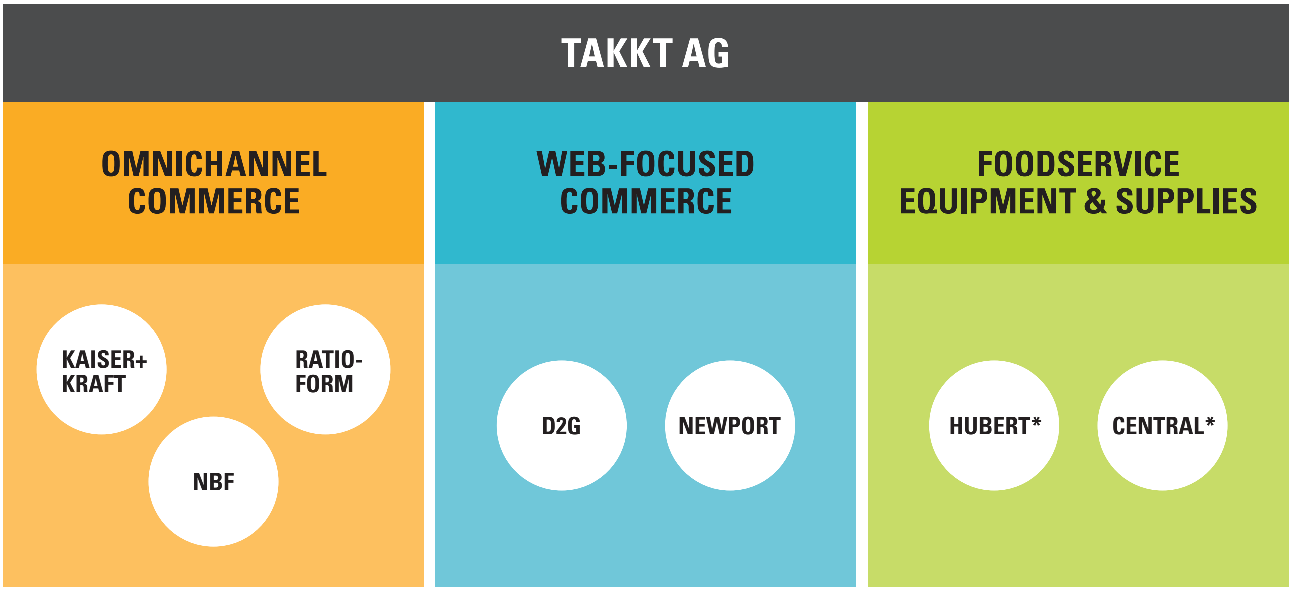
** Dividend proposal: Dividend payment of EUR 0.55 for 2020 plus previous year's suspended base dividend of another EUR 0.55.*

KEY FIGURES OF TAKKT GROUP

in EUR million	2016	2017	2018	2019	**2020**
Sales	**1,125.0**	**1,116.1**	**1,181.1**	**1,213.7**	**1,067.4**
Change in %	5.8	–0.8	5.8	2.8	–12.0
EBITDA	**171.3**	**150.3**	**150.1**	**150.2**	**96.2**
in % of sales	15.2	13.5	12.7	12.4	8.7
EBIT	**142.0**	**123.2**	**122.5**	**108.8**	**52.4**
in % of sales	12.6	11.0	10.4	9.0	4.9
Profit before tax	**132.5**	**115.0**	**116.9**	**100.6**	**46.6**
in % of sales	11.8	10.3	9.9	8.3	4.4
Profit	**91.4**	**96.3**	**88.1**	**74.7**	**37.2**
in % of sales	8.1	8.6	7.5	6.2	3.5
TAKKT cash flow	125.6	109.1	120.8	120.4	82.0
Capital expenditure for investments	17.4	27.8	25.0	24.7	13.3
Free TAKKT cash flow	101.4	73.0	82.7	107.1	129.8
Capital expenditure for acquisitions	0.4	6.7	57.7	20.7	0.0
Depreciation, amortization and impairment	29.2	27.1	27.5	41.4	40.2
TAKKT cash flow per share in EUR	1.91	1.66	1.84	1.83	1.25
Earnings per share in EUR	1.39	1.47	1.34	1.14	0.57
Dividend per share in EUR	0.55	0.55	0.85	0.00	1.10*
Non-current assets	**729.9**	**692.6**	**758.6**	**835.5**	**781.1**
in % of total assets	74.9	74.6	73.1	75.9	77.8
Total equity	**537.8**	**567.8**	**631.4**	**644.2**	**649.6**
in % of total assets	55.2	61.2	60.8	58.5	64.7
Net financial liabilities	**177.5**	**135.2**	**150.8**	**189.8**	**75.4**
Total assets	**973.9**	**928.5**	**1,037.1**	**1,100.7**	**1,004.3**
ROCE (Return on Capital Employed) in %	16.5	14.6	14.0	11.1	5.6
TAKKT value added in EUR million	38.3	43.1	30.4	9.8	–23.2
Employees (full-time equivalent) at year-end	**2,311**	**2,405**	**2,530**	**2,483**	**2,327**

** Dividend proposal: Dividend payment of EUR 0.55 for 2020 plus previous year's suspended base dividend of another EUR 0.55.*

GROUP STRUCTURE AS OF JANUARY 1, 2021



*Review of strategic options

CONTENT

OUR VISION

WE ARE THE MOST SUSTAINABLE PROVIDER OF WORKSPACE EQUIPMENT.

**Committed to an outstanding customer experience,
the responsible use of resources,
and strong growth.**


VISION

WE ARE ALL TAKKT.

Whether from a business unit, segment, or TAKKT AG, we work together by sharing and utilizing our knowledge and experience, thus building on our common identity.

Because we can only meet the challenges of the market if we are a united force.


WE

WE ARE THE MOST SUSTAINABLE PROVIDER OF WORKSPACE EQUIPMENT.

We have our eyes on the future. Because we are in it for the long run.

Delivering benefits for our customers, caring about our employees, and protecting our planet will result in growth and financial success for our group.

Being the most sustainable and pioneering provider of workspace equipment is the only way to secure and expand our market position.

CUSTOMER EXPERIENCE

WE MAKE IT EASY TO DO BUSINESS WITH US.

RESOURCES

WE PROTECT OUR RESOURCES.

GROWTH

WE WILL GROW.

WE MAKE IT EASY TO DO BUSINESS WITH US.

We achieve this by embracing the latest technologies, breaking new ground, and looking at our customers' challenges from every angle.

Because it is only by providing simple and fast access to B2B workspace equipment that our customers will actively promote our products and services through positive feedback and word-of-mouth.


24/7
B2B
CUSTOMER

WE PROTECT OUR RESOURCES.

We are committed to the responsible use of resources and as such, every decision we make is supported by economic, ecological and social considerations.

Because we are aware of the finiteness of these resources.


RESOURCES
CO2 neutral

WE WILL GROW.

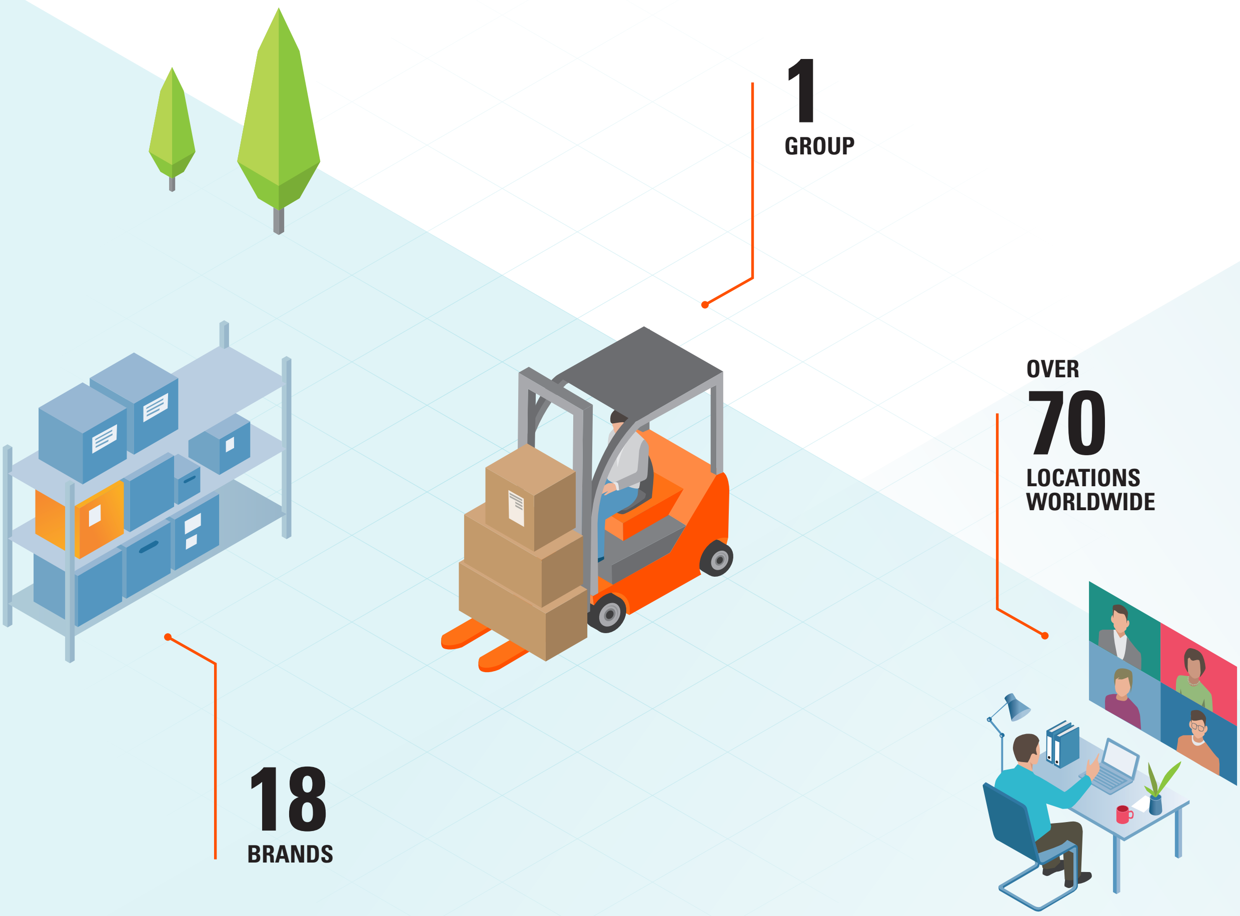
We will continue to be a leader in our field and grow above the market.

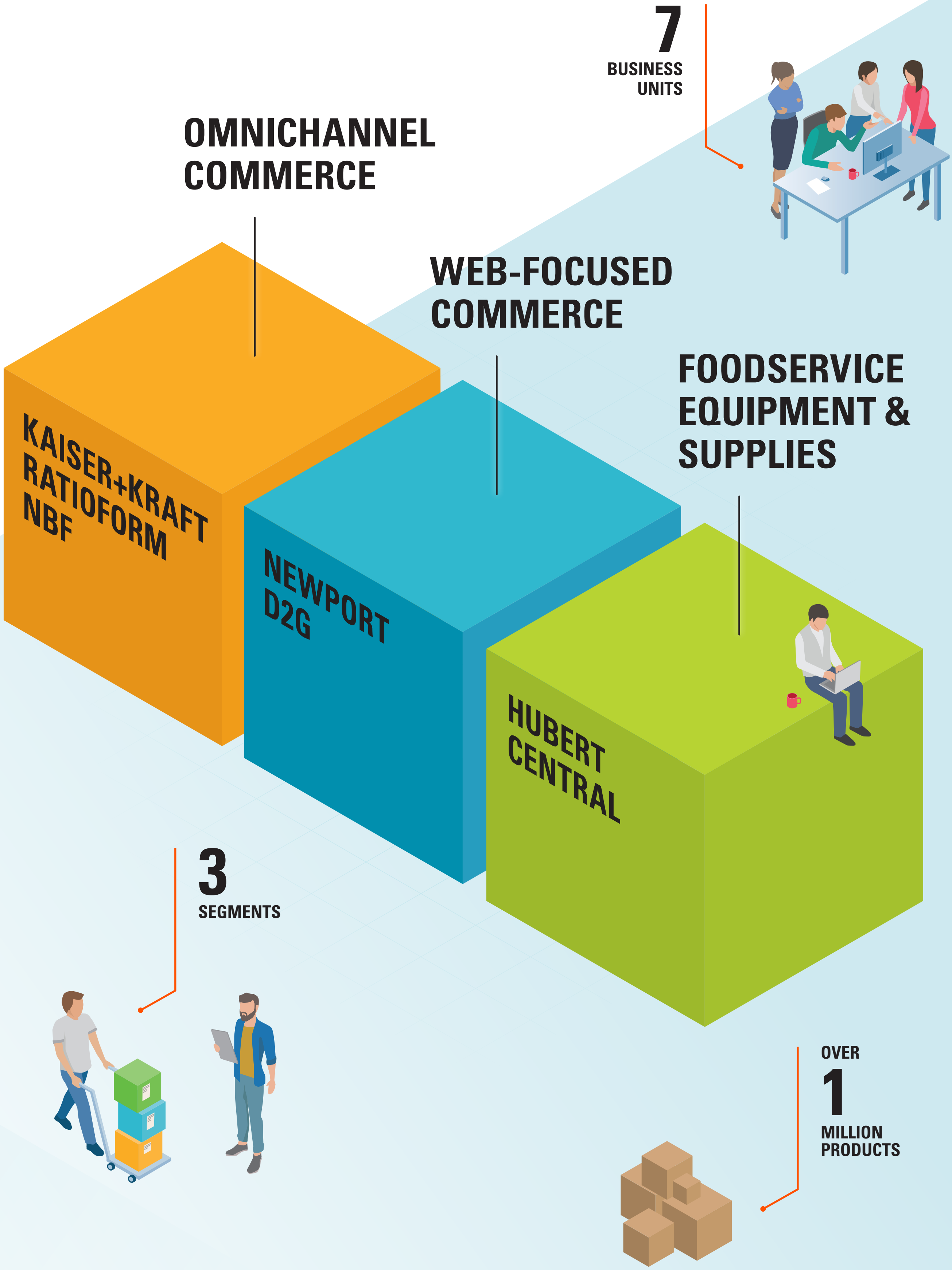
Because this is in the interests of our employees and shareholders. And because growth enables us to seize market opportunities as they arise, and so ensure a positive future for the TAKKT Group.


GROW

OUR **SEGMENTS**

TAKKT is the leading B2B distance seller for business equipment in Europe and North America. The Group is represented with its brands in more than 25 countries. The product range of the subsidiaries comprises more than a million products for the areas of plant and warehouse equipment, office furniture, transport packaging, display articles and equipment for the food service industry, hotel market and retailers.





7
BUSINESS
UNITS
OMNICHANNEL
COMMERCE
WEB-FOCUSED
COMMERCE
FOODSERVICE
EQUIPMENT &
SUPPLIES
KAISER+KRAFT
RATIOFORM
NBF
NEWPORT
D2G
HUBERT
CENTRAL
3
SEGMENTS
OVER
1
MILLION
PRODUCTS

OMNICHANNEL COMMERCE

BUSINESS UNITS AND BRANDS	KEY FACTS + PRODUCT EXAMPLES
KAISER+KRAFT KAISER+KRAFT · Gerdmans · gaerner · RUNELANDHS	**1,040** Employees | **115,000** Products   
RATIOFORM ratioform	**320** Employees | **7,000** Products   
NBF NATIONAL BUSINESS FURNITURE · OfficeFurniture.com your home for your office	**205** Employees | **20,000** Products   

As a supplier of business equipment, KAISER+KRAFT offers products for transport, plant, warehouse and office equipment in more than 20 European countries. Customers include industrial enterprises such as automotive suppliers, service and retail companies and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and swivel chairs as well as special-purpose products such as environmental cabinets and containers for hazardous materials. As a packaging specialist, ratioform sells a complete range of products in five European countries for companies in different industries as well as customer-specific packaging solutions. The product range includes for example collapsible boxes, package padding, shipping pallets and stretch film. NBF offers an extensive range of office furniture products in the US. Some examples of products are office chairs and desks, conference tables and furniture for reception areas. In addition to companies, its customers include government agencies, the health care sector, schools and churches.

WEB-FOCUSED COMMERCE

BUSINESS UNITS AND BRANDS	KEY FACTS + PRODUCT EXAMPLES
NEWPORT officefurniture online BiGDUG XXLhoreca certeo Mydisplays Davpack	**340** Employees | **140,000** Products
D2G DISPLAYS2GO POST UP STAND	**250** Employees | **13,000** Products

Newport bundles young, web-focused businesses that cater primarily to the needs of small and medium-sized business customers in different European countries and product areas. In the UK, the product specialist OfficeFurnitureOnline offers office furniture through its web shop. BiGDUG, an online direct marketer for business equipment specializing in storage and shelving also serving the UK, supplies its customers with shelving systems and workbenches. Certeo sells plant and office equipment in the DACH region and France. Mydisplays provides products such as custom-printed advertising banners and mobile display systems to a broad customer segment in Germany. Davpack supplies companies in the UK, Sweden and Germany with a wide range of boxes and packaging. The company XXLhoreca, acquired in 2019, sells large and small kitchen appliances, kitchen equipment and accessories, primarily in the Benelux countries, France and Germany.

D2G includes the web-focused brands Displays2go and Post-Up Stand, which offer display products in the US. Sales are carried out mostly online. Products include advertising banners, printed and digital display stands, mobile trade booths and fixtures.

FOODSERVICE EQUIPMENT & SUPPLIES

BUSINESS UNITS AND BRANDS	KEY FACTS + PRODUCT EXAMPLES
HUBERT	**200** Employees | **280,000** Products
CENTRAL	**135** Employees | **500,000** Products





Hubert sells 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 offers restaurant operators products through active telephone sales, the web shop and a catalog. 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.

OUR **CORE BEHAVIORS**

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.

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.

TO THE SHAREHOLDERS

LETTER FROM THE CEO

Felix Zimmermann
Chairman of the Management Board, CEO

Ladies and gentlemen

the pandemic and its economic impact have been a litmus test for TAKKT. We were, however, able to draw on our experience from previous crises and benefit from it. Our crisis management can be divided into different phases. At the beginning of the pandemic in March and April, the focus was on protecting employees, continuing operations during the lockdown and safeguarding our financial independence and ability to act. This included extending and expanding credit lines with banks ahead of time, suspending the dividend and launching a comprehensive program to manage costs as well as inventories and receivables.

Beginning in May, we expanded our activities towards benefiting from the recovery following the lockdown. This also included expanding the range with products that were particularly in demand during the pandemic. As a result, we were able to stabilize order intake significantly from quarter to quarter. Since around the middle of the year, we have also been identifying and taking advantage of opportunities to develop new additional business. In addition to organic initiatives, this also includes examining potential acquisitions.

We responded to the crisis very quickly and used the flexibility of our business model to take effective cost-cutting countermeasures. Due to the pandemic, overall organic sales development in 2020 was minus 11.8 percent. Despite the significant decline in sales and one-time effects, resulting in a negative impact on earnings amounting to EUR 8.6 million, we were able to generate EBITDA of EUR 92.6 million and a high single-digit EBITDA margin. The significant increase in our free cash flow to EUR 129.8 million was particularly satisfying. We thus achieved the best figure in the company's history to date in the crisis year of 2020. Our management of receivables and liabilities allowed us to generate substantial cash inflows from the release of net working capital. We also benefited from the sale of real estate in the second quarter. The very good cash flow allowed us to pay off all bank liabilities over the course of the year. We are therefore starting the new year free of bank liabilities and in a very strong financial position.

Strategically, the focus in 2020 was the implementation of our new organizational structure. With TAKKT 4.0, we want to make the Group more compact, achieve greater scalability of key supporting and non-operational functions and introduce new management methods and processes. Even though the coronavirus has cost us considerable time and resources, we still made good progress with the implementation of TAKKT 4.0. In the Omnichannel Commerce segment, KAISER+KRAFT is realigning itself in order to achieve stronger growth and greater efficiency in the medium term. In Web-focused Commerce, we have also made extensive preparations to establish new structures.

Hubert and Central follow a different business model from the other activities in Omnichannel Commerce. We therefore opted to form a third segment called Foodservice Equipment & Supplies at the beginning of 2021, which includes these two business units. This enables us to improve and strengthen the integration of the other businesses within Omnichannel Commerce. At the same time, we can continue to work on strategic options for Hubert and Central.

The pandemic and the related uncertainty and volatility has led to a shift in perspective towards more short-term developments. Despite these circumstances, we at TAKKT are looking far ahead and have developed a new vision for the Group. This vision serves as our guide and ambition for the transformation in which we find ourselves. It makes communication easier internally and externally, and shows where we want to be by 2025:

We are the most sustainable provider of workspace equipment.
Committed to an outstanding customer experience, the responsible use of resources, and strong growth.

In keeping with the motto "We are all TAKKT", we want to strengthen our employees' identification with TAKKT in all business units and regions. We believe that a shared culture and identity will form the basis for our future success. Furthermore, our goal with the new vision is to be the most successful supplier in our market in terms of sustainability. Sustainability for us comprises environmental as well as economic and social components. We aim to impress customers with our outstanding performance and build long-term relationships with them. At the same time, we will manage our resources in a very responsible manner, both with regard to natural resources and the environment as well as our employees. And we also want to achieve sustainable economic success and strong growth for the benefit of all our stakeholders. Our vision is ambitious and will serve as a guiding principle for our actions and decisions in the years to come.

There were two changes in the Management Board last year. We are delighted that we were able to gain Tobias Flaitz for TAKKT. He has many years of expertise with digital business models and has been responsible for developing the Web-focused Commerce segment since the beginning of June. Last year, Heiko Hegwein decided to leave the company in September 2020 for personal reasons and by mutual agreement with the Supervisory Board. On behalf of my fellow members of the Management Board, I want to express my deepest appreciation to Heiko Hegwein for his dedication and the excellent collaboration. We wish him every success and all the best for the future both professionally and personally. As CEO, I have assumed responsibility for the transformation of the Omnichannel Commerce segment for the time being.

In September, I informed the Supervisory Board that I would not be renewing my contract, which expires at the end of April 2023. Ensuring management continuity beyond 2023 is necessary in order to continue to successfully drive the transformation process forward. I would like to initiate the necessary generational change now and personally support it as much as possible. The Supervisory Board and I are currently working on a succession arrangement, which we want to implement in the current year.

The continued implementation of the transformation will also play a key role in shaping the current fiscal year. The focus will be on further developing the segment functions in Omnichannel and Web-focused Commerce. The further course of the pandemic as well as the timing and extent of the easing or tightening of protective measures continue to be important factors for our business development. At the beginning of the year, we will see negative growth rates compared to the corresponding period of the previous year, which had not yet been affected by the pandemic. We then expect to see a significant improvement and clear positive organic growth starting in the second quarter. For the full year of 2021, we want to achieve organic growth of between seven and twelve percent and will support this through the implementation of strategic growth initiatives. EBITDA is expected to increase significantly in 2021. With the planned organic growth and without acquisitions, disposals or additional significant impacts as a result of the pandemic, we expect EBITDA to be in the range of EUR 100 to 120 million in 2021.

In order to safeguard our financial independence and ability to act, we made the decision last year to suspend payment of the dividend in a very uncertain environment. We have made it through the crisis well so far, our equity ratio is over 60 percent and we generated high free cash flow. We now want to resume the reliable dividend policy of previous years and, besides a dividend payment of EUR 0.55 for the 2020 fiscal year, add another EUR 0.55 to make up for the suspended base dividend from the previous year. The Supervisory Board and Management Board therefore propose to the Shareholders' Meeting a total dividend payment of EUR 1.10 per share. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

The past year has put a great deal of strain on all of us. The spread of the novel coronavirus had a marked impact on our business performance in Europe and the US. Unlike many previous crises, however, the pandemic also had a direct impact on our immediate professional environment, on how we work in the TAKKT Group. As the employer of over 2,500 people worldwide, we bear a great deal of responsibility in a situation like this, which we must live up to.

We are fully aware that 2020 has been a difficult year for all our employees. We are proud of how well we responded to the challenges and the new circumstances that resulted from the pandemic. Therefore, on behalf of my fellow members of the Management Board, I especially want to thank our employees for their outstanding work and dedication. In addition, I would like to thank our customers, partners and shareholders for their continued trust during this transformation phase.

Stuttgart, March 2021

Felix Zimmermann

Felix Zimmermann
(CEO of TAKKT AG)

MEMBERS OF THE MANAGEMENT BOARD

Felix Zimmermann (CEO)

Tobias Flaitz

Claude Tomaszewski (CFO)

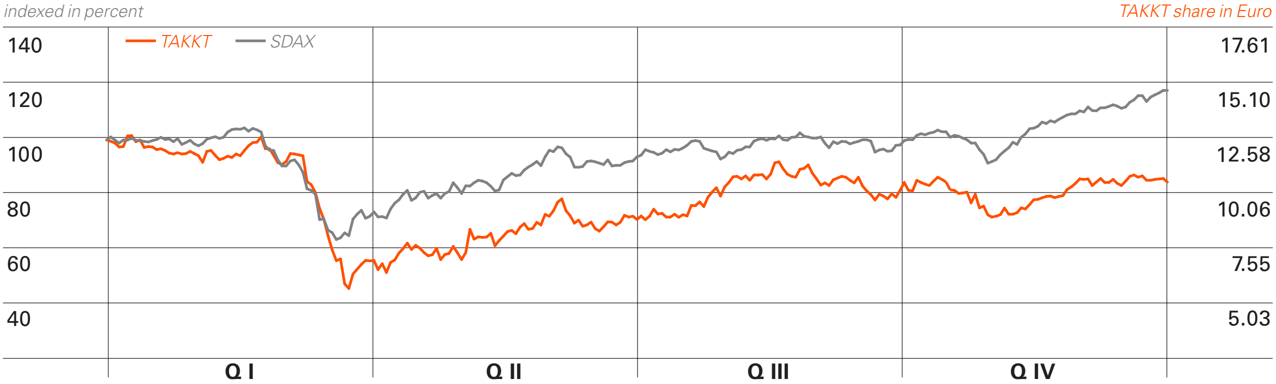
TAKKT SHARE AND INVESTOR RELATIONS

VOLATILE STOCK MARKET ENVIRONMENT

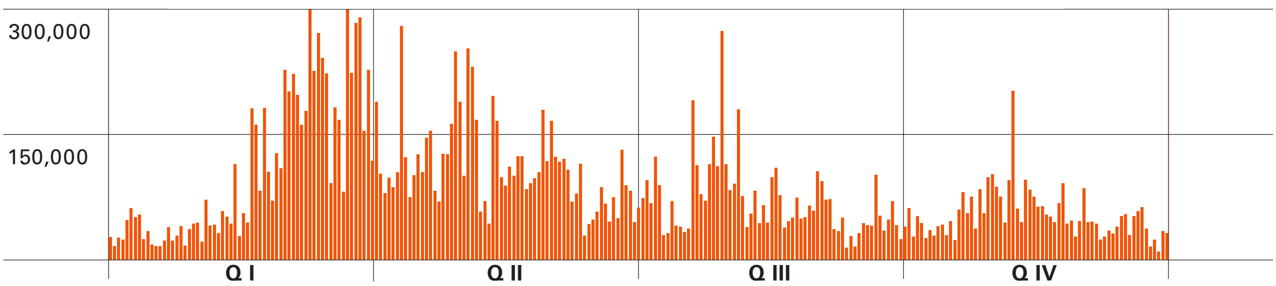
The 2020 stock market year was largely influenced by the effects and trajectory of the global coronavirus pandemic. After the international stock exchanges started the year positively, a massive slump followed at the end of February due to the global spread of the coronavirus and the economic impact of the countermeasures. After new record levels in February, the German DAX and SDAX indexes suffered a setback of almost 40 percent. However, significant recovery was seen already by the end of March and continued into the following months. The sustained upward trend was supported by the strong expansionary monetary policy of the central banks, economic stimulus packages introduced by governments in Europe and the US, and the growing hope of curbing the pandemic with a vaccine. Over the fall, the surge in new infections once again increased uncertainty about the future course of the pandemic, which briefly put stock markets under pressure. Despite continued high infection rates and more stringent protective measures in many regions, the global stock markets returned to their upward trend at the end of the year. As a result, the German stock indexes reached new all-time highs in December and closed the year with price gains. The DAX increased by 3.5 percent and the SDAX even rose by 18.0 percent.

The TAKKT share price initially developed sideways at the beginning of the year after the annual high of EUR 12.78 was reached at the beginning of January. During the massive slump in the capital markets at the end of February, the TAKKT share price also decreased sharply. The suspension of dividend payments announced in March to ensure financial stability and flexibility also had a negative impact on share performance. The share hit its annual low of EUR 5.80 at the end of March. Afterwards, the TAKKT share price once again rose significantly in line with the rapid recovery in the stock markets. The stabilization of business development and brighter economic indicators during the second quarter had a positive effect on share performance. As the year progressed, the performance of the TAKKT share mainly followed the general market trend. After a correction in the fall, the share closed at EUR 10.66 at the end of December and thus 15.3 percent

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 2020*)*

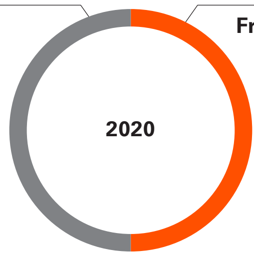


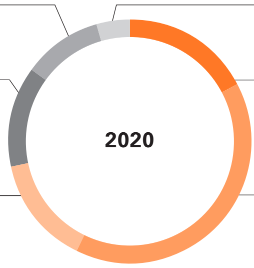
* *On individual days, more than 150 thousand TAKKT shares were traded on Xetra.*

below the closing rate of the previous year. As a result, overall share price performance lagged behind that of the market as a whole. All data is based on daily closing prices in the Xetra trading system.

TAKKT is listed in the SDAX index of Deutsche Börse and had a share of 0.58 percent as of the end of the year. In the Deutsche Börse ranking list encompassing all companies listed on the DAX, MDAX and SDAX, TAKKT AG occupied position 160 at year-end in terms of market capitalization on the basis of the free float. It was in position 154 in the previous year. Among other effects, the poorer ranking resulted from the below-average share performance. TAKKT's trading volume was at place 159, following place 155 in the previous year. On the most important trading platform, Xetra, an average of 88.7 (55.1) thousand TAKKT shares were traded on each trading day, which was significantly more than in 2019. This increase was mainly due to the high trading volumes in March and April, which saw a sharp overall rise in trading activity on the stock exchanges.

Shareholder structure and regional distribution of free-float shares of institutional investors as of December 31, 2020*





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

Key figures relating to TAKKT share *(five year perspective)*

	Unit	2016	2017	2018	2019	2020
Trade data						
Year-end closing price	EUR	21.51	18.87	13.64	12.58	10.66
Highest price	EUR	21.80	23.13	23.05	15.78	12.78
Lowest price	EUR	14.76	18.87	12.30	10.66	5.80
Market value at year-end	EUR million	1,411.3	1,238.1	894.9	825.4	699.4
Average daily turnover	thousand shares	27.2	46.0	70.5	55.1	88.7
Issued shares at year-end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share in EUR	EUR	0.55	0.55	0.85	0.00	1.10*
Payout ratio	percent	39.5	37.5	63.3	0.0	193.8
Dividend yield	percent	2.6	2.9	6.2	0.0	10.3
Valuation ratios						
Earnings per share (EPS)	EUR	1.39	1.47	1.34	1.14	0.57
TAKKT cash flow per share	EUR	1.91	1.66	1.84	1.83	1.25

* *Dividend proposal: Dividend payment of EUR 0.55 for 2020 plus previous year's suspended base dividend of another EUR 0.55*

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	65.610.331 Euro
First listing	September 15, 1999
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Hauck & Aufhäuser Oddo BHF Corporates & Markets Pareto Securities

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 informing all participants in the capital market with equal thoroughness and openness. In the "Investors' Darling" competition organized every year by manager magazin together with the HHL Leipzig Graduate School of Management, TAKKT came in tenth in the SDAX in 2020. TAKKT ranked 45th 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. In mid-March, TAKKT informed the capital market at short notice about the impact of the coronavirus pandemic on its business performance and about the planned countermeasures.

SPEED AND CONSISTENCY OF REPORTING

TAKKT places great importance on timely and informative reporting. It therefore presents interim results within one month after the end of each quarter at the latest. The management also places great value in the quality of the published information. To make it easier to analyze data, details are always presented in financial reports in the same way and in the same section whenever possible. Significant variations in comparison with previous years are explained if they occur. TAKKT presents effects on key figures resulting from acquisitions, disposals or currency fluctuations in a transparent manner.

CLOSE COMMUNICATION WITH INVESTORS AND ANALYSTS

TAKKT seeks to communicate regularly and transparently with institutional and private investors, financial analysts, potential investors and financial journalists. Beginning in March of 2020, talks with investors and conferences were held virtually due to the coronavirus pandemic:

- In April 2020, TAKKT presented its consolidated financial statements at the virtual analyst conference, where it discussed the corporate strategy and current effects of the coronavirus crisis with analysts and investors.

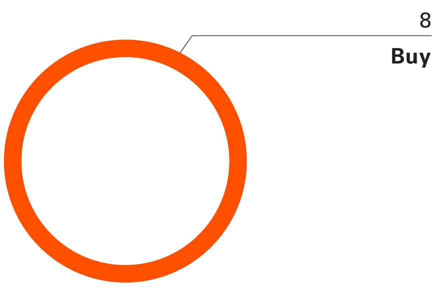
- The Management Board regularly participates in capital market conferences. These include the German Equity Forum organized by Deutsche Börse every year in November, the capital market conferences of Kepler Cheuvreux and Crédit Mutuel CIC, as well as the capital market conference of Berenberg and Goldman Sachs. In addition, there was the Oddo BHF Forum, which took place in January in Lyon before the outbreak of the coronavirus pandemic; the Berenberg Conference USA; the CEE Consumer Conference of the Erste Group Bank and the Commerzbank Sector Conference.

- The company also held 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. As of March 12, 2021, all eight analysts recommended buying the share.

Institution	Analyst
Berenberg	Catharina Claes
DZ Bank	Thomas Maul
Hauck & Aufhäuser	Christian Salis
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Thomas Hofmann
Metzler Capital Partners	Tom Diedrich
M.M. Warburg	Thilo Kleibauer
Pareto Securities	Mark Josefson

Analyst recommendations



SHAREHOLDERS' MEETING AND DIVIDEND

Due to the nationwide ban on public meetings in connection with the spread of the coronavirus, the Shareholders' Meeting of TAKKT AG originally scheduled for May 13, 2020, was postponed. In order to avoid direct contact and protect the health of the participants, the meeting was held in a virtual format on July 7, 2020. 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 two days before the meeting. During the meeting, CEO Felix Zimmermann also reported on the current development of the business as well as the TAKKT 4.0 organizational realignment and answered the questions submitted by the shareholders. In view of the exceptional crisis situation due to the spread of the coronavirus, the Management Board and Supervisory Board proposed that the dividend payment for the 2019 fiscal year be suspended. The shareholders approved this proposal and all other items on the agenda by an overwhelming majority.

The dividend policy provides for a payout of 35 to 45 percent of the profit for the period. TAKKT wants the shareholders to participate in the success of the company through a consistent and reliable dividend stream while also leaving enough room to be able to continue financing value-creating acquisitions.

TAKKT is standing by its existing dividend policy and plans to continue its reliable and attractive distributions. The Supervisory Board and Management Board propose to the Shareholders' Meeting to make up for the suspended base dividend from the previous year and to pay a total dividend of EUR 1.10 per share. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

FINANCIAL CALENDAR 2021

The financial calendar for 2021 is shown on the last page 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
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

Florian Funck
Chairman of the Supervisory Board

Ladies and Gentlemen,

TAKKT AG once again demonstrated its crisis resilience in the past fiscal year. We will all remember 2020 as an extremely challenging year. As the Supervisory Board, we supported and advised the Management Board in the uncertain market environment created by the pandemic. Our joint focus included protecting our employees as well as safeguarding our financial independence and ability to act. Given the circumstances, TAKKT achieved a respectable result and generated very strong free cash flow in 2020 thanks to its disciplined cost and cash flow management. Last year, the focus on the strategic level was on implementing the new organizational structure, in which TAKKT made good progress despite the pandemic.

CHANGES IN THE MANAGEMENT BOARD

As of June 1, 2020, we were able to gain Tobias Flaitz as a new member of the TAKKT Management Board. Mr. Flaitz has many years of international experience with digital business models. On the TAKKT Management Board, he is responsible for establishing and developing the Web-focused Commerce segment and will continue to drive forward the organizational transformation of the Group in this role. Heiko Hegwein decided to terminate his contract as member of the TAKKT Management Board for personal reasons and by mutual agreement effective September 30, 2020. Mr. Hegwein had served as a member of the Management Board since 2018 and was recently in charge of the Omnichannel Commerce segment. The Supervisory Board would like to thank Mr. Hegwein for the successful work he has done for the TAKKT Group in recent years and wish him all the best in his future professional and personal endeavors.

CEO Felix Zimmermann informed the Supervisory Board on September 18, 2020 that he would not be extending his contract, which runs until the end of April 2023. We very much regret Mr. Zimmermann’s decision, but also thank him for setting the course in good time, which makes strategic continuity possible. The Supervisory Board is working together with Mr. Zimmermann on finding a long-term successor. The aim is to find a succession solution over the course of 2021.

WORK OF THE SUPERVISORY BOARD

The Supervisory Board supported and monitored the Management Board in its advisory capacity in the year under review and was in dialogue with corporate management, particularly with regard to strategic issues. It met on six occasions in the 2020 fiscal year, four regular meetings, one strategy meeting and one extraordinary meeting. The individualized disclosure of participation in the meetings of the Supervisory Board and the personnel committee can be found at the end of this report.

The main topics of the Supervisory Board meetings in the year under review were the current business performance, the impact of the coronavirus pandemic and the strategic development of the Group with the respective ongoing and planned projects. One focus was the further implementation of the TAKKT 4.0 realignment with the related changes to the organizational structure within the TAKKT Group. Other topics covered at the meetings were business performance planning, the risk situation including the quantification of significant risks, the risk management system, the internal control system and the activities in the internal audit department. Also discussed at the meetings were the compliance management system as well as the date and execution of the Shareholders' Meeting. With the new version of the German Corporate Governance Code (DCGK) and the entry into force of the German Act Implementing the Second Shareholder Rights Directive (ARUG II), the agenda also included important regulatory changes in the area of corporate governance and compliance.

At the extraordinary Supervisory Board meeting, the Supervisory Board addressed the realignment of KAISER+KRAFT within the context of the TAKKT 4.0 implementation. At the strategy meeting in July 2020, the main topics discussed were the strategy development of the TAKKT Group and individual business units, the acquisition strategy and the sustainability strategy. The personnel committee met four times in the year under review. The items discussed included the appointment of Mr. Tobias Flaitz to the Management Board of TAKKT AG, the departure of Heiko Hegwein from the Management Board of TAKKT AG and the succession of CEO Felix Zimmermann planned for 2021. In addition, the committee dealt with the adjustment of the Management Board remuneration in accordance with ARUG II as well as the schedule of responsibilities of the Management Board.

CONSTRUCTIVE COOPERATION IN A SPIRIT OF PARTNERSHIP

As usual, the cooperation between the Supervisory Board and Management Board was transparent and open in the year under review. The Management Board informed the Supervisory Board regularly, promptly and comprehensively. Outside the Supervisory Board meetings, the Management Board also informed the Supervisory Board promptly in writing and verbally on all important matters. The meetings of the Supervisory Board and Management Board were always conducted in a constructive and open manner. The Chairman of the Supervisory Board and the CEO discussed matters in more detail when necessary. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner. If issues needed to be decided by the Supervisory Board, it always passed resolutions promptly after in-depth discussion.

ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board places importance on conducting its control tasks continuously and with great intensity. This commitment will also define its work in the future since it makes a significant contribution to responsible corporate governance at TAKKT. In this context, the Management and Supervisory Boards again signed, effective December 31, 2020, the Declaration of Compliance with the recommendations made by the Government Commission on the German Corporate Governance Code (DCGK) in the version dated February 7, 2017 and, since coming into force on March 20, 2020, in the version dated December 16, 2019. Additional information regarding corporate governance and the Declaration of Compliance can be found in the Declaration on Corporate Governance, which has been published on the company's website.

DIVIDEND PROPOSAL

TAKKT is characterized by a reliable dividend strategy. In addition to paying a dividend for 2020, we also want to make up for the suspended payment of the base dividend from the previous year. Together with the Management Board, we propose to the Shareholders' Meeting a total dividend payment of EUR 1.10 per share. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

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 2020 fiscal year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board reviewed the independence of the auditor as per section 107(3) sentence 2 of the Stock Corporation Act (AktG) and point 7.2.1 of the DCGK.

The audit focus topics for the 2020 fiscal year specified by the Supervisory Board were the recognition of lease contracts and the disclosures in the notes on the fair value measurement of financial 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 Supervisory Board's annual accounts meeting on March 26, 2021. They informed the members about the key findings of the audit and answered more detailed questions. The Supervisory Board discussed the auditors' findings at length and approved them. In the annual accounts meeting, the Supervisory Board reviewed and approved the consolidated financial statements, the financial statements of TAKKT AG, the management report of TAKKT AG and the TAKKT Group, including the non-financial statement and the proposed profit appropriation. 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, with 50.2 percent, also held the majority of TAKKT shares in the 2020 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 opinion: "Having conducted a proper audit and appraisal, we confirm that, first, the actual disclosures set out in the report are correct, second, payments made by the company for transactions covered in the report were not unduly high and, third, no circumstances covered in the report indicate a substantially different assessment than that given by the Management Board." The Supervisory Board reviewed the report on the relations of the company to affiliated companies and the corresponding auditors' 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 "Further disclosures" section in this annual report.

We would like to thank the TAKKT AG shareholders for the trust they placed in us in the challenging year of 2020. We especially want to thank all the employees of the TAKKT Group for their extraordinary commitment and outstanding performance during the coronavirus pandemic. We would like to express our gratitude to the Management Board for their trusting, constructive and collaborative partnership at all times.

Stuttgart, March 2021

Florian Funck
(Chairman of the Supervisory Board of TAKKT AG)

MEMBERS OF THE SUPERVISORY BOARD

Dr. Florian Funck
Chairman

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

Dr. Johannes Haupt
Deputy Chairman

Chairman of the Management Board
of Blanc & Fischer Familienholding GmbH,
Oberderdingen

Thomas Kniehl

Employee for claims/research/returns
of KAISER+KRAFT GmbH,
Stuttgart

Dr. Dorothee Ritz

General Manager of Microsoft Austria,
Vienna

Thomas Schmidt

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

Christian Wendler

Chairman of the Executive Board of Lenze SE,
Aerzen

MEMBERS OF THE PERSONNEL COMMITTEE

Dr. Florian Funck
Chairman

Dr. Johannes Haupt
Deputy Chairman

Christian Wendler

Board members' participation in Supervisory Board meetings in the fiscal year 2020

	Board meetings	Attendance	Personnel committee	Attendance
Florian Funck	6/6	100 %	4/4	100 %
Johannes Haupt	5/6	83 %	4/4	100 %
Thomas Schmidt	6/6	100 %	-	-
Thomas Kniehl	6/6	100 %	-	-
Dorothee Ritz	6/6	100 %	-	-
Christian Wendler	6/6	100 %	4/4	100 %

MANAGEMENT REPORT

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. The companies and brands operate in attractive markets and focus primarily on the sale of durable and less price sensitive equipment as well as special items that are needed regularly to corporate customers in various industries and regions. The product ranges that are offered mostly encompass durables that companies use for their business activities. The TAKKT companies supply products such as pallet lifting trucks to German automobile suppliers, computer cabinets to Swiss mechanical 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 REALIGNMENT

In 2020, the organizational realignment of the TAKKT Group was introduced with TAKKT 4.0. This change is especially aimed at making the Group more compact, with a focus on two distinguishable customer types. On the one hand, these are corporate customers with more complex requirements, and more price-conscious, transaction-oriented B2B customers on the other. In order to do this, TAKKT implements the two business models of Omnichannel Commerce and Web-focused Commerce in B2B distance selling and is reorganizing its Group accordingly. The main reason for the segmentation by business model is that the two types of customers have very different requirements in terms of products, delivery speed, service and quality. In order to best meet these needs, providers also need to have a differentiated positioning. The new organization also makes it possible to promote and take different management and working cultures in the two areas into account. The new organizational structure and implementation of TAKKT 4.0 create the foundation for achieving the Group's strategic goals and will be carried out step by step. On the whole, the transformation is expected to take two to three years.

In addition to the focus on two different customer types, the organizational realignment will involve a greater integration of certain functions in the respective segments, thereby enabling better scalability within the two units. Future acquisitions will be integrated more closely than before into the structures of a segment and thereby contribute more to value generation within the Group. The new organizational structure is shown on page 37.

REALLOCATION OF FUNCTIONS AND RESPONSIBILITY

As part of the transformation of the organization, responsibilities and functions are also being reallocated at the three organizational levels (AG, segments, business units).

- The business units concentrate their resources on functions that deal closely with the customer such as sales and marketing or putting together the product portfolio.

- The segments integrate business model-specific functions, which ensure highly professional and efficient work methods through the implementation of best practices or bundling in order to facilitate scalability. This applies to functions such as IT services, logistics and analysis of customer data.

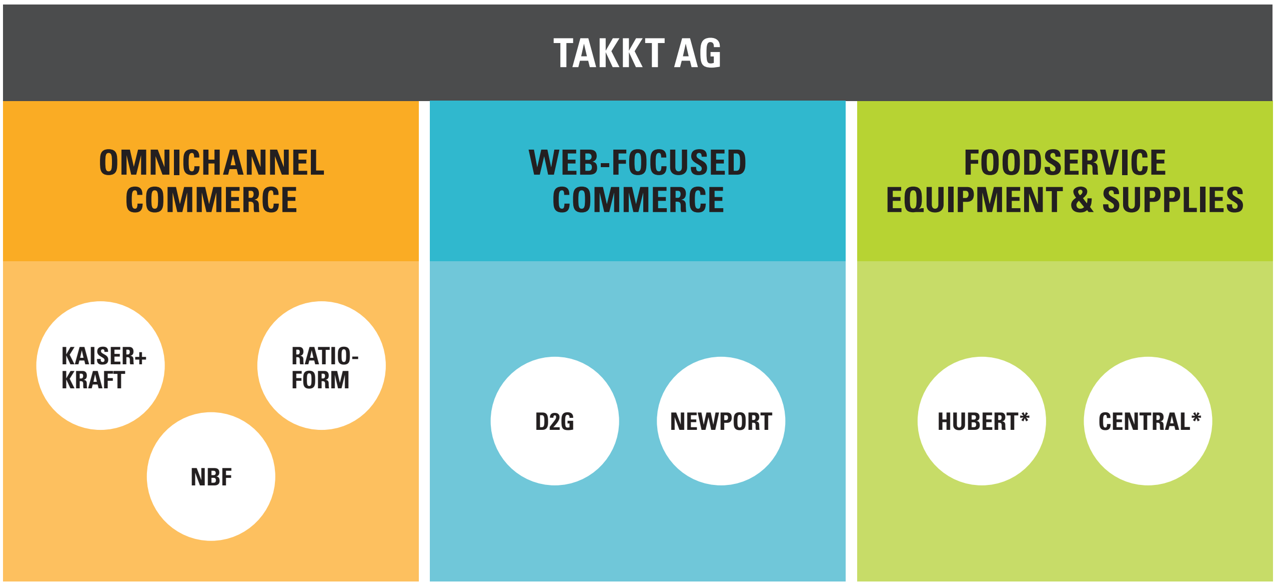
- The AG is responsible for functional activities that apply to the entire Group, which is why they can best be implemented at this level. This includes functions such as finance, strategy, M&A, continuous improvement and human resources.

The segments will be managed by a member of the TAKKT Management Board. The CEO is responsible for the Omnichannel Commerce segment as well as the activities of Hubert and Central. The Web-focused Commerce segment is managed by another member of the Management Board. In addition, the CEO and CFO are responsible for coordinating and executing the above-mentioned group functions.

FOCUS ON TWO BUSINESS MODELS FOR TWO CUSTOMER TYPES

The Omnichannel Commerce segment addresses corporate customers with more complex requirements with a broad range of service offerings via online channels, key account managers and print advertising. The Web-focused Commerce segment gears its offerings to the less complex requirements of transaction-oriented and more price-conscious B2B customers mainly through online channels.

Group structure (as of January 1, 2021)



*Review of strategic options

- The businesses in the Omnichannel Commerce segment focus on excellent quality and comprehensive service. Products are sold through several channels. The online service is combined with print advertising as well as with telesales and key accounters as part of an integrated approach. The aim is to make the procurement of equipment as easy as possible for customers. This starts with preselected products and a carefully curated range. Customers can choose between various product versions depending on the application and receive personalized purchasing advice – also directly on site if needed. Customer-specific solutions, project business (e.g., CAD planning), assembly and maintenance services, long warranty periods and availability guarantees complete the comprehensive range of services. This broad scope of services is especially appreciated by large and medium-sized companies that strive for maximum procurement process efficiency for a large number of products and have high demands when it comes to product quality. For this, they count on reliable, long-standing established business partners. Accordingly, the customer relationships are more loyal and enduring, which is reflected in the high share of business with existing customers. Due to the international positioning, customers of the Omnichannel segment can expect a consistent professional delivery of business equipment at all locations. The Omnichannel activities are also able to link the product ranges to the IT systems of the customers via various e-procurement solutions.

- The Web-focused businesses offer a broad product range with fewer service features at an attractive price level. This addresses business customers with comparatively less complex requirements. These are generally small and medium-sized businesses. To a smaller extent, the products offered by the Web-focused businesses are also sought-after by consumers. Products from the entry-level price segment are often sufficient for the needs and applications of these business and private customers. At the same time, TAKKT's Web-focused activities also offer personalized advising (by telephone or chat). The purchasing behavior of price-conscious B2B customers is less consistent and loyal than that of more service-oriented customers. Accordingly, the share of new customer business in the Web-focused segment is significantly higher than in the Omnichannel segment. The Web-focused businesses therefore focus on effective search engine optimization (SEO and SEA) for attracting new customers, while offering the easiest and quickest digital searching and ordering process possible for individual transactions.

The Omnichannel Commerce segment includes KAISER+KRAFT, ratioform and NBF. Newport and Displays2go are part of the Web-focused Commerce segment. Hubert and Central were part of the Omnichannel Commerce segment until the end of 2020. However, they follow a somewhat different business model from KAISER+KRAFT, ratioform and NBF. In order to drive forward the creation of the segment structures in Omnichannel Commerce, TAKKT established a third segment with Hubert and Central in the form of Foodservice Equipment & Supplies at the beginning of 2021. Various strategic options are being explored for these two business units.

BUSINESS ACTIVITIES OF THE SEGMENTS

The Omnichannel Commerce segment has more than 50 locations.

- The KAISER+KRAFT group, as a supplier of business equipment, offers around 120,000 products for transport, plant, warehouse and office equipment in 23 European countries. Customers include industrial enterprises such as automotive suppliers, service and retail companies and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and swivel chairs as well as special-purpose products such as environmental cabinets and containers for hazardous materials.

- As a packaging specialist, the ratioform group offers around 7,000 different products in five European countries for companies in different industries as well as customer-specific packaging solutions. Some examples of products are collapsible boxes, package padding, shipping pallets and stretch film.

- The NBF group offers around 20,000 office furniture products in the United States. In addition to companies, its customers include government agencies, the health care sector, schools and churches. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.

The Web-focused Commerce segment has more than 15 locations.

- The Newport group bundles young companies that target small and medium-sized business customers. The division offers around 140,000 products in different European countries and product areas. For example, Certeo sells plant and office equipment in four European countries. In contrast, Mydisplays provides products such as custom-printed advertising banners and mobile display systems to a broad customer segment primarily in Germany, Austria and Switzerland. As a product specialist, OfficeFurnitureOnline offers office furniture such as desks, chairs and cabinets in the UK and Germany. BiGDUG, an online retailer for business equipment specializing in storage and shelving that supplies its customers with shelving systems and work benches, also serves the UK. Davpack supplies companies in the UK, Sweden and Germany with a wide product range of boxes and packaging materials. The company XXLhoreca, acquired in 2019, sells large and small kitchen appliances, kitchen equipment and accessories, primarily in the Benelux countries, France and Germany. XXLhoreca mainly supplies business customers from the hotel, restaurant, cafeteria and catering sectors.

- The D2G group offers around 13,000 display products in the US. Products include advertising banners, stands for digital displays, mobile trade booths and fixtures.

The Foodservice Equipment & Supplies segment is active in five locations.

- The Hubert group offers around 280,000 products in North America. The range includes 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.

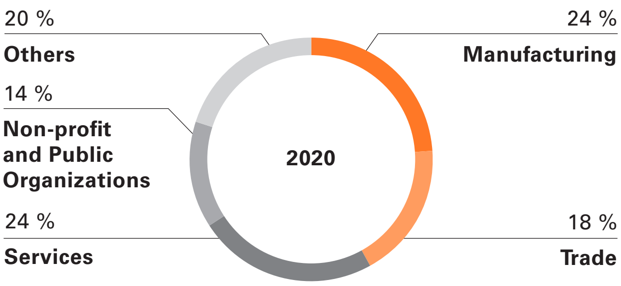
- The Central group offers around 500,000 products for restaurant equipment in the US. Restaurant operators are the core customer group of the Central business. The product range includes all the equipment and supplies required for the operation of small to mid-sized restaurants. Some examples of products are kitchen stoves and freezers.

An overview of all the Group companies is provided by the share ownership list 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

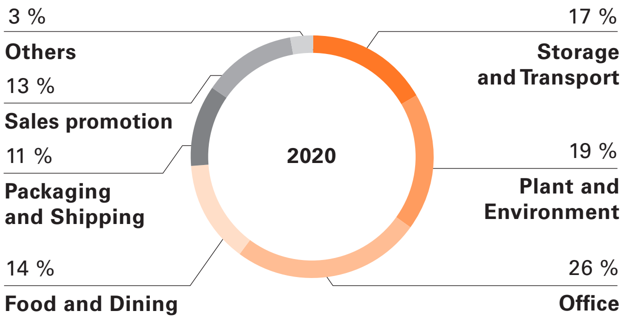
Due to its presence in different regions and the focus on different product and customer groups, the TAKKT Group is broadly positioned. At the customer level, the business units serve a broad customer base consisting of manufacturing businesses, retailers and service providers as well as nonprofit and 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 – represent a quarter of the sales volume. The medium-term goal of the TAKKT Group is to achieve a balanced share of sales with the manufacturing industry, the trade and service sectors as well as nonprofit and public institutions. This diversification across different customer groups stabilizes the TAKKT Group as a whole.

Diversification of customer groups



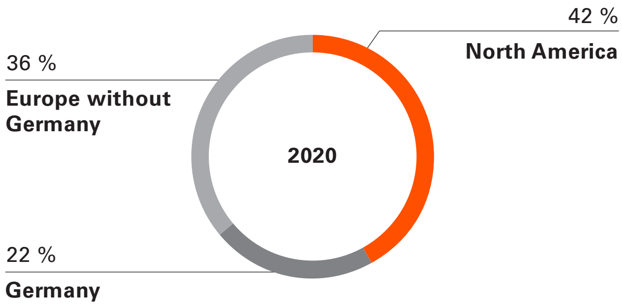
At the product level, TAKKT differentiates between products for plant & environment, storage & transport, office, packaging & shipping, food & dining and sales promotion. TAKKT diversifies broadly here to compensate for fluctuations in demand. The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in its 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, regional diversification has proven to be a pillar of the TAKKT Group. This way, economic fluctuations in certain target markets can be partially offset by opposite developments in other regions.

Diversification of regions



MARKET POSITION AND COMPETITIVE ENVIRONMENT

TAKKT's market environment can be defined by means of different criteria (see the following table). The TAKKT Group companies position themselves as B2B distance selling specialists of business equipment with a comprehensive range of services. With the exception of Hubert and Central, TAKKT's activities are horizontally aligned, i.e., focused on a specific product group. In the case of Hubert and Central, they each sell products for a specific industry.

Market differentiation…	Market attributes	TAKKT
…by customer	• B2B • B2C	• B2B
…by type of distribution	• Store-based retailing • Direct sales • Distance selling	• Distance selling
…by product range depth	• Generalists • Distance selling specialists	• Distance selling specialists; product ranges in the Web-focused area are generally broader than in Omnichannel
…by industry focus	• Horizontal alignment (product specialists) • Vertical alignment (industry specialists)	• Mainly horizontal alignment
…by service	• Pure distributors • Marketplaces • Distribution of goods and additional services	• Distribution of goods, advising and, in the case of Omnichannel activities, also 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 before it can achieve the margins that are standard in the sector. These investments only pay off when a company manages to develop a loyal customer base that provides repeat business at regular intervals. In this respect, the market entry barriers in the web-focused area 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 the web-focused competitors concentrate on running the marketing activities. Well-established customer relationships and loyalty are not as strong in this segment.

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 attractive to customers if they can find and order the desired product quickly and easily. Customers in the Omnichannel Commerce segment also expect a high level of advising and service with regard to the actual product in order to meet their more complex requirements. Customers in Web-focused Commerce require less comprehensive services, want good products at an attractive price and, if necessary, personalized advising as well (by telephone or chat). TAKKT's strength lies in its ability to address and serve these different customer needs in a targeted way by means of the two business models. The table on page 41 lists the services according to the two different business models. As part of the transformation of the business model, the services offered in both segments will be further expanded and differentiated for the respective customer types in a targeted manner in order to maximize the attractiveness for customers.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side (see table on page 41). 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.

Added value for customers in Omnichannel and Web-focused Commerce	
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, especially for customers in Omnichannel Commerce • Continuous and, where necessary, short-term adaptation of the product range to the needs of the customers
Personalized advising and individual offers	• Sales employees and product experts advise customers through different channels and media • Individual offers and support with selection process, especially for customers in Omnichannel Commerce

Additional services for the requirements of customers in Omnichannel Commerce	
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	• The warranty periods are usually longer than the legal requirements • Availability guarantee of several years

Added value for suppliers	
Opening up enormous customer potential	• Access to entire customer base of the sales company • Opportunity to benefit from cross-selling with product categories of other manufacturers
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
Easy onboarding and intensive support	• Close supplier management, regular interaction and joint product development based on needs of the customer
Greater efficiency	• One-time shipment of larger volumes to a central warehouse instead of many individual deliveries to customers

MARKET TRENDS SUPPORT PROVEN BUSINESS MODELS

The Management believes that structural market trends provide sustainable opportunities, which TAKKT makes use of with the corresponding competitive advantages (see table below). This mainly applies to the Omnichannel activities, which currently still represent the much greater share of the Group. In particular, B2B customers with more complex requirements pay more attention to low process costs and want to concentrate purchase volume on a limited number of providers. TAKKT meets this need by offering a carefully curated range of high-quality products. However, TAKKT can also benefit from developments in the Web-focused area. The more price-conscious customers with less complex requirements are a customer type with enormous growth potential and one that TAKKT will place greater focus on through the new organizational structure. In addition, the entire Group benefits from the rapid technological changes brought about by digitalization. E-commerce and e-procurement are gaining importance and customers expect the latest technologies at all touchpoints with their provider. TAKKT responds to these trends by focusing on business customers, catering to different customer needs with the Omnichannel and Web-focused Commerce segments, specializing the product ranges, and offering customers an extensive range of advice and services.

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, which handle the majority of the volume, and distance sellers. Omnichannel providers as well as purely online providers and marketplaces are active in distance selling. Depending on region and product group, at this point TAKKT estimates the market shares of distance selling to be in the low to mid-double-digit percentage range. Based on industry studies, TAKKT expects distance selling to grow significantly over the coming years. In the long term, shares of store-based retailers and distance selling should thus each account for approximately half of the market. The company believes that the online web shop business and online marketplaces (intermediary platforms) 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.

General market trends in B2B	Competitive edge
Individualization of customer approach: Customers increasingly expect a personalized approach that is tailored to their needs.	Comprehensive analyses of the existing data in order to provide customers with information on products and topics that have the highest relevance for them.
Technology: Customers expect the latest technologies at all interfaces with their provider (e.g., consulting, customer service, sales).	Use of new communication technologies (e.g., live chat, co-browsing, etc.).
Increased use of digital ordering systems: Customers expect to be able to place orders online without any problems and also want ordering options that can be linked with their own systems in some cases.	Broad range of e-commerce solutions, in addition to the classic web shop, Omnichannel Commerce activities also offer options for the electronic integration of the product range in the customer's ERP system.
Consideration of sustainability aspects: Environmental and social aspects are playing an increasingly important role in the selection of business partners.	A Group-wide comprehensive sustainability strategy that covers the whole value chain.

Market trends among B2B customers with complex requirements and high demands in terms of quality and service	Competitive edge
Use of numerous sales channels: The channels are used for obtaining information and ordering.	Combination and integration of all sales channels in omnichannel marketing as well as uniform ordering processes using efficient IT systems.
Concentration on a small number of suppliers: Corporate customers want to reduce complexity and look for reliable, long-term partnerships.	Product range from a single source as well as extensive preselection.
Customers have an eye on process costs: For merchandise of a low value, the emphasis is on the efficiency of the ordering process.	Bundling of the product ranges of hundreds of suppliers, well-organized presentation of quality products and fast delivery.
International positioning: Customers generally choose established providers and products regardless of location.	Customer proximity with more than 50 sales companies in over 25 countries.
Individualized products: More and more customers want to be able to obtain individualized products and solutions.	Individual products and flexible solutions for every need through customer service together with long-standing suppliers and in-house production.

As shown above, the TAKKT companies are positioned in the market as Omnichannel or Web-focused providers. They differ from their various competitors 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 omnichannel retailers. For this customer group, a reliable procurement process, comprehensive product consulting and additional services are just as important as price, which is why more transaction-oriented online providers have less relevance for these customers.

- TAKKT's Web-focused Commerce companies act as experts with regard to more price-conscious and generally smaller business customers. In terms of purchasing and advice, they have a great deal of expertise with respect to their defined 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 Don • Wasserstrom	• Allen Display • Braeside Displays	• Staples • Office Depot
	Web-focused providers	• Contorion • Rapid Racking	• Karton.eu • Hilde24	• WebstaurantStore • Katom • Instawares	• Ace Exhibits • DisplayIt	• BizChair • Cymax
	Online marketplaces	Various marketplaces, e.g. Amazon Business				

CORPORATE GOALS AND STRATEGY

In early 2020, the Group began with the implementation of TAKKT 4.0 and is thus repositioning itself. The Group's strategic goals are to continue its profitable growth, transform its business model and act in a sustainable manner. For the individual subgoals, TAKKT set new target values in certain areas to be achieved by 2025.

VISION

In the course of the organizational realignment, TAKKT developed a vision that will serve as a guide during the transformation. This vision shows where the company wants to be by 2025.

We are the most sustainable provider of workspace equipment. Committed to an outstanding customer experience, the responsible use of resources, and strong growth.

TAKKT is giving itself a long-term, ambitious outlook with this vision. TAKKT wants to be the most sustainable supplier of business equipment by 2025. This goal is divided into different components. Sustainable business has an environmental as well as a social and economic component. TAKKT wants to win over customers with its strong performance, be an attractive and fair employer for its employees, manage natural resources in a responsible manner and be financially successful. These partial goals are not in competition with one another, but rather depend on and bolster each another.

An important part of the vision is also to strengthen employees' identification with the Group, regardless of which business unit they work in or their function. "We Are All TAKKT" is the company's motto for establishing new communication formats, reporting on the progress of the transformation and promoting the development of a shared culture and identity.

STRATEGIC GOALS

TAKKT remains committed to the three strategic goals that were adjusted at the beginning of the transformation and presented in last year's annual report. The new vision for 2025 made certain subgoals more concrete by setting corresponding target values. The table below gives an overview of TAKKT's strategic goals.

GROW PROFITABLY

Organic growth

TAKKT wants to accelerate organic growth and achieve an increase for the Group of around five percent per year on average over the long term. The target value does not take into account exceptionally severe economic downturns such as those during the financial crisis of 2008/2009 or resulting from the coronavirus pandemic in 2020. The three segments have different growth potential. While the Omnichannel Commerce and Foodservice Equipment & Supplies segments are expected to grow by an average of three to five percent per year, TAKKT is aiming for a growth rate of six to eight percent in the Web-focused Commerce segment.

TAKKT is implementing strategic initiatives in the segments and business units in order to achieve these growth targets. These relate to various areas of the value chain. For example, the companies are optimizing their product ranges and aligning them even more closely with the changing needs of customers. Generating growth through sustainable products plays a key role in this. TAKKT is also developing marketing, sales and pricing further. Of particular note are the expansion of sales activities in additional regions as well as the introduction of dynamic price management systems, which use data-based analyses to allow sales prices to be flexibly adapted for each customer.

Strategic goals	Previous sub-targets	New sub-targets (until 2025)
Grow profitably	• Long-term organic sales growth of around 5% per year • Additional growth through acquisitions • Increase in EBITDA	• Long-term organic sales growth of around 5% per year • Additional growth through acquisitions • Sustainable increase in EBITDA
Transform the business model	• New organizational approach with focus on two business models • Digital transformation with significant increase in e-commerce business	• Organizational realignment with focus on two business models • Employee NPS of over 30 • Customer NPS of over 60 • Above-average organic e-commerce growth
Act sustainably	• Industry role model for sustainability • Sustainability "built-in" instead of "add-on" in daily corporate management	• Share of women in top executive positions of at least 30 percent • Share of sustainable products of over 20 percent • 100 percent carbon-neutral print advertising and shipping processes

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. On the one hand, TAKKT aims to strengthen existing businesses, for example if an acquisition target has an attractive customer base or a presence in additional domestic markets. On the other hand, future acquisitions should enhance the added value within the Group. To this end, TAKKT also wants to acquire smaller 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.

With regard to acquisitions, TAKKT's aim is to integrate the target company into the Omnichannel or Web-focused segment. This allows the acquired companies to benefit from the competencies and expertise at the segment level (e.g., in logistics, IT, data & analytics, purchasing and marketing). In addition to taking advantage of synergies, growth will be accelerated through the improved scalability of the two segments. Both result in a higher increase in value as opposed to the acquired company continuing to operate independently.

Profitability

TAKKT pursues a course of profitable growth. The starting point is a high gross profit margin, which for the Group average should exceed 40 percent. The relatively high gross profit margin results from the market position as B2B distance selling specialists for business equipment as well as from targeted measures such as the expansion of private labels and increasing the share of direct imports from Asia and Eastern Europe.

TAKKT has set itself the goal of increasing the operating result sustainably. For the Omnichannel segment, TAKKT is aiming for an EBITDA margin of around 15 percent. A margin of around ten percent is expected for the Web-focused segment. The Foodservice Equipment & Supplies segment is expected to generate an EBITDA margin of over ten percent. The EBITDA margin for the TAKKT Group depends on the weighting of the segments in the Group.

TRANSFORMING THE BUSINESS MODEL

With TAKKT 4.0, the Group is realigning its organizational structure and making it more compact. In both the Omnichannel Commerce and Web-focused Commerce segment, TAKKT is focusing on a specific business model for one customer type. This approach allows the brands to position themselves more clearly in the market and therefore meet the different requirements of the respective customer types in terms of products, service and quality. 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 likelihood to recommend and is monitored continuously. TAKKT's goal is to achieve a cNPS of over 60 points in the long term. To this end, the various business units are working on improving customer satisfaction further in a targeted manner. This includes continuously developing the product range with new, innovative products, providing better advice and problem-solving expertise in customer service, and even faster and more reliable delivery to customers.

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 likelihood to recommend, the employee NPS (eNPS) provides information about the attractiveness of the employer and the likelihood of employees to recommend it to others. This value is measured on a regular basis. TAKKT's goal is to achieve an eNPS of over 30 points in the long term. In order to achieve this, the business units are working on specific measures to boost employee commitment and identification with the company. This can include factors such as development opportunities or improving communication within the company. Details on the calculation of cNPS and eNPS can be found in the Management system section starting on page 48.

The continued evolution of TAKKT's business model has already been accompanied by a steady increase in the e-commerce business in recent years, which by now accounts for well over half of the business volume. TAKKT believes that the changes in customer behavior and the increasing shift towards e-commerce will also accelerate in the B2B sector in the future. The Group will align its activities accordingly in order to continue to generate above-average organic growth in e-commerce.

Besides the organizational realignment and the corresponding creation of structures in the Omnichannel and Web-focused Commerce segment, TAKKT 4.0 also includes the implementation of a new operating model. To this end, TAKKT is defining a common understanding of work, management and leadership and implementing it within the Group. TAKKT's operating model defines core behaviors and processes, thereby establishing uniform standards for all employees. It enables better achievement of performance targets and serves as a guide for employees.

ACT SUSTAINABLY

Sustainability has been an integral part of the corporate strategy for many years. In the future, TAKKT will differentiate itself even more from other market players in this area. The Group is convinced that sustainability represents competitive advantages across all stages of the value chain and enhances company value for the long term. The sustainability goals build on the achievements of the past and cover the different dimensions of sustainability (economic, environmental and social). TAKKT has also included three of these in the strategic objectives to be achieved by 2025:

- Strengthening diversity and gender equality by increasing the share of women in top executive positions to over 30 percent.

- Resource-efficient business by increasing the share of sustainable products to over 20 percent.

- Supporting the fight against climate change by reducing CO_2 emissions from parcel and general cargo shipping. The aim is to make these activities fully carbon-neutral by 2025, as we have already achieved with print advertising.

Further details on the sustainability goals and measures are presented in the new interim sustainability report, which will be published together with this annual report.

MANAGEMENT SYSTEM

In the course of the organizational realignment within the scope of TAKKT 4.0, the Group added further dimensions to the management system, which was previously primarily finance based, and expanded it into a financial and operational management system. The indicators for the digital agenda were merged into TAKKT 4.0 and the new management system. Product range and value-based key figures as well as the internal covenants will continue to be collected and reported. The Group uses three target values for management with regard to sustainability. The three segments of the Group are managed according to the same key figures, however, the targets for individual key figures differ for the various segments.

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 implementation of TAKKT 4.0, the Group wants to achieve average annual organic growth of around five percent over the long term. More information regarding the growth ambitions can be found in the "Corporate goals and strategy" section on page 44.

- 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 sales via e-procurement systems, web shops, online marketplaces and orders placed through traditional channels that were initiated over the internet. TAKKT wants to continue to grow above the average in e-commerce.

Definition and target values

Key figure	Definition	Target values
Organic development of sales	Benchmark for company growth without acquisitions	5 percent on average in the long term
Organic e-commerce development	Benchmark for e-commerce growth without acquisitions	Above-average growth

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.

- EBITDA is the most 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 wants to achieve a sustainable increase in EBITDA. There are different target values for the profitability of the segments. Detailed information regarding the earnings targets can be found in the "Corporate goals and strategy" section on page 45.

Definition and target values

Key figure	Definition	Target values
Gross profit margin	Measure for added value (e.g., for customers and suppliers)	Over 40 percent of sales
EBITDA	Measure for operating profitability	Sustainable increase

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.

- 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. One-time effects from the sale of real estate or consolidated companies 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. Accordingly, the long-term capital expenditure ratio average is between one and two percent of sales. In fiscal years in which the warehouse capacities of a business unit are expanded significantly or important capital expenditures in IT are made, this ratio is higher, whereas in periods without larger investment projects it is at the lower end of the specified range.

Definition and target values

Key figure	Definition	Target values
TAKKT cash flow	Measure for internal financing capability	Sustainable increase
Free TAKKT cash flow	Cash surplus available for acquisitions, repayments and dividend payments	Sustainable increase
Capital expenditure ratio	Capital requirements for maintenance, expansion and modernization of operations	Between 1 and 2 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. 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 likelihood to recommend, the employee NPS (eNPS) provides information about the likelihood 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 likelihood 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. TAKKT's goal is to achieve an eNPS over 30 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 likelihood to recommend among its employees and customers.

Definition and target values

Key figure	Definition	Target values
cNPS	Measure of likelihood to recommend among customers	Above 60 in the long term
eNPS	Measure of likelihood to recommend among employees	Above 30 in the long term

SUSTAINABILITY

- 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 at least 30 percent of the top executive positions filled by women by 2025.

- The share of sales generated with sustainable products has grown steadily at TAKKT in recent years. Among them are products made from sustainable sources of raw materials such as certified forests or recycled materials. This also includes carbon-neutral products. The goal is to increase the share of sales of these products to 20 percent by 2025.

- TAKKT has committed to taking urgent action to combat climate change. Within the Group, this mainly applies to the reduction of CO_2 emissions from parcel and general cargo shipping. The aim is to make these activities fully carbon-neutral by 2025, as we have already achieved with print advertising.

Definition and target values

Key figure	Definition	Target values
Share of women in top executive positions	Measure of equal opportunity and diversity	Increase to 30 percent
Share of sales of sustainable products	Responsible use of natural resources	Increase to 20 percent
Share of carbon-neutral activities	Contribution to combating climate change	100 percent carbon-neutral print advertising and shipping processes

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 as well as those added in the new system. 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 development of the Group. Moreover, the forecast report looks at how TAKKT anticipates the key performance figures to develop in 2021.

EMPLOYEES

Human Resources at TAKKT is a key element in achieving the strategic goals and follows a uniform approach for the top executives throughout the entire Group. The 2020 fiscal year was challenging with regard to human resources. The top priority during the coronavirus pandemic was keeping the employees safe and securing operations. Alongside this, TAKKT worked on professionalizing Group-wide talent management further as part of the new operating model.

TOGETHER AT A DISTANCE: RESPONSE TO THE PANDEMIC

Right from the start, TAKKT responded quickly to the spread of the coronavirus pandemic and introduced measures to protect its employees and maintain operations. Since then, the vast majority of employees have been working from home. TAKKT has taken extensive protective measures for activities where employees are required to be physically present at their workplace. Besides strict hygiene requirements, this also included the introduction of two separate shifts for employees in the warehouse. Due to the TAKKT Group's international positioning, the exact form of the measures was carried out by local crisis teams who were most familiar with the respective circumstances and conditions. Along with this, TAKKT also coordinated and promoted the Group-wide exchange of experiences and recommendations on how to deal with the new challenges.

As an employer, TAKKT is aware of its great responsibility towards its employees in a crisis situation like the one in the year under review. This responsibility has always been taken into consideration, also when making difficult decisions, such as with regard to the use of short-time labor or structural changes. The Management Board and top management waived a portion of their salaries in the second quarter, thereby making it possible to establish a relief fund to support employees in particularly challenging situations.

The year 2020 has shown that collaboration with colleagues, external partners and customers is also possible without daily face-to-face interaction. Digital formats are replacing on-site meetings and project work. At the same time, virtual collaboration while working from home also brought new challenges, such as the absence of informal workplace interactions and in terms of personal resilience. TAKKT therefore offers targeted training and a range of virtual formats to strengthen collaboration and team spirit among employees in the company despite the physical separation.

NEW FORMS OF COLLABORATION AND STRENGTHENING IDENTIFICATION

Continuous development of the corporate culture is an integral part of human resources at TAKKT. Establishing new ways of working also plays a key role in this. The shift in how people work together as a result of the pandemic has especially helped to drive forward the development of more flexible working arrangements and has further strengthened employees' sense of personal responsibility. The TAKKT Group's core behaviors serves as the basis for working together. Elements of these guidelines are customer centricity, employee empowerment, continuous improvement, taking ownership and competing for success. They are drivers of transformation and create the foundation for a common corporate culture. At the same time, they are also the basis for the Group-wide performance evaluation of the employees.

One goal of the organizational transformation within the context of TAKKT 4.0 is to strengthen Group-wide exchange and collaborative learning in "communities of practice." Employees meet within this framework on a regular basis to discuss the topics of strategy, lean and talent as well as to exchange information on current projects and best practice examples. Regular exchange and dialogue between employees and managers regarding performance and personal development is also promoted.

"We are all TAKKT" – that is the motto under which the Group aims to strengthen and bundle internal communications throughout the Group. To accomplish this, TAKKT will establish new communication formats to involve, engage and inform employees during the transformation. TAKKT has established a regular survey to measure employee satisfaction in the company using the employee Net Promoter Score (eNPS) method. The business units use the results to develop specific measures to boost employment dedication and identification with the company. The average eNPS for the TAKKT Group in the year under review was twelve. Information on calculation of the eNPS can be found in the Management system section on page 48.

STRENGTHENING DIVERSITY

TAKKT believes that diversity is an important factor in the Group's success. Diversity drives innovation and makes it possible to provide comprehensive service and support to a very broad range of customers. TAKKT wants to ensure equal opportunities for all employees in their everyday work life and career development and a discrimination-free working environment. Diversity comprises different dimensions. TAKKT specifically seeks to advance women in executive positions. In this regard, the company wants to improve the balance between family and working life. Furthermore, target quotas for succession planning make it possible to recruit for management positions from a very diverse pool of candidates. In general, TAKKT wants to provide more support for diverse talents in their career paths through individual development plans and training. Coordination of the various measures to promote diversity is managed by a central committee in cooperation with the Management Board.

Women currently make up 42.0 (previous year: 43.0) percent of all employees in the TAKKT Group. This share has decreased slightly compared to the previous year. The share of women in executive positions also decreased slightly compared to the previous year to 29.6 (30.4) percent. The share of women in top executive positions decreased to 14.0 (15.0) percent. TAKKT strives for a share of at least 30 percent with respect to the share of women in the top ranks of the Group by the year 2025.

Share of women in the TAKKT Group *in %*

	12/31/2019	12/31/2020
Employees	43.0	42.0
Executives	30.4	29.6
thereof top executives*	15.0	14.0

* *Mainly the Management Board of TAKKT AG, presidents and vice presidents*

IDENTIFYING AND DEVELOPING TALENTS

Talent management at TAKKT means identifying top performers, developing potential in a targeted manner and helping to pave internal career paths. The goal is to fill key positions internally wherever possible. In order to achieve this, TAKKT pursues a uniform Group-wide talent management approach, which includes annual talent conferences, regular interim feedback and individual talent development. Uniform standards ensure greater transparency and support talents to develop within the company specifically for succession into key positions throughout the entire Group.

Through the use of targeted recruiting measures, TAKKT is equipping itself with skill sets that were not previously available in the company to a sufficient level. There is a standardized process established for this, in which all applicants are considered individually. In general, importance is given to a more diverse and international workforce in order to foster cross-border networking within the Group.

PROMOTING SKILLS ACQUISITION

TAKKT wants to create a framework which allows employees to develop according to their individual strengths. In regard to this, TAKKT offers external and internal training. In addition, emphasis is being given to on-the-job development. This includes transferring project responsibility early on as well as promoting work shadowing and rotations within the TAKKT Group. Besides professional skills, emphasis is also being given to further developing TAKKT's management culture in view of our core behaviors and the new operating model.

DEVELOPMENT OF EMPLOYEE FIGURES

The number of employees (full-time equivalent) in the Group decreased by around 150 compared to the previous year. In addition to the use of short-time labor and similar tools, the decline was mainly due to the realignment of KAISER+KRAFT and capacity adjustments at Hubert and Displays2go. The employee structure changed very little in 2020.

Number of employees

	12/31/2019	**12/31/2020**
in full-time equivalent	**2,483**	**2,327**
thereof Omnichannel Commerce	1,842	1,722
thereof Web-focused Commerce	585	558
thereof Others	56	47
in headcount	2,677	2,536

Employee structure

	12/31/2019	**12/31/2020**
Employees (without executives)	2,321	2,266
Executives	359	358
thereof top executives*	53	57

* *Mainly the Management Board of TAKKT AG, presidents and vice presidents*

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: With the membership of Dorothee Ritz, the target of at least one woman among the six members on the Supervisory Board is currently being met.

- Management Board: As of 12/31/2020, there is no female representation on the Management Board of TAKKT AG.

- Top management level: At the top management level of TAKKT AG, the goal is to fill at least ten percent of the positions with female executives by June 30, 2022. This target had been met by the end of 2020.

FISCAL YEAR

GENERAL CONDITIONS

The spread of the coronavirus and the related mitigation measures had a massive impact on economic development in 2020. The global economy plunged into a deep recession in the second quarter. North America as well as Europe recorded a significant drop in GDP. The relevant industry-specific indicators for TAKKT also reacted very negatively to the crisis in the spring, with sharp declines in some cases. After particularly pessimistic assumptions regarding economic performance did not materialize and in view of a rapid stabilization in the industrial sector, the European Purchasing Managers' Indexes bounced back strongly from their lows in the second half of the year.

OVERALL ECONOMIC CONDITIONS

In the spring of 2020, economic expectations for the eurozone and US were subject to a great deal of uncertainty due to the rapid spread of the coronavirus. TAKKT therefore assumed negative growth rates in the target markets for the annual forecast. This expectation has been confirmed. The year 2020 was marked by economic crisis, also from a global perspective. The downturn in economic performance in the eurozone and North America was greater than in 2009 during the global financial and economic crisis.

The eurozone saw a 6.8 percent drop in GDP in 2020. The decline in the southern European countries and especially France was well below this figure. Economic performance in Germany dropped by 5.0 percent compared to the previous year. The slightly better development in Germany was mainly attributable to the recovery in the manufacturing industry as a result of rising exports after the second quarter. Economic activity in the US showed a decline of 3.5 percent during the crisis and was thus more stable than in Europe. Extensive fiscal measures and increased private consumption contributed significantly to this.

GDP growth for the eurozone, Germany and the USA

	GDP growth in percent		
	Actual 2019	Forecast 2020	**Actual 2020**
Eurozone	1.2	Negative growth rates expected	–6.8
Germany	0.6		–5.0
USA	2.3		–3.5

Sources: Statistical offices

INDUSTRY-SPECIFIC CONDITIONS

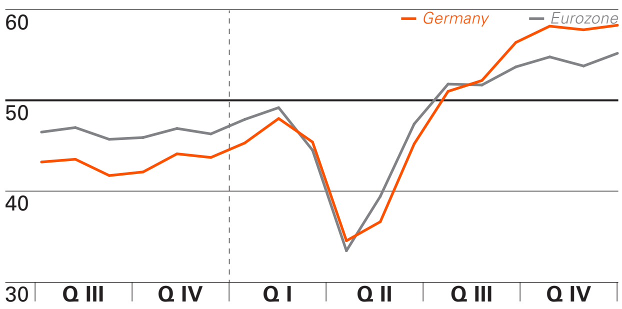
Among other things, TAKKT uses different Purchasing Managers' Indexes (PMI) in order to better assess the anticipated development in the sales regions in the medium term. This refers to data from the manufacturing industry, which is compiled by different research institutes together with national associations and aggregated in an index. For TAKKT, Purchasing Manager Indexes are understood to be indicators for order intake from the manufacturing industry with a lead time of three to six months. The PMI values are particularly relevant for the equipment business of the European KAISER+KRAFT group.

- 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.

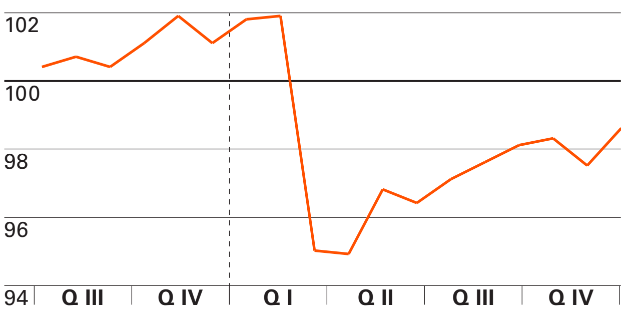
The coronavirus pandemic led to a drastic decline in the PMI for the eurozone in March and April 2020. The year's low of 33.4 points in April was also the index's lowest level since records began. Rebounding demand for exports and the related pickup in industry helped drive the PMI's significant recovery in the following months. As of July, the index was consistently above the reference value of 50 points. The highest level was in December with 55.2 points. The PMI for Germany developed in line with the values for the eurozone for the most part and also increased sharply again in the second half of the year. The annual high was 58.3 points in December.

Purchasing Managers' Indexes July 2019 to December 2020



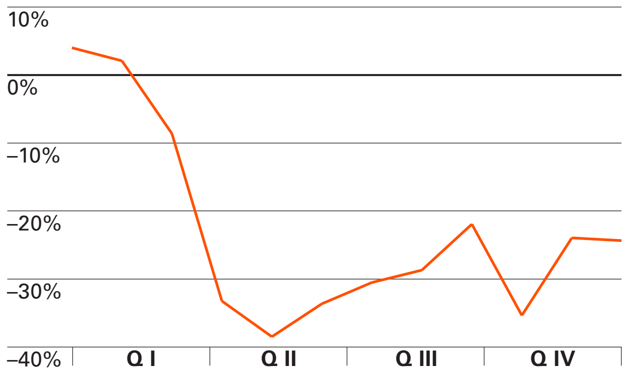
For the Central and Hubert groups in the US, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments of the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. In 2020, the values were consistently below 100 points from March onward. The average of the monthly values also showed a declining trend at 98.0 (101.1). The challenging conditions for the sector during the coronavirus pandemic was thus reflected in a pessimistic market assessment.

Restaurant Performance Index July 2019 to December 2020



BIFMA's assessment of the order intake of furniture manufacturers is an industry indicator for the environment of the US-based NBF group. 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 2020, the order intake reported by BIFMA was 22.4 percent below the level of the previous year. After a slightly positive trend at the beginning of the year, order intake experienced significant double-digit decreases from March onward. At the end of the year, the decline was milder but remained firmly in the double digits.

BIFMA order intake in 2020 compared to the corresponding month of the previous year



On the whole, the economic situation in the year under review was largely influenced by the coronavirus pandemic and the ensuing recession. After the significant slump in the spring, economic activity rallied to some extent. The strong expansionary monetary policy of the central banks and economic stimulus packages introduced by governments in Europe and the US also contributed to this. As far as the industry-specific conditions are concerned, the PMI in Europe in particular improved over the course of the year as a result of the upswing in industry. The other sectors, however, did not show such a significant improvement.

BUSINESS DEVELOPMENT

TAKKT's business development in the year under review was heavily influenced by the coronavirus pandemic and its consequences. After starting 2020 in line with expectations, business volume dropped by more than 30 percent within a short time from mid-March as a result of the economic impact of the pandemic. Beginning in May, the slowdown in the rate of infections in Europe and the easing of protective restrictions resulted in a noticeable improvement in order figures. Business stabilized further over the second half of the year. The recovery was, however, less dynamic than within the second quarter. The renewed lockdown in many target markets in the fourth quarter did not have a strong impact on the demand behavior of customers. Due to the different positioning in terms of product portfolio and industries, performance in the individual business units varied widely in some cases during the course of the year.

RESPONSE TO THE CORONAVIRUS PANDEMIC

TAKKT responded immediately to the challenges presented by the coronavirus pandemic. In the first weeks from mid-March, the top priority was keeping the employees safe, maintaining operations, and securing financial liquidity and the ability to act. Most of the employees have been working from home since then in order to minimize the risk of infection among staff. Extensive protective measures were taken in the warehouses and for other activities that require employees to be physically present at the workplace, including strictly separated shifts. In order to ensure its financial ability to act and independence at all times, TAKKT extended existing credit lines with banks ahead of time and increased the volumes during the crisis. In addition, the Group implemented flexible cost and cash flow management. This allowed TAKKT to significantly decrease personnel and marketing costs, especially in the second and third quarter. The targeted reduction of receivables enabled a substantial release of capital and boosted cash flow.

As the infection rate slowed down in Europe, TAKKT started to focus more on participating in the economic recovery from May onward. The Group profited from growing demand from companies preparing to restart operations, good business with products that were needed as a result of the pandemic (e.g., for health protection and hygiene), and from an increased number of customers ordering office furniture for their work at home. In the second half of the year, TAKKT continued its flexible cost management while increasing its focus on promoting growth. TAKKT also focused on identifying and taking advantage of opportunities to develop new additional business. In addition to organic initiatives, this also included examining potential acquisitions.

OMNICHANNEL COMMERCE STABILIZES IN SECOND HALF OF THE YEAR

The business units in the Omnichannel Commerce segment started 2020 in line with expectations. As a result of the coronavirus pandemic, order intake saw a sharp decline of over 30 percent in some cases starting in mid-March. Business stabilized already over the second quarter. This trend continued into the second half of the year, thereby helping to stem the decline in organic sales for the year as a whole.

In March and April, the equipment business of KAISER+KRAFT was particularly hard hit by the economic impact of the coronavirus pandemic. Many customers, such as major car manufacturers in Europe, had to temporarily shut down their operations. In addition, likelihood to invest suffered because uncertainty about the further development of the situation was high. After a low double-digit organic decline in sales in the first quarter, the sales volume experienced a very sharp drop in the second quarter. With the brighter economic outlook, especially in the industrial sector, the order situation improved noticeably as the year progressed, with sales performance stabilizing in the third quarter. Organic sales in the fourth quarter were only slightly below the level of the previous year.

The performance of ratioform during the coronavirus pandemic was relatively stable thanks to its product range, which is geared to meet the recurring need for packaging solutions. While organic growth showed negative single-digit percentage rates in the first two quarters, sales development improved in the second half of the year. In the final quarter, the demand for packaging solutions increased sharply in many European countries during the second lockdown. In the fourth quarter, ratioform was able to benefit from this with a low double-digit increase in organic sales.

In North America, the coronavirus pandemic led to a downturn in demand for office furniture and other office equipment at NBF. Organic sales development in the first quarter was only slightly negative, whereas in the second quarter there was a significant double-digit percentage decline. This was followed by a slow recovery in demand. In the third and fourth quarter, NBF was able to reduce the negative in organic sales.

After the first quarter was still negatively impacted by the loss of a major customer, Hubert was able to boost organic growth in the second quarter in comparison to the first quarter despite the difficult environment and achieve sales almost on par with the previous year's level. The company benefited from demand from canteens and cafeterias for products they needed to operate safely under the conditions of the coronavirus pandemic. The activities of many customers, such as foodservice businesses in educational institutions or sports facilities, were severely restricted or closed during the pandemic. This resulted in a significant drop in demand in the third quarter. In the fourth quarter, organic sales performance also saw a decline in the low double-digit range. At the end of June, TAKKT successfully completed the sale of a property at Hubert. Office and warehouse space were sold for around USD 25 million in the course of a sale and leaseback transaction.

For Central, smaller, often family-run restaurants represent the most important customer group. These businesses were severely affected by the protective measures against the pandemic in the year under review and in some cases had to shut down for a long period of time. As a result, the sales development of Central in the second quarter experienced a significant double-digit decline, which was well below that of the first quarter with a decrease in the mid-single-digit percentage range. Business steadily improved in the third and fourth quarters.

VERY DIFFERENT DEVELOPMENT OF THE BUSINESS UNITS IN WEB-FOCUSED COMMERCE

Overall, Web-focused Commerce showed the more stable development of the two segments during the pandemic. The two business units were impacted very differently by the coronavirus. Newport benefited from the good demand for products to facilitate working from home, whereas the event-oriented business of Displays2go was severely affected by the pandemic.

In 2020, Newport's activities profited from its strong e-commerce presence and the growing demand for home office products. Corporate and private customers purchased ergonomic office chairs, height-adjustable desks, and other products that make working from home easier and better. After a mid-single-digit organic gain in the first quarter, Newport delivered clear double-digit percentage growth over the remainder of the year.

On the other hand, demand for the Displays2go product range, which is geared to events such as conferences and trade fairs, saw a sharp decrease due to the coronavirus pandemic. New products such as infection control barriers or signage were only partially able to compensate for the decline in sales volume. After a decline in the low double-digit percentage range in the first quarter, organic development in the subsequent quarters was well in the negative double-digit range.

PROGRESS IN ORGANIZATIONAL TRANSFORMATION OF THE GROUP

The spread of the coronavirus and the challenges associated with it required a great deal of time and resources in 2020. Despite this, the Group was able to make good progress with the implementation of the new TAKKT 4.0 organizational structure. The focus in the Omnichannel Commerce segment was on the realignment of KAISER+KRAFT, which aims to achieve stronger growth and greater efficiency in the medium term. In June, Tobias Flaitz became a new Board Member and assumed responsibility for establishing and developing the Web-focused Commerce segment, and has been driving forward these activities since. In the second half of the year, extensive preparations were made for the creation of new structures within the segment.

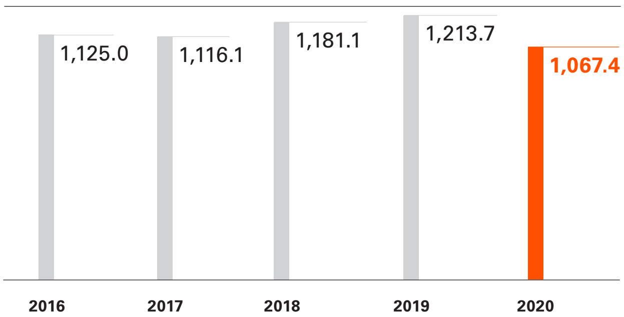
SALES AND EARNINGS REVIEW

Sales at TAKKT decreased significantly by 12.0 percent due to the coronavirus pandemic and its economic consequences. The effect from the additional contribution from an acquisition and the negative currency effects almost canceled each other out. In organic terms (i.e., adjusted for the effects of acquisitions, disposals and exchange rates), sales development came to minus 11.8 percent. On the whole, the Web-focused Commerce segment slightly outperformed the Omnichannel Commerce segment. Depending on the respective end markets, the extent to which the individual business units within the segments were affected by the crisis varied greatly. TAKKT responded very quickly to the new conditions during the crisis and successfully implemented cost-cutting measures. After taking one-time effects into account, the Group generated EBITDA of EUR 92.6 million and a high single-digit EBITDA margin despite the effects of the pandemic.

DECLINE IN SALES DUE TO PANDEMIC

Almost all of the Group's activities suffered a significant decline in customer demand due to the economic consequences of the coronavirus pandemic. Many customers were directly affected by the protective measures to prevent the spread of the virus, such as the conference and event sector, the foodservice sector, and also industry and commerce. In addition, the pandemic created a very high level of economic uncertainty and difficulty in planning, which had a significant adverse impact on the ordering behavior of customers at certain times. In 2020, TAKKT generated sales totaling EUR 1,067.4 (1,213.7) million, corresponding to a 12.0 percent decrease compared to the previous year.

Sales *in EUR million*

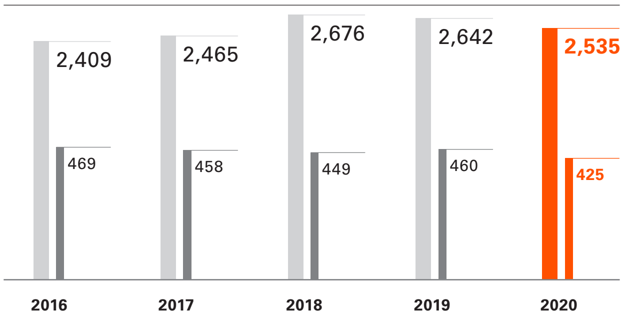


The acquisition of XXLhoreca, which was completed at the beginning of May 2019, had a positive effect on sales development of half a percentage point in the year under review. Due to the lower value of the US dollar relative to the euro, changes in exchange rates had an overall negative effect of 0.6 percentage points. Organically (i.e., adjusted for the mentioned effects), Group sales were down 11.8 percent on the previous year.

ORDER VALUES IMPACTED BY ORDERING BEHAVIOR DURING THE PANDEMIC

The number of orders in the year under review decreased to 2.5 (2.6) million. The acquisition of XXLhoreca had a slight positive effect on the development of order numbers. Adjusted for this change, the number of orders was 5.1 percent lower than in the previous year. The average order value decreased to EUR 425 (460) and was slightly impacted by the negative effects from the acquisition and currency fluctuations. Organically, the average order value decreased by 6.5 percent. Factors contributing to this were the change in order behavior during the pandemic and structural effects due to the difference in growth between the business units.

Number of orders *in thousands*
Average order value *in EUR*



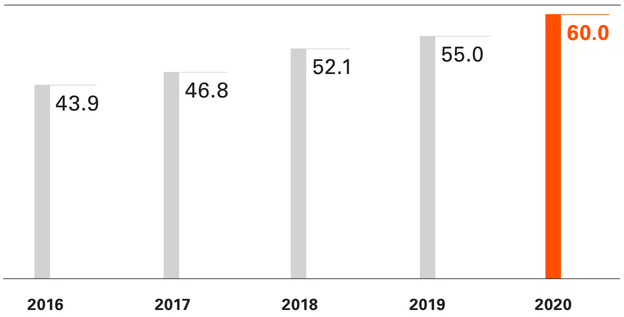
E-COMMERCE SHARE CONTINUES TO GROW

In the omnichannel approach, it is important to differentiate between marketing and sales impulses 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. Indirect conclusions about marketing or sales impulses can, however, be a valuable source of information with respect to the diverse internal links in omnichannel models.

In 2020, order intake via e-commerce was significantly more stable than business as a whole. Adjusted for acquisition and currency effects, organic e-commerce growth was minus 3.6 percent. The Omnichannel Commerce segment developed slightly better than the Web-focused segment, which was negatively impacted by the weakness of the display business due to the pandemic.

The e-commerce share of order intake on Group level increased once again and rose to 60.0 (55.0) percent. This also includes orders that were placed with TAKKT companies through traditional channels but initiated via the internet. Other factors contributing to the increase were the consequences of the lockdown from the middle of March and the increased demand from private customers for products for working from home. Orders generated through traditional sales activities such as print advertising, telephone sales and field sales declined, accounting for 40.0 (45.0) percent of order intake.

E-commerce share in order intake *in %*



OMNICHANNEL COMMERCE: RATIOFORM SHOWS STABLE DEVELOPMENT

Sales in the Omnichannel Commerce segment dropped by 13.8 percent to EUR 837.3 (971.5) million in the year under review, corresponding to a share of 78.1 percent of Group sales. Currency effects had a slight negative impact and lowered reported sales by 0.6 percentage points. The economic consequences of the pandemic caused overall organic sales performance for the segment to come to minus 13.2 percent. The crisis affected the five business units to different degrees.

The activities of packaging specialist ratioform showed slight growth for the year as a whole thanks to the strong final quarter. Demand for packaging solutions increased during the second lockdown at the end of the year. The plant, warehouse and office equipment business at KAISER+KRAFT recorded a particularly sharp decline in sales during the first phase of the pandemic in March and April. In individual weeks, the order volume was around 40 percent lower than in the previous year. What followed was a noticeable and steady stabilization of business, resulting in an organic sales decline in the low double-digit percentage range for the year as a whole.

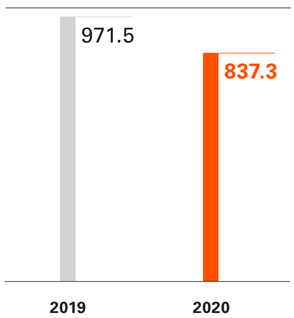
At NBF, which is specialized in office equipment, organic sales development was also down significantly and at a similar level to KAISER+KRAFT for the year as a whole. Due to the growing use of flexible working practices and working from home during the pandemic, the demand from corporate customers for office equipment was lower than in the previous year. Hubert and Central sell equipment and supplies for the foodservice industry and restaurants. Hubert's customers from the foodservice sector were hit particularly hard by the spread of the virus and consequently placed fewer orders. The demand for products from the smaller restaurants supplied by Central was also less during the crisis. At Central and Hubert, the organic decrease in sales was in the low double-digit percentage range.

WEB-FOCUSED COMMERCE: DOUBLE-DIGIT GROWTH AT NEWPORT

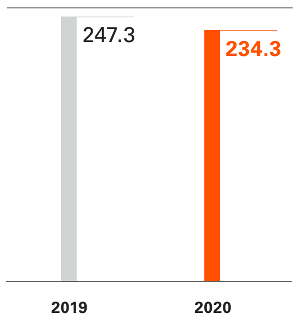
Overall, the Web-focused Commerce segment enjoyed a much more stable development than the Omnichannel Commerce segment. At EUR 234.3 (247.3) million, sales for the segment were 5.3 percent below the level of the previous year. Its share of Group sales therefore came to 21.9 percent. While the acquisition of XXLhoreca still resulted in additional contributions to sales of 2.3 percentage points, currency effects had a negative impact of 1.3 percentage points. Organic sales development was minus 6.3 percent.

In 2020, the two business units of the segment were affected very differently by the pandemic and therefore showed contrary developments. In the year under review, Newport's activities benefited from the high demand from corporate and private customers for home office equipment. The Group thus continued the strong growth of the previous year and achieved an organic increase in the low double-digit percentage range. The market environment and Displays2go customers reacted very differently to the pandemic. The Group sells products such as advertising banners, portable trade fair stands and stand-up displays, which are very frequently used at conferences or other events. Since these events did not take place, demand at Displays2go decreased significantly. The organic decline was in the double-digit percentage range.

Sales Omnichannel Commerce
in EUR million



Sales Web-focused Commerce
in EUR million



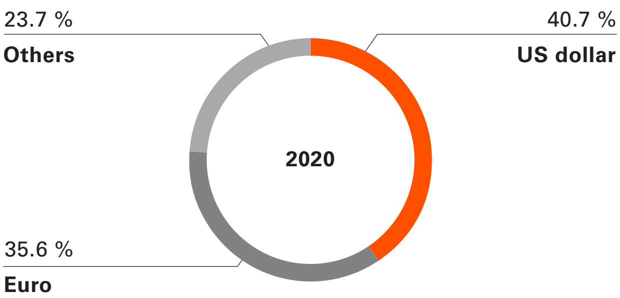
SALES BY REGION: EUROPE PERFORMS BETTER THAN THE USA

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

- Sales of the business in Germany decreased to EUR 235.1 (260.6) million. Its share of Group sales therefore came to 22.0 (21.5) percent.
- Sales of the other European business decreased to EUR 387.3 (407.7) million. Its share of consolidated sales increased to 36.3 (33.6) percent.
- Sales in North America decreased significantly to EUR 445.0 (545.4) million and accounted for a 41.7 (44.9) percent share of Group sales.

35.6 (34.9) percent of the consolidated turnover was realized in the reporting currency of euros. The portion in US dollars came to 40.7 (44.1) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, had a total share of 23.7 (21.0) percent.

Sales by currency



LOWER SUPPLIER DISCOUNTS AND VALUATION OF INVENTORIES HAVE NEGATIVE IMPACT ON GROSS PROFIT MARGIN

The gross profit margin decreased to 39.7 (41.3) percent in the year under review. The decrease resulted from three effects. Particularly in the second half of the year, the freight margin was slightly lower than in the previous year. In addition, the supplier discounts granted to the TAKKT companies were significantly lower than in the previous year because of the lower purchase volume. And thirdly, there were negative effects from the valuation of inventories. Due to the significantly lower sales level, stocked products are being sold later than originally anticipated. In order to take this into account, additional range deductions were carried out on existing inventories.

PERSONNEL COSTS REDUCED

In 2020, TAKKT responded quickly to the new circumstances created by the pandemic and implemented comprehensive cost-saving measures. For personnel costs, these measures included the use of short-time labor and comparable tools as well as capacity adjustments in some units. There was an offsetting effect from one-time costs, which in 2020 were largely a result of structural changes due to the realignment of KAISER+KRAFT and the early termination of employment contracts. One-time costs were also incurred in the previous year, although on a slightly lower level. Overall, personnel expenses decreased by 3.4 percent to EUR 184.4 (190.8) million. Adjusted for the one-time costs in both years, TAKKT was able to reduce personnel expenses by over five percent. Acquisition and currency effects had a slight overall lessening effect on personnel expenses. The personnel expenses ratio in percent of sales increased slightly to 17.3 (15.7) percent due to the above-average decline in sales.

MARKETING COSTS FLEXIBLY ADJUSTED

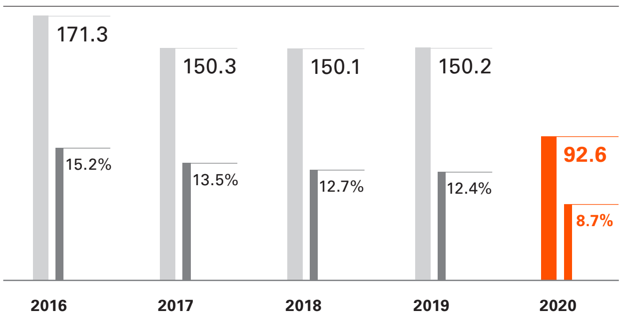
As with personnel expenses, the Group also adjusted marketing costs to the pandemic over the course of the year and reduced them by over ten percent. Overall, costs decreased by the same amount as sales, therefore the advertising cost rate remained almost constant. Organically, expenditures for marketing were also on a comparable level as in the previous year in relation to sales. During the crisis, TAKKT reduced its budget for print advertising far more than for its online marketing. This accelerated the structural shift in advertising costs from print to online.

LOWER EARNINGS DUE TO THE PANDEMIC

The main key performance indicator for the TAKKT Group for operational profitability is EBITDA (earnings before interest, taxes, depreciation and amortization). The savings in personnel expenses, the marketing budget and other costs enabled TAKKT to offset the decline in gross profit by around 25 percent. However, the substantial sales decline resulted in a significant drop in earnings in 2020. EBITDA was at EUR 92.6 (150.2) million, which was 38.3 percent below the figure of the previous year. Negative effects from changes in exchange rates and the positive effect from the additional contribution of acquisitions largely offset each other.

In the year under review, one-time costs and earnings of minus EUR 8.6 million (minus EUR 8.5 million) had a nearly identical negative effect on EBITDA as in the previous year. The one-time costs of EUR 15.1 million in 2020 resulted mainly from the realignment of KAISER+KRAFT and the early termination of employment contracts. This was countered by a one-time gain of EUR 4.5 million from the sale of a property in the US and a one-time reduction in pension expenses of EUR 2.0 million due to adjustment of the pension plan conditions. In the previous year, one-time costs of EUR 11.2 million were incurred for the adjustment of cost structures and the initial steps in the implementation of TAKKT 4.0. At the same time, TAKKT generated a one-time gain of EUR 2.8 million in 2019 from the release of a purchase price liability for XXLhoreca recognized in profit and loss. Adjusted for the aforementioned one-time effects in both years, EBITDA declined by around 36 percent in the year under review. The EBITDA margin was 8.7 (12.4) percent in the year under review. Without the one-time effects, TAKKT would have achieved close to double-digit profitability of 9.5 percent in the crisis year of 2020.

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



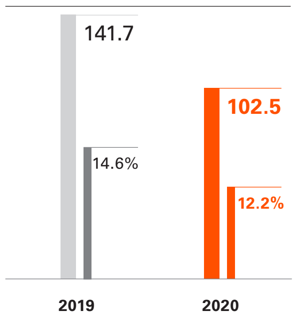
OMNICHANNEL COMMERCE: CLEAR DOUBLE-DIGIT EBITDA MARGIN DESPITE DIFFICULT ENVIRONMENT

The Omnichannel Commerce segment generated EBITDA of EUR 102.5 (141.7) million in 2020. The decline of 27.7 percent compared to the previous year was a consequence of the significant decrease in sales during the pandemic. One-time effects amounting to minus EUR 3.3 (minus 7.3) million had a smaller negative impact than in 2019. In the year under review, the negative effect on earnings was mainly related to the costs for the realignment of KAISER+KRAFT, while positive one-time effects were recorded from the sale of real estate and the reduction in pension expenses. In the previous year, one-time expenses for structural adjustments resulted in reduced earnings. Adjusted for one-time effects in both years, EBITDA decreased by around 30 percent. In 2020, the EBITDA margin of 12.2 (14.6) remained well within the double-digit percentage range.

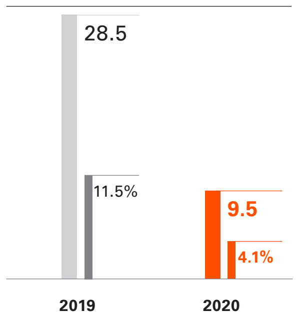
WEB-FOCUSED COMMERCE: WEAK BUSINESS AT DISPLAYS2GO NEGATIVELY IMPACTS EARNINGS

EBITDA in the Web-focused Commerce segment was EUR 9.5 (28.5) million in 2020. The significant decline of 66.5 percent was mainly due to the very weak sales development at Displays2go. In the previous year, the business unit contributed the major share of the segment's earnings. In addition, the previous year's earnings of EUR 2.5 million were influenced by positive one-time effects. Adjusted for these one-time effects in both years, EBITDA decreased by around 63 percent. The EBITDA margin reached 4.1 (11.5) percent.

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



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



SLIGHTLY LOWER DEPRECIATION AND AMORTIZATION

In 2020, depreciation and amortization decreased to EUR 40.2 (41.4) million. This was mainly attributable to the lower amortization of intangible assets from the acquisitions, which came to EUR 6.5 (8.9) million. Conversely, depreciation of ERP systems and web shops increased slightly. Extraordinary expenses such as the impairment of recognized goodwill were not incurred in 2020 or in the previous year. EBIT (earnings before interest and taxes) came to EUR 52.4 (108.8) million, corresponding to a 51.9 percent decrease over the previous year. The EBIT margin fell to 4.9 (9.0) percent.

MANAGEMENT REPORT

LOWER FINANCE EXPENSES

Due to the significant decline in debt and thus lower finance costs, the financial result improved to EUR minus 5.7 (minus 8.2) million. Profit before tax amounted to EUR 46.6 (100.6) million.

SIGNIFICANT DECREASE IN TAX RATIO

Tax expenses decreased significantly in the year under review to EUR 9.4 (25.9) million. The tax ratio was only 20.2 (25.7) percent. This decline of the tax ratio was mainly attributable to a structural effect. In 2020, a significantly larger portion of profit before tax related to countries with comparatively low tax rates, such as Switzerland.

The profit for the period decreased by 50.1 percent to EUR 37.2 (74.7) million. Earnings per share decreased accordingly to EUR 0.57 (1.14) based on the unchanged weighted average number of shares of 65,610,331.

FINANCIAL POSITION

TAKKT has centralized financial management, which ensures the creditworthiness and financing capability of the Group for the long term and also in times of crises. This enables the Group to take advantage of expansion opportunities at short notice at any time. Thanks to the disciplined release of cash from net working capital, TAKKT was able to generate a very positive free TAKKT cash flow in the year under review, which was used to completely pay off liabilities to banks.

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 ensuring that liquidity is available at all times. 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. This goal proved to be appropriate, especially in the difficult environment at the start of the coronavirus pandemic in March and April. TAKKT maintained its financial independence and ability to act at all times during the crisis.

- Limiting financial risks through the hedging of interest and currency risks as well as limiting counterparty risks.

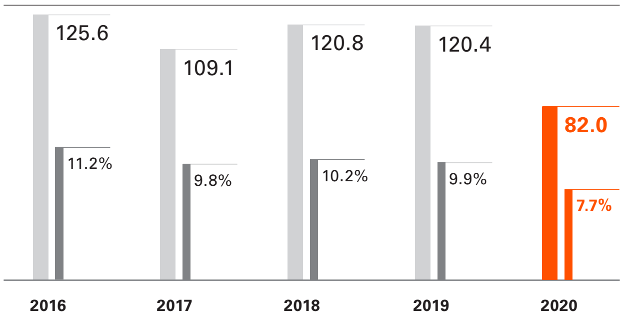
- Optimization of financing conditions through an appropriate mix of short and long-term financing instruments.

- 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.

VERY HIGH FREE TAKKT CASH FLOW DESPITE DIFFICULT BUSINESS DEVELOPMENT

One of the key strengths of the TAKKT business model is its strong internal financing capability. Even during times of crisis, as in the year under review, TAKKT is able to generate stable and high surplus cash. In 2020, TAKKT cash flow was largely in line with the development of EBITDA and came to EUR 82.0 (120.4) million. However, the TAKKT cash flow declined less sharply than EBITDA due to lower tax payments and non-cash effects from the valuation of inventories compared to the previous year. The cash flow margin (i.e., the TAKKT cash flow in relation to sales) came to 7.7 (9.9) percent. The TAKKT cash flow per share was EUR 1.25 (1.83).

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



Cash flow from operating activities came to EUR 120.5 (130.8) million and was thus considerably more stable than development of the TAKKT cash flow. In the year under review, TAKKT was able to release EUR 38.5 million in cash from net working capital. Due to the decline in sales and its disciplined receivables management, the Group reduced receivables from customers. Receivables from bonus agreements with suppliers also decreased significantly due to lower order volumes. Other significant positive effects were attributable to higher customer prepayments at the end of the year, tax refunds and one-time personnel costs, which had not yet been fully paid out in 2020 and increased personnel liabilities substantially.

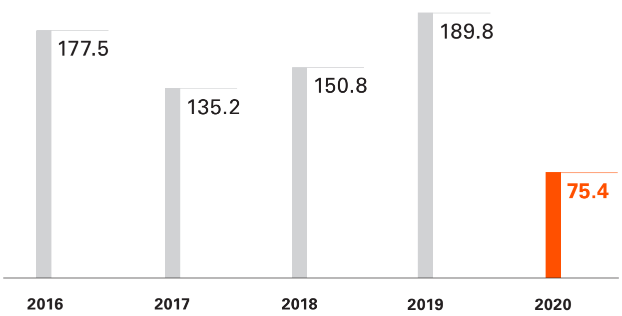
The business model of the TAKKT Group is generally not very capital intensive. Due to the coronavirus crisis, TAKKT significantly reduced capital expenditures and limited these to the most important projects. These were mainly related to capital expenditures in IT with regard to ERP systems. Overall, capital expenditure in non-current assets came to EUR 13.3 (24.7) million. The capital expenditure ratio (the ratio of capital expenditure for maintenance, expansion and modernization of the business operations to sales, not including investments by the TAKKT investment company) decreased to 1.2 (1.8) percent. TAKKT realized cash inflow from disposals in the amount of EUR 21.9 million from the sale of a property in the US.

Despite the difficult environment, TAKKT generated a very high free TAKKT cash flow of EUR 129.8 (107.1) million in the year under review due to the substantial release of cash and cash equivalents from net working capital and positive cash flow from investing activities.

The cash flow strength of TAKKT's business model allows a significant reduction of net financial liabilities in years without acquisitions, like the one in the year under review. Due to the decision to suspend the dividend, all of the free TAKKT cash flow remained in the company in 2020 and was used to completely pay off bank borrowings.

As a result, net financial liabilities (i.e., financial liabilities less cash and cash equivalents) decreased significantly and were reduced to EUR 75.4 (189.8) million. The remaining liabilities are mainly attributable to the leasing of buildings, plant and equipment, which are reported as lease liabilities in accordance with IFRS 16. Cash and cash equivalents increased to EUR 4.3 (3.8) million as of December 31, 2020. 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

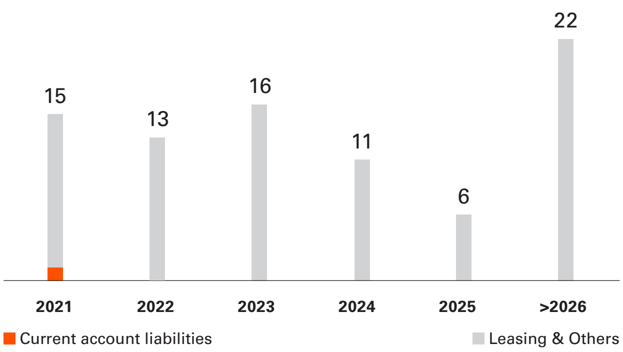
TAKKT places great importance on the conservative, long-term oriented and diversified financing of the business. The financing activities of the Group are centrally managed with funding mainly denominated in the EUR and USD currencies. TAKKT primarily uses the following financing instruments:

- Formally approved bilateral credit lines with 13 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 concluded almost exclusively for five-year periods. The credit agreements are unsecured and do not include any financial covenants. As of year-end 2019, there were still liabilities to banks from financing activities in the amount of EUR 102.7 million, which were repaid in full in the year under review.

- 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 79.0 (77.2) 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*



Managerial presentation of free TAKKT cash flow *in EUR million*

	2016	2017	2018	2019	2020
TAKKT cash flow	**125.6**	**109.1**	**120.8**	**120.4**	**82.0**
Change in net working capital as well as other adjustments	–8.9	–8.7	–21.4	10.4	38.5
Cash flow from operating activities	**116.7**	**100.4**	**99.4**	**130.8**	**120.5**
Capital expenditure in non-current assets	–17.4	–27.8	–25.0	–24.7	–13.3
Proceeds from disposal of non-current assets	0.5	0.4	8.3	1.0	22.6
Proceeds from the disposal of consolidated companies	1.6	0.0	0.0	0.0	0.0
Free TAKKT cash flow	**101.4**	**73.0**	**82.7**	**107.1**	**129.8**

In addition to the credit line drawdowns, the Group also had free approved credit lines of EUR 273.8 (151.8) million available to it, of which EUR 143.8 (69.3) million are short-term credit lines and EUR 130.0 (82.5) million are long-term credit lines. In response to the economic impact of the coronavirus pandemic, TAKKT extended existing credit lines with banks ahead of time and increased the committed volumes. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

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 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 concluded 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 a hedge ratio of 60 to 80 percent of the finance volume. Currency risks are hedged to around 70 percent of the net position. 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.

MOST INTERNAL COVENANTS IN THE TARGET CORRIDOR

Most of the covenants that TAKKT uses internally for the long-term management of its financial structure were within the internally set target corridor as of the end of the reporting period. 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 profitability of total capital. The objective is to ensure sufficient financial scope for growth and difficult times on the one hand as well as an appropriate interest return on total capital employed on the other.

As of the end of the reporting period, the equity ratio of 64.7 (58.5) percent was significantly higher than in the previous year and also above the target corridor of 30 to 60 percent. Gearing decreased to 0.1 (0.3) in the year under review due to the significant decline in net financial liabilities. Since average net borrowings declined more sharply than the TAKKT cash flow due to the high level of repayments, the debt repayment period dropped to 1.4 (1.7) years. The net financing expenses decreased compared to 2019; at the same time, the operating result before amortization of goodwill declined quite sharply. The interest cover was 11.0 (16.7) and thus still well 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	2016	2017	2018	2019	2020
Equity ratio	30 to 60 percent	55.2	61.2	60.8	58.5	64.7
Debt repayment period	< 5 years	1.6	1.4	1.4	1.7	1.4
Interest cover	> 4	18.3	16.3	23.8	16.7	11.0
Debt-equity-ratio (gearing)	< 1,5	0.3	0.2	0.2	0.3	0.1

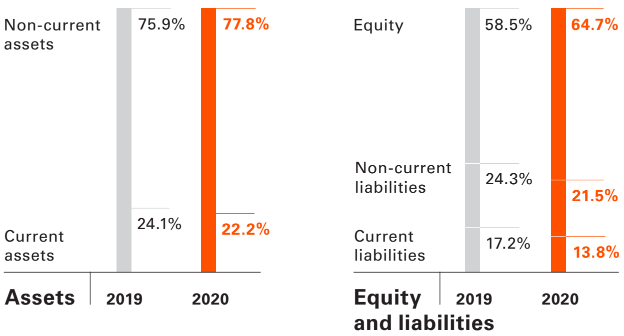
ASSETS POSITION

In 2020, TAKKT benefited from the Group's very solid balance sheet structure, especially during the first phase of the crisis in March and April, which was characterized by a great deal of uncertainty. During the course of the year, the Group was able to completely pay off existing bank borrowings and further improve the balance sheet ratios.

ASSETS IMPACTED BY CURRENCY EFFECTS

Currency effects, especially from the weaker exchange rate of the US dollar, had a negative impact on assets reported in euros of around EUR 41 million. In addition, the reduction of trade receivables and inventories as well as the significantly lower capital expenditures compared to depreciation resulted in a decrease in assets of around EUR 51 million. The total value of assets at year-end amounted to EUR 1,004.3 million, compared to EUR 1,100.7 million at the end of 2019.

Balance sheet structure of the TAKKT Group



Non-current assets of EUR 781.1 (835.5) million account for more than three-quarters of the assets. The majority of this consists of goodwill from past company acquisitions, which at 56.5 (53.7) percent represents a good half of the total assets.

No impairment of goodwill was necessary on the basis of the impairment tests performed. Its value decreased significantly due to currency effects. Assets tied up in property, plant and equipment decreased to EUR 131.6 (153.9) million in the year under review. This decline was mainly attributable to the restraint on capital expenditure, which resulted in significantly higher depreciation of property, plant and equipment than investment volume. The leaseback of the property sold in North America resulted in the recognition of a right-of-use asset in the amount of EUR 6.0 million.

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 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. At TAKKT, this mainly applies to the internet domains, web shops, brand names and customer relationships. The reduced amortized value of these assets as of the end of the reporting period comes to a total of EUR 38.7 (47.1) million.

Key figures for assets position *(in EUR million)*

	2016	2017	2018	2019	2020
Non-current assets	**729.9**	**692.6**	**758.6**	**835.5**	**781.1**
in % of Total assets	74.9	74.6	73.1	75.9	77.8
Current assets	**244.1**	**235.8**	**278.5**	**265.2**	**223.2**
in % of Total assets	25.1	25.4	26.9	24.1	22.2
Total assets	**973.9**	**928.5**	**1,037.1**	**1,100.7**	**1,004.3**
Total Equity	**537.8**	**567.8**	**630.4**	**644.2**	**649.6**
in % of Total equity and liabilities	55.2	61.2	60.8	58.5	64.7
Non-current liabilities	**243.4**	**222.8**	**250.3**	**267.6**	**215.8**
in % of Total equity and liabilities	25.0	24.0	24.1	24.3	21.5
Current liabilities	**192.8**	**137.8**	**156.4**	**188.9**	**138.9**
in % of Total equity and liabilities	19.8	14.8	15.1	17.2	13.8
Total equity and liabilities	**973.9**	**928.5**	**1,037.1**	**1,100.7**	**1,004.3**

The value of the brands with an indefinite useful life recognized as of December 31, 2020 came to EUR 26.6 (28.1) million.

Current assets account for around one-quarter of total assets and amounted to EUR 223.2 (265.2) million as of December 31, 2020. Inventories and trade receivables comprise almost 90 percent of current assets. At the end of 2020, both items were significantly below the level of the previous year. Inventories decreased overall to EUR 105.0 (124.4) million, which was mainly attributable to currency effects and negative effects from the valuation of inventories. Trade receivables decreased to EUR 86.9 (101.3) million. Contributing to this were the intensification of receivables management and the weaker business development at the end of the year compared to the previous year.

Customers' payment behavior also improved significantly compared to the previous year as a result of the intensified receivables management and is reliable as usual with a payment period of 28 (32) days for accounts receivable. The loss of receivables remained low with a write-off rate of 0.2 (0.2) percent. Consequently, there was no significant impact on the development of trade receivables.

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

INCREASE OF EQUITY RATIO

Due to the suspension of the dividend there was no distribution-related decline in shareholders' equity in 2020. The addition from profit for the period of EUR 37.2 million was slightly higher than the negative effects from currency changes and the other effects recognized directly in equity totaling EUR 31.9 million. The result was an increase in total equity to EUR 649.6 (644.2) million as of December 31, 2020. The balance sheet structure improved in the challenging year of 2020. The equity ratio went up to 64.7 (58.5) percent. It is therefore slightly above the target corridor of 30 to 60 percent.

Accounting for 21.5 (24.3) percent of the equity and liabilities were non-current liabilities amounting to EUR 215.8 (267.6) million. The decrease in non-current liabilities is mainly attributable to the repayment of long-term bank liabilities in the amount of EUR 47.5 million. Non-current financial liabilities decreased accordingly from EUR 118.3 to EUR 67.8 million. Deferred taxes amounted to EUR 57.9 (65.4) million. They exist mainly as a result of the reduced tax value of goodwill in the US Group companies.

Current liabilities of EUR 138.9 (188.9) million made up 13.8 (17.2) percent of total assets. The decrease resulted primarily from the repayment of short-term bank liabilities amounting to EUR 53.9 million.

COMPANY PERFORMANCE

TAKKT provides information on the development of the key performance figures in the Corporate performance section. As described in the Management system section, the key figures that are relevant for controlling were adjusted as a result of the organizational realignment. The following presentation is based on the management system explained in the 2019 annual report as well as the management system adjusted in 2020, which is described starting on page 47. In 2020, the operational, financial and value-based figures were mostly below the target values due to the coronavirus pandemic. The product range key figures hardly changed compared to the previous year. During the year under review, the measures of the digital agenda launched in 2016 were merged into TAKKT 4.0. The Group has made considerable progress with the relevant indicators since the start of the initiative. There were further improvements in many of the sustainability indicators in 2020.

FINANCIAL KEY FIGURES IMPACTED BY THE PANDEMIC

The short-term development of the key figures of organic sales development, gross profit margin and EBITDA and the key figures for order intake compared to the previous year is explained in the Sales and earnings review section of this annual report. The TAKKT cash flow and capital expenditure ratio are described in the Financial position section.

Looking back over a longer period, organic sales development was shaped by the economic conditions of the individual fiscal years. In 2017 and 2019, the growth rates were below the target values due to difficult economic conditions; in the year under review, the pandemic had a significant negative impact. The number of orders and average order value developed as expected for the most part until 2019. Aside from structural and currency effects, there was little change in the average order value, whereas the number of orders developed according to the economic conditions. In 2020, the pandemic-related change in customers' ordering behavior led to a decline in both indicators.

The gross profit margin decreased in recent years due to structural effects from the acquisitions. In addition, TAKKT now pays slightly higher freight costs or generates lower freight margins than a few years ago. In addition to the lower freight margin, the gross profit margin was temporarily impacted by lower supplier discounts and effects from the valuation of inventories in the year under review. It therefore dropped slightly below the target value of 40 percent.

The development of EBITDA is influenced by the economic environment as well as one-time gains and expenses. Another influencing factor since 2016 has been the expenses related to implementing the digital transformation. Beginning in 2019, reported EBITDA has benefited from the adoption of IFRS 16 by around EUR 10 million. After achieving very high earnings in 2016 with strong growth and bolstered by one-time gains, EBITDA remained stable for a long time at EUR 150 million. In 2020, it declined significantly due to the weak sales development as a result of the pandemic.

The high level and stable development of the TAKKT cash flow over the past years are an indicator of the Group's high internal financing capability. Only in the year under review was there a significant decline. The free TAKKT cash flow maintained on a high level as well and was well above EUR 70 million over the last five years. In 2018 and in 2020, it benefited from proceeds from the sale of real estate. 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. The long-term average target value was thus achieved.

Development of financial key figures

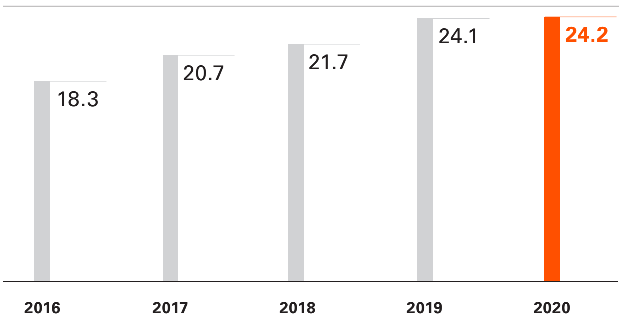
	2016	2017	2018	2019	2020
Organic sales development in percent	5.2	0.4	3.4	– 1.4	– 11.8
Number of orders in thousands	2,409	2,465	2,676	2,642	2,535
Average order value in EUR	469	458	449	460	425
Gross profit margin in percent	42.6	42.5	41.5	41.3	39.7
EBITDA	171.3	150.3	150.1	150.2	92.6
TAKKT cash flow	125.6	109.1	120.8	120.4	82.0
Free TAKKT cash flow	101.4	73.0	82.7	107.1	129.8
Capital expenditure ratio in percent	1.5	2.1	1.8	1.8	1.2

PRODUCT RANGE KEY FIGURES SHOW LONG-TERM POSITIVE TREND

TAKKT wants to expand its business with private labels as well as direct imports. While the Group had previously recorded and reported private labels as a share of order intake and direct imports as a share of purchasing volume, these two key figures are now reported as shares of sales. The figures for 2019 and 2020 are shown based on the new calculation logic and the figures up to 2018 according to the old logic. As a result, the previous-year figures are not identical to the values stated in the 2019 Annual Report.

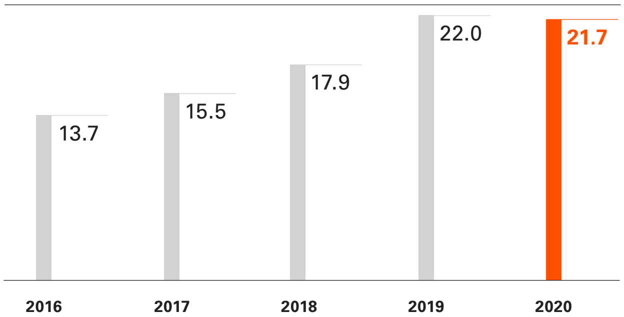
During the coronavirus pandemic, changes in the demand behavior of customers and the temporary impact of the crisis on delivery routes partially resulted in a different composition in the product mix of the business units. With regard to the private labels, most of the business units were still able to increase their share of sales further although not as strongly as in previous years. At the Group level, this resulted in a nearly identical share of sales of private labels of 24.2 (24.1) percent compared to the previous year. The positive trend is expected to continue in the coming years.

Share of private labels *in %*



The share of direct imports also declined at KAISER+KRAFT in 2020, while the activities of Newport and NBF in particular were able to increase their shares. At the Group level, the overall share of direct import sales decreased slightly to 21.7 (22.0) percent. TAKKT expects the volume of direct imports to increase again in the future and the trend of the previous years to continue.

Share of direct imports *in %*



VALUE-BASED FIGURES: TAKKT VALUE ADDED AND ROCE SIGNIFICANTLY LOWER

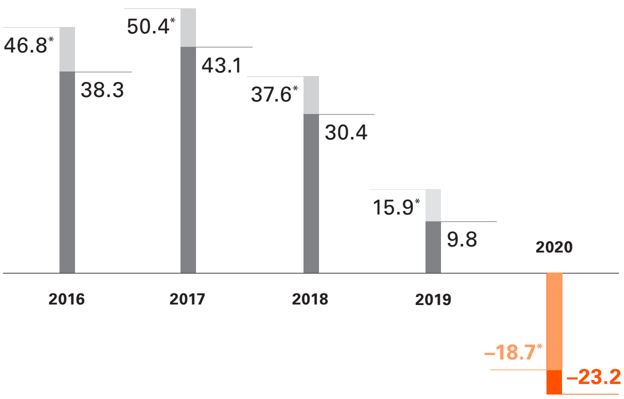
Due to the significantly lower earnings during the pandemic, the TAKKT value added also decreased significantly in the year under review to minus EUR 23.2 (plus 9.8) million.

The operating result after tax generated for calculation of the TAKKT value added decreased over the previous year by a total of EUR 39.1 million and amounted to EUR 42.2 (81.3) million. The average capital employed decreased slightly due to the decline in fixed assets. The weighted average cost of capital (WACC) after tax used to calculate the total cost of capital came to 7.5 (7.8) 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 is used for debt capital for 2020. Total cost of capital in 2020 thus came to EUR 65.4 (71.5) million.

With regard to the absolute value of the TAKKT value added, the amortization of intangible assets from purchase price allocations reduced the generated operating profit after tax in the year under review by a total of EUR 4.5 (6.1) million. Without the amortization of intangible assets and the related tax effect, the TAKKT value added would have come to minus EUR 18.7 (plus 15.9) million.

With the exception of 2020, TAKKT was able to significantly exceed the goal of having a TAKKT Value Added significantly greater than zero in the past five years. The very high figures in 2016 and 2017 were also attributable to positive one-time gains in those years.

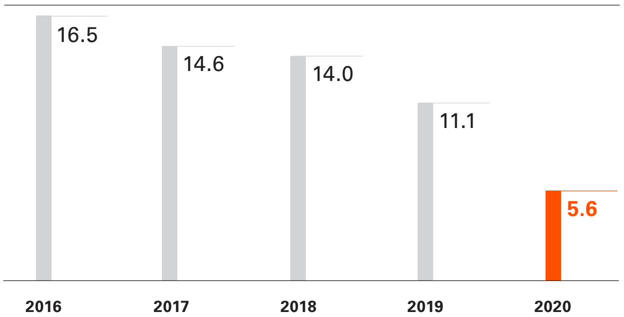
TAKKT Value Added *in EUR million*



* *Adjusted for scheduled amortization of intangible assets resulting from acquisitions and the related tax effect.*

The return on capital employed (ROCE) of 5.6 (11.1) percent in the year under review was significantly below the figure of the previous year. As with the TAKKT Value Added, this was due to the decline in earnings during the pandemic. As a result, the long-term ROCE target of over ten percent was not achieved in the past fiscal year.

ROCE *in %*



EMPLOYEE AND CUSTOMER PERSPECTIVE

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 on page 48. In 2020, TAKKT achieved an average cNPS of 57 and an eNPS of 12 at the Group level.

COMPLETION OF THE DIGITAL AGENDA

At the end of 2016, TAKKT launched a four-year digital agenda. Within this time frame, the Group wanted to invest around EUR 50 million for the digital transformation. In order to measure the success of the agenda, TAKKT used specific progress indicators, which provide information on the number of measures started and completed, jobs created, costs and capital expenditures and the development of the e-commerce business.

TAKKT has made considerable progress since the start of the initiative. In total, well over 100 measures and projects have been completed in the various business units and transferred to normal operations. These included the building of internal teams for web shop development and data analysis, providing the technical infrastructure, performing customer journey analyses, and changing and directing the internal organization towards customer groups. Around 40 measures will be developed further and continued as part of TAKKT 4.0.

In addition, TAKKT has expanded the digital expertise in the Group in many areas and created almost 90 new positions for this. Costs and capital expenditure in connection with the digital agenda developed as expected over the years. In 2020, costs were slightly lower compared to the previous year due to the pandemic. In the

Indicators for the implementation of the digital agenda

	2016	2017	2018	2019	2020
Measures launched (cumulative)	53	100	114	157	162
Measures completed (cumulative)	7	27	44	92	123
Newly created positions as part of the digital agenda (cumulative)	26	78	98	85	87
Personnel expenses in EUR million	0.6	4.4	7.3	8.0	7.4
Additional personnel expenses (in the financial year) in EUR million	0.6	3.9	2.9	0.7	–0.6
Other expenses in EUR million	1.9	3.8	4.0	2.9	2.1
Capital expenditure (without the TAKKT investment company) in EUR million	1.4	8.7	8.4	6.0	4.7
Capital expenditure of the TAKKT investment company in EUR million	1.0	4.5	2.3	3.0	0.3
Organic growth of order intake via e-commerce in percent	10.6	7.9	11.6	2.0	–3.6
Share of e-commerce as percentage of order intake	43.9	46.8	52.1	55.0	60.0

period from 2016 to 2020, TAKKT invested a total of around EUR 51 million in the digital transformation. Around EUR 30 million related to capital expenditures in non-current assets, primarily for IT infrastructure, around EUR 15 million went to other costs and just over EUR 7 million to the creation of additional positions. In addition, the TAKKT investment company invested around EUR 11 million in start-ups.

Organic e-commerce growth significantly exceeded organic sales in all fiscal years. TAKKT was able to increase the e-commerce share in five years from around 44 percent to 60 percent in the last fiscal year.

MOST SUSTAINABILITY GOALS ACHIEVED

TAKKT defined a set of sustainability indicators as non-financial performance indicators and set concrete goals and measures to be achieved in six focus areas by the end of 2020 in order to systematically manage and document the progress. TAKKT was able to make further progress in many focus areas. The current multi-year overview for the key figures and initiatives that are relevant for the focus areas is shown in the table on page 70.

- **Sourcing:** For TAKKT, as a commercial enterprise with diverse supplier relationships, an important part of the value chain exists already in the manufacturing and procurement of goods. For this reason, TAKKT places strong emphasis on sustainability in its supply chain and evaluates the sustainability performance of a large number of its suppliers. In the area of purchasing, TAKKT was not able to fully achieve the target values set for 2020. The share of purchase volume from evaluated suppliers decreased slightly in 2020 to 49.1 percent, just below the target corridor of 50 to 60 percent. For the share of certified direct imports, TAKKT set a target value of 30 to 40 percent. In the year under review, this value was 54.2 percent, thereby exceeding the defined target. The share of sales generated through sustainable products increased further to 10.8 percent, which was slightly below the target value of at least 12 percent.

- **Marketing:** Advertising efforts are always connected with the use of non-renewable resources. TAKKT is working to constantly reduce their use. All of the targets in the area of marketing were achieved. By using advertising material more efficiently, the Group only used 2.8 kg of printed advertising materials per order in the year under review, thereby achieving a further reduction in consumption compared to the previous year. The target of producing fully carbon-neutral print advertising was also met in the year under review. The paper for catalogs and other print media comes almost exclusively from certified sustainable sources (FSC/PEFC). In addition to the print area, TAKKT also wants to expand its sustainability efforts to the e-commerce business. This involves offsetting the emissions from operating and using the web shops. In the reporting period, 15 web shops of key companies were operated in a carbon-neutral manner, thereby also meeting this target for 2020.

- **Logistics:** Distance selling is proven to cause significantly lower CO_2 emissions than sales through local store-based retailers. TAKKT's goal is to make delivery of the products as low on emissions as possible and is now handling 93.5 percent of Group-wide parcel delivery carbon-neutrally. The Group was thus not able to fully achieve its self-imposed target value of 100 percent. The same applies for general cargo shipping. Compared to the previous year, TAKKT was able to significantly increase the share of carbon-neutral general cargo shipments from the central warehouses in Europe and warehouses in the US to 87.1 percent and thus just slightly below the target value of at least 90 percent.

- **Ressources and Climate:** The efficient use of resources and reducing emissions is ideally achieved based on reliable data. TAKKT has been creating ISO-14064-1-certified carbon footprints for this purpose for an increasing number of Group companies. In the year under review, certified carbon footprints were prepared for 16 major companies, thereby achieving its target of 15 to 18 companies. In addition, certified environmental and energy management systems are being introduced gradually and energy consumption per order is being measured at German and US locations. TAKKT was able to fully meet the targets set in these areas. In the year under review, 10 companies had a certified environmental management system (target: 10 to 13 companies) and 6 companies had a certified energy management system (target: 5–8 companies). Energy consumption per order was also significantly reduced as planned.

- **Employees:** As part of the digital agenda, TAKKT recruited many new employees with highly developed digital skills. Now it is important to advance and retain them in the company for the long term. The share of retained "digital talents" is currently 61.7 percent and thus above the target of more than 50 percent. TAKKT 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 across countries and divisions. At the end of 2020, the share of women in top executive positions was 14.0 percent, putting it above the target value of more than 10 percent.

- **Society:** The social commitment of its employees is a matter of importance for TAKKT as well. The share of employees that can take paid leave from work for volunteer involvement increased significantly to 86.1 percent in the year under review (target: 55 to 60 percent). The share of Group employees who participated in such local projects in the year under review was 9.5 percent (target: 8 to 12 percent).

The non-financial statement for the TAKKT Group can be found on the following website: http://www.takkt.de/nfs

Sustainability indicators*

Focus area	Key figure	2017	2018	2019	2020
Sourcing	Share of sourcing volume from certified suppliers	46.8 %	44.2 %	51.6 %	49.1 %
	Share of direct imports sourcing volume from certified suppliers	39.8 %	39.3 %	60.2 %	54.2 %
	Share of sales from sustainable product ranges	9.3 %	9.5 %	9.5 %	10.8 %
Marketing	Carbon-neutral web shops for major companies	7	12	17	15
	Paper consumption for print advertising materials per order	5.4kg	4.2kg	3.0kg	2.8kg
	Share of carbon-neutral advertising materials per year	12.1 %	19.9 %	60.5 %	100.0 %
Logistics	Share of carbon-neutral parcel delivery	91.4 %	93.5 %	92.2 %	93.5 %
	Share of carbon-neutral general cargo delivery from distribution center	44.7 %	48.9 %	54.8 %	87.1 %
Resources and Climate	Major companies with carbon footprint	13	13	16	16
	Major companies with a certified environmental management system	6	6	9	10
	Major companies with a certified energy management system	4	4	4	6
	Energy consumption at GER/US locations per order in megajoule	70.6	66.7	71.3	51.0
Employees	New hires digital agenda: Share of retained "digital talents"	90.9 %	89.9 %	65.9 %	61.7 %
	Diversity: Share of women in top executive positions	10.5 %	12.3 %	15.1 %	14.0 %
Society	Percentage of employees who have the opportunity to take a paid leave for local volunteer involvement	65.7 %	70.2 %	68.8 %	86.1 %
	Percentage of employees who took part in local volunteer projects	15.1 %	18.0 %	14.7 %	9.5 %

* *The Newport companies are only included in the focus area employees for the sustainability indicators.*

COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT

In view of the impact of the coronavirus pandemic on the economy, TAKKT anticipated negative economic development in Europe and North America at the end of March 2020. The high level of uncertainty did not permit a reliable outlook of business development for a long time, though TAKKT expected the pandemic to have a significant negative impact. At the time of the annual report's publication, TAKKT expected sales and earnings to be well below the respective figures from the previous year. After stabilization of the business environment, TAKKT refined its forecast in October and predicted sales of around EUR 1.05 billion and reported EBITDA of between EUR 85 and 95 million for 2020. In addition to sales and earnings, the other key figures and indicators were also affected by the crisis.

With regard to the financial key figures, the TAKKT cash flow and capital expenditure ratio as well as sales and EBITDA were below the previous year's figures as expected. The gross profit margin decreased more sharply than expected as a result of the lower freight margin, lower supplier discounts and effects from the valuation of inventories.

TAKKT was seeking a further increase in the product range key figures. Changes in the demand behavior of customers and the temporary impact of the crisis on delivery routes caused a shift in the product mix of the business units. Contrary to expectations, the share of direct imports in Group sales remained stable. As forecast, the value-based key figures TAKKT Value Added and ROCE were clearly below the previous year's figures due to the pandemic.

In terms of the indicators for the implementation of the digital agenda, the development of measures, positions created, costs and capital expenditures was in line with expectations. As expected, TAKKT was able to significantly increase the e-commerce share, which also had to do with the effects of the temporary lockdowns and the increased demand for home office products from private customers. Despite the slight negative trend in organic e-commerce growth due to the general pandemic-related downturn, it was significantly more stable than order intake as a whole.

In the year under review, TAKKT expected a deterioration of the internal covenants depending on the further development and consequences of the coronavirus pandemic. The covenants developed significantly better than anticipated due to the high level of free cash flow and positive earnings.

The sustainability indicators developed as forecast for the most part. TAKKT was thus able to achieve further improvement in many indicators. In the sourcing focus area, the expectation of further positive development was not achieved in all cases. For example, the share of the Group's purchase volume from evaluated suppliers and certified direct imports decreased slightly. In the indicators for the society and employees focus areas, there was little change as forecast, except for the share of retained "digital talents," which declined slightly as expected.

Comparison of actual and forecast development

	2019	Forecast for 2020	Actual performance in 2020
Financial key figures			
Sales in EUR million	1213.7	Significantly below the level of the previous year Refined to EUR 1.05 billion in October 2020	1067.4
Gross profit margin in percent	41.3	Stable to slightly positive at the Group level At the end of July, adjusted for the downward trend	39.7
EBITDA in EUR million	150.2	Significantly below the level of the previous year Specified at EUR 85 to 95 million in October	92.6
TAKKT cash flow in EUR million	120.4	Significantly below the level of the previous year	82.0
Capital expenditure in EUR million	24.7	Significantly lower than in the previous year	13.3
Product range key figures*			
Share of private labels in percent	24.1	Further increase with slowdown in growth rates	24.2
Share of direct imports in percent	22.0		21.7
Value-based key figures			
TAKKT value added in EUR million	9.8	Well below the level of the previous year	–23.2
ROCE in percent	11.1		5.6
Indicators for the implementation of the digital agenda			
Measures launched (cumulative)	157	Additional progress in the implementation and completion of further measures	162
Measures completed (cumulative)	92		123
Newly created positions	85	Little change	87
Additional personnel expenses (cumulative) in EUR million	8.0	On a lower level than in 2019	7.4
Additional personnel expenses (in the financial year) in EUR million	0.7		–0.6
Other expenses in EUR million	2.9		2.1
Capital expenditure (without the TAKKT investment company) in EUR million	6.0		4.7
Capital expenditure of TAKKT investment company in EUR million	3.0		0.3
Organic e-commerce growth in percent	2.0	Significantly stronger organic growth than Group sales	–3.6
Share of e-commerce as percentage of order intake	55.0	Significant increase	60.0
Internal covenants			
Equity ratio in percent	58.5	Deterioration depending on the development and consequences of the coronavirus pandemic	64.7
Debt repayment period in years	1.7		1.4
Interest coverage	16.7		11.1
Gearing	0.3		0.1

* *The product range key figures have only been reported as share of sales since 2020 and are therefore not identical to the figures stated in the 2019 annual report.*

	2019	Forecast for 2020	Actual performance in 2020
Sustainability indicators*			
Share of sourcing volume from certified suppliers	51.6 %	Positive development	49.1 %
Share of direct imports sourcing volume from certified suppliers	60.2 %		54.2 %
Share of sales from sustainable product ranges	9.5 %		10.8 %
Carbon-neutral web shops for major companies	17		15
Paper consumption for print advertising materials per order	3.0kg		2.8kg
Share of carbon-neutral advertising materials per year	60.5 %		100.0 %
Share of carbon-neutral parcel delivery	92.2 %		93.5 %
Share of carbon-neutral general cargo delivery from distribution center	54.8 %		87.1 %
Major companies with carbon footprint	16		16
Major companies with a certified environmental management system	9		10
Major companies with a certified energy management system	4		6
Energy consumption at GER/US locations per order in megajoule	71.3		51.0
New hires digital agenda: Share of retained "digital talents"	65.9 %	Slightly declined	61.7 %
Diversity: Share of women in top executive positions	15.1 %	Little change	14.0 %
Percentage of employees who have the opportunity to take a paid leave for local volunteer involvement	68.8 %		86.1 %
Percentage of employees who took part in local volunteer projects	14.7 %		9.5 %

* *The Newport companies are only included in the focus area employees for the sustainability indicators.*

OUTLOOK

RISK AND OPPORTUNITIES REPORT

In the course of its business activities, TAKKT is exposed to opportunities and risks. The opportunity 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 2020 remained largely unchanged from the previous year from the perspective of the TAKKT Management Board. The presentation of risks in this report only includes risks above relevant threshold values with regard to probability of occurrence and impact on earnings.

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 opportunity and risk management is structured as follows:

- The Management Board is responsible for establishing and overseeing the opportunity and risk management system.

- It is supported by the managing directors of the Group companies as well as the Group functions of TAKKT AG – Accounting, Controlling, Treasury/IR, Legal, Human Resources, Internal Audit, Strategy, M&A and Continuous Improvement/Lean.

- Important components of the opportunity 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 steering of all companies, a uniform code of business procedure with an established ad hoc risk reporting process and the two-man rule applied throughout the Group.

- The Supervisory Board 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.

- The internal auditing department continuously monitors the major processes of all Group companies to ensure that they perform well, are cost-effective and satisfy 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 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 Group 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 for all business units and the Group as a whole.

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.

INTERNAL CONTROL SYSTEM FOR ACCOUNTING PROCESS IN ACCORDANCE WITH SECTIONS 289 (5), 315 (2)(5) HGB

The internal control system related to financial reporting 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. It is part of the entire internal control system of the TAKKT Group and is 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 is 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. On this basis, 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. The results are also verified by the auditor and presented to the Supervisory Board.

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.

CONTINUOUS ANALYSIS AND MONITORING OF OPPORTUNITIES AND RISKS

The opportunities and risk management system of the TAKKT Group categorizes opportunities and risks by topic, which are shown in the table on page 76 together with the corresponding subcategories. The opportunities and risks of the TAKKT Group are 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 segments and business units 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 opportunities to be used.

The individual risks and opportunities of TAKKT are shown on the following page. The risks of the Group are explained in the following; the opportunities are discussed starting on page 84.

Overview of opportunities and risks

	Economy and competition	Corporate strategy and positioning	Operating processes	Finance and legal
Possible risks	Economic downturn and pandemic Competition from established providers and new market participants	Structural changes in demand Implementation risk in relation to TAKKT 4.0 Integration risks associated with acquisitions Risks associated with disposals Loss of major customers Increasing dependence on e-commerce	Disruption of operational business and logistics risks 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 Legal and compliance risks Risks from tax and tariff changes More restrictive data protection regulations
Possible opportunities	Economic upswing	Transformation of the business model Increasing market shares for distance selling and strong growth in e-commerce Value-creating acquisitions and start-ups Sustainability as a competitive advantage	Further development of IT applications Increased use of new technologies	Good access to capital

ECONOMY AND COMPETITION

Economic downturn and pandemic

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 two segments, Omnichannel Commerce and Web-focused Commerce.
- 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 independence on individual markets.
- The companies are also in different phases of growth. The younger companies bundled in the Web-focused Commerce segment usually experience more dynamic growth and are less affected by economic fluctuations. The established companies of the Omnichannel Commerce segment and Foodservice Equipment & Supplies, however, reflect the general economic cycle in their development.

In particularly severe economic crises, such as the months following the outbreak of the coronavirus pandemic, 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. As a result, sales at the TAKKT Group saw an organic decline of more than ten percent in 2020 due to the pandemic. A crisis triggered by a pandemic is particularly challenging because customer demand can decline much faster and more sharply than in the case of crises attributable to purely economic factors. There is also the risk that the operational processes in procurement, as well as in warehousing and logistics, will be severely restricted as a result of the pandemic and the protective measures that are implemented.

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, TAKKT responded to the economic consequences of the coronavirus pandemic with cost-saving measures, particularly in the area of marketing costs and personnel expenses through the use of short-time labor and similar tools. 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 the year as a whole. In the second quarter, when the decline in sales and gross profit was particularly high, the offsetting effect through cost management was just below 50 percent. Overall, EBITDA before one-time effects decreased by around one third year-on-year in 2020.

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.

Compared to the situation in the previous year, the risk of an economic downturn has decreased. TAKKT rates the probability of this risk occurring as possible. The potential impact on earnings from this risk remained unchanged compared to the previous year at over EUR 20 million. It therefore represents a significant risk for TAKKT.

Competition from established providers and new market participants

The activities of the TAKKT Group in their respective markets compete with other providers. An overview of the competitive environment can be found on page 43 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. TAKKT addresses this competitive risk through focused positioning of its own activities either as a quality- and service-oriented Omnichannel provider or a lower priced Web-focused provider.

Large and medium-sized corporate customers usually have rather complex needs. This type of customer is interested in a high-quality product range, expert advice and comprehensive after-sales service, which TAKKT's Omnichannel activities offer. Relevant services include project business (e.g., CAD planning), assembly and maintenance services, long warranty periods and availability guarantees. The TAKKT products are intended to make commercial activities more productive and ensure a smooth process so that corporate customers can focus on their core business. For this type of customer, the offer of pure online shops and open, internet-based marketplaces has the disadvantage that they generally want to avoid the effort associated with providing a comprehensive service. This type of customer is also interested in flexible, tailored pricing based on their needs, the product and the volume of their order. Online marketplaces can only provide such flexibility, differentiation and additional product-related services to a limited extent. In competition with other omnichannel companies, service and quality are determining factors with regard to which provider the customer prefers for procurement.

For customers with less complex requirements, other criteria are relevant for the purchasing decision. These are often smaller and medium-sized businesses. This type of customer is mainly concerned with the pricing of the individual transaction. TAKKT addresses these customers with the Web-focused activities, which align their product range to the needs of more price-conscious customers. As product specialists with a focus on a defined product range, TAKKT's Web-focused brands offer an easy, fast and reliable procurement channel for its customers. TAKKT competes with other online shops and e-commerce marketplaces in this area.

In the course of the new organizational realignment, TAKKT wants to fulfill the very different requirements of the two aforementioned customer types even better in the future by focusing more on the two business models. TAKKT rates the probability of occurrence of the risk from new competitors and business models as possible, with a potential negative impact on earnings of more than EUR 20 million. The risk from new competitors and business models is thus considered to be significant.

CORPORATE STRATEGY AND POSITIONING

Risk from structural changes in demand

The way in which people collaborate is also changing as a result of the digital transformation of the business world. Given the established use and further development of technologies like video conferencing systems, it is likely that more flexible forms of working will become more common and remote working will increase. This already existing 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. However, there is also the potential to profit from the increased demand for new office concepts, remote work and home office products.

Similar to the growing prevalence of flexible formats in daily collaboration, the changes brought about by the coronavirus pandemic are expected to have a lasting impact on conferences, trade shows and other event formats. TAKKT believes that in-person events will not have the same importance after the pandemic as they did before. Instead, it can be expected that 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 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. TAKKT also has diversified positioning both internationally and in terms of its products. This reduces its 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 with a potential impact on earnings of more than EUR 20 million. TAKKT therefore classifies this risk as significant.

Implementation risk in relation to TAKKT 4.0

With TAKKT 4.0, the Group has been implementing its new organizational structure since the beginning of 2020, with a focus on two business models for two different customer types. At the same time, TAKKT wants to establish the responsibilities and functions at the relevant level in order to create greater entrepreneurial freedom and scalability within the segments. Another goal is to bolster operational excellence through the implementation of continuous improvement processes within the Group.

TAKKT 4.0 is meant to promote sustainable change of the organization and culture of the company. TAKKT expects this to result in a more targeted focus on the needs of different customer types and stronger organic growth. Delays could occur during the course of this realignment, causing goals or partial goals to be achieved late or results to be unsatisfactory. This mainly involves the creation of new structures for the segments and the related allocation of functions and responsibilities at the relevant level. In addition, the implementation could incur higher costs than expected or not have the desired effect on sales and earnings figures.

In order to address these risks, the TAKKT 4.0 organizational 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 allows TAKKT to keep a close eye on the implementation and success of the transformation and take early countermeasures if there are impending deviations from target.

There are also personnel risks associated with TAKKT 4.0. In the course of the organizational transformation, TAKKT wants to establish the responsibilities and functions in a new way and at the relevant level. This could mean that employees may have to give up their current 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. TAKKT considers the probability of occurrence of the implementation risk from the transformation to be possible. TAKKT assesses the potential loss to be between EUR 10 to 20 million. TAKKT therefore considers this overall 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. This is, on the one hand, 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 may not occur,

- goodwill and other intangible assets need to be impaired due to business performance being worse than originally predicted.

The annual impairment tests performed on goodwill in the year under review once again confirmed the value of these assets. No impairments had to be carried out in the past year.

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 return 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 acquires shares in young companies with an innovative but not yet proven business model. The probability that these shareholdings turn out to have no substantial value is deemed to be higher. However, the investment amount is significantly lower than that of other acquisitions.

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 termination 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 dependency on e-commerce

TAKKT is driving forward the expansion of the e-commerce business within the scope of digitalization by continuously improving its websites and web shops. However, when operating websites and web shops, unauthorized people could gain access to the company network and sensitive customer data. In addition, targeted attacks on web shops and the company network may slow down or disrupt internal processes. In addition, technological progress places constantly changing demands on the online presence. Consequently, the content and structure of the web shop have to be continuously adapted to the changing algorithms of the search engines so that the company's own website does not fall behind in the ranking, causing the shops to lose potential customers. The TAKKT companies counter this risk through the continuous management of online marketing measures and by optimizing them with regard to the constantly changing underlying conditions. Ongoing monitoring of developments in online marketing allows the TAKKT Group to seize and implement technical trends and new developments quickly in its own solutions. In addition, the company is in continual dialogue with search engine operators. Regular penetration testing is carried out to reduce the risk of unauthorized access to internal systems.

OPERATING PROCESSES

Disruption of operational business and logistics risks

TAKKT generally stores products in large warehouses and therefore there is less need to build up inventories 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.

TAKKT usually contracts external logistics companies to deliver its goods and, in choosing its logistics partners, pays particular attention to how attractive the costs are and their comprehensive expertise in delivering products to the very different regions. Unexpected changes in freight costs due to fluctuations in fuel prices, container freight rates, vehicle tax or tolls can have a short-term impact on the earnings of the Group. When possible, TAKKT passes the increased costs on to customers through price adjustments. Shipping costs account for around ten percent of consolidated sales.

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. In order to address this risk, TAKKT relies on powerful technologies and has back-up solutions in place that can take over in the event of problems in the primary system.

The TAKKT companies are using cloud solutions, meaning that software and hardware functions are no longer only hosted locally but rather in an external infrastructure. This has the advantage that storage space, processing power and the necessary software can all be chosen precisely and can be adapted to actual requirements at any time. At the same time, this brings with it risks, like losing connection to the external infrastructure or the service itself.

The TAKKT companies also make use of central high-availability systems to protect data and functionality. A server handles the day-to-day business operations. The data is also continuously copied to a backup system. This system provides services only in the event of server failure. The required storage capacity is usually held on external servers or leased from third-party providers in order to minimize the risk of failure.

The Group uses non-interruptible power supply and back-up systems in order to ensure telephone availability and protect itself against failures and faults. Calls can also be rerouted to other sites. The company continuously monitors how easy it is for customers to contact the companies' sales offices. TAKKT is able to flexibly align the telesales capacities with business volumes through these checks.

For successful performance in the market, it is of vital importance that the TAKKT companies be reachable via their web shops without interruption. In addition to continuous availability with regard to the web shops, performance (i.e., the speed at which the web shop can be navigated) is also important. In this regard, the TAKKT companies always rely on current web shop technologies.

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 is 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.

Risk matrix

Earnings risk / Probability of occurrence	unlikely	possible	very likely
more than EUR 20 million		• Economic downturn and pandemic • Competition risk • Structural changes in demand	
EUR 10 to 20 million	• Risks associated with disposals • Introduction of new IT systems	• Implementation risk in relation to TAKKT 4.0	
less than EUR 10 million	• Disruption of operational business and logistics risks • Performance of the IT and communications systems • Cybercrime • Quality defects associated with direct imports • Legal and compliance • Data protection regulations	• Integration risks associated with acquisitions • Loss of major customers • Dependence on e-commerce • Exchange rate risks • Tax and tariffs	

Cybercrime

Risks can also arise from fraud attempts initiated via information technology (e.g., 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. TAKKT addresses this risk by establishing defined processes such as the two-man rule and individually verifying any changes in the payment data of the recipient. Furthermore, employees receive ongoing fraud-awareness training. TAKKT addresses potential unauthorized access to IT systems through technical preventive measures.

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 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 to an amount of around 70 percent, preferably with forward foreign exchange contracts. 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 87). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

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. In order to address this risk, the Group pursues a central compliance management strategy, trains employees in the respective issues and has set up a hotline for reporting possible violations.

Risks from tax and tariff changes

Against the background of the ongoing trade policy discussions after Brexit as well as with regard to the US government, there is still a risk that countries will increase import tariffs 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. The increased public debt may also result in taxation rule changes and a greater number of tax audits in certain countries. 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 2020 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 81. The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy.

There is also the risk that the entry of new web-focused 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.

In addition, there are significant risks in connection with the implementation of TAKKT 4.0. 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 the development of sales and earnings.

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.

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. In addition to the opportunities arising from an economic upswing, also outlined in detail in the forecast report, the significant additional opportunities are explained in the following section.

Transformation of the business model

At the end of 2019, TAKKT started taking steps to realign and streamline the organization of the company (see the "Business areas" and "Corporate goals and strategy" sections). This will allow the segments to sharpen their focus, meet the different requirements of the respective customer types in terms of products, service and quality, and position themselves clearly as market-leading Omnichannel or Web-focused companies. At the same time, the segments will have higher operational independence, thereby allowing faster decision-making and implementation processes.

The new allocation of functions and responsibilities and more integrated structure will allow for better leveraging of economies of scale, especially at the segment level. TAKKT wants to benefit from a culture of continuous improvement by promoting operational excellence and by developing and introducing new management approaches and processes. All of these measures are expected to accelerate the organic growth of the Group. In addition, the new structure gives the Group the opportunity to realize greater added value with future acquisitions than was possible with the previous portfolio approach. By integrating the acquired company into one of the two business models, they can benefit from the competencies and expertise at the segment level and take advantage of economies of scale.

Even after completion of the digital agenda in 2020, digitalization remains a focus for the further development of the Group, offering great potential for the future growth of TAKKT. The company is already benefiting from the above-average growth in e-commerce. Focusing all activities on the needs of the customer (customer centricity) and digitalizing processes along the entire value chain will also open up opportunities. TAKKT wants customers to benefit from the advantages of digitalization and increase organic growth.

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

As discussed in the presentation of the competitive environment on page 43, 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 significant above-average 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.

To maximize the resulting growth potential, the Group's segments use a specific online presence tailored to their respective customer types. For Omnichannel activities, this is done through web shops and e-procurement solutions with a comprehensive range of functions for customers with high service and advising needs and for whom processing costs are a major concern. Companies can give their employees access to an individually configured web shop through additional functions such as a product range exclusion. This web shop then only includes product ranges or items that are relevant for that company. The Web-focused Commerce segment uses online shops, which focus less on comprehensive services and more on making the ordering process as easy as possible. Product-specific filter functions and options for comparing prices and items are provided for this purpose. This reduces the time the customer needs to search for the relevant product.

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 smaller companies offering products or services that expand the existing range of services for customers.

In recent years, TAKKT has benefited greatly from the additional contributions to sales and earnings through 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 and business models into the Group. In the course of the TAKKT 4.0 organizational realignment, the Group wants to create integrated structures and functions in the segments, such as in IT, purchasing, and data and analytics. In the future, this will allow even closer integration of newly acquired companies than the previous portfolio approach. TAKKT will consequently be able to leverage the advantages of greater scalability and higher potential for achieving added value with company acquisitions. Exploring and taking advantage of value-creating acquisition opportunities will therefore also be a priority 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 uses its role as a pioneer in sustainability in order to set itself apart in the industry. It is convinced that providers who focus on sustainability will be better able to survive the competition in the long run. B2B customers are increasingly demanding responsible and sustainable action from their suppliers. TAKKT has set ambitious goals for itself in this area. As of today with the print advertising, the target for 2025 is to have also completely carbon neutral shipping processes throughout the Group. The share of sustainable products is targeted to significantly increase.

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. This includes the introduction of new ERP systems and CRM software. This is an important requirement for successful implementation of TAKKT 4.0 and the realization of the related growth opportunities.

Increased use of new technologies

In addition to using an infrastructure geared to reliability and stability for the day-to-day operations, TAKKT will have the opportunity to develop new solutions quickly based on new technologies and introduce them to the market. This allows TAKKT to react quickly and flexibly to new customer requirements and changes in behavior patterns. Examples include linking external solutions easily by creating standardized interfaces, analyzing customer data in the web shop in real time or implementing new collaboration tools for dialogue with customers.

Good access to capital

TAKKT has good access to capital due to a diversified and long-term oriented financing structure. 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

ECONOMIC DEVELOPMENT STILL DEPENDENT ON COURSE OF PANDEMIC

The economic conditions in the markets are a significant factor with respect to the extent that the TAKKT Group will be able to use the opportunities described in the risk and opportunities report. The course of the coronavirus pandemic was decisive for business development in the past year and will also play a major role in the economic development in 2021. Current forecasts are therefore subject to great uncertainty.

- According to a forecast published at the beginning of February 2021, the European Commission expects a subdued start to 2021 for the EU due to the rise in infection rates during the winter and the heightened protective measures. In view of the increasing progress with the vaccinations and the possible easing of restrictions as a result, economic activity should increase over the course of the year and return to pre-crisis levels by the end of the year. For the eurozone, this means GDP growth of 3.8 percent in 2021 following a contraction of 6.8 percent last year. Germany performed better than the eurozone with a decline of 5.0 percent during the pandemic, and the pending recovery is also expected to be somewhat smaller as a result at 3.2 percent.

- On the whole, the protective measures against the pandemic were less restrictive in the US than in Europe. Driven by strong private consumption, the US economy recovered significantly in the second half of the year and is expected to return to its pre-crisis level by mid-2021, according to estimates by the Congressional Budget Office (CBO). After economic performance shrank by 3.5 percent in 2020, the CBO expects full-year GDP growth of 4.6 percent in 2021.

As in previous years, there are also factors influencing the further economic development in 2021, the effects of which are still unclear at the time of this forecast.

IMPROVED 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 in the European KAISER+KRAFT business 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. In the second half of 2020, the values in the eurozone and Germany increased significantly and were consistently above 50 points from July onward. This reflects the improved momentum in industry compared with the situation in March and April. After a slight decline in January, the values rose again in February, reaching 60.7 points for Germany and 57.9 points for the eurozone. For KAISER+KRAFT, this indicates a positive business development in the medium term.

The other industry indicators showed a less positive picture at the beginning of 2021. The RPI provides information about the situation of the US restaurant industry and is a relevant indicator for Hubert and Central. In January, it was 99.1 points and thus slightly below the expansion threshold of 100. The index consists of two components – one reflects the current situation and the other provides information on the expectations of market participants. While the current situation is rated as poor with 96.0 points, survey participants are optimistic about the future and rate the outlook with 102.2 points on average. This indicates a significant improvement in business development among US restaurant operators. TAKKT also expects a further upswing in the US office furniture market over the course of the year.

SIGNIFICANT POSITIVE GROWTH EXPECTED AS OF THE SECOND QUARTER

TAKKT expects a challenging start to the new fiscal year. Economic sentiment indicators recently showed a negative trend due to the rise in infection rates during the winter months and the intensified protective measures. In addition, the previous year's figures in January and February 2020 had not yet been affected by the pandemic. The Group therefore still expects negative organic growth rates for the first quarter. Starting in the second quarter, growth rates are then likely to be clearly positive. TAKKT expects to be able to benefit from the continued economic recovery and will implement strategic growth initiatives to support this. For the full year of 2021, TAKKT wants to achieve organic growth of between seven and twelve percent. The pace of growth will be strongly determined by the future course of the pandemic and its economic impact as well as the success of the growth initiatives. As in previous years, the e-commerce business should achieve stronger organic growth than total sales.

POTENTIAL EFFECTS ON SALES AND EARNINGS FROM ACQUISITIONS AND DISPOSALS

TAKKT also wants to tap into additional growth potential through acquisitions in 2021. They would contribute to sales from the acquisition date. In addition, the Group is continuing to work on strategic options for the activities of the Foodservice Equipment & Supplies segment. Hubert and Central follow a different business model from the three business units in the Omnichannel segment. In addition to the further development of the segment within the TAKKT Group, a sale of these activities is also possible. However, a transaction of this nature is unlikely in the first months of the year due to the effects of the pandemic. A potential sale of Hubert and Central would have a significant impact on the key figures of the TAKKT Group in the current financial year. TAKKT regularly 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 nearly half 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 5 percent against the previous year (i.e., the US dollar becomes weaker), the increase in reported sales (in euros) will be between 2 and 2.5 percentage points below the currency-adjusted growth.

- If the EUR/USD exchange rate decreases by 5 percent against the previous year (i.e., the US dollar becomes stronger), the increase in reported sales (in euros) will be between 2 and 2.5 percentage points higher than the currency-adjusted growth.

In addition to the fluctuation effects from the US dollar mentioned above, fluctuations in other currencies such as from the British pound 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 changes in the reporting currency but also adjusts for currency effects.

SIGNIFICANT EARNINGS INCREASE EXPECTED

TAKKT has the goal of keeping the gross profit margin of the Group above the 40 percent mark for the long term. In 2020, the margin was 39.7 percent due to a lower freight margin, lower supplier discounts and negative effects from the valuation of inventories. For 2021, the Group expects an increase in gross profit margin to over 40 percent, primarily due to improvements in Web-focused Commerce and Foodservice Equipment & Supplies.

EBITDA in 2021 will be influenced by the future trajectory of the pandemic, the economic situation and the organic growth that TAKKT can generate given the overall circumstances. An organic increase in sales contributes directly to higher earnings. At the same time, TAKKT can achieve an above-average increase in earnings with stronger organic growth through a better utilization of infrastructure and economies of scale. The reverse is also true – if organic growth is low, a greater decrease in earnings would be expected. In addition to organic growth, currency effects and potential acquisitions and disposals can also have a significant impact on earnings.

Last year, the considerable decline in sales due to the pandemic and negative one-time effects had an adverse impact on earnings. At the same time, TAKKT was able to reduce personnel and marketing expenses as well as other costs through flexible cost management and the use of short-time labor. The Group is preparing for significant growth in 2021. Personnel and marketing costs are therefore expected to be significantly above the level of 2020. In addition, further developing the segment structures in Omnichannel and Web-focused Commerce will be of central importance in the current year. In both segments, functions such as logistics, IT infrastructure and data management will be centrally coordinated and managed. The respective positions will be created for this. In the future, TAKKT expects this to result in increased efficiency and scalability in the corresponding functions as well as higher earnings. In 2021, the costs for creating the structures will still exceed the resulting potential growth in earnings. In the current year, TAKKT expects significantly lower one-time expenditures than in the previous two years.

EBITDA is expected to increase significantly in 2021. With the planned organic growth and without acquisitions, disposals or additional significant impacts as a result of the pandemic, TAKKT expects EBITDA to be in the range of EUR 100 to 120 million in 2021.

HIGHER TAKKT CASH FLOW AND CAPITAL EXPENDITURES, FREE TAKKT CASH FLOW SIGNIFICANTLY BELOW PREVIOUS YEAR

Essentially the same influencing factors are relevant for the development of the TAKKT cash flow as for EBITDA. The Group therefore expects a significant increase in TAKKT cash flow to EUR 80 to 100 million in the current year. In 2020, the free TAKKT cash flow benefited from the very high release of cash from net working capital and the one-time proceeds from the sale of a property in the US. Neither are planned for 2021. TAKKT will therefore be able to generate good free cash flow again in the current year, but at a significantly lower level than in 2020. During the pandemic, TAKKT significantly reduced capital expenditures for the maintenance, expansion and modernization of existing business. In the current year, they are expected to be at the upper end of the long-term targeted benchmark of between one and two percent of sales or slightly above.

STABLE DEVELOPMENT OF CNPS AND ENPS

TAKKT has set long-term targets with regard to the likelihood to recommend among customers and employees and is continuously working on measures to help achieve these goals. In the current year, the Group expects a slight improvement in the eNPS, which provides information about the attractiveness of the TAKKT Group as an employer. The cNPS, which indicates a customer's likelihood to recommend, is not expected to change much in 2021 and will be around the same high level as in the previous year.

FURTHER PROGRESS ON SUSTAINABILITY INDICATORS

TAKKT wants to further increase the number of women in top executive positions and expects the share of women in these positions to develop positively in the middle and long term. However, the share can also stagnate or even decline slightly within a single year due to personnel changes. TAKKT will significantly expand the range of sustainable products and expects the share of sales generated with these products to increase in line with customer demand. TAKKT will continue to expand the carbon-neutral shipping of parcels and general cargo.

DIVIDEND PROPOSAL

TAKKT will resume the reliable dividend policy of previous years and, besides a dividend payment of EUR 0.55 for the 2020 fiscal year, add another EUR 0.55 to make up for the suspended base dividend from the previous year. The Supervisory Board and Management Board will therefore propose to the Shareholders' Meeting a total dividend payment of EUR 1.10 per share. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

GENERAL STATEMENT ON ANTICIPATED DEVELOPMENT OF THE GROUP

Business development in 2021 will be strongly determined by the further course of the pandemic and its economic impact. The Management Board of TAKKT AG expects to benefit from the anticipated economic recovery during the year and wants to achieve organic growth of between seven and twelve percent for the year as a whole. EBITDA should see a significant increase and is expected to be between EUR 100 and 120 million with the planned organic growth and without acquisitions, disposals or additional significant pandemic-related effects.

The TAKKT cash flow and capital expenditures are expected to increase significantly in 2021, whereas the free TAKKT cash flow will be significantly lower than in 2020. TAKKT expects likelihood to recommend to improve among customers and employees in the middle and long term, but only expects slight changes in the current year. The sustainability indicators should continue to improve overall, however, a temporary decline cannot be ruled out for individual values.

GUARANTEE

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

REMUNERATION REPORT

The remuneration report explains the principles of the Management Board remuneration system 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 is part of the combined management report and meets the requirements of the German Commercial Code (HGB) together with German Accounting Standard 17 (DRS 17) and the International Financial Reporting Standards (IFRS). It also takes into consideration the recommendations of the German Corporate Governance Code (DCGK in the version dated February 7, 2017).

MAIN FEATURES OF THE REMUNERATION SYSTEM

The Management Board of TAKKT AG is primarily responsible for the sustained success of the company and therefore receives remuneration that is appropriate for its duties and the economic position of the Group. 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 Supervisory Board regularly reviews the structure and appropriateness of the remuneration system as well as the level of remuneration.

The Supervisory Board made adjustments to the remuneration system for the year under review. First, the long-term incentive of the remuneration was increased at the expense of the short-term incentive remuneration. Second, as of 2020, assessment of the long-term remuneration payment is based solely on total shareholder return (TSR). The TSR corresponds to the total return of the TAKKT share, taking paid dividends into account.

The remuneration paid to Board members is made up of non-performance-related and performance-related components. 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. TAKKT AG may, in justified cases, demand the partial or full reimbursement of an already paid out amount over a period of three years from the due date (clawback). Such a justified case exists in particular if the Management Board was significantly involved in or responsible for conduct that resulted in considerable losses or a significant government sanction for TAKKT AG.

In addition, the members of the Management Board receive entitlements for pensions and survivors' benefits in the event of termination of their duties.

The fixed basic salary contributes around 35 to 40 percent to the total target remuneration (excluding service cost). The variable components make up around 60 to 65 percent of the total target remuneration and are split almost equally between short- and long-term components. The long-term components make up a slightly larger share of the variable components than the short-term components.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

Fixed basic salary

All Board members receive an agreed annual basic salary. This is paid out in twelve equal monthly installments.

Fringe benefits

The fringe benefits mainly comprise the use of company cars.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

Short Term Incentive Plan (STIP)

The operating result of the respective fiscal year before interest, taxes, depreciation and amortization or impairments from purchase price allocations 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 (0 percent of the target value) to plus 30 percent (200 percent of the target value). The target value is set by the Supervisory Board based on the annual operating plan in line with the multi-year planning.

The value, which is measured in accordance with the target corridor, is multiplied by a factor of 0 to 2 based on the assessment of individual targets as well as individual conduct. The amount calculated by this method can deviate downwards or upwards by up to +/– 100 percent. The target achievement paid out is capped at 300 percent of the target value.

Starting in the 2020 fiscal year, 70 percent of the target achievement is disbursed in the performance period of the following year, and 30 percent is retained for a period of three years after the end of the performance period (known as a deferral). Interest on the deferral is subject to the TSR, with both positive and negative interest possible. This approach serves to additionally align the bonus to a sustainable corporate performance. Its aim is to prevent the incentivization of the Management Board from being influenced too much by short-term measures to increase income or value.

Management Board members may convert parts of their target achievement value into additional pension components, graded by age band.

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, a performance cash plan has been granted that is valid until end of 2023. The terms changed structurally in 2020 compared to the previous year. Starting with the plan launched in 2020, the amount of the performance cash plan to be paid out depends solely on the development of total shareholder return (TSR) over the term of the four-year plan. The target value is achieved when the TSR is nine percent per year. The established performance cash plans represent a clear orientation of the remuneration of the Management Board along a sustainable increase of the external value of the company.

In addition to the TSR, the still ongoing performance cash plans from 2017, 2018 and 2019 also depend on the amount of the cumulative TAKKT value added (TVA) 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 amount paid out under the performance cash plans is also capped. This cap is 300 percent of the target value per plan.

Based on the current contractual agreements, the beneficiary has full entitlement to payment of the performance cash plan if the period of employment exists for at least twelve months from the beginning of the term of the performance cash plan. If an individual reaches retirement age or begins or terminates his / her Management Board membership within a calendar year, a pro rata calculation is made in the case of the recently established plan. The payout from the respective performance cash plan is carried out at the end of the four-year term.

Stock options are not considered part of the remuneration of the Management Board at TAKKT AG and there are no plans for this in the future.

MANAGEMENT BOARD REMUNERATION IN 2020 ACCORDING TO HGB

Total remuneration

The remuneration for acting members of the Management Board of TAKKT AG in the 2020 fiscal year comes to a total of EUR 2,779 (3,529) thousand. Of this, EUR 1,349 (1,531) thousand relate to non-performance-related components and EUR 1,430 (1,998) thousand to performance-related components.

Total remuneration of the Management Board *in EUR thousand*

2020

	Non-performance-related remuneration		Performance-related remuneration		Total
	Basic remuneration	Fringe benefits	STIP	LTIP 2020	
Felix Zimmermann	507	16	316	276	1,115
Tobias Flaitz (as of June 1, 2020)	182	10	93	88	373
Heiko Hegwein (until September 30, 2020)	261	15	149	132	557
Claude Tomaszewski	351	7	200	176	734
	1,301	**48**	**758**	**672**	**2,779**

2019

	Non-performance-related remuneration		Performance-related remuneration		Total
	Basic remuneration	Fringe benefits	STIP	LTIP 2019	
Felix Zimmermann	500	16	503	212	1,231
Heiko Hegwein	345	17	319	135	816
Dirk Lessing (until October 31, 2019)	287	14	263	113	677
Claude Tomaszewski	345	7	318	135	805
	1,477	**54**	**1,403**	**595**	**3,529**

The reported expenditure for the STIP was EUR 758 (1,403) thousand and includes a release of provisions of EUR 19 (46) thousand. The amount released came to EUR 9 (17) thousand for Felix Zimmermann, EUR 5 (9) thousand for Heiko Hegwein and EUR 5 (10) thousand for Claude Tomaszewski.

The remuneration for the performance cash plan comes to EUR 672 (595) thousand and corresponds to the value of the performance cash plan established in the respective fiscal year as of the date it was granted.

Disclosures in accordance with IFRS 2

The newly established performance cash plan in the year under review as well as the share-based components of the still ongoing performance cash plans from 2017, 2018 and 2019 are classified and measured as a share-based payment settled in cash in accordance with IFRS 2.

The total expense or income for the performance cash plans includes the fair value of the vested right in the respective fiscal year the plan was established plus the change in value of already vested rights of the performance cash plans of the previous years. The liability from the performance cash plan is reassessed at the end of each reporting period and on the due date. Valuation is based on the expected development of the relevant success factors.

The expense for the performance cash plan established in 2020 exceeded the income from the fair value measurement of the performance cash plans of the previous years. The resulting total expense came to EUR 198 thousand (previous year: income of EUR 69 thousand) in the year under review. Of this, EUR 53 (29) thousand were allotted to Felix Zimmermann, EUR 70 (0) thousand to Tobias Flaitz, EUR 41 (–1) thousand to Heiko Hegwein and EUR 34 (18) thousand to Claude Tomaszewski.

The fair value of the performance cash plans from 2017, 2018, 2019 and 2020 (2016, 2017, 2018 to 2019) as well as the respective provision for acting Management Board members come to EUR 624 thousand (EUR 1,286 thousand) as of the end of the reporting period.

BENEFITS IN THE EVENT OF TERMINATION OF SERVICES

Pension and survivors' benefits

Management Board members receive an entitlement for pension and survivors' benefits, with annual contributions amounting to ten percent of the sum of their 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 rates of five percent per year are granted for contributions deferred in the year under review until pension payments begin, and six percent per year for older contributions. Board members are entitled to pension payments when they leave the company but not earlier than the member's 60th birthday. 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. Part of this commitment is hedged against insolvency with commercially available products based on a contractual trust agreement.

The table below lists the current service costs for the year under review and present values of obligations for the members of the Management Board in accordance with IAS 19.

Payments in the event of early termination

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

Pension commitments *in EUR thousand*

	IFRS		IFRS	
	Ongoing service cost		Present value of pension obligation as of 12/31	
	2019	**2020**	2019	**2020**
Felix Zimmermann	192	183	4,311	5,266
Tobias Flaitz (as of June 1, 2020)	-	84	-	84
Heiko Hegwein (until September 30, 2020)	135	118	306	-
Dirk Lessing (until October 31, 2019)	113	-	-	-
Claude Tomaszewski	140	134	3,136	3,601
	580	**519**	**7,753**	**8,951**

of a premature termination of the membership of the Management Board without cause may at most remunerate the remaining term and also not exceed the amount of two years' compensation.

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 pay amounting to a maximum of two years' compensation. Other sources of income are not taken into account. The right to a severance payment will not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

Heiko Hegwein stepped down from the TAKKT Management Board on September 30, 2020. In relation to his early termination of service on the Board, it was agreed to grant him a basic salary of EUR 390 thousand, an amount from the STIP equal to the target value of EUR 425 thousand as well as a contribution to the pension plan of EUR 81 thousand for the period from October 1, 2020, to September 30, 2021. For this period, he will also participate in the corresponding performance cash plans with a total target value of EUR 176 thousand, which is to be paid in 2024 and 2025. Costs in the amount of EUR 44 thousand incurred in connection with Heiko Hegwein's resignation were borne by TAKKT AG.

As a result of the current succession process, Felix Zimmermann is expected to step down from the Management Board during the course of 2021. A severance payment of EUR 2,662 thousand and a one-time allocation to the pension plan of EUR 234 thousand

Benefits granted *in EUR thousand*

	Felix Zimmermann				Tobias Flaitz (as of June 1, 2020)			
	2019	2020	2020 (Min)	2020 (Max)	2019	2020	2020 (Min)	2020 (Max)
Fixed Salary	500	507	507	507	-	182	182	182
Ancillary benefits	16	16	16	16	-	10	10	10
Total	**516**	**523**	**523**	**523**	**0**	**192**	**192**	**192**
STIP	500	650	0	1,950	-	187	0	561
LTIP 2019–2022	212	-	-	-	-	-	-	-
LTIP 2020–2023	-	276	0	828	-	88	0	264
Total	**1,228**	**1,449**	**523**	**3,301**	**0**	**467**	**192**	**1,017**
Service cost	192	183	183	183	-	84	84	84
Total remuneration	**1,420**	**1,632**	**706**	**3,484**	**0**	**551**	**276**	**1,101**

	Heiko Hegwein (until September 30, 2020)				Claude Tomaszewski			
	2019	2020	2020 (Min)	2020 (Max)	2019	2020	2020 (Min)	2020 (Max)
Fixed Salary	345	261	261	261	345	351	351	351
Ancillary benefits	17	15	15	15	7	7	7	7
Total	**362**	**276**	**276**	**276**	**352**	**358**	**358**	**358**
STIP	315	308	0	924	315	410	0	1,230
LTIP 2019–2022	135	-	-	-	135	-	-	-
LTIP 2020–2023	-	132	0	396	-	176	0	528
Total	**812**	**716**	**276**	**1,596**	**802**	**944**	**358**	**2,116**
Service cost	135	118	118	118	140	134	134	134
Total remuneration	**947**	**834**	**394**	**1,714**	**942**	**1,078**	**492**	**2,250**

were agreed for the early termination. TAKKT will assume the costs that could be incurred in connection with Felix Zimmerman's departure up to an amount of EUR 52 thousand.

MANAGEMENT BOARD REMUNERATION IN 2020 ACCORDING TO THE GERMAN CORPORATE GOVERNANCE CODE

In the tables shown on page 92 and 93, the benefits granted, inflows and pension expenses for every member of the Management Board are shown individually in accordance with the recommendations under Clause 4.2.5 (3) of the German Corporate Governance Code.

In line with the German Corporate Governance Code and in deviation from the presentation according to HGB, the STIP is stated as the target value in the table 'Benefits granted'. For the LTIP, along with the presentation according to HGB, the value of the performance cash plan established in the respective fiscal year is stated as of the date it was granted. The pension expenses correspond to the current service cost for the year under review according to IAS 19.

In line with the recommendations of the German Corporate Governance Code and in deviation from the presentation according to HGB, the STIP target value expense for the respective year under review is to be stated in the table 'Allocations' (payments). For the LTIP, the payment made in the respective fiscal year is shown. In line with the German Corporate Governance Code, the pension expense corresponds to the current service cost for the year under review in accordance with IAS 19, even though it does not represent a current inflow but rather a provision for when the recipient is in retirement.

OTHER DISCLOSURES

The Management Board has the option of acquiring TAKKT Performance Bonds. This involves a voluntary participation offer for TAKKT executives, which will allow 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. The subscription option was suspended once in the 2020 year under review. There are liabilities of EUR 217 (1,371) thousand to members of the Management Board from TAKKT Performance Bonds.

In addition, there are pension obligations from the voluntary conversion of part of the target achievement from the STIP into a pension plan known as deferred compensation in the amount of EUR 1,922 (1,623) thousand. In the fiscal year, the Management Board members voluntarily contributed EUR 100 (100) thousand from the STIP target achievement to this plan.

With respect to the members of the Management Board, there are the usual receivables and liabilities from appointment and employment contracts.

Customary D&O insurances have been taken out for the members of the Management Board. The deductible of the D&O liability insurance corresponds to ten percent of the damages in question, but no more than one and a half times the fixed annual basic salary in accordance with section 93(2) sentence 3 of the German Stock Corporation Act (AktG).

Allocations *in EUR thousand*

	Felix Zimmermann		Tobias Flaitz (as of June 1, 2020)		Heiko Hegwein (until September 30, 2020)		Claude Tomaszewski	
	2019	2020	2019	2020	2019	2020	2019	2020
Fixed Salary	500	507	-	182	345	261	345	351
Ancillary benefits	16	16	-	10	17	15	7	7
Total	**516**	**523**	**0**	**192**	**362**	**276**	**352**	**358**
STIP	520	325	-	93	328	154	328	205
LTIP 2015–2018	266	-	-	-	-	-	202	-
LTIP 2016–2019	-	254	-	-	-	-	-	162
Total	**1,302**	**1,102**	**0**	**285**	**690**	**430**	**882**	**725**
Service cost	192	183	-	84	135	118	140	134
Total remuneration	**1,494**	**1,285**	**0**	**369**	**825**	**548**	**1,022**	**859**

The members of the Management Board did not receive any benefits from third parties in the 2020 or 2019 fiscal years, which were either promised or granted to them in connection with their service on the Management Board.

As of December 31, 2020, the Management Board members held 8,036 (13,036) shares in TAKKT AG.

REMUNERATION OF FORMER BOARD MEMBERS OF TAKKT AG AND THEIR SURVIVING DEPENDENTS

The payments granted to former Board members of TAKKT AG and their surviving dependents in 2020 came to EUR 390 (381) thousand. The pension provisions for former members of the Management Board as well as their surviving dependents came to a total of EUR 9,855 (8,953) thousand as of December 31, 2020.

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. TAKKT AG offers compensation for expenses to the members of the Supervisory Board and also reimburses them for the VAT due on their remuneration and compensation for expenses.

As a sign of appreciation for the employees who accepted a temporary wage reduction due to short-time work and comparable arrangements during the pandemic, the members of the Supervisory Board decided to forego 20 percent of their fixed salary and their committee remuneration. In total, the agreed remuneration of the Supervisory Board in the year under review came to EUR 354 (441) thousand, of which EUR 328 (410) thousand were for activities in relation to the Supervisory Board, EUR 11 (13) thousand for activities in relation to the committees as well as EUR 15 (18) thousand for attendance fees.

Of the claims granted, EUR 339 (423) thousand were still recorded as liabilities as of the end of the reporting period. As of December 31, 2020, the Supervisory Board members held 140 (140) shares in TAKKT AG.

Remuneration of the Supervisory Board *in EUR thousand*

2020

	Fixed payments	Committee remuneration	Attendance fees	**Total**
Florian Funck	88.0	4.8	2.5	95.3
Johannes Haupt	64.0	3.6	2.5	70.1
Thomas Schmidt	44.0	-	2.5	46.5
Thomas Kniehl	44.0	-	2.5	46.5
Dorothee Ritz	44.0	-	2.5	46.5
Christian Wendler	44.0	2.4	2.5	48.9

2019

	Fixed payments	Committee remuneration	Attendance fees	**Total**
Florian Funck	89.5	3.8	3.0	96.3
Johannes Haupt	80.0	4.5	3.0	87.5
Thomas Schmidt (as of May 15, 2019)	34.7	-	2.5	37.2
Thomas Kniehl	55.0	-	3.0	58.0
Dorothee Ritz	55.0	-	3.0	58.0
Christian Wendler	55.0	3.0	2.5	60.5
Stephan Gemkow (until May 15, 2019)	40.7	2.2	1.0	43.9

FURTHER DISCLOSURES

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.

SEGMENTS 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 the Group level. This includes functions such as finance, strategy development, M&A, continuous improvement and human resources. The operating business is handled within the segments. Their results therefore have the greatest 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.

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, 2020, TAKKT AG is a 50.2 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, Germany. 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 8, 2018, the Management Board 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 7, 2023, taking shareholders' subscription rights into account.

In addition, the Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 8, 2018, 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 7, 2023.

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 29 et seq. of the German Securities Acquisition and Takeover Act (WpÜG). Further details concerning this can be found in the remuneration report.

At the end of the reporting period, there were no liabilities which were 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 SUBMITTED

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 declare that TAKKT AG has received adequate payment for every transaction according to the circumstances known at the time when the transactions were undertaken, and was not put at a disadvantage as a result of the measures."

CONSOLIDATED FINANCIAL STATEMENTS

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

	Notes	2020	2019
Sales	(1)	**1,067,430**	**1,213,672**
Changes in inventories of finished goods and work in progress		–635	–62
Own work capitalized		1,104	1,902
Gross performance		**1,067,899**	**1,215,512**
Cost of sales		644,227	714,133
Gross profit		**423,672**	**501,379**
Other operating income	(2)	9,632	6,820
Personnel expenses	(3)	184,406	190,821
Other operating expenses	(4)	156,316	167,206
EBITDA		**92,582**	**150,172**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	40,204	41,361
Impairment of goodwill	(6)	0	0
EBIT		**52,378**	**108,811**
Income from associated companies	(14)	–707	–1,196
Finance expenses	(7)	–4,948	–6,616
Other finance result	(8)	–82	–420
Financial result		**–5,737**	**–8,232**
Profit before tax		**46,641**	**100,579**
Income tax expense	(9)	9,408	25,891
Profit		**37,233**	**74,688**
attributable to owners of TAKKT AG		37,233	74,688
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)	(10)	0.57	1.14
Diluted earnings per share (in EUR)	(10)	0.57	1.14

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

	2020	2019
Profit	**37,233**	**74,688**
Actuarial gains and losses resulting from pension provisions recognized in equity	–6,086	–13,146
Tax on actuarial gains and losses resulting from pension provisions	1,795	3,820
Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity	–1,466	–2,370
Deferred tax on subsequent measurement of investment in equity instruments	0	71
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**–5,757**	**–11,625**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–774	–1,880
Income recognized in the income statement	1,757	–468
Tax on subsequent measurement of cash flow hedges	–219	513
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**764**	**–1,835**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	–26,885	7,946
Income recognized in the statement of income	0	368
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**–26,885**	**8,314**
Other comprehensive income after tax for items that will be reclassified to profit and loss	**–26,121**	**6,479**
Other comprehensive income (Changes to other components of equity)	**–31,878**	**–5,146**
attributable to owners of TAKKT AG	–31,878	–5,146
attributable to non-controlling interests	0	0
Total comprehensive income	**5,355**	**69,542**
attributable to owners of TAKKT AG	5,355	69,542
attributable to non-controlling interests	0	0

Detailed information on other comprehensive income can be found on page 130.

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

Assets	Notes	12/31/2020	12/31/2019
Property, plant and equipment	(11)	131,612	153,902
Goodwill	(12)	567,863	591,183
Other intangible assets	(13)	68,761	79,577
Investments in associated companies	(14)	479	353
Other assets	(15)	7,498	8,617
Deferred tax	(16)	4,839	1,835
Non-current assets		**781,052**	**835,467**
Inventories	(17)	105,003	124,428
Trade receivables	(18)	86,940	101,312
Other receivables and assets	(19)	21,439	25,826
Income tax receivables		5,558	9,805
Cash and cash equivalents	(20)	4,271	3,823
Current assets		**223,211**	**265,194**
Total assets		**1,004,263**	**1,100,661**

Equity and liabilities	Notes	12/31/2020	12/31/2019
Share capital		65,610	65,610
Retained earnings		627,033	590,506
Other components of equity		–43,070	–11,898
Total equity	(21)	**649,573**	**644,218**
Financial liabilities	(22)	67,798	118,331
Pension provisions and similar obligations	(23)	85,735	79,943
Other provisions	(24)	4,391	3,859
Deferred tax	(16)	57,919	65,430
Non-current liabilities		**215,843**	**267,563**
Financial liabilities	(22)	15,062	75,314
Trade payables	(25)	34,615	39,682
Other liabilities	(26)	59,940	52,349
Provisions	(24)	23,224	15,396
Income tax payables		6,006	6,139
Current liabilities		**138,847**	**188,880**
Total equity and liabilities		**1,004,263**	**1,100,661**

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

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 01 / 01 / 2020	**65,610**	**590,506**	**–11,898**	**644,218**
Transactions with owners	0	0	0	0
thereof dividends paid	0	0	0	0
Total comprehensive income	0	37,233	–31,878	5,355
thereof Profit	0	37,233	0	37,233
thereof Other comprehensive income (Changes to other components of equity)	0	0	–31,878	–31,878
Transfer to retained earnings	0	–706	706	0
Balance at 12 / 31 / 2020	**65,610**	**627,033**	**–43,070**	**649,573**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01 / 01 / 2019	**65,610**	**571,587**	**–6,752**	**630,445**
Transactions with owners	0	–55,769	0	–55,769
thereof dividends paid	0	–55,769	0	–55,769
Total comprehensive income	0	74,688	–5,146	69,542
thereof Profit	0	74,688	0	74,688
thereof Other comprehensive income (Changes to other components of equity)	0	0	–5,146	–5,146
Balance at 12 / 31 / 2019	**65,610**	**590,506**	**–11,898**	**644,218**

For further information on Total equity, refer to page 130.

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

	Notes	2020	2019
Profit		37,233	74,688
Depreciation, amortization and impairment of non-current assets	(5)/(6)	40,204	41,361
Deferred tax expense	(9)	–4,550	3,284
Other non-cash expenses and income		13,440	1,129
Result from disposal of non-current assets		–4,371	–97
TAKKT cash flow		**81,956**	**120,365**
Change in inventories		2,460	5,576
Change in trade receivables		8,556	6,823
Change in trade payables		–3,291	818
Change in provisions		8,411	4,043
Change in other assets/liabilities		22,428	–6,833
Cash flow from operating activities		**120,520**	**130,792**
Proceeds from disposal of non-current assets		22,565	936
Capital expenditure on non-current assets	(11)/(13)	–13,299	–24,665
Proceeds from the disposal of consolidated companies		0	0
Cash outflows for the acquisition of consolidated companies		0	–20,737
Cash flow from investing activities		**9,266**	**–44,466**
Proceeds from Financial liabilities		45,594	167,764
Repayments of Financial liabilities		–174,844	–197,653
Dividend payments to owners of TAKKT AG		0	–55,769
Cash flow from financing activities		**–129,250**	**–85,658**
Cash and cash equivalents at 01/01/		3,823	3,103
Increase/decrease in Cash and cash equivalents		536	668
Non-cash increase/decrease in Cash and cash equivalents		–88	52
Cash and cash equivalents at 12/31/	(20)	**4,271**	**3,823**

For further information on Consolidated statement of cash flows, refer to page 149 et seq.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2020

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, 2020, 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 Federal Gazette (Bundesanzeiger).

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 18, 2021.

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 2020 financial year for TAKKT:

Standard		Status	Applicable from
Amendments to IAS 1 and IAS 8	Definition of Material	amended	1/1/2020
Amendments to IFRS 3	Definition of Business	amended	1/1/2020
Amendments to Framework IFRS	References to the Conceptual Framework in IFRS Standards	amended	1/1/2020
Amendments to IFRS 9 and IAS 39 and IFRS 7	Interest Benchmark Reform	amended	1/1/2020
Amendments IFRS 16	COVID-19-Related Rent Concessions	amended	6/1/2020 *

* *Earlier application possible*

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 of TAKKT Groups consolidated financial statements.

The IASB and IFRS IC have passed new and revised standards which TAKKT must only apply starting January 01, 2021 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:

Standard		Status	Applicable from
Endorsed by EU-commission			
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	amended	1/1/2021
Amendments to IFRS 4, deferral of IFRS 9	Application of IFRS 9 financial instruments together with IFRS 4 insurance contracts	amended	1/1/2021
Not yet endorsed by EU-commission			
Amendments to IFRS 3	Business Combinations - Reference to the Conceptual Framework	amended	1/1/2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	amended	1/1/2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	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
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	amended	1/1/2023
IFRS 17	Insurance Contracts	new	1/1/2023

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 (16) domestic and 45 (45) foreign companies are included in the consolidated financial statements.

The number of fully consolidated companies has changed as follows in comparison to December 31, 2019.

Event	Subsidiary	Segment
Merger	Ratioform Holding GmbH, Pliening/Germany	Omnichannel Commerce

Furthermore, two (two) domestic associated companies were included in the consolidated financial statements.

On December 31, 2020, TAKKT AG was a 50.2 (50.2) percent subsidiary of 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. The TAKKT Group will therefore be included in the latter's consolidated financial statements, which are available at the Federal Gazette (Bundesanzeiger).

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, 2020. 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 108 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	2020	2019	2020	2019
USD	USA	1.2271	1.1234	1.1409	1.1193
CHF	Switzerland	1.0802	1.0854	1.0706	1.1121
GBP	UK	0.8990	0.8508	0.8891	0.8773
SEK	Sweden	10.0343	10.4468	10.4769	10.5868
CAD	Canada	1.5633	1.4598	1.5288	1.4851

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	
	2020	2019
Buildings (incl. leasehold improvements)	1–50	1–50
Plant, machinery and equipment	3–16	2–16

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. 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 7 (11) 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. This year, particular attention was paid to the effects of the corona pandemic and the expectation of market development at pre-crisis levels. 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 useful lives:

	Useful life in years	
	2020	2019
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3–10	3–11
Domain names	5–10	5–10
Catalog-/web design	3–5	3–5
Software, licenses and similar rights	2–7	2–7

If not subject to capitalization according to IAS 38 Intangible Assets, **research 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 receivables and 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.

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.

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 the reporting year 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.

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 corona pandemic and the associated material uncertainties were taken into account, where relevant, in estimates and judgments. In the financial year 2020, the corona pandemic did not result in any material adjustments to the carrying amounts of the assets and liabilities recognized, with the exception of significantly higher write-downs on finished goods and merchandise. Additional disclosures on the effects of the corona pandemic can be found within the relevant notes to the consolidated financial statements and in the Group management report.

2. NOTES TO THE INCOME STATEMENT

(1) Sales *in EUR thousand*

	2020	2019
Sales with third parties	1,066,948	1,213,027
Sales with affiliated companies	482	645
	1,067,430	**1,213,672**

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 159 et seq.

In the financial year, revenues of EUR 4.8 million (EUR 7.0 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*

	Omnichannel Commerce	Web-focused Commerce	2020
Germany	215,920	19,205	235,125
Europe without Germany	262,920	124,382	387,302
USA	343,893	87,477	431,370
Other	10,446	3,187	13,633
Sales by Region	**833,179**	**234,251**	**1,067,430**
	Omnichannel Commerce	Web-focused Commerce	2019
Germany	244,617	15,953	260,570
Europe without Germany	300,008	107,664	407,672
USA	411,431	120,035	531,466
Other	10,375	3,589	13,964
Sales by Region	**966,431**	**247,241**	**1,213,672**

(2) Other operating income *in EUR thousand*

	2020	2019
Rental income	507	640
Income from the disposal of non-current assets	4,660	164
Adjustments to contingent considerations	0	2,800
Other income	4,465	3,216
	9,632	**6,820**

Further information to the contingent considerations can be found on page 158.

(3) Personnel expenses *in EUR thousand*

	2020	2019
Wages and salaries	155,207	156,931
Social security costs	24,941	26,971
Retirement costs	4,593	6,592
Release of personnel-related provisions	–1,626	–679
Other	1,291	1,006
	184,406	**190,821**

For the number of employees in the Group please refer to the segment reporting on page 151 et seqq.

(4) Other operating expenses *in EUR thousand*

	2020	2019
Impairment on financial assets	2,623	1,383
Release of provisions	–238	–543
Leasing	1,789	1,977
Foreign exchange differences	611	–1,279
Operating taxes	3,040	2,573
Operating expenses	120,435	132,656
Administrative expenses	28,056	30,439
	156,316	**167,206**

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 2,360 thousand (EUR 1,566 thousand). Subsequent payments received on written off receivables are included with EUR 213 thousand (EUR 535 thousand).

A major part of operating expenses is print and online advertising costs.

Operating taxes include real estate tax, car tax, taxes on capital and assets and the French Contribution Économique Territoriale for example.

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

	2020	2019
Property, plant and equipment	24,439	25,185
Other intangible assets	15,765	16,176
	40,204	**41,361**

Depreciation and amortization comprise scheduled amortization amounting to EUR 6,529 thousand (EUR 8,856 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 211 thousand (EUR 267 thousand). In 2020, EUR 211 thousand (EUR 215 thousand) result from impairment losses on right-of-use assets that according to IFRS 16 are subject to the regulations of IAS 36. In 2019, EUR 52 thousand related to office furniture and equipment that could no longer be used due to the termination of Hubert's activities in Europe. 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.

Impairments of intangible assets in accordance with IAS 36 were recognized with an amount of EUR 0 thousand (EUR 22 thousand). In the previous year, these related to an impairment on unused software.

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. No need for impairment was derived from the impairment tests in both the 2019 and 2020 financial years. Further information can be found in the following section Impairment of goodwill. Please refer to the details on page 125 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 material goodwills as well as the key assumptions used for the purpose of impairment testing:

	Book values of goodwill (in EUR thousand)		WACC (before taxes) (in percent)		Growth of Perpetuity rate (in percent)	
	2020	2019	**2020**	2019	**2020**	2019
Kaiser+Kraft group	124,522	124,018	6.9	7.0	1.0	1.0
Ratioform group	142,656	152,656	6.8	6.7	2.0	2.0
NBF group	37,998	41,505	6.9	6.8	2.0	2.0
Hubert group	66,076	72,175	7.1	6.7	2.0	2.0
Central group	59,116	64,573	6.9	6.6	2.0	2.0
D2G group	74,407	81,276	6.9	6.8	2.0	2.0
Newport group	63,088	-	7.4	-	2.0	-
Equip4work	-	31,132	-	7.0	-	2.0

In the course of the organizational restructuring, part of the Ratioform group (companies of the Davpack brand) was assigned to the Newport group at the beginning of the year. Therefore, a part of the goodwill of the Ratioform group was transferred to the Newport group on the basis of fair values. In addition, four cash-generating units that had been independent in the previous year were combined to form the Newport group cash-generating unit.

The compound annual growth rate in external sales in the detailed planning period is between 4.2 (1.3) percent and 8.3 (6.6) percent for the material cash generating units.

Please refer to the details on page 108 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 2019 and 2020 financial years.

Sensitivity analyses were also performed when carrying out the impairment tests. An increase of one percentage point in the weighted average cost of capital before tax or a decrease of one percentage point in the growth rate of the perpetual annuity would not have led to an impairment of goodwill. The same applies to a reduction in cash flow before interest and taxes in the perpetual annuity by ten percent.

Additional details on goodwill can be found in the corresponding notes on page 124. A description of the cash generation units can be found in the corresponding notes in the segment reporting on page 151 et seqq.

(7) Finance expenses *in EUR thousand*

	2020	2019
Interest portion of lease liabilities	–2,479	–2,669
Interest portion of pension provisions	–788	–1,201
Interest on financial liabilities	–1,681	–2,746
	–4,948	**–6,616**

Further information can be found in the table for the net result of the financial instruments categories on page 142 and on page 147 et seq.

(8) Other finance result *in EUR thousand*

	2020	2019
Valuation of financial instruments	–263	–146
Interest and similar income	181	104
Other financial expenses	0	–378
	–82	**–420**

More details on the use of derivative financial instruments are disclosed in the Risk and opportunities report on page 74 et seqq. as well as in the notes on page 139 et seqq.

(9) 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 (31.0) percent.

Breakdown of income tax expense *in EUR thousand*

	2020	2019
Current tax	13,958	22,607
Deferred tax	–4,550	3,284
	9,408	**25,891**

Current tax expense includes income of EUR 926 thousand (EUR 128 thousand) relating to prior periods. Deferred tax income of EUR 495 thousand (prior year expense of EUR 561 thousand) results from the changes of allowances on deferred tax assets. Deferred tax expense of EUR 96 thousand (in prior year deferred tax income of EUR 20 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*

	2020	2019
Profit before tax	**46,641**	**100,579**
Expected average tax expense	14,319	30,878
Changes in tax rates	96	–20
Differences between local and Group tax rates	–5,827	–6,737
Non-deductible expenses	1,500	1,434
Non-taxable income	–109	–598
Allowance for deferred tax assets	–495	561
Taxes relating to prior years	–926	–128
Other differences	850	501
Income tax expense per the consolidated income statement	**9,408**	**25,891**
Tax ratio (in percent)	20.2	25.7

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2020. 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 only 20.2 (25.7) percent. The reason for the decline is a structural effect. In 2020, a significantly larger proportion of pre-tax earnings was attributable to countries with comparatively low tax rates, such as Switzerland.

(10) Earnings per share

	2020	2019
Number of shares issued (in thousand)	65,610	65,610
Weighted average number of shares issued (in thousand)	65,610	65,610
Profit (in EUR thousand)	37,233	74,688
Basic earnings per share (in EUR)	0.57	1.14
Diluted earnings per share (in EUR)	0.57	1.14
TAKKT cash flow (in EUR thousand)	81,956	120,365
TAKKT cash flow per share (in EUR)	1.25	1.83

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

(11) Property, plant and equipment *in EUR thousand*

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2020	211,736	98,498	496	310,730
Currency translation	–4,726	–2,672	–44	–7,442
Changes in scope of consolidation	0	0	0	0
Additions	10,320	4,097	404	14,821
Transfers	–675	1,219	–544	0
Disposals	–22,292	–3,699	0	–25,991
Balance at 12/31/2020	**194,363**	**97,443**	**312**	**292,118**
Cumulative depreciation and impairment				
Balance at 01/01/2020	85,337	71,491	0	156,828
Currency translation	–1,965	–2,115	0	–4,080
Additions	15,788	8,651	0	24,439
Transfers	–583	583	0	0
Disposals	–13,396	–3,285	0	–16,681
Balance at 12/31/2020	**85,181**	**75,325**	**0**	**160,506**
Net book values				
Balance at 12/31/2020	**109,182**	**22,118**	**312**	**131,612**

Details on impairments in accordance with IAS 36 Impairment of Assets can be found on page 108 et seq.

Property, plant and equipment of EUR 131,612 thousand (EUR 153,902 thousand) at reporting date includes EUR 62,248 thousand (EUR 78,742 thousand) property, plant and equipment legally owned by TAKKT and EUR 69,364 thousand (EUR 75,160 thousand) right-of-use assets for leased assets. Information on leases as of reporting date can be found on page 154 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 405 thousand (EUR 404 thousand).

	Land, buildings and similar assets	Plant, machinery and equipment	Payments on account	Total
Acquisition costs				
Balance at 01/01/2019	197,525	92,812	884	291,221
Currency translation	1,381	624	3	2,008
Changes in scope of consolidation	11	38	0	49
Additions	12,955	8,784	772	22,511
Transfers	727	437	−1,163	1
Disposals	−863	−4,197	0	−5,060
Balance at 12/31/2019	**211,736**	**98,498**	**496**	**310,730**
Cumulative depreciation and impairment				
Balance at 01/01/2019	69,342	66,041	0	135,383
Currency translation	283	427	0	710
Additions	16,491	8,694	0	25,185
Transfers	0	0	0	0
Disposals	−779	−3,671	0	−4,450
Balance at 12/31/2019	**85,337**	**71,491**	**0**	**156,828**
Net book values				
Balance at 12/31/2019	**126,399**	**27,007**	**496**	**153,902**

(12) Goodwill *in EUR thousand*

	2020	2019
Acquisition costs		
Balance at 01/01/	604,043	580,196
Currency translation	–23,320	6,382
Additions	0	17,465
Disposals	0	0
Balance at 12/31/	**580,723**	**604,043**
Cumulative impairment		
Balance at 01/01 / 12/31	**12,860**	**12,860**
Net book values		
Balance at 12/31/	**567,863**	**591,183**

In the previous year, the addition to goodwill related to the acquisition of XXLhoreca (Juma International B.V.) within Web-focused Commerce. For further information concerning the acquisitions, please refer to page 155 et seq.

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*

	2020	2019
Cash generating units		
Kaiser+Kraft group	124,522	124,018
Ratioform group	142,656	152,656
NBF group	37,998	41,505
Hubert group	66,076	72,175
Central group	59,116	64,573
D2G group	74,407	81,276
Newport group	63,088	-
BiGDUG	-	4,160
Equip4work	-	31,132
Mydisplays	-	2,224
XXLhoreca	-	17,464
	567,863	**591,183**

(13) 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 01/01/2020	28,849	66,043	39,714	62,858	5,574	203,038
Currency translation	–1,576	–1,572	–2,120	–1,319	–25	–6,612
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	5,316	2,254	7,570
Transfers	0	0	0	3,829	–3,829	0
Disposals	–709	–16,900	–3,499	–4,235	0	–25,343
Balance at 12/31/2020	**26,564**	**47,571**	**34,095**	**66,449**	**3,974**	**178,653**
Cumulative amortization and impairment						
Balance at 01/01/2020	775	61,208	25,543	35,935	0	123,461
Currency translation	–66	–1,596	–1,730	–900	0	–4,292
Additions	0	2,426	4,103	9,236	0	15,765
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	–709	–16,900	–3,499	–3,934	0	–25,042
Balance at 12/31/2020	**0**	**45,138**	**24,417**	**40,337**	**0**	**109,892**
Net book values						
Balance at 12/31/2020	**26,564**	**2,433**	**9,678**	**26,112**	**3,974**	**68,761**

Details on impairments in accordance with IAS 36 Impairment of Assets can be found on page 108 et seq.

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 between 1 and 3 years and are reported at net book value.

The distribution on business units is as follows:

	Book values of brands (in EUR thousand)		Book values of customer lists (in EUR thousand)	
	2020	2019	**2020**	2019
Kaiser+Kraft group	0	0	1,046	1,420
Ratioform group	10,200	10,200	1,275	2,819
NBF group	6,096	6,658	0	0
Central group	10,268	11,216	0	0
Newport group	0	0	112	596
	26,564	**28,074**	**2,433**	**4,835**

Purchase commitments for intangible assets amount to EUR 276 thousand (EUR 123 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 01/01/2019	28,497	65,495	33,295	41,581	18,200	187,068
Currency translation	352	398	1,119	225	45	2,139
Changes in scope of consolidation	0	150	5,300	0	0	5,450
Additions	0	0	0	3,887	5,072	8,959
Transfers	0	0	0	17,724	–17,724	0
Disposals	0	0	0	–559	–19	–578
Balance at 12/31/2019	**28,849**	**66,043**	**39,714**	**62,858**	**5,574**	**203,038**
Cumulative amortization and impairment						
Balance at 01/01/2019	760	56,689	20,112	29,031	0	106,592
Currency translation	15	395	699	132	0	1,241
Additions	0	4,124	4,732	7,320	0	16,176
Reversal of impairment	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–548	0	–548
Balance at 12/31/2019	**775**	**61,208**	**25,543**	**35,935**	**0**	**123,461**
Net book values						
Balance at 12/31/2019	**28,074**	**4,835**	**14,171**	**26,923**	**5,574**	**79,577**

(14) Investments in associated companies *in EUR thousand*

The following table shows the summarized aggregate financial information of the individually non-significant associated companies accounted for using the equity method.

	2020	2019
Profit/Total comprehensive income	–707	–1,196
Book value	479	353

The profit includes an impairment of EUR 0 thousand (EUR 532 thousand).

(15) Other assets *in EUR thousand*

	2020	2019
Investments in corporate entities	6,292	7,499
Investment in venture capital funds	852	632
Other	354	486
	7,498	**8,617**

(16) Deferred tax

Deferred tax on loss carry forwards *in EUR thousand*

	2020	2019
Deferred tax on loss carry forwards (gross)	4,928	2,573
Allowance	–1,869	–2,438
Deferred tax on loss carry forwards (net)	**3,059**	**135**

Expiration of impaired loss carry forwards *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2020	603	4,013	757	3,517	8,890
2019	2,307	5,167	2,371	1,876	11,721

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	
	2020	2019	**2020**	2019
Property, plant and equipment and other intangible assets	2,972	3,261	30,361	32,099
Goodwill	0	0	74,292	76,896
Inventories	3,923	2,721	132	151
Trade receivables and other assets	1,121	853	645	767
Non-current provisions	16,659	16,977	0	0
Current provisions	603	1,026	157	187
Financial liabilities	19,123	17,871	0	0
Other liabilities	4,913	3,359	18	85
Fair value of derivative financial instruments	438	841	286	454
Loss carry forwards	3,059	135	0	0
Subtotal	**52,811**	**47,044**	**105,891**	**110,639**
Netting	−47,972	−45,209	−47,972	−45,209
Consolidated balance sheet	**4,839**	**1,835**	**57,919**	**65,430**

Deferred taxes of EUR 151 thousand (EUR 388 thousand) on the market value of original and derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 13,462 thousand (EUR 11,660 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 4,839 thousand (EUR 1,835 thousand), EUR 48 thousand (EUR 5 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 5,073 thousand (EUR 5,445 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*

	2020	2019
Raw materials and supplies	5,656	5,767
Work in progress	1,018	1,250
Finished goods and purchased merchandise	96,491	114,919
Assets for rights from customer returns	593	664
Payments on account	1,245	1,828
	105,003	**124,428**

An obsolescence reserve of EUR 16,110 thousand (EUR 7,687 thousand) has been made on finished goods and purchased merchandise, taking the expected sell-down period of the inventories into consideration. Due to the corona pandemic, the expected sell-down period of inventory has increased significantly. Intercompany profits of EUR 98 thousand (EUR 112 thousand) were eliminated.

(18) Trade receivables

Development of allowances on trade receivables *in EUR thousand*

	2020	2019
Balance at 01/01/	4,130	3,712
Additions	1,311	999
Release	−784	−624
Currency translation and other changes	−98	43
Balance at 12/31/	**4,559**	**4,130**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (page 139 et seqq.).

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

(19) Other receivables and assets *in EUR thousand*

	2020	2019
Market value of derivative financial instruments	316	59
Finance receivables to affiliated companies	3,141	0
Other tax receivables	430	1,139
Bonus claims against suppliers	9,402	15,913
Deferred expenses	4,610	5,244
Other	3,540	3,471
	21,439	**25,826**

(20) Cash and cash equivalents *in EUR thousand*

	2020	2019
Checks, cash balances	327	330
Bank balances	3,944	3,493
	4,271	**3,823**

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 101. 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 Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 08, 2018, until May 07, 2023, to acquire treasury shares. In 2020, the Management Board did not use its authorization. In accordance with the resolution of the Shareholders' Meeting amending the statutes on May 08, 2018, the Management Board is authorized until May 07, 2023, 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 2020. Please refer to page 95 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 / 2019	**–26,901**	**230**	**4,627**	**6,416**	**8,876**	**–6,752**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	–13,247	–2,370	–2,337	4,417	8,391	–5,146
thereof currency translation effects	–101	0	11	13	8,391	8,314
Balance at 12 / 31 / 2019 / 01 / 01 / 2020	**–40,148**	**–2,140**	**2,290**	**10,833**	**17,267**	**–11,898**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	–6,105	–1,466	1,047	1,561	–26,915	–31,878
thereof currency translation effects	–19	0	63	–14	–26,915	–26,885
Transfer to retained earnings	0	706	0	0	0	706
Balance at 31 / 12 / 2020	**–46,253**	**–2,900**	**3,337**	**12,394**	**–9,648**	**–43,070**

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.

Together with the Supervisory Board, the Management Board proposes to the Shareholders' Meeting to pay a dividend for the 2020 financial year of EUR 72,171 thousand (previous year: EUR 0 thousand). In addition to the payment of a dividend for the 2020 financial year of EUR 0.55 per share, the suspended basic dividend from the previous year of also EUR 0.55 per share would be subsequently paid. This dividend proposal is subject to the condition that the negative effects of the pandemic do not worsen significantly in the weeks leading up to the Shareholders' Meeting.

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

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	**12/31/2020**
Liabilities to banks	1,219	44	0	1,263
Lease liabilities	13,394	43,594	22,011	78,999
Finance liabilities to affiliated companies	0	0	0	0
Other	449	2,149	0	2,598
	15,062	**45,787**	**22,011**	**82,860**
thereof long-term (maturity > 1 year)				67,798

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	12/31/2019
Liabilities to banks	55,116	37,544	10,000	102,660
Lease liabilities	12,216	42,110	22,915	77,241
Finance liabilities to affiliated companies	6,657	0	0	6,657
Other	1,325	5,762	0	7,087
	75,314	**85,416**	**32,915**	**193,645**
thereof long-term (maturity > 1 year)				118,331

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 273.8 million (EUR 151.8 million). Average net financial liabilities for the financial year amounted to EUR 116,433 thousand (EUR 199,199 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 159.

(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 almost exclusively 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. 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 6 (6) 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*

	2020	2019
Present value of funded obligations	24,679	20,900
Present value of unfunded obligations	74,579	71,359
Total present value of obligations	**99,258**	**92,259**
Fair value of plan assets	– 13,523	– 12,316
Pension provision at 31.12.	**85,735**	**79,943**

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

Parameters *in percent*

	2020		2019	
	EUR	**CHF**	EUR	CHF
Actuarial interest rate	0.50	0.10	1.00	0.30
Salary trend	2.25	1.50	2.50	1.50
Pension trend	1.50	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, 2020, is 21.3 (21.4) 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 / 2020	**92,259**	**12,316**	**79,943**
Current service cost	4,820	0	4,820
Past service costs and gains and losses on settlements and curtailments	–2,046	0	–2,046
Personnel expenses	**2,774**	**0**	**2,774**
Net interest expense	**835**	**47**	**788**
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	–24	0	–24
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	7,377	0	7,377
Experience gains / losses	–1,404	–137	–1,267
Changes to other components of equity	**5,949**	**–137**	**6,086**
Effect of changes in foreign exchange rates	68	50	18
Transfer of obligation	2	0	2
Changes in scope of consolidation	0	0	0
Contributions of plan participants	277	277	0
Contributions of employer	0	2,486	–2,486
Benefit payments	–2,906	–1,516	–1,390
Other Effects	**–2,559**	**1,297**	**–3,856**
Balance at 12 / 31 / 2020	**99,258**	**13,523**	**85,735**

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01 / 01 / 2019	**73,612**	**10,620**	**62,992**
Current service cost	4,251	0	4,251
Past service costs and gains and losses on settlements and curtailments	−87	0	−87
Personnel expenses	**4,164**	**0**	**4,164**
Net interest expense	**1,326**	**125**	**1,201**
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	−554	0	−554
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	14,459	0	14,459
Experience gains/losses	−271	488	−759
Remeasurements of the pension provisions	**13,634**	**488**	**13,146**
Effect of changes in foreign exchange rates	490	350	140
Transfer of obligation	107	0	107
Changes in scope of consolidation	0	0	0
Contributions of plan participants	264	264	0
Contributions of employer	0	503	−503
Benefit payments	−1,338	−34	−1,304
Other Effects	**−477**	**1,083**	**−1,560**
Balance at 12 / 31 / 2019	**92,259**	**12,316**	**79,943**

In addition to qualified insurance contracts (EUR 10,813 thousand, prior year EUR 11,719 thousand, without underlying active market), the plan assets to a small extent contain securities funds (EUR 2,128 thousand, prior year EUR 585 thousand, with underlying active market) as well as cash (EUR 582 thousand, prior year EUR 12 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 976 thousand in 2021.

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	
	2020	2019
Actuarial interest rate		
Increase of 0.5 percentage points	89,620	83,375
Decrease of 0.5 percentage points	110,523	102,634
Salary trend		
Increase of 0.5 percentage points	99,633	93,825
Decrease of 0.5 percentage points	98,896	90,795
Pension trend		
Increase of 0.5 percentage points	103,617	96,539
Decrease of 0.5 percentage points	95,325	88,396
Mortality / Life expectancy		
Increase of 1 year	102,235	95,030
Decrease of 1 year	96,323	87,685

The following table shows the expected future pension benefit payments:

Expected maturity of pension benefits 2020 *in EUR thousand*

	2021	**2022–2025**	**2026–2030**
Expected Payments	1,359	6,057	11,798

Expected maturity of pension benefits 2019 *in EUR thousand*

	2020	2021–2024	2025–2029
Expected Payments	1,473	6,517	11,377

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 7,778 thousand (EUR 8,933 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 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 1,819 thousand (EUR 2,428 thousand) in the year under review.

(24) Non-current other and Current provisions

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

	01/01/2020	Currency translation	Usage	Transfers	Release	Additions	12/31/2020
Personnel obligations	2,469	0	–514	–268	–435	1,635	2,887
Other	1,390	–84	–206	0	–76	480	1,504
Long-term other provisions	**3,859**	**–84**	**–720**	**–268**	**–511**	**2,115**	**4,391**
Staff bonuses	8,571	–255	–7,857	268	–559	8,350	8,518
Personnel obligations	4,734	–86	–3,556	0	–632	10,961	11,421
Other	2,091	–128	–538	0	–162	2,022	3,285
Short-term provisions	**15,396**	**–469**	**–11,951**	**268**	**–1,353**	**21,333**	**23,224**

	01/01/2019	Currency translation	Usage	Transfers	Release	Additions	12/31/2019
Personnel obligations	3,293	0	–633	–584	–68	461	2,469
Other	1,394	15	–227	0	0	208	1,390
Long-term other provisions	**4,687**	**15**	**–860**	**–584**	**–68**	**669**	**3,859**
Staff bonuses	10,761	74	–10,310	584	–521	7,983	8,571
Personnel obligations	902	0	–812	0	–91	4,735	4,734
Other	2,425	25	–691	0	–543	875	2,091
Short-term provisions	**14,088**	**99**	**–11,813**	**584**	**–1,155**	**13,593**	**15,396**

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

(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*

	2020	2019
Liabilities from contracts with customers	9,578	5,646
Fair value of derivative financial instruments	1,022	1,848
Uninvoiced goods and services	19,579	16,896
Other tax payables	11,080	9,042
Personnel liabilities	4,898	5,520
Social security contributions	1,994	982
Bonus liabilities to customers	1,482	2,154
Expected customer credit notes	2,488	2,809
Audit fees	835	927
Other	6,984	6,525
	59,940	**52,349**

Liabilities from contracts with customers contain customer payments on account and obligations from customer loyalty programs.

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 Group management report on page 74 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, 2020 *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	Contingent consideration from business combinations measured at fair value through profit and loss			
Non-current assets								
Debt instruments	852	0	0	0	0	-	-	
Equity instruments	0	6,292	0	0	0	-	-	
Other	0	0	343	0	0	-	-	
Other assets	852	6,292	343	0	0	0	11	7,498
Current assets								
Trade receivables	0		86,940	0	0	0	0	86,940
Other receivables and assets	177	0	16,082	0	0	139	5,041	21,439
Cash and cash equivalents	0	0	4,271	0	0	0	0	4,271
Assets	**1,029**	**6,292**	**107,636**	**0**	**0**			
Non-current liabilities								
Financial liabilities	0	0	0	2,193	0	65,605	0	67,798
Other liabilities	0	0	0	0	0	0	0	0
Current liabilities								
Financial liabilities	0	0	0	1,668	0	13,394	0	15,062
Trade payables	0	0	0	34,615	0	0	0	34,615
Other liabilities	109	0	0	30,730	0	913	28,188	59,940
Liabilities	**109**	**0**	**0**	**69,206**	**0**			

Reconciliation of financial instruments to IFRS 9-categories as of December 31, 2019 *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	Contingent consideration from business combinations measured at fair value through profit and loss			
Non-current assets								
Debt instruments	632	0	0	0	0	-	-	
Equity instruments	0	7,499	0	0	0	-	-	
Other	0	0	486	0	0	-	-	
Other assets	632	7,499	486	0	0	0	0	8,617
Current assets								
Trade receivables	0		101,312	0	0	0	0	101,312
Other receivables and assets	40	0	19,383	0	0	19	6,384	25,826
Cash and cash equivalents	0	0	3,823	0	0	0	0	3,823
Assets	**672**	**7,499**	**125,004**	**0**	**0**			
Non-current liabilities								
Financial liabilities	0	0	0	53,306	0	65,025	0	118,331
Other liabilities	0	0	0	0	0	0	0	0
Current liabilities								
Financial liabilities	0	0	0	63,098	0	12,216	0	75,314
Trade payables	0	0	0	39,682	0	0	0	39,682
Other liabilities	8	0	0	29,941	0	1,840	20,560	52,349
Liabilities	**8**	**0**	**0**	**186,027**	**0**			

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 78,999 thousand (EUR 77,241 thousand) as well as derivatives.

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 111.

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:*

	2020	2019
Balance at 01/01/	**8,131**	**7,361**
Addition	349	2,910
Fair value change recognized in profit or loss	130	230
Fair value change recognized in other comprehensive income	–1,466	–2,370
Disposals	0	0
Balance at 12/31/	**7,144**	**8,131**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	130	230

The fair value change recognized in Other comprehensive income mainly results from the revaluation of two start-up investments as a consequence of a recent financing round.

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

The reconciliation of contingent liabilities can be found on page 158.

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 12/31/2020	Fair Value 12/31/2020	Book Value 12/31/2019	Fair Value 12/31/2019
Other liabilities	2,598	2,846	7,087	8,249
	2,598	**2,846**	**7,087**	**8,249**

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	2020
Debt instruments and derivatives measured at fair value through profit and loss	0	167	0	0	167
Equity instruments measured at fair value through other comprehensive income	0	0	0	0	0
Financial assets measured at amortized cost	106	0	1,146	–2,623	–1,371
Financial liabilities measured at amortized cost	–1,609	0	–430	0	–2,039
Contingent consideration from business combinations measured at fair value through profit and loss	0	0	0	0	0
	–1,503	**167**	**716**	**–2,623**	**–3,243**

	From interest	At fair value	Currency translation	Valuation allowance	2019
Debt instruments and derivatives measured at fair value through profit and loss	0	224	0	0	224
Equity instruments measured at fair value through other comprehensive income	0	0	0	0	0
Financial assets measured at amortized cost	104	0	786	–1,383	–493
Financial liabilities measured at amortized cost	–2,698	0	–747	0	–3,445
Contingent consideration from business combinations measured at fair value through profit and loss	0	2,800	0	0	2,800
	–2,594	**3,024**	**39**	**–1,383**	**–914**

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 79 there is no exceptional concentration of risk in the operating business. A possible prolonged continuation of the significant economic downturn due to the corona pandemic may, however, 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 remain very low at around 0.2 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 2021, a deterioration in the payment behavior of customers is generally expected. This has been taken into account in the assessment of recoverability by assuming higher probabilities of default.

Trade receivables *in EUR thousand*

	01/01/2020	Currency translation	Changes in scope of consolidation	Other changes	12/31/2020
Nominal value of receivables	105,442	–3,278	0	–10,665	91,499
Valuation allowances	–4,130	98	0	–527	–4,559
Book value of receivables	**101,312**	**–3,180**	**0**	**–11,192**	**86,940**

	01/01/2019	Currency translation	Changes in scope of consolidation	Other changes	12/31/2019
Nominal value of receivables	111,605	1,273	395	–7,831	105,442
Valuation allowances	–3,712	–28	0	–390	–4,130
Book value of receivables	**107,893**	**1,245**	**395**	**–8,221**	**101,312**

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, 2020. 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, 2020 *in EUR thousand*

	Cash flow 2021	Cash flow 2022	Cash flow 2023 – 2025	Cash flow 2026 – 2030	Cash flow 2031…
Original financial liabilities					
Liabilities to banks	–1,263	0	0	0	0
Lease liabilities	–15,594	–13,997	–35,109	–18,946	–7,269
Finance liabilities to affiliated companies	0	0	0	0	0
Trade payables	–34,615	0	0	0	0
Other liabilities	–31,186	–638	–1,840	0	0
Derivative financial receivables					
Outgoing payments	–59,314	0	0	0	0
Connected incoming payments	59,716	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–51,418	0	0	0	0
Connected incoming payments	50,296	0	0	0	0

Maturity analysis as of December 31, 2019 *in EUR thousand*

	Cash flow 2020	Cash flow 2021	Cash flow 2022 – 2024	Cash flow 2025 – 2029	Cash flow 2030…
Original financial liabilities					
Liabilities to banks	–55,335	–10,060	–27,656	–10,002	0
Lease liabilities	–14,618	–13,015	–35,484	–19,080	–8,914
Finance liabilities to affiliated companies	–6,658	0	0	0	0
Trade payables	–39,682	0	0	0	0
Other liabilities	–31,324	–1,749	–5,456	0	0
Derivative financial receivables					
Outgoing payments	–33,762	0	0	0	0
Connected incoming payments	33,812	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–67,086	0	0	0	0
Connected incoming payments	65,204	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 273.8 million (EUR 151.8 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	
	2020	2019	**2020**	2019
Assets				
Currency derivatives designated as cash flow hedges	25,776	3,715	139	19
Currency derivatives without hedge accounting	33,779	30,047	177	40
Liabilities				
Currency derivatives designated as cash flow hedges	32,139	51,700	–913	–1,840
Currency derivatives without hedge accounting	18,827	13,748	–109	–8
	110,521	**99,210**	**–706**	**–1,789**

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. Around 70 percent of the net foreign currency cash flows expected within TAKKT Group are hedged with currency instruments which can be designated as effective cash flow hedges and did not show any material ineffectiveness until the closing 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 2020 financial year, losses after deferred taxes totaling EUR 623 thousand (EUR 1,433 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 1,387 thousand (prior year gain of EUR 377 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 623 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*

	2020		2019	
	Cash flow 2021	Cash flow 2022…	Cash flow 2020	Cash flow 2021…
CAD	4,036	0	4,788	0
CHF	18,357	0	16,593	0
CZK	1,021	0	1,442	0
DKK	1,140	0	1,021	0
GBP	7,702	0	7,734	0
HUF	1,500	0	2,017	0
NOK	1,375	0	1,736	0
PLN	1,121	0	–157	0
RON	182	0	269	0
RUB	588	0	1,035	0
SEK	1,851	0	–251	0
USD	–19,042	0	–18,373	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*

12/31/2020	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+ 10 %	+ 11	+ 1.835
EUR/CHF	– 10 %	– 11	– 1.835
EUR/USD	+ 10 %	–31	–460
EUR/USD	– 10 %	+31	+460
EUR/GBP	+ 10 %	+25	+840
EUR/GBP	– 10 %	–25	–840

12/31/2019	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+ 10 %	0	+ 1.662
EUR/CHF	– 10 %	0	– 1,662
EUR/USD	+ 10 %	+55	–405
EUR/USD	– 10 %	–55	+405
EUR/GBP	+ 10 %	+ 16	+818
EUR/GBP	– 10 %	– 16	–818

INTEREST RATE RISK

In prior years, TAKKT had designated interest rate swaps as cash flow hedges in order to hedge future interest payments from the floating-rate USD debt. As of the balance sheet date, the hedged nominal volume amounts to EUR 0 thousand (EUR 0 thousand).

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 2020, gains after deferred taxes of EUR 0 thousand (EUR 0 thousand) resulting from the change of fair values of interest rate swaps were recorded in Other comprehensive income without an effect on profits. Gains after deferred taxes recorded in equity amounting to EUR 0 thousand (EUR 25 thousand) were transferred to the statement of income (Finance expenses). These amounts represent the change in valuation of the effective part of the hedge relationship. As in the previous year, there has been no material ineffectiveness.

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 is between 60 and 80 percent of the financing volume.

In the reporting year as well as in the previous year, no further interest rate swaps were concluded due to the high level of debt reduction. Interest rate swaps previously contracted and structured as amortizing swaps expired end of 2019. Information on the timing of hedged cash flows is therefore not applicable.

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. 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*

12/31/2020	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	–79/+80	–122/+123
USD	+100/–100	+3/–3	–106/+107
GBP	+100/–100	+0/–0	+119/–120

12/31/2019	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	–992/+992	–104/+104
USD	+100/–100	–163/+163	–103/+103
GBP	+100/–100	–2/+2	+111/–112

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 current net working capital.

Capital expenditure relates mainly to maintenance, expansion and modernization of the business. Furthermore, capital expenditure in non-current assets also include outpayments for investments of the TAKKT Group via TAKKT Beteiligungsgesellschaft in the amount of EUR 348 thousand (EUR 2,982 thousand) in shares of eight (nine) companies. In the previous year, the cash outflow for the acquisition of consolidated companies related to payments regarding the acquisition of XXLhoreca (Juma International B.V.) in the amount of EUR 18,737 thousand as well as the partial payments of purchase price liabilities relating to the acquisition of Mydisplays GmbH in the amount of EUR 2,000 thousand.

The cash flow from operating activities decreased to EUR 120,520 thousand (EUR 130,792 thousand). Compared to the TAKKT cash flow, the Group was able to release EUR 38.5 million in cash from net working capital in the reporting year. TAKKT reduced receivables from customers as a result of the decline in turnover and consistent receivables management. Receivables from bonus agreements with suppliers also decreased significantly due to lower order volumes. Other significant positive effects resulted from high customer prepayments at the end of the year, tax refunds and the one-off personnel costs that were not yet fully paid out in 2020 and significantly increased personnel liabilities. The cash flow from operating activities includes interest receipts of EUR 181 thousand (EUR 104 thousand) and interest payments of EUR 3,667 thousand (EUR 4,741 thousand). In 2020, income taxes of EUR 9,902 thousand (EUR 23,227 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 0 thousand (EUR 55,769 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*:

	01/01/2020	Payment effective change	Non-cash change				12/31/2020
			Currency translation	Additions leasing	Changes in scope of consolidation	Other	
Liabilities to banks	102,660	–99,818	–1,579	0	0	0	1,263
Lease liabilities	77,241	–14,612	–802	17,319	0	–147	78,999
Finance liabilities and accordingly receivables to affiliated companies	6,657	–10,074	276	0	0	0	–3,141
Other	7,087	–4,746	–80	0	0	337	2,598
Total	**193,645**	**–129,250**	**–2,185**	**17,319**	**0**	**190**	**79,719**

	01/01/2019	Payment effective change	Non-cash change				12/31/2019
			Currency translation	Additions leasing	Changes in scope of consolidation	Other	
Liabilities to banks	119,366	–17,873	1,167	0	0	0	102,660
Lease liabilities	83,867	–17,772	937	10,331	11	–133	77,241
Finance liabilities to affiliated companies	1,949	5,397	–689	0	0	0	6,657
Other	6,172	359	14	0	0	542	7,087
Total	**211,354**	**–29,889**	**1,429**	**10,331**	**11**	**409**	**193,645**

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 2020 of the TAKKT Group *in EUR thousand*

	Omnichannel Commerce	Web-focused Commerce	Segments total	Others	Consolidation	Group total
Sales to third parties	833,179	234,251	1,067,430	0	0	1,067,430
Inter-segment sales	4,125	73	4,198	0	−4,198	0
Segment sales	837,304	234,324	1,071,628	0	−4,198	1,067,430
Other non-cash expenses (+) and income (–)	9,753	3,425	13,178	262		13,440
EBITDA	102,503	9,546	112,049	−19,467	0	92,582
Depreciation and amortization of segment assets	26,971	12,001	38,972	1,021	0	39,993
Impairment of segment assets	30	181	211	0	0	211
EBIT	75,502	−2,636	72,866	−20,488	0	52,378
Income from associated companies	−707	0	−707	0	0	−707
Finance expenses	−5,679	−2,986	−8,665	−1,929	5,646	−4,948
Interest and similar income	255	15	270	5,557	−5,646	181
Profit before tax	69,329	−5,839	63,490	−16,849	0	46,641
Income tax expense	−16,073	1,952	−14,121	4,713	0	−9,408
Profit	53,256	−3,887	49,369	−12,136	0	37,233
TAKKT cash flow	83,628	12,134	95,762	−13,806	0	81,956
Segment assets	867,299	236,098	1,103,397	261,874	−361,008	1,004,263
thereof investments in associated companies	479	0	479	0	0	479
thereof deferred tax and income tax receivables	2,581	915	3,496	14,718	−7,817	10,397
investment in non-current assets*	9,962	2,737	12,699	600	0	13,299
Segment liabilities	365,331	168,222	533,553	182,145	−361,008	354,690
thereof deferred tax and income tax payables	59,662	10,830	70,492	1,250	−7,817	63,925
thereof financial liabilities (non-current and current)	155,679	131,944	287,623	140,265	−345,028	82,860
Average no. of employees (full-time equivalent)	1,699	536	2,235	46	0	2,281
Employees at the closing date (full-time equivalent)	1,722	558	2,280	47	0	2,327

* *Without investments in non-current assets from acquisition of subsidiaries, please refer to the details on page 155 et seq.*

Segment reporting by geographical region 2020 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	235,125	387,302	431,370	13,633	1,067,430
Non-current assets*	379,447	97,768	290,949	72	768,236

* *Non-current assets excluding financial instruments, deferred tax assets and investments in associated companies.*

Segment reporting 2019 of the TAKKT Group *in EUR thousand*

	Omnichannel Commerce	Web-focused Commerce	Segments total	Others	Consolidation	Group total
Sales to third parties	966,431	247,241	1,213,672	0	0	1,213,672
Inter-segment sales	5,097	67	5,164	0	–5,164	0
Segment sales	971,528	247,308	1,218,836	0	–5,164	1,213,672
Other non-cash expenses (+) and income (–)	2,865	–2,666	199	930	0	1,129
EBITDA	141,680	28,518	170,198	–20,026	0	150,172
Depreciation and amortization of segment assets	27,769	12,185	39,954	1,118	0	41,072
Impairment of segment assets	267	22	289	0	0	289
EBIT	113,644	16,311	129,955	–21,144	0	108,811
Income from associated companies	–664	–532	–1,196	0	0	–1,196
Finance expenses	–7,553	–3,342	–10,895	–3,195	7,474	–6,616
Interest and similar income	143	26	169	7,409	–7,474	104
Profit before tax	105,185	12,653	117,838	–17,259	0	100,579
Income tax expense	–27,927	–3,007	–30,934	5,043	0	–25,891
Profit	77,258	9,646	86,904	–12,216	0	74,688
TAKKT cash flow	110,828	20,464	131,292	–10,927	0	120,365
Segment assets	894,735	254,503	1,149,238	353,378	–401,955	1,100,661
thereof investments in associated companies	353	0	353	0	0	353
thereof deferred tax and income tax receivables	3,106	475	3,581	15,147	–7,088	11,640
Investment in non-current assets*	16,060	6,422	22,482	2,183	0	24,665
Segment liabilities	412,841	180,615	593,456	264,943	–401,956	456,443
thereof deferred tax and income tax payables	65,947	11,460	77,407	1,250	–7,088	71,569
thereof financial liabilities (non-current and current)	201,068	146,578	347,646	228,648	–382,649	193,645
Average no. of employees (full-time equivalent)	1,874	582	2,456	54	0	2,510
Employees at the closing date (full-time equivalent)	1,842	585	2,427	56	0	2,483

* *Without investments in non-current assets from acquisition of subsidiaries, please refer to the details on page 155 et seq.*

Segment reporting by geographical region 2019 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Sales to third parties	260,570	407,672	531,466	13,964	1,213,672
Non-current assets*	388,950	104,355	331,257	100	824,662

* *Non-current assets excluding financial instruments, deferred tax assets and investments in associated companies.*

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 are OMNICHANNEL COMMERCE and WEB-FOCUSED COMMERCE. These are in line with the focus on two business models for two types of customers. The fundamental segment result for controlling purposes is the EBITDA.

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 (Organisation 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.

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

The **OMNICHANNEL COMMERCE** segment is divided into five business units:

The Kaiser+Kraft group, consisting of the KAISER+KRAFT, gaerner, Gerdmans and Runelandhs brands, offers 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.

The Ratioform group, consisting of the ratioform brand, offers different kinds of transport packaging products in five European countries for companies in different industries.

The NBF group, consisting of the brands National Business Furniture and OfficeFurniture.com in the USA, offers products in the area of office equipment. In addition to companies, its customers include government agencies, the health care sector, schools and churches.

The Hubert group, consisting of the brands Hubert in the USA and Canada as well as Retail Resource in the USA, sells equipment for the food service sector and food retailers. The customers include large canteens and catering businesses.

The Central group, consisting of the brand Central Restaurant Products in the USA, sells restaurant equipment. Central customer group are restaurant operators.

The **WEB-FOCUSED COMMERCE** segment is divided into two business units:

The Newport group, consisting of Certeo, BiGDUG, Mydisplays, OfficeFurnitureOnline, XXLhoreca and Davpack brands, offers web-based in more than five European countries office and warehouse equipment, display articles and various transport packaging products mainly for small and midsize companies. Furthermore, the TAKKT Beteiligungsgesellschaft with its start-up-investments is part of the division.

The D2G group, consisting of the brands Displays2go and Post-Up Stand in the USA, distributes display products for companies in a wide variety of industries.

The segment reporting´s column **Others** discloses TAKKT AG, in which the key functions of the Group are concentrated and TAKKT America Holding 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*

	2020	2019
Recognized under property, plant and equipment		
Land, buildings and similar assets	67,845	73,313
Plant, machinery and equipment	1,519	1,847
	69,364	**75,160**
Recognized under financial liabilities		
Non-current lease liabilities	65,605	65,025
Current lease liabilities	13,394	12,216
	78,999	**77,241**

Additions to right-of-use assets for financial year 2020 amounted to EUR 10,117 thousand (EUR 10,331 thousand). Of this amount, EUR 9,455 thousand (EUR 9,671 thousand) related to additions to right-of-use assets for buildings and EUR 662 thousand (EUR 660 thousand) to additions to right-of-use assets for vehicles.

Income and Expenses in connection with leases *in EUR thousand*

	2020	2019
Scheduled depreciation of right-of-use assets for land, buildings and similar assets	12,686	12,663
Scheduled depreciation of right-of-use assets for plant, machinery and equipment	958	879
Impairment of right-of-use assets	211	215
Interest expenses of lease liabilities	2,479	2,669
Expenses for variable lease payments not included in lease liabilities	16	39
Expenses for short-term leases (12 months or less, other than real estate)	354	627
Expenses for leases of low-value assets, excluding short-term leases	341	348
Expenses	**17,045**	**17,440**
Income from sub-leasing of rights of use	283	206
Gain from sale-and-lease-back transactions	4,522	0
Income	**4,805**	**206**

Total lease payments in 2020 amounted to EUR 17,802 thousand (EUR 21,455 thousand).

Payments for variable lease liabilities as well as payments for short-term and low-value leases of EUR 711 thousand (EUR 1,014 thousand) and interest payments on lease liabilities of EUR 2,479 thousand (EUR 2,669 thousand) are recognized in cash flow from operating activities. The repayment of lease liabilities of EUR 14,612 thousand (EUR 17,772 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, 2020, possible future cash outflows of EUR 64,431 thousand (EUR 54,282 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, 2020, amounts to EUR 986 thousand (EUR 2,617 thousand).

The sale of an office and warehouse building in the USA was carried out at a selling price less incidental costs of EUR 21.9 million and resulting income of EUR 4.5 million. The property was leased back at arm's length conditions with a fixed contractual term of 7 years. At the commencement date, the resulting lease liability of EUR 13.9 million was recognized in financial liabilities in accordance with IFRS 16. The corresponding right-of-use asset was recognized in Property, plant and equipment in the amount of EUR 6.0 million in accordance with IFRS 16 as the portion of the previous carrying amount of the property relating to the right-of-use retained by the seller.

ACQUISITION OF SUBSIDIARIES

Acquisition of XXLhoreca (Juma International B.V.) in 2019

TAKKT AG has acquired one hundred percent of the shares of Juma International B.V., Wormerveer/Netherlands, with the brand name XXLhoreca. The transaction took place on May 03, 2019. The company generated sales of roughly EUR 14 million and an EBITDA margin in the lower double-digit percentage range in 2018. It is part of the Newport group within the Web-focused Commerce segment.

A purchase price for the one hundred percent of the shares of EUR 19.5 million was agreed on. It was paid in cash at the execution of the transaction. In addition to that, two further contingent and variable purchase price components of up to EUR 20 million in total were agreed. These contingent considerations depend on the achievement of certain performance goals for the company over three years. At transaction date, the contingent consideration was recognized in current Other liabilities with an amount of EUR 2.8 million; this was released in the fourth quarter 2019 affecting net income. As a consequence there is no purchase price liability as at December 31, 2020.

The following fair values of the assets and liabilities were recognized as first-time consolidation amounts of the company acquired in the second quarter of 2019:

	Fair value at acquisition date (in EUR million)
Assets	**7.1**
Other intangible assets	5.5
Property, plant and equipment	0.1
Inventories	0.1
Trade receivables	0.4
Other assets	0.2
Cash and cash equivalents	0.8
Liabilities	**2.2**
Trade payables	0.1
Other liabilities	2.1
Net assets acquired	**4.9**

The intangible assets identified as part of the purchase price allocation with a total value of EUR 5.5 million and their expected useful lives are listed in the following table:

	Fair value at acquisition date (in EUR million)	Useful life (in years)
Domain names	4.3	10
Customer relationships	0.2	3
Catalog/Online content	1.0	3
	5.5	

No contingent liabilities were recognized. The remaining excess of the consideration made for the company amounting to EUR 22.3 million over the fair values of the acquired assets and liabilities that can be individually identified and measured is recognized as goodwill amounting to EUR 17.5 million. The goodwill as well as the identified intangible assets are not deductible for tax purposes.

At the time of acquisition, the fair value of the receivables acquired is EUR 0.4 million. Mainly trade receivables are included, with a gross value of EUR 0.4 million adjusted by an immaterial allowance. Since the transfer of control in the beginning of May 2019, XXLhoreca contributed sales of EUR 12.4 million and a profit of EUR 0.7 million to the consolidated income statement. If the transaction had already been completed by January 01, 2019, the consolidated sales in the year 2019 would have been higher by EUR 18.2 million and profit by EUR 1.0 million.

Incidental acquisition costs of EUR 0.2 million incurred as a result of the transaction were recognized in 2019 under Other operating expenses and resulted in a lower profit.

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*

	2020	2019
Total equity	649,573	644,218
/ Total assets	1,004,263	1,100,661
Equity ratio (in percent)	**64.7**	**58.5**
Financial liabilities/-receivables	79,719	193,645
./. Cash and cash equivalents	4,271	3,823
Net financial liabilities	75,448	189,822
/ Total equity	649,573	644,218
Gearing	**0.1**	**0.3**
Average net financial liabilities	116,433	199,199
/ TAKKT cash flow	81,956	120,365
Debt repayment period (in years)	**1.4**	**1.7**
Operating result before Goodwill impairment	52,378	108,811
/ Net interest expense (= Finance expenses less Interest and similar income)	4,767	6,512
Interest cover	**11.0**	**16.7**

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 47 et seqq. and page 66 et seqq. of the annual report.

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Like in prior year, as per December 31, 2020, 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*

	2020	2019
Land, buildings and similar assets	6,869	7,384
Non-current lease liabilities	5,452	5,867
Current lease liabilities	415	350

As of the balance sheet date other financial obligations that correspond to the minimum lease payments amount to EUR 6,364 thousand (EUR 6,921 thousand). There are no exposures to loss according to IFRS 12 Disclosure of Interests in Other Entities.

CHANGES IN CONTINGENT CONSIDERATIONS *in EUR million*

	2020	2019
Balance at 01/01/	**0.0**	**2.0**
Additions	0.0	2.8
Disposals	0.0	–2.0
Revaluation	0.0	–2.8
Balance at 12/31/	**0.0**	**0.0**

A variable purchase price component of up to GBP 10.0 million was agreed for Equip4work, which was acquired with effect from January 29, 2018. The amount of the variable purchase price component was dependent on a three-year cumulative earnings figure and would have been payable in 2021. No purchase price liability was recognized at the time of initial consolidation or in subsequent years. This purchase price component will not be paid out.

A variable purchase price component of up to EUR 5.0 million was agreed for XXLhoreca, which was acquired with effect from May 03, 2019. The amount of the purchase price component was dependent on performance targets in financial year 2019. This purchase price component was not paid out. As a payment of EUR 2.8 million was expected at the date of initial consolidation, the purchase price liability of EUR 2.8 million was derecognized through profit or loss in the prior year in accordance with IFRS 3. The income from the reversal of the purchase price liability was recognized in Other operating income.

In addition, a further variable purchase price component of up to EUR 15.0 million was agreed in connection with the acquisition of XXLhoreca. The amount is dependent on the achievement of a cumulative earnings figure over the years 2020 to 2021 and would be payable in 2022. Management does not expect the threshold amount to be reached. Thus, no purchase price liability was recognized. If the cumulative earnings figure expected from management was ten percent higher, also no contingent consideration would have been recognized as of the balance sheet date.

In connection with the acquisition of Mydisplays, which was acquired with effect from July 01, 2017, a variable purchase price component of up to EUR 2.0 million was agreed. The amount was dependent on the achievement of a cumulative performance goal over two years. This purchase price component was already recognized as a contingent consideration as of December 31, 2018, in its maximum amount of EUR 2.0 million and was paid out in 2019.

The determination of the amount of the contingent considerations is done on a regular basis through qualified staff and is agreed with the responsible management.

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 2,598 thousand (EUR 7,087 thousand) and are disclosed as Other under Financial liabilities. An interest expense of EUR 337 thousand (EUR 542 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 2020. In total, 11,670 (14,190) shares were acquired by 278 (317) employees. This corresponds to a participation of 25.0 (27.8) 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, 2020, 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	
	2020	2019	2020	2019	2020	2019	**2020**	2019
Turnover/Other income	14	23	468	622	114	131	596	776
Cost of Sales/ Other expenses	1,172	1,072	511	164	0	0	1,683	1,236
Finance expense	2	8	0	0	0	0	2	8
Short-term receivables	3,141	0	72	75	482	140	3,695	215
Short-term payables	0	6,657	69	1	0	0	69	6,658

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 compensation component with a short-term and long-term incentive effect, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling compensation component with a long-term incentive effect. The newly implemented performance cash plan in the year under review and the share price-based components of the performance cash plans still in operation in 2017, 2018 and 2019 are classified and accounted for as share-based payments with cash settlement in accordance with IFRS 2. A more detailed explanation of the remuneration system as well as disclosures according to section 314(1) no. 6 of the German Commercial Code (HGB) can be found in the Remuneration Report section of the Management Report on page 89 et seqq.

The fixed salaries and fringe benefits to the Management Board during the financial year amounted to EUR 1,349 thousand (EUR 1,531 thousand). The reported expenditure for the STIP of EUR 758 thousand (EUR 1,403 thousand) includes reversals of provisions of EUR 19 thousand (EUR 46 thousand).

The expense of the newly established performance cash plan in 2020 exceeded the income from the fair value measurement of the performance cash plans of the previous years. The resulting total expense came to EUR 198 thousand (prior year gain of EUR 69 thousand) in the year under review. The fair value of the performance cash plans 2017, 2018, 2019 and 2020 (2016, 2017, 2018 and 2019) as well as the respective provision come to EUR 624 thousand (EUR 1,286 thousand) as of the end of the reporting period.

Termination benefits were expensed at an amount of EUR 4,521 thousand (EUR 1,800 thousand). Part of the expense of the reporting year was determined under certain assumptions regarding certain actuarial parameters (pension benefit plans) and the expected total return of the TAKKT share (performance cash plans). A future payout may therefore deviate. Expenses of EUR 519 thousand (EUR 1,302 thousand) relate to post-employment benefits. As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 8,951 thousand (EUR 7,753 thousand).

In total, the expense for the remuneration of the Management Board in 2020 financial year according to IFRS amounts to EUR 2,824 thousand (EUR 4,167 thousand).

As of December 31, 2020, the Management Board members held 8,036 (13,036) shares of TAKKT AG. There are liabilities to the members of the Management Board from TAKKT Performance Bonds of EUR 217 thousand (EUR 1,371 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 1,922 thousand (EUR 1,623 thousand). In the financial year, the Management Board members voluntarily contributed EUR 100 thousand (EUR 100 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 2020 amounted to EUR 390 thousand (EUR 381 thousand). Pension provisions for former members of the Management Board and their surviving dependents totaled to EUR 9,885 thousand (EUR 8,953 thousand) as of December 31, 2020.

Supervisory Board

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 354 thousand (EUR 441 thousand), of which EUR 328 thousand (EUR 410 thousand) were for activities in relation to the Supervisory Board, EUR 11 thousand (EUR 13 thousand) for activities in relation to the committees as well as EUR 15 thousand (EUR 18 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 339 thousand (EUR 423 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2020, 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 section of the Management Report on page 89 et seqq.

FEES FOR GROUP AUDITOR *in EUR thousand*

	2020	2019
Audit services	393	371
Other assurance services	37	11
Tax advisory services	0	0
Other services	36	66
	466	**448**

Other assurance services mainly relate to software product 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 January 2021 that it owned 50.2 (50.2) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2020.

For the notifications as per section 33 (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
Gaerner GmbH, Duisburg
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
Davpack Kartons und Verpackungsmaterialien GmbH, Markkleeberg

SUBSIDIARIES WITHIN TAKKT AG, STUTTGART, AS OF DECEMBER 31, 2020

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	KAISER+KRAFT EUROPA GmbH, Stuttgart/Germany	1	100.00
3	KAISER+KRAFT GmbH, Stuttgart/Germany	2	100.00
4	KAISER+KRAFT Gesellschaft m.b.H., Salzburg/Austria	2	100.00
5	KAISER+KRAFT N.V., Diegem/Belgium	2/13	50,00/50,00
6	KAISER+KRAFT AG, Zug/Switzerland	2	100.00
7	KAISER+KRAFT s.r.o., Prague/Czech Republic	2	100.00
8	KAISER+KRAFT S.A., Barcelona/Spain	2	100.00
9	FRANKEL S.A.S., Morangis/France	2	100.00
10	KAISER+KRAFT Ltd., Hemel Hempstead/Great Britain	2	100.00
11	KAISER+KRAFT Kft., Budaörs/Hungary	2	100.00
12	KAISER+KRAFT S.r.l., Fenegro/Italy	2	100.00
13	Vink Lisse B.V., Lisse/The Netherlands	2	100.00
14	KAISER+KRAFT S.A., Lisbon/Portugal	2	100.00
15	KAISER+KRAFT Sp. z o.o., Warsaw/Poland	2	100.00
16	KAISER+KRAFT OOO, Moscow/Russia	2/3	99,00/1,00
17	KAISER+KRAFT s.r.o., Nitra/Slovakia	2/3	99,90/0,10
18	gaerner GmbH, Duisburg/Germany	2	100.00
19	gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
20	gaerner AG, Zug/Switzerland	2	100.00
21	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
22	Gerdmans Kontor-og Lagerudstyr A/S, Nivaa/Denmark	21	100.00
23	Gerdmans Innredninger AS, Sandvika/Norway	21	100.00
24	Gerdmans OY, Espoo/Finland	21	100.00
25	Runelandhs Försäljnings AB, Kalmar/Sweden	21	100.00
26	KWESTO Service s.r.o., Prague/Czech Republic	2/7	99,93/0,07
27	KWESTO s.r.o., Prague/Czech Republic	26	100.00
28	KWESTO Kft., Györ/Hungary	26	100.00
29	KWESTO Sp. z o.o., Wroclaw/Poland	26	100.00
30	KAISER+KRAFT s.r.l., Ramnicu Valcea/Romania	26	100.00
31	KWESTO s.r.o., Nitra/Slovakia	26	100.00
32	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	2	100.00
33	BEG GmbH, Stuttgart/Germany	2	100.00
34	VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt/Germany	1	100.00
35	Ratioform Verpackungen GmbH, Pliening/Germany	1	100.00
36	Ratioform Imballaggi S.r.l., Calvignasco/Italy	35	100.00
37	Ratioform Embalajes, S.A., Sant Esteve Sesrovires/Spain	35	100.00
38	Ratioform Verpackungen AG, Regensdorf/Switzerland	35	100.00
39	R.F. Verpackungsmittel-Versand G.m.b.H., Vienna/Austria	35	100.00
40	Davenport Paper Co. Ltd., Derby/Great Britain	35	100.00
41	Davpack AB, Markaryd/Sweden	35	100.00
42	Davpack Kartons und Verpackungsmaterialien GmbH, Markkleeberg/Germany	35	100.00
43	newport.takkt GmbH, Stuttgart/Germany	1	100.00
44	TAKKT Beteiligungsgesellschaft mbH, Stuttgart/Germany	43	100.00

No.	Group companies	held by no.	interest %
45	Mydisplays GmbH, Burscheid/Germany	43	100.00
46	Certeo Business Equipment GmbH, Stuttgart/Germany	43	100.00
47	BiGDUG Ltd., Gloucester/Great Britain	43	100.00
48	Equip4work Ltd., Westlinton/Great Britain	43	100.00
49	büromöbelonline GmbH, Stuttgart/Germany	43	100.00
50	Juma International B.V., Wormerveer/The Netherlands	43	100.00
51	TAKKT America Holding, Inc., Milwaukee/USA	1	100.00
52	Hubert North America Service LLC, Harrison/USA	51	100.00
53	Hubert Company LLC, Harrison/USA	51	100.00
54	Hubert Hong Kong Ltd., Hong Kong/China	52	100.00
55	SPG U.S. Retail Resource LLC, Harrison/USA	51	100.00
56	Hubert Distributing Company, Inc., Markham/Canada	51	100.00
57	Central Products LLC, Indianapolis/USA	51	100.00
58	D2G Group LLC, Fall River/USA	51	100.00
59	Hubert Europa Service GmbH, Pfungstadt/Germany	2	100.00
60	Hubert GmbH, Pfungstadt/Germany	59	100.00
61	National Business Furniture LLC, Milwaukee/USA	51	100.00

No.	Associated companies	held by no.	interest %
62	Simple System GmbH & Co. KG, Munich/Germany	2	50.00
63	printmate GmbH, Berlin/Germany	44	30.00

REPRESENTATIVE BODIES

SUPERVISORY BOARD

Dr. Florian Funck, Essen, born March 23, 1971
Chairman
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

Dr. Johannes Haupt, Ettlingen, born June 29, 1961
Deputy Chairman
Chairman of the Management Board (CEO) of Blanc und Fischer Familienholding GmbH, Oberderdingen
Chairman of the Advisory Board of BLANCO GmbH & Co. KG, Oberderdingen
Chairman of the Advisory Board of BLANCO Professional GmbH & Co. KG, Oberderdingen
Chairman of the Advisory Board of DEFENDI Italy Srl, Ancona / Italy (until June 25 2020)
Member of the Advisory Board of ARPA S.A.S., Niedermodern / France
Member of the Board of Lenze SE, Aerzen

Thomas Kniehl, Stuttgart, born June 11, 1965
Employee for claims / research / returns at KAISER+KRAFT GmbH, Stuttgart
Chairman of the Joint Works Council of KAISER+KRAFT GmbH, Stuttgart,
and KAISER+KRAFT EUROPA GmbH, Stuttgart

Dr. Dorothee Ritz, Pullach, born March 21, 1968
General Manager of Microsoft Austria, Vienna

Thomas Schmidt, Duesseldorf, born November 10, 1971
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg

Christian Wendler, Hameln, born July 24, 1962
Chairman of the Management Board of Lenze SE, Aerzen
Chairman of the Supervisory Board of Lenze Drive Systems (Shanghai) Co., Ltd., Shanghai / China
Member of the Supervisory Board of Lenze Operations GmbH, Aerzen
Member of the Supervisory Board of encoway GmbH, Bremen

MANAGEMENT BOARD

Dr. Felix A. Zimmermann, Stuttgart, born June 27, 1966
Chairman of the Management Board, CEO

Tobias Flaitz, Meerbusch, born December 08, 1970 (since June 01, 2020)
Member of the Management Board

Dr. Claude Tomaszewski, Stuttgart, born April 25, 1969
Member of the Management Board, CFO

Dr. Heiko Hegwein, Höchberg, born February 06, 1974 (until September 30, 2020)
Member of the Management Board

Stuttgart, March 18, 2021
TAKKT AG
The Management Board

Felix Zimmermann | Tobias Flaitz | Claude Tomaszewski

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 18, 2021
TAKKT AG
The Management Board

Felix Zimmermann | Tobias Flaitz | Claude Tomaszewski

INDEPENDENT AUDITORS' REPORT

The auditor's report presented below also includes a 'Report on the Audit in accordance with section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Public Purposes' ('ESEF Report'). The subject matter underlying the ESEF Note (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or downloaded from the Federal Gazette (Bundesanzeiger).

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, 2020, 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, 2020, 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, 2020. In accordance with German legal requirements, we have not audited the content of the separate non-financial Group report published on the website, to which reference is made in the section 'Company performance' in the combined management report, and the Group declaration on corporate governance also published on the website, to which reference is made in the section 'Governance - Further disclosures' in 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, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, 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 content.

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, 2020. 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.

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 567.9 million. This corresponds to 56.5 percent of total assets and 87.4 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 models. 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 is responsible for the other information. The other information comprises:

- the separate non-financial Group report published on the website, to which reference is made in the section 'Corporate performance' in the combined management report, and the Group's corporate governance statement also published on the website, to which reference is made in the section 'Governance - Further disclosures' in the combined management report,

- the report of the Supervisory Board of TAKKT AG,

- the other parts of the annual report, except the audited consolidated financial statements and the 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 regarding the Group 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 corporate governance declaration contained 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.

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 content 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 context.

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 misstatement, whether due to fraud or error.

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 assertions 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, whether 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 opinions 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, whether 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 the overall 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 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 applicable, the related safeguards.

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 of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

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

Audit Opinion

We have performed the audit in accordance with section 317 (3b) 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-2020-12-31.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 attached 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. We do not express any opinion on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from January 1 to December 31, 2020, contained in the preceding 'Report on the Audit of the Consolidated Financial Statements and Combined Management Report'.

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 attached electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports prepared for Publication Purposes (ED IDW AsS 410). 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 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibility of the Legal Representatives and the Supervisory Board for the ESEF Documents

The Company's management 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 Company's management 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 non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format. The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published to the operator of the Federal Gazette (Bundesanzeiger).
The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility 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) 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 July 7, 2020. We were engaged by the Supervisory Board on September 18, 2020. 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).

GERMAN PUBLIC AUDITORS RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Mr. Karsten Bender.

Stuttgart, March 18, 2021
Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger	Karsten Bender
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

GLOSSARY

B2B OR BUSINESS-TO-BUSINESS
Supplier and customer relationships between corporate customers.

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.

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, catalog, telesales and key account manager to enable the customer to place the order via the channel that is optimal for him. For customers, distance selling is particularly attractive if they can find and order the desired product quickly and easily.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

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.

FOODSERVICE EQUIPMENT & SUPPLIES
The Foodservice Equipment & Supplies segment is established by the TAKKT business units Hubert and Central. Both activities sell products for a specific industry and therefore focus on customers from the foodservice and restaurant industry as well as the food retail sector. The customers include small and mid-sized restaurants as well as operators of large cafeterias, food service businesses and food retailers.

GEARING
Gearing measures the ratio between total equity and net financial liabilities. This ratio is calculated by dividing net financial liabilities by total equity.

INTEREST COVER
This figure shows the relation between the EBITA and net finance expense.

NET FINANCIAL LIABILITIES
Net financial liabilities are the balance of all financial liabilities and liquid funds reported in the balance sheet.

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.

OMNICHANNEL COMMERCE
The Omnichannel Commerce segment addresses corporate customers with complex requirements by using multiple points of contact and a broad range of service offerings via online channels, key account managers and print advertising. The aim is to make the procurement of equipment as easy as possible for customers. This starts with preselected products and a carefully curated range. This broad scope of services is especially appreciated by large and medium-sized companies that strive for maximum procurement process efficiency and have high demands when it comes to product quality. The customer relationships are more loyal and enduring, which is reflected in the high share of business with existing customers.

ONLINE MARKETING
One tool of online marketing is Search Engine Advertising (SEA). The term SEA describes running paid advertisements in online search engines. The advertisements are purchased for certain key search terms. The advertisement generally appears on the first page of the search results. Search Engine Optimization (SEO) is another marketing measure. SEO is the optimization of the content of the web shops for search engines. This is done to gain a higher ranking in their organic results.

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.

RISK MANAGEMENT
Systematic approach to identifying and assessing potential risks for a company and choosing and implementing measures to avoid or reduce these risks.

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.

TAKKT 4.0
In 2020, the organizational realignment of the TAKKT Group was introduced with TAKKT 4.0. This change is especially aimed at making the Group more compact, with a focus on two distinguishable customer types. In order to do this, TAKKT implements the two business models of Omnichannel Commerce and Web-focused Commerce. The new organization will also make it possible to promote and take different management and working cultures in the two areas into account. The transformation will carried out step by step and is expected to take two to three years.

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.

TELESALES
Telesales are sales activities made by calling customers by phone (outbound). TAKKT distinguishes between telesales, which are sales made over the telephone, and telemarketing, which is the preparatory telephonic analysis of potential of customers and arrangement of meetings with them. This is in contrast to the typical inbound activities of direct marketing companies for accepting orders by telephone.

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.

WEB-FOCUSED COMMERCE
The Web-focused Commerce segment gears its offerings to the less complex requirements of transaction-oriented and more price-conscious B2B customers mainly through online channels. The businesses offer a broad product range with fewer service features at an attractive price level. These customers are generally small and medium-sized businesses. Products from the entry-level price segment are often sufficient for the needs and applications of these customers. The purchasing behavior is less consistent and loyal than that of more service-oriented customers. Accordingly, the share of new customer business in this segment is comparatively high.

LOCATIONS IN EUROPE

AUSTRIA Elixhausen | Salzburg | Vienna **BELGIUM** Diegem **CZECH REPUBLIC** Brno | Prague **DENMARK** Nivaa **FINLAND** Espoo | **FRANCE** Morangis **GERMANY** Berlin | Burscheid | Cologne | Duisburg | Essen | Groß-Gerau | Haan | Hamburg | Hückeswagen | Kamp-Lintfort | Leinfelden-Echterdingen | Markkleeberg | Munich | Pfungstadt | Pliening | Remda-Teichel | Schöneiche | Sindelfingen | Stuttgart | Waldkirchen | Weil der Stadt **GREAT BRITAIN** Birmingham | Derby | Dumfries | Glasgow | Gloucester | Hemel Hempstead | Kidderminster | Mitcheldean | Stafford **HUNGARY** Budaörs **ITALY** Calvignasco | Fenegrò **NETHERLANDS** Lisse | Wormerveer **NORWAY** Sandvika **POLAND** Warsaw **PORTUGAL** Lisbon **ROMANIA** Râmnicu Vâlcea **RUSSIA** Moscow **SLOVAKIA** Nitra **SLOVENIA** Ljubljana **SPAIN** Barcelona | Sant Esteve Sesrovires **SWEDEN** Halmstad | 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 | New York, NY | Reno, NV

FINANCIAL CALENDAR 2021

JANUARY 11–12	Oddo BHF Digital Forum (virtual event)
JANUARY 20	Unicredit und Kepler Cheuvreux GCC (virtual event)
FEBRUARY 25	Publication of Preliminary Figures for 2020
MARCH 29	Publication of the Annual Report 2020 and Analysts' Conference (virtual event)
MARCH 31–APRIL 01	Jefferies Pan-European Mid-Cap Conference (virtual event)
APRIL 14–15	Spring Roadshow (virtual event)
APRIL 29	Quarterly Statement 1/2021
MAY 04	Bankers' Day (virtual event)
MAY 11	Shareholders' Meeting (virtual event)
MAY 19–20	CM CIC Market Solutions Forum (virtual event)
JULY 29	Half-year Financial Report 2021
SEPTEMBER 21	Berenberg und Goldman Sachs GCC, Munich
OCTOBER 28	Quarterly Statement 3/2021
NOVEMBER 22	German Equity Forum, Frankfurt
DECEMBER 06–09	Berenberg European Conference, Pennyhill, London

All information is subject to changes at short notice.

IMPRINT

The annual report is published in German and English.
In case of doubt the German version is authoritative.

TAKKT AG is member of

TAKKT AG is listed in

Conception and design: Synchronschwimmer GmbH, Frankfurt am Main
Finalization and realization: cometis AG, Wiesbaden

Print:	This annual report will not be printed. This saves resources and is a further contribution to climate protection.
Photos:	Jürgen Altmann, Frank Teuber, Franz Haniel & Cie. GmbH, TAKKT AG
Publishing system:	Neidhart + Schön AG, Zürich
Translation:	EnglishBusiness AG, Hamburg

TAKKT AG

Postfach 10 48 62
70042 Stuttgart

Presselstrasse 12
70191 Stuttgart
Germany

T +49 711 3465-80
F +49 711 3465-8100

service@takkt.de

www.takkt.de