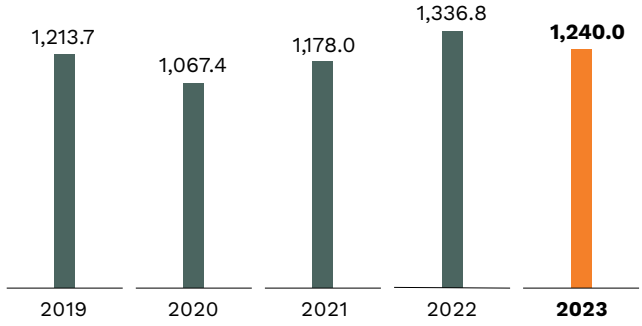
# Annual report

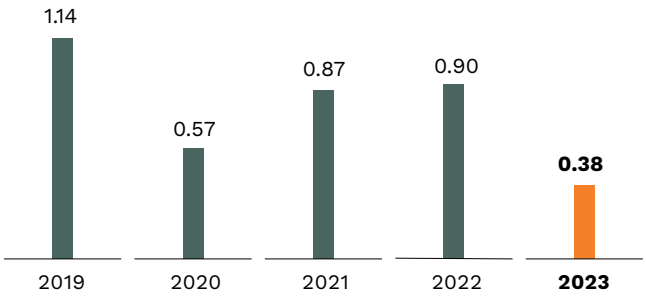
OF TAKKT GROUP 2023

# Selected key figures

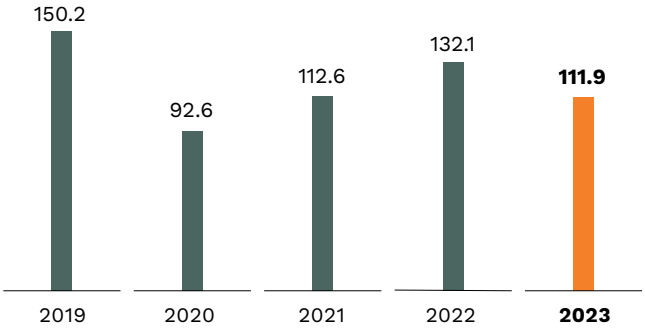
**Sales** in EUR million



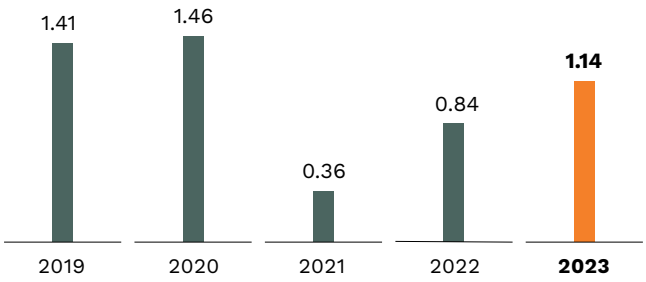

**Earnings per share** in EUR



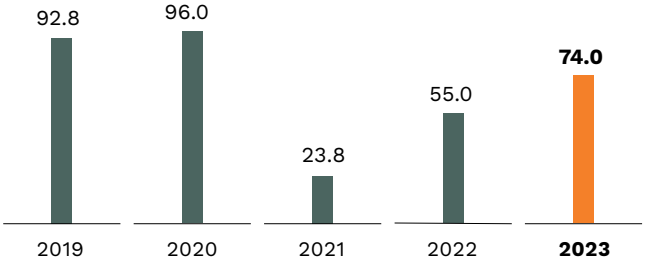

**EBITDA** in EUR million



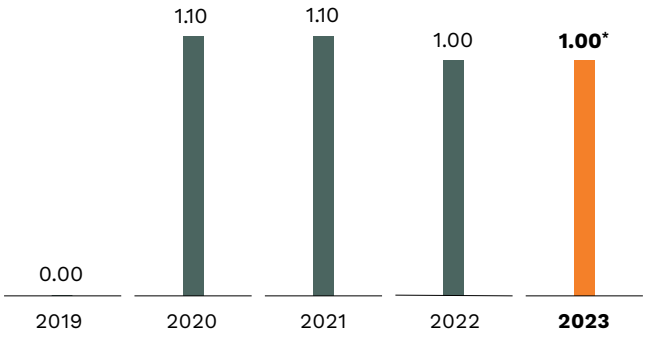

**Cash flow per share** in EUR




**Free cash flow** in EUR million




**Dividend per share** in EUR



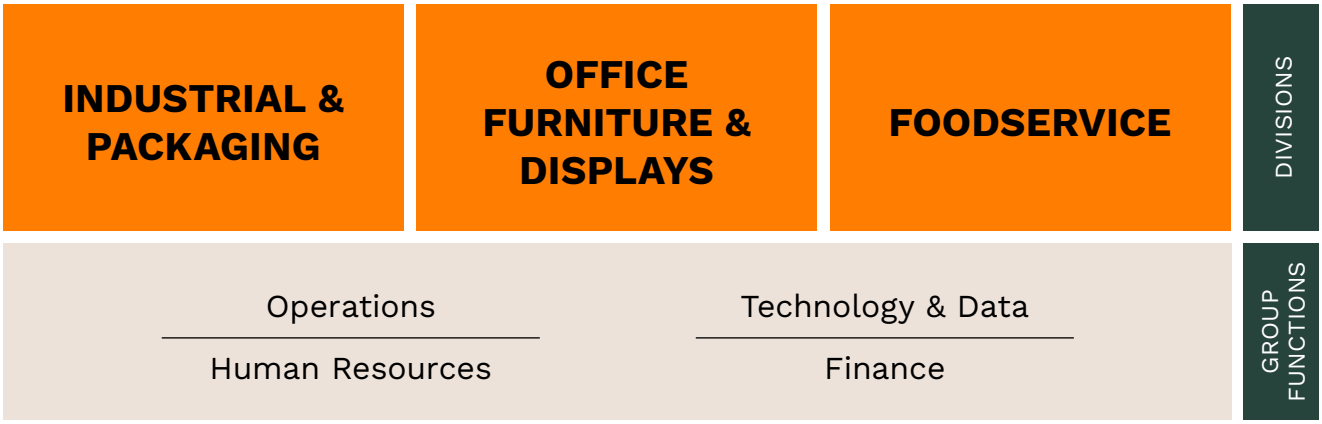

* Dividend proposal for the financial year 2023.

# Key figures of TAKKT Group

| in EUR million | 2019 | 2020 | 2021 | 2,022 | **2,023** |
|---|---|---|---|---|---|
| **Sales** | **1,213.7** | **1,067.4** | **1,178.0** | **1,336.8** | **1,240.0** |
| Change in % | 2.8 | – 12,0 | 10.4 | 13.5 | – 7.2 |
| **Gross margin** | **501.4** | **423.7** | **473.1** | **525.7** | **493.4** |
| in % of sales | 41.3 | 39.7 | 40.2 | 39.3 | 39.8 |
| **EBITDA** | **150.2** | **92.6** | **112.6** | **132.1** | **111.9** |
| in % of sales | 12.4 | 8.7 | 9.6 | 9.9 | 9.0 |
| **EBIT** | **108.8** | **52.4** | **73.9** | **80.8** | **38.9** |
| in % of sales | 9.0 | 4.9 | 6.3 | 6.0 | 3.1 |
| **Profit before tax** | **100.6** | **46.6** | **72.8** | **75.9** | **30.1** |
| in % of sales | 8.3 | 4.4 | 6.2 | 5.7 | 2.4 |
| **Profit** | **74.7** | **37.2** | **57.0** | **59.3** | **24.6** |
| in % of sales | 6.2 | 3.5 | 4.8 | 4.4 | 2.0 |
| | | | | | |
| Operating capital expenditure for investments | 21.2 | 12.2 | 18.3 | 14.6 | 15.9 |
| Free cash flow | 92.8 | 96.0 | 23.8 | 55.0 | 74.0 |
| Capital expenditure for acquisitions | 20.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation, amortization and impairment | 41.4 | 40.2 | 38.7 | 51.3 | 73.0 |
| | | | | | |
| Earnings per share in EUR | 1.14 | 0.57 | 0.87 | 0.90 | 0.38 |
| Free cash flow per share in EUR | 1.41 | 1.46 | 0.36 | 0.84 | 1.14 |
| Dividend per share in EUR | 0.00 | 1.10 | 1.10 | 1.00 | 1.00* |
| | | | | | |
| **Non-current assets** | **835.5** | **781.1** | **812.2** | **781.5** | **730.3** |
| in % of total assets | 75.9 | 77.8 | 72.8 | 69.7 | 72.5 |
| **Total equity** | **644.2** | **649.6** | **694.0** | **699.8** | **642.7** |
| in % of total assets | 58.5 | 64.7 | 62.2 | 62.4 | 63.8 |
| **Net financial liabilities** | **189.8** | **75.4** | **105.0** | **116.7** | **106.0** |
| **Total assets** | **1,100.7** | **1,004.3** | **1,115.4** | **1,121.5** | **1,006.8** |
| | | | | | |
| ROCE (Return on Capital Employed) in % | 11.1 | 5.6 | 8.0 | 8.4 | 4.2 |
| TAKKT value added | 9.8 | – 23.2 | – 3.1 | – 1.5 | – 30.6 |
| | | | | | |
| **Employees (full-time equivalent) at year-end** | **2,483** | **2,327** | **2,496** | **2,437** | **2,385** |

*Dividend proposal for the financial year 2023.

# Group structure



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## Our Vision

# BRINGING NEW WORLDS OF WORK TO LIFE

**By caring about environmental resources, people and customer success**

## Well positioned

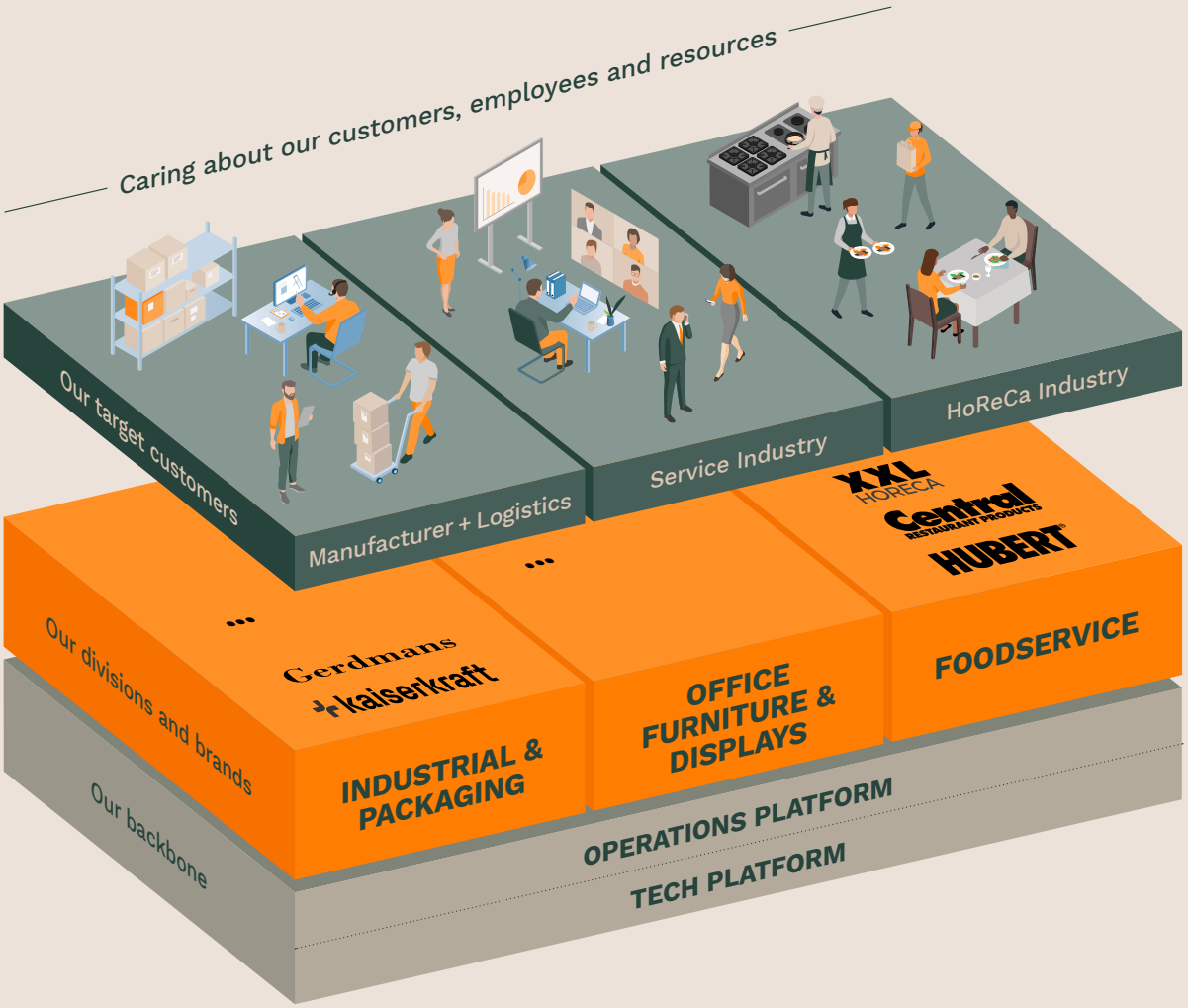
# 3 DIVISIONS
# 600,000 PRODUCTS
# 20 COUNTRIES

**TAKKT AG is the leading omnichannel distributor for business equipment in Europe and North America. The Group is represented in more than 20 countries with its divisions Industrial & Packaging, Office Furniture & Displays and FoodService. The product range of the subsidiaries comprises more than 600,000 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.**

# We are shaping the working worlds of tomorrow

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

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



Our Worlds of Work

# Industrial & Packaging

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

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

## Our Worlds of Work

# Industrial & Packaging

› **1,461** Employees

› **280,000** Products

› **7** Brands

kaiserkraft

Gerdmans

RUNELANDHS

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

The KAISER+KRAFT and ratioform sales brands have previously operated individually in the market. In 2023, the division's brand landscape was streamlined and unified with a relaunch of the kaiserkraft sales brand in order to expand the product range and strengthen cross-selling. Under the new brand identity, kaiserkraft offers a wide range of products from the areas of operating, warehouse and office equipment as well as packaging products. This includes, for example, pallet lifting trucks, swivel chairs and special-purpose products such as environmental cabinets and containers for hazardous materials as well as collapsible boxes, package padding, shipping pallets and stretch film. The packaging specialist ratioform offers a product range that includes a wide variety of shipping packaging products. BiGDUG and OfficeFurnitureOnline offer a wide range of office furniture and business equipment in the UK, Gerdmans and Runelandhs in Scandinavia.

Our Worlds of Work

# Office Furniture & Displays

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

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

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

Our Worlds of Work

# Office Furniture & Displays

› **478** Employees

› **18,000** Products

› **4** Brands

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

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

Our Worlds of Work

# FoodService

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

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

## Our Worlds of Work

# FoodService

› **379** Employees

› **350,000** Products

› **4** Brands

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

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

# Our Core Behaviors

## › Think customer first

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

## › Empower others

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

## › Improve every day

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

## › Take ownership

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

## › Compete for success

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

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

# To the Shareholders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# Interview with the Management Board

**Maria, you and your team have been working on the implementation of the strategy with the three pillars of Growth, OneTAKKT and Caring for over two years now. Where is TAKKT at today?**

**Maria:** We have achieved a great deal in the last few years, but still have a lot ahead of us. From today's perspective, I would describe the implementation of our strategy in three phases, each with different economic conditions and its own set of operational priorities and strategic focus areas:

1. **Restart:** In 2021 and 2022, we placed significant emphasis on transforming our culture towards a more integrated, growth-oriented and customer-centric company. In addition, implementation of the new organizational structure was also a key focus. We have navigated the challenges associated with inflation successfully and experienced profitable growth.
2. **Resilience:** What 2023 and 2024 have in common is that we were and are confronted by challenging conditions and weak demand. Amid this environment, we are taking active measures to strengthen our gross profit margin, improve our cost structures and generate cash. Strategically, the focus is on implementing our value and growth drivers, such as generating additional sales through cross-selling. We have also taken steps to establish global structures in IT and logistics, and are already seeing efficiency gains.
3. **Acceleration:** Current economic forecasts anticipate a more favorable economic outlook from 2025 onwards, particularly in Europe, and thus an environment where we can return to a growth trajectory. The goal is to focus on accelerating our value and growth drivers during this phase. And of course we will also continue to develop our business model.

**Further development of the business model sounds like a change in strategy. What do you mean?**

**Maria:** We are on the right track and confirm our strategy. Throughout this multi-year transformation process, it's important to note that our strategy is not set in stone, but rather continuously evolving. We question and review our actions and adjust them to the shifting conditions as necessary. Given the current challenging situation, this means that we are focusing on strengthening our resilience and improving cost structures. It also means that we are making changes and additions to our value and growth initiatives. Our aim is to intensify customer loyalty through stronger brand management, evolve further from a product to solution provider and continue expanding the various marketing initiatives in omnichannel sales.

**We are on the right track and confirm our strategy while continuously developing it.**

You can also describe it as follows: We are continuing on our path of transformation with a clear goal in mind. We have managed a good part of the distance already and are now fixing a few things under the hood and even changing the tires to put more horsepower onto the track.

**Maria Zesch**
CEO

**TAKKT announced a revision of its mid-term goals last year. What was the reason for this and what are your plans for the coming years?**
**Maria:** We have achieved a great deal in the past few years. We have transformed as a company. Two of our three divisions are now integrated. As a result, we are already benefiting from the more streamlined structures in marketing, sales and category management, as well as from the strengthening and harmonization of the sales brands. In addition, we have centralized and made the support functions more efficient by establishing the Group functions, particularly in the areas of logistics and IT. We have achieved significant milestones and generated additional contributions to sales through growth initiatives in the areas of cross-selling, e-commerce, smart pricing and the product portfolio.

At the same time, the impact of factors like high interest rates, increased costs and investment reluctance is overshadowing the positive impact of our measures. This is reflected in our sales and earnings performance. In the current environment, we are therefore focusing on strengthening our resilience by reducing structural costs and improving our cash flow. And we are continuing our work on the transformation. The market that TAKKT addresses is immense, with a volume of over EUR 110 billion. The stronger we position ourselves today, the better our chances are for future gains in market share. Our clear objective is not only to grow, but to do so faster than our competitors. Our growth initiatives will make a significant contribution towards achieving this goal.

**Lars:** In addition to growth, we will also focus on leveraging scaling effects. We have a very attractive business model. We will maintain our gross profit margin at 40 percent and gradually improve our EBITDA margin to 12 percent from 2025 to 2028. In addition to greater scaling, we also expect higher efficiency gains from the integrated Group functions in the areas of Operations and Technology & Data. And we will also continue to work on achieving good cash generation. On average, we aim to convert between 50 and 60 percent of our EBITDA into free cash flow.

**Our unique selling point is our ability to closely integrate sustainability and responsibility with economic success.**

**TAKKT was awarded the German Sustainability Award 2024 in the category of "Investment Goods – Distribution." What does this award mean for you and what is your approach regarding this topic?**
**Maria:** This prestigious award is a wonderful external recognition and confirmation of our commitment. Sustainability has long been an integral part of TAKKT's strategy. This is evident in our goals, which not only focus on the financial key figures but also reflect the concerns of our stakeholders.

I also believe that closely integrating sustainability and responsibility with economic success was not only important for receiving the award but also represents a real unique selling point. A prime example of this is our "enkelfähig" rating for sustainable products, which offers customers a simple and attractive way to choose "green" products. "Enkelfähig" products are made from recycled materials and have a lower carbon footprint. The significant success of these products underscores the increasing importance of sustainability in B2B purchasing decisions. Last year, we increased the share of "enkelfähig" products to nearly a quarter of total sales.

**Lars, you started as CFO in early 2023 and assumed responsibility during a challenging period for TAKKT. How do you view the operational development of the past year?**
**Lars:** We sell business equipment to corporate customers. The demand for our products depends on the sentiment and expectations of our customers. This means that our business is highly influenced by economic

**Lars Bolscho**
CFO

cycles. In this regard, 2023 was a particularly challenging year. Instead of the anticipated economic recovery, we witnessed a further significant deterioration in demand in our target markets in the second half of the year.

However, we have a highly resilient business model and know which key drivers we need to adjust. We have demonstrated our ability to react quickly in a changing environment. This starts with improving our gross profit margin, followed by very disciplined cost management as well as managing net working capital and cash flow.

Looking back at our financial performance, two aspects stand out for me. The first is that 2023 was a very difficult year for TAKKT and we were not able to meet our initial expectations for growth and profitability given the prevailing conditions. Second, our intensified measures throughout the year to manage the gross profit margin, costs and cash flow were appropriate and effective. This can be seen from the results especially with regard to the fourth-quarter figures. In addition, we are crisis-resistant as demonstrated by our equity ratio of 64 percent and the strong free cash flow of EUR 74 million generated in 2023.

**What are your priorities for capital allocation and approach to acquisitions?**
**Lars:** Due to the strong cash flow and consistently high equity ratio, we intend to once again pay out a special dividend in addition to the base dividend. In total, we will propose a dividend of EUR 1.00 per share at the Shareholders' Meeting. In addition, we have extended our share buy-back program with an unchanged total volume of up to EUR 25 million until the end of 2024. We also remain committed to our M&A strategy. Our approach continues to be opportunistic. It is important for us to ensure that a transaction creates value for our shareholders and that an acquisition target can be optimally integrated into the existing structures. In this regard, we have ample capital resources to take action whenever necessary.

**You have already pointed out the persistently weak environment. What are your expectations and priorities for 2024?**
**Lars:** Current economic forecasts predict a continuation of the weak momentum in Europe and slower growth in the US for 2024. The purchasing managers' indexes for the manufacturing sector remain significantly below the 50-point threshold, indicating a challenging environment. In this environment, we started the new year in a very similar way to how the previous one ended. We are still experiencing very subdued demand and remain focused on strengthening our gross profit margin, cost management and cash flow.

**We have a highly resilient business model and know which key drivers we need to adjust.**

After the weak start, we expect a reversal of the trend over the course of the year, with a gradual improvement in each quarter, converse to the trajectory in 2023. Depending on the timing and extent of this stabilization, we anticipate an organic sales decline for the full year in the high single-digit to low double-digit percentage range. Given the negative sales development, we will intensify our efforts to improve our cost structures in 2024 and plan to reduce our cost base by at least EUR 15 million through adjustments in other costs and personnel. These structural adjustments will result in significantly higher one-time expenses compared to the previous year, which will likely impact the reported margin by 1 to 1.5 percentage points. Adjusted for one-time costs, we expect the EBITDA margin to be in the range of 8.0 to 9.5 percent. In addition, we will continue to work on strengthening cash generation throughout the year and anticipate additional contributions from the reduction of net working capital and improved cash conversion. As a result, free cash flow will enjoy a more stable development than EBITDA.

**Maria:** We are here to achieve profitable growth. This is our commitment. At the same time, we are agile enough to adapt quickly to changing conditions. In the current situation, this means that our focus in 2024 is on resilience, strengthening the gross profit margin, cost structures and cash flow. We have the great advantage of being financially stable, which allows us to address the current challenges from a position of strength. We have a clear strategy and promising growth initiatives. Therefore, we are well positioned to return to a growth trajectory and significantly increase our profitability in the coming years.

I would like to take this opportunity to thank our employees. The past year was challenging. Thanks to the dedication, energy and passion of our employees, we have been able to make our customers more successful with our products, win awards and external recognition for our sustainability efforts, and also take significant steps towards becoming a growth-oriented, more customer-centric and integrated company. We are very grateful for your dedication to TAKKT! We also want to thank our customers for their loyalty and trust in us. Last but not least, I would like to thank our shareholders for their trust in TAKKT. In 2024, we will continue to strive every day to become an even more successful company, both economically and for all our stakeholders.

# Members of the Management Board

**Lars Bolscho**
CFO

**Maria Zesch**
CEO

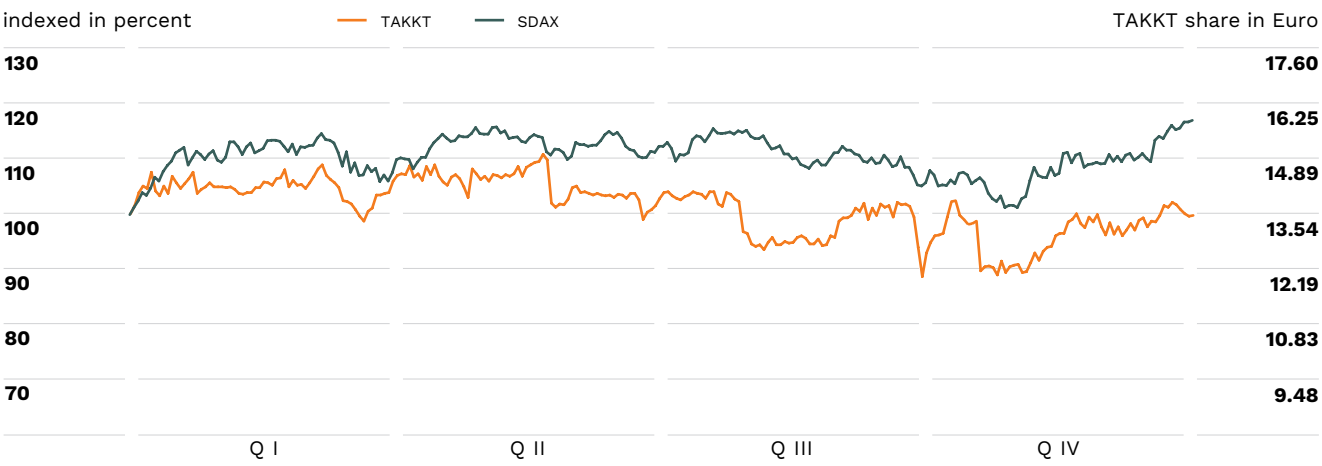
# TAKKT Share and Investor Relations

## GOOD STOCK MARKET YEAR DESPITE NUMEROUS CHALLENGES

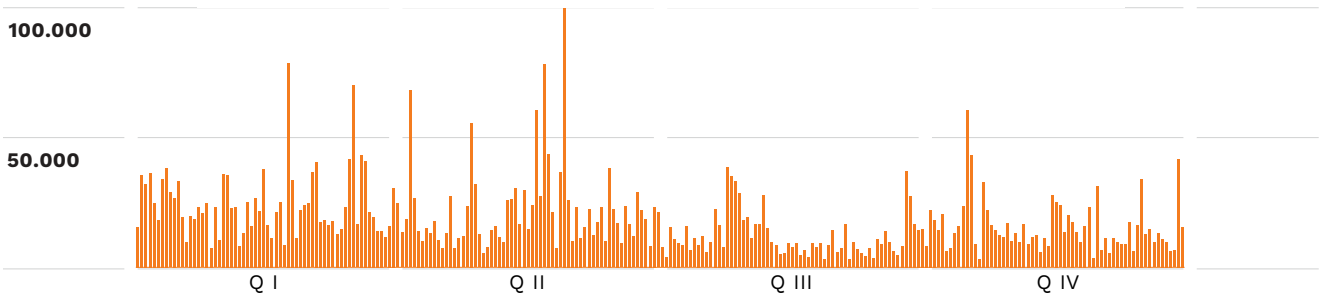
Following a weak previous year, German as well as international stock indexes experienced significant positive returns in 2023. Negative factors such as high interest rates, weak economic performance and the conflicts in Ukraine and the Middle East only had a temporary impact on development. There was a noticeable increase in November and December. The DAX, Germany's leading index, saw a gain of 20.3 percent, while the small-cap SDAX rose by 17.1 percent. Despite the positive performance of the TAKKT share, there was a decrease in liquidity and trading activity in the German stock market.

Following the stable and slightly positive trend of the TAKKT share until July, the price trajectory became significantly more volatile in the second half of the year. The share reached its annual high of EUR 15.00 shortly before the dividend payout in May. From August, the significant deterioration in economic outlook and adjustment of the forecast in October had a negative effect on the performance of the TAKKT share. The annual low of EUR 12.00 per share was recorded at the end of September. As the year drew to a close, the price stabilized in line with the indexes, ending December nearly unchanged at EUR 13.50 with a decrease of only 0.3 percent. Taking into account the dividend, the return for TAKKT shareholders in 2023 was 7.1 percent.

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



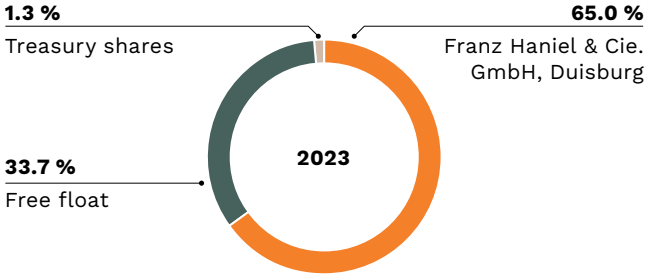

**Trading volume of the TAKKT share** (daily volume on Xetra in number of shares in 2023)



The decline in liquidity, particularly in small-cap stocks, also had an impact on trading activity involving the TAKKT share. On the most important trading platform, Xetra, an average of 19.6 (50.0) thousand TAKKT shares were traded on each trading day. All data is based on Xetra daily closing prices.

The shareholder structure of TAKKT AG remained virtually unchanged in 2023. Franz Haniel & Cie. GmbH was still the majority shareholder with 65.0 percent of shares as of the end of the year. There were also no significant changes in free float reported. Due to the continuation of the share buy-back program, TAKKT AG held 1.3 percent of treasury shares as of the balance sheet date. In January 2024, TAKKT AG was added to the German small-cap index SDAX.

**Shareholder structure as of December 31, 2023**




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

| | Unit | 2019 | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|---|---|
| **Trade data** | | | | | | |
| Year-end closing price | EUR | 12.58 | 10.66 | 15.36 | 13.54 | 13.50 |
| Highest price | EUR | 15.78 | 12.78 | 15.36 | 16.40 | 15.00 |
| Lowest price | EUR | 10.66 | 5.80 | 10.02 | 9.05 | 12.00 |
| Market value at year-end | EUR million | 825.4 | 699.4 | 1,007.8 | 888.4 | 885.7 |
| Average daily turnover | thousand shares | 55.1 | 88.7 | 61.0 | 50.0 | 19.6 |
| Issued shares at year-end | million shares | 65.6 | 65.6 | 65.6 | 65.6 | 65.6 |
| | | | | | | |
| **Dividend** | | | | | | |
| Dividend per share in EUR | EUR | 0.00 | 1.10 | 1.10 | 1.00 | 1.00* |
| Payout ratio | percent | 0.0 | 193.8 | 126.6 | 110.7 | 264.2 |
| Dividend yield | percent | 0.0 | 10.3 | 7.2 | 7.4 | 7.4 |
| | | | | | | |
| **Valuation ratios** | | | | | | |
| Earnings per share (EPS) | EUR | 1.14 | 0.57 | 0.87 | 0.90 | 0.38 |
| Free cash flow per share | EUR | 1.41 | 1.46 | 0.36 | 0.84 | 1.14 |

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

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

## Share buy-back program extended

At the end of June 2023, the TAKKT Management Board extended the share buy-back program launched in early October 2022. It is scheduled to run until the end of 2024 at the latest. The maximum buy-back volume of the program remained unchanged at up to three percent of the outstanding shares and a volume of up to EUR 25 million. The main reasons for this decision were the positive feedback regarding the program, the consistently high equity ratio and the strong cash flow of the business model. By December 31, 2023, TAKKT had acquired a total of 837 thousand shares as part of the share buy-back program at an average price of EUR 13.01.

## Comprehensive information for the financial community

TAKKT's investor relations work focuses on providing information to shareholders, analysts and investors in a transparent and reliable manner. The company places great importance on timely and informative reporting.

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

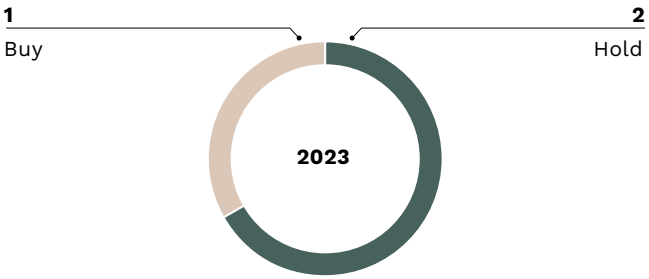
## Close communication with investors and analysts

TAKKT maintains regular communication with capital market operators, institutional and private investors, financial analysts and financial journalists. At the end of March 2023, TAKKT presented its consolidated financial statements at the analyst conference, where it discussed the strategy, progress of the transformation and outlook for the fiscal year with analysts and investors. During earnings calls, which take place approximately one month after the end of each quarter, the Management Board explains the interim results, provides updates on the progress in implementing the strategy, and addresses any questions that may arise. TAKKT regularly takes part in capital market conferences. Last year, these included the Hamburg Investor Days hosted by Montega, the Frankfurt Spring Conference, the German Corporate Conference of Kepler Cheuvreux and Unicredit, as well as those of Berenberg and Goldman Sachs, and the German Equity Forum. The company also conducted numerous investor meetings as part of digital roadshows and provides the materials presented at these events on its website.

In a climate that was characterized by outflows from European small caps, the number of analysts actively following TAKKT decreased. In February 2024, there were two recommendations to buy and one to hold. The average target price set by the analysts was EUR 14.07.

| Institution | Analyst |
|---|---|
| AlsterResearch | Thomas Wissler |
| Landesbank Baden-Württemberg | Thomas Hofmann |
| M.M. Warburg | Thilo Kleibauer |

**Analyst recommendations**



## Shareholders' Meeting and dividend

The ordinary Shareholders' Meeting in 2023 was once again held virtually on May 24. 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.

During the meeting, CEO Maria Zesch reported on the past fiscal year, presented TAKKT's role in shaping the working worlds of tomorrow, and the progress in implementing its strategy with the three pillars of Growth, OneTAKKT and Caring. During the general debate, the Management Board and Supervisory Board answered all the shareholders' questions. All agenda items were approved by a large majority, including the proposal for the payment of a special dividend of EUR 0.40 in addition to the base dividend of EUR 0.60 per share.

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

## 2024 financial calendar

The financial calendar for 2024 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
Benjamin Bühler / Nadine Gerach
Presselstraße 12, 70191 Stuttgart
Phone: +49 711 3465-8223
Email: investor@takkt.de
http://www.takkt.de/en

# Supervisory Board report

**Thomas Schmidt**
Chairman of the Supervisory Board

## LADIES AND GENTLEMEN,

The weak economic conditions posed challenges in the past fiscal year, particularly in the second half. As the Supervisory Board, we continually supported and advised the Management Board in this difficult and volatile environment. TAKKT was able to partially offset the negative impact of the weak sales development by focusing on improving the gross profit margin, cost management and cash flow. In particular, the significant increase in free cash flow demonstrates the resilience of our company. TAKKT is increasingly becoming a more tightly integrated Group with a clear customer focus. At the same time, it is clear that TAKKT has strategically prioritized sustainability as a key focus area, which is also gaining importance among its customers. Particularly noteworthy in this context is the prestigious German Sustainability Award presented to TAKKT at the end of October 2023, acknowledging the company's long-standing and continuous efforts in the area of sustainability. We have engaged in extensive discussions with the Management Board on strategic matters, especially regarding the further implementation of the transformation, and actively participated in decision-making processes.

### Work of the Supervisory Board

The Supervisory Board supported and monitored the Management Board in an advisory capacity in the year under review and was in dialogue with management, particularly with regard to strategic issues. It met on five occasions in the 2023 fiscal year. This consisted of four regular meetings as well as one additional meeting. The individualized disclosure of participation in the meetings of the Supervisory Board and committees can be found at the end of this report.

In 2023, the key topics addressed by the Supervisory Board were the current business performance, the strategic direction of the TAKKT Group, integration of the FoodService division in the US, consolidation and strengthening of the kaiserkraft brand in Europe, the creation of a Group-wide target structure for warehousing and logistics, M&A activities, and matters related to governance, risk and compliance. Other focus areas included e-commerce and sustainability. Extensive discussions involving Supervisory Board members Aliz Tepfenhart and Alyssa Jade McDonald-Bärtl, as well as the Management Board and other TAKKT employees, led to comprehensive workshops held during the March and September sessions of the Supervisory Board.

The Personnel Committee focused on the extension of the CEO's contract. The Supervisory Board is very pleased to have secured Maria Zesch's contract extension until mid-2029. In addition, the committee discussed general matters regarding

the compensation of the Management Board and succession planning. The audit committee was heavily involved in the selection process for the new auditor for the 2024 fiscal year. The Management Board and Supervisory Board will propose a suitable candidate at the Shareholders' Meeting. Furthermore, the committee reviewed the risk management approach, the implementation of the German Supply Chain Due Diligence Act, and other matters mandated by law and the rules of management.

### Constructive collaboration and continuous improvement

Also during the 2023 fiscal year, there was regular bilateral communication between the CEO and Chairman of the Supervisory Board. The meetings between the Supervisory Board and Management Board were focused and constructive. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner and passed formal resolutions where necessary. The efficiency review initiated at the beginning of 2023 was enhanced in the fourth quarter with a questionnaire and interview-based approach, and discussed at length in the December meeting. Various measures for continuous improvement have been documented and are currently in progress.

### Oriented towards the Corporate Governance Code

The Supervisory Board places importance on conducting its control tasks continuously and comprehensively. This self-commitment will also define its work in the future since it makes a significant contribution to responsible corporate management at TAKKT. As in previous years, the Management Board and Supervisory Board once again signed the declaration of compliance in December 2023. 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.

### Consolidated financial statements and financial statements of TAKKT AG approved

The Shareholders' Meeting followed the proposal of the Supervisory Board and appointed RSM Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2023 fiscal year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board, represented by the audit committee, reviewed the independence of the auditor as per section 107(3) sentence 2 of the German Stock Corporation Act (AktG).

The key audit topics for the 2023 fiscal year specified by the audit committee were the impairment of receivables, application of the expected credit loss method and review of internal controls for payment fraud. With regard to the consolidated financial statements, the auditors also focused on the goodwill impairment tests, reports 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 RSM Ebner Stolz GmbH & Co. KG reviewed the financial statements of TAKKT AG in addition to the consolidated financial statements and the combined management report and issued an unqualified audit certificate.

The auditors in charge attended the audit committee's annual accounts meeting on March 21, 2024. They informed the members of the audit committee about the key findings of the audit and answered more detailed questions. After extensive discussion, the audit committee approved the auditors' findings and reported the results of the annual accounts meeting to the Supervisory Board during the meeting held on March 27, 2024. At this meeting, the Supervisory Board approved the consolidated financial statements, the financial statements of TAKKT AG and the management report of TAKKT AG and the TAKKT Group, including the non-financial statement. The financial statements of TAKKT AG were thus adopted and the consolidated financial statements approved.

### Supervisory Board approves dependence report

Franz Haniel & Cie. GmbH, Duisburg, also held the majority of TAKKT shares in the 2023 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. RSM 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 firstly, the facts set out in the report are

correct and secondly, payments made by the company for transactions covered in the report were not unduly high." The Supervisory Board reviewed and approved the report on relations with affiliated companies and the corresponding audit report according to section 314 of the German Stock Corporation Act (AktG). The Board had no objections to the dependence report and the closing statement made by the Management Board therein, which can be found in the "Corporate Governance" section of this annual report.

## Personnel changes on the Supervisory Board lie ahead

In spring 2023, Supervisory Board member and Deputy Chairman of the audit committee Dr. Florian Funck informed TAKKT that he would be leaving the Haniel Group in the fall after more than 20 years to pursue new professional challenges. He plans to step down from his position on the Supervisory Board at the 2024 Shareholders' Meeting. In September 2023, I announced in my capacity as Chairman of the Supervisory Board and the Personnel Committee of TAKKT that I would also be leaving the Haniel Group in the near future and resigning from my position at the 2024 Shareholders' Meeting. Following this announcement, the Supervisory Board initiated specific succession planning measures. In particular, the skill profile of the Supervisory Board was validated, enhanced and updated.

In view of the small size of the Supervisory Board, it was unanimously agreed that there was no need to establish a nomination committee for the selection process. The Supervisory Board is pleased to be able to propose a suitable solution for succession at the 2024 Shareholders' Meeting.

## A word of thanks from the Supervisory Board

We would like to thank the TAKKT AG shareholders for the trust they placed in us in 2023. In order to ensure their adequate participation in the strong cash flow of the company, the Management Board and Supervisory Board propose a dividend payment of EUR 1.00 per share. In 2023, the employees and Management Board demonstrated a high level of commitment and achieved significant success during the transformation process despite very challenging circumstances. We would like to extend our sincere gratitude and appreciation to the members of the Management Board and employees of the Group for all their work.

Stuttgart, Germany, March 2024

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

# Members of the Supervisory Board

| | |
|---|---|
| **Thomas Schmidt**<br>Chairman | Chairman of the Management Board (CEO)<br>of Franz Haniel & Cie. GmbH, Duisburg<br>(until 07. November 2023)<br>Business consultant (since 01. Dezember 2023) |
| **Dr. Johannes Haupt**<br>Deputy Chairman | Consultant and Chairman of the Advisory Board<br>of Regionique Produktfabrik GmbH, Ettlingen |
| **Dr. Florian Funck** | Member of the Management Board (CFO)<br>of Franz Haniel & Cie. GmbH, Duisburg<br>(until 31. Januar 2024)<br>Member of the Management Board<br>of Sartorius AG (prospectively from 01. April 2024) |
| **Thomas Kniehl** | Employee for customer support (detached works council) of KAISER+KRAFT GmbH, Stuttgart |
| **Alyssa Jade McDonald-Bärtl** | Managing Director, BLYSS GmbH, Berlin |
| **Aliz Tepfenhart** | Managing Director Burda Digital SE, Munich |

## Members of the personnel committee

**Thomas Schmidt**
Chairman

**Dr. Johannes Haupt**
Deputy Chairman

**Aliz Tepfenhart**

## Members of the audit committee

**Dr. Johannes Haupt**
Chairman

**Dr. Florian Funck**
Deputy Chairman

**Thomas Kniehl**

**Board members' participation in Supervisory Board meetings in the fiscal year 2023**

| | Supervisory Board | | Personnel committee | | Audit committee | |
|---|---|---|---|---|---|---|
| | Meetings | in % | Meetings | in % | Meetings | in % |
| Thomas Schmidt | 5 / 5 | 100 | 4 / 4 | 100 | – | – |
| Dr. Johannes Haupt | 4 / 5 | 80 | 3 / 4 | 75 | 5 / 6 | 83 |
| Dr. Florian Funck | 5 / 5 | 100 | – | – | 6 / 6 | 100 |
| Thomas Kniehl | 5 / 5 | 100 | – | – | 6 / 6 | 100 |
| Alyssa Jade McDonald-Bärtl | 5 / 5 | 100 | – | – | – | – |
| Aliz Tepfenhart | 5 / 5 | 100 | 4 / 4 | 100 | – | – |

# Management Report

for TAKKT AG and the TAKKT Group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# Business activities

## ORGANIZATION AND BUSINESS AREAS

**The TAKKT Group operates in Europe and North America and specializes in B2B omnichannel retail for business equipment. Sales are carried out mainly via e-commerce, and customers are also addressed through print marketing and key account managers. The divisions and brands operate in attractive markets and focus primarily on selling to corporate customers in various industries and regions. The products they offer typically consist of durable and less price-sensitive equipment as well as special items that are needed on a regular basis. The product ranges that are offered mostly encompass durables that companies use for their business activities. The TAKKT companies supply products such as pallet lifting trucks to German automobile suppliers, computer cabinets to Swiss mechanical engineering companies, custom-printed advertising banners for trade shows, shipping cartons to European industrial companies and food service equipment to commercial kitchens in the US.**

### Organizational structure

The Group addresses the market through three divisions, which cater to the specific work environments and product categories:

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

In addition to the divisions where the market-oriented functions are bundled, supporting Group functions such as Operations (warehousing and logistics), Technology & Data (IT, data and IT security), Finance and HR are uniformly coordinated and managed across the entire Group through a matrix organization structure.

### Three divisions for three specific work environments

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

The aim of the organizational alignment along product categories and working environments is to maximize existing sales potential. The work of the divisions will focus on market and customer-related functions such as sales, marketing, e-commerce and category management. These tasks are being coordinated and consolidated within the divisions across the individual sales brands. This enables efficient use of internal resources and skills, such as in marketing, by expanding cross-selling and in the ongoing improvement and new development of future-oriented products and services for the respective working environment.

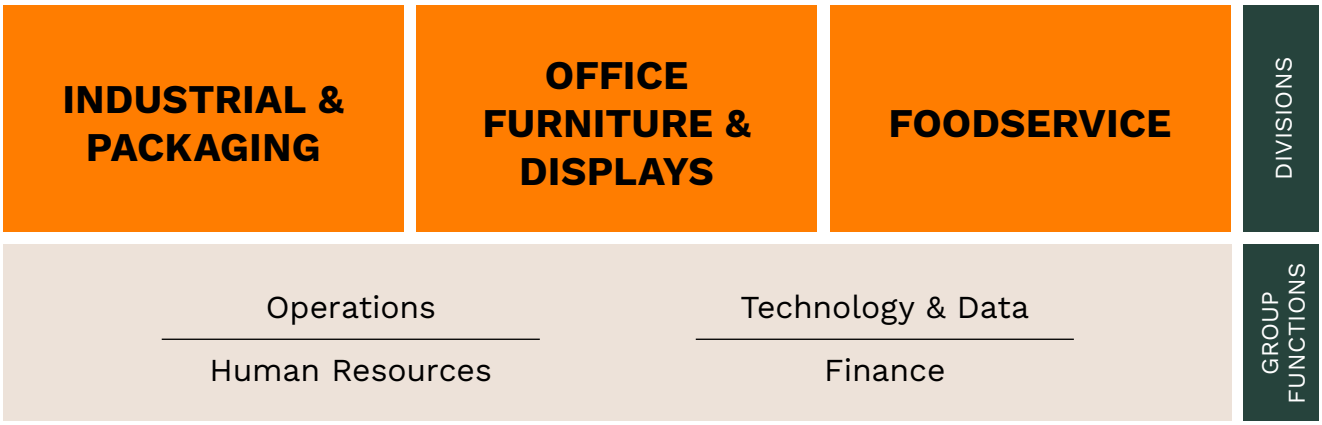
### Bundling Group-wide functions to generate greater synergies

TAKKT integrates and bundles support functions that are critical for success at the Group level. The focus will be on Operations, Technology & Data, Finance and Human Resources. Integrating these functions centrally offers greater synergies, and the larger areas of responsibility make it easier to recruit experts and develop core areas of expertise within the Group.

The structures in the finance area are fully integrated, and therefore managed and controlled centrally throughout the Group. Significant progress was made in 2023 with regard to the integration of HR, such as in centralizing the management of core processes. In operations, the new structure in Europe has been fully implemented since 2023. In the US, collaboration across sales brands and divisions is also increasing. The Group has therefore developed a unified warehousing strategy for North America, which will be implemented in 2024. Since 2023, Technology & Data is also controlled and managed centrally in Europe. In addition, TAKKT developed the goal and road map for the future IT system landscape.

The corporate structure with the divisions and Group functions is shown on page 32.

**Group structure**




## Overview of divisions

In the **I&P division**, the organizational integration has been mostly completed and the brand landscape further harmonized. Market and customer-related functions such as sales, marketing and product portfolio management are integrated across the various sales brands. The brand landscape of the division was streamlined and harmonized with the relaunch of the kaiserkraft sales brand. The plan is to continue this process in 2024.

As an omnichannel retailer, kaiserkraft caters to the highly diverse needs of businesses in Europe by providing a wide range of products, including plant, warehouse and office equipment as well as packaging solutions. Customers include self-employed individuals and smaller businesses as well as larger companies with multiple branches. In Scandinavia, a similar product range is sold under the Gerdmans brand, and under the BiGDUG brand in the UK.

The **OF&D division** is mainly active in the US. National Business Furniture (NBF) offers office furniture products in the US. The customers include companies and service providers such as lawyers and architects as well as public institutions like government agencies and schools. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.

Displays2go offers sales promotion products in the US. Products include advertising banners, digital display stands, mobile trade booths and fixtures. Mydisplays offers a similar product range in Germany.

The **FS division's** main focus is North America. The Hubert and Central sales brands operate independently in the market. Similar to the I&P division, market and customer-related functions that are critical for success have already been largely integrated in order to create synergies: The integration will be completed in the first half of 2024.

Hubert offers equipment for the food service industry and food retail sector as well as sales promotion. The customers mainly include operators of large cafeterias, food service businesses and food retailers. Products include buffet equipment such as serving platters and food baskets. Central sells products for restaurant equipment. The product range includes all the equipment and supplies required for the operation of small to mid-sized restaurants. Some examples of products are kitchen stoves and freezers. XXLhoreca is an e-commerce direct marketing specialist for food service equipment based in the Netherlands and therefore not integrated into the structures of Hubert and Central. The company primarily supplies hotels, restaurants, cafeterias and catering companies. The range focuses on large appliances such as refrigerators and freezers.

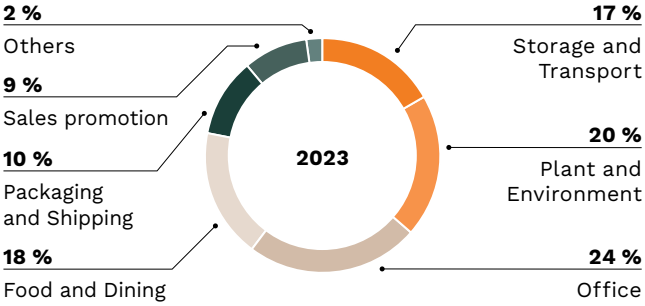
An overview of all the Group companies is provided by the share ownership list of the TAKKT Group, which can be found in the Notes to the consolidated financial statements under "Other notes" in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual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

## Diversified positioning

Due to its presence in different regions and the focus on different product and customer groups, the TAKKT Group is broadly based. At the product level, TAKKT differentiates between products for operations & environment, warehouse & transportation, office, packaging & shipping, food service and sales promotion. TAKKT diversifies broadly to compensate for fluctuations in demand.

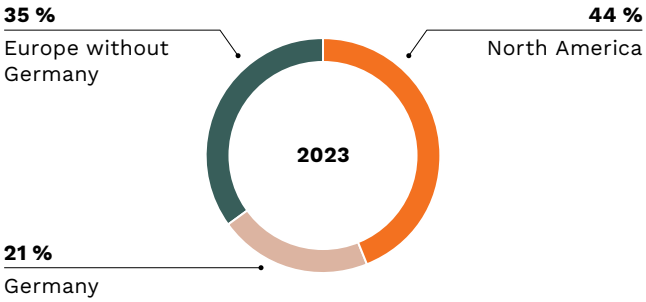
The company has specifically expanded its product portfolio through various acquisitions to include new product groups in order to participate in industry trends. TAKKT will also take industry trends into account in M&A activities in the future.

**Diversification of product ranges**



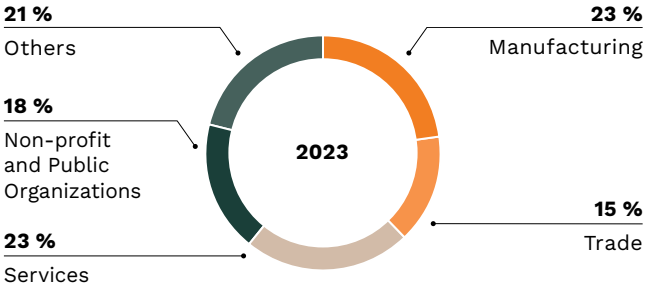

At the regional level, TAKKT differentiates between Germany, Europe without Germany and North America. In the past, this has proven to be a pillar of the TAKKT Group. It has allowed economic fluctuations in certain target markets to be partially offset by opposite developments in other regions. TAKKT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

**Diversification of regions**




At the customer level, the divisions serve a broad customer base consisting of manufacturing businesses, retailers and service providers as well as nonprofit and public organizations to compensate for the cyclical fluctuations experienced by the individual target groups. TAKKT wants to continue to generate a balanced share of sales with the manufacturing industry, the trade and service sectors, and nonprofit and government institutions. This diversification across different customer groups stabilizes the TAKKT Group as a whole.

**Diversification of customer groups**



## MARKET POSITION AND COMPETITIVE ENVIRONMENT

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

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

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

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

### Added value for customers and suppliers

The companies of the TAKKT Group operate in attractive market segments. In the B2B environment, the customer considers the price in relation to product, quality and service. An offer is especially appealing to customers if they can find and order good products at attractive prices quickly and easily. They also expect a high level of advice and service with respect to the actual product. TAKKT's strength lies in its ability to address and serve these different customer needs in a targeted way. The services are listed in the table on page 35.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side (see table on page 35). 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 | |
|---|---|
| One-stop shop for a broad range of products | › Greater cooperation between the sales brands and needs-based cross-selling across product categories allows customers to choose from a wider range of products |
| Partner for sustainable business activities | › Large selection of particularly sustainable products with a low carbon footprint made from recycled materials and with a short supply chain<br>› The introduction of a product rating system that focuses on sustainability makes it easier for customers to make more responsible purchasing decisions |
| Innovative and attractive working environments | › Comprehensive consultation and needs analysis mean that future customer requirements can be anticipated and included in planning or product adjustments |
| Easy ordering and fast delivery | › Networked ordering channels enable a smooth ordering process for customers<br>› Fast delivery through logistics partners in the individual countries<br>› Quick availability of many products |
| Needs-based products and well-organized presentation | › Comfortable, user-friendly and customer-specific presentation on different channels<br>› Detailed product information such as mainly self-produced videos, images and product descriptions<br>› Wide range of private brands and a carefully curated product pre-selection<br>› Continuous and, if necessary, short-term adjustment of product range to customer demand |
| Personalized advice and individual offers | › Sales employees and product experts advise customers through different channels and media<br>› Individual offers and support with selection process |
| Customized solutions | › Special procurement and custom-made products possible if there is no immediate solution available for the specific customer request<br>› Individual project planning<br>› Mobile customer service (spare parts, repair, maintenance)<br>› Delivery to the point of use and assembly service<br>› Integration into customers' purchasing processes (e.g. e-procurement) |
| Project management | › Coordination of specific customer projects by employees in telesales and field activities<br>› Special service requirements taken into consideration (e.g., when equipping several facilities) |
| Long warranty periods | › Warranty periods beyond the legal requirements and after-sales guarantee of several years |

| Added value for suppliers | |
|---|---|
| Unlocking even greater customer potential | › Access to entire customer base of the sales company<br>› Opportunity to benefit from cross-selling with product categories of other manufacturers<br>› Consolidation of sales brands and supplier base allows selected suppliers to benefit from access to an even larger customer base and increasing sales volumes |
| Close partnership and joint product development | › Close supplier management and regular interaction<br>› Early input on changing customer requirements and joint product development for the creation of new working environments |
| Targeted marketing of sustainable products | › Promoting sustainable products through specialized web shops and a corresponding product rating<br>› Providing guidance and support to suppliers in making their products more sustainable |
| Professional product sales | › TAKKT provides targeted marketing through various sales channels<br>› 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<br>› Natural market entry barriers due to country-specific factors such as language, currency or tax and legal conditions are avoided<br>› Supplier does not have to set up own sales structure abroad |
| Greater efficiency | › One-time shipment of larger volumes to a central warehouse instead of many individual deliveries to customers |

## Fragmented competitive environment

The competitive environment in the markets that are relevant for the TAKKT companies is generally characterized by a large number of store-based retailers and distance sellers. Omnichannel providers as well as purely online providers and marketplaces (intermediary platforms) are active in distance selling. While the market is expected to grow in line with or slightly stronger than the overall economy, TAKKT anticipates a slight increase in market share for distance selling, particularly through digital channels. The projected market share shift should have a medium to long-term beneficial impact for TAKKT, which already generates significantly more than half of order intake on average via e-commerce. The Group supports this trend through a targeted focus on e-commerce growth. Further information can be found in the "Corporate goals and strategy" section.

The various brands within the Group position themselves competitively primarily as service and quality-oriented providers:

- 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.
- TAKKT's main competitors in the medium-sized to large B2B customer market are other service-oriented retailers. For this customer group, a reliable procurement process, comprehensive product advice and complementary services are just as important as price. To gain market share in this segment, the brands are increasingly positioning themselves as solution providers, such as by offering services to assist customers with setting up and equipping new businesses.
- In addition to the brands that prioritize high quality and comprehensive service, the Group also includes brands that target more transaction-oriented, price-sensitive and generally smaller corporate customers. These brands, which include BiGDUG in the UK, place more emphasis on e-commerce and product expertise. They have a great deal of expertise with respect to their specific product range. This allows them to offer an attractive price level, while also differentiating themselves from marketplace models by providing advice and extensive product knowledge.

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<br>› Schäfer Shop<br>› Jungheinrich Profishop | › Raja<br>› Transpak<br>› Hoffmann | › Trimark<br>› Edward Don<br>› Wasserstrom | › Allen Display<br>› Braeside Displays | › Staples<br>› Office Depot |
| | Online-only retailers | › Contorion<br>› Rapid Racking<br>› Profishop | › Karton.eu<br>› Hilde24 | › Webstaurant Store<br>› Katom | › Ace Exhibits<br>› DisplayIt | › BizChair<br>› Cymax |
| | Online marketplaces | Various marketplaces, e.g. Amazon Business or Mercateo | | | | |

## CORPORATE GOALS AND STRATEGY

**TAKKT is undergoing a transformation from a portfolio of largely independent companies to a more integrated, customer-focused and growth-oriented Group. The implementation of the new strategy starting at the end of 2021 takes place in three phases, each with its own set of priorities: Restart (2021 and 2022), Resilience (2023 and 2024) and Acceleration (2025 to 2028). The three pillars of this strategy are Growth, OneTAKKT and Caring and include specific measures and goals. In the coming years, TAKKT's aim is to achieve accelerated organic growth, improved profitability and continued strong cash generation. The Group is also committed to upholding its corporate responsibility towards customers, employees, society and the environment in the future.**

### Strategic orientation and vision

"Bringing new worlds of work to life" is the vision behind the strategic positioning of the TAKKT Group. The world of work is undergoing a fundamental transformation. Playing a decisive role in this are significant trends like the shortage of skilled workers, the growing importance of health and prevention, digitalization and climate change. As a result, the competition for employees is leading to greater automation and the use of artificial intelligence. Creating attractive workplaces and environments is becoming increasingly important when it comes to acquiring and retaining employees.

TAKKT strives to live up to this vision by positioning itself as a more integrated, customer-focused and growth-oriented company. By focusing on innovation and cross-functional collaboration, the Group wants to develop the right products for the work environments of the future together with customers and suppliers, and to integrate these into its product range. This means that analyzing customer needs and the services related to this will account for a greater part of value creation. Specific actions may include ensuring that ergonomic requirements are fulfilled in warehouses or providing automation support in the restaurant sector.

### Implementing the strategy

Since the fall of 2021, TAKKT has been undergoing a transformation into a more integrated, customer-focused and growth-oriented Group, and is fully on track with the implementation. Out of the three divisions, the I&P and FS division have been integrated. The existing parallel structures in marketing, sales and category management for the various brands within the divisions were replaced by a single, integrated organization. In addition, the Group has streamlined the brand landscape by reducing the number of brands and strengthening the remaining sales brands. TAKKT has centralized important support tasks and made them more efficient by establishing the Group functions in the areas of Operations, Technology & Data, HR and Finance.

While progress in implementing the transformation with regard to the organizational changes and growth initiatives meets the initial expectations, the positive effect of the strategy on sales and earnings figures has been weaker than the negative impact of the recent very challenging environment. In light of this, TAKKT is adjusting the mid-term goals associated with the strategy. In October 2023 the Group published that with the adjustment of the forecast it is no longer adhering to the initial financial targets of achieving sales of EUR 2 billion by 2025.

The Group remains steadfast in its chosen transformation process and the strategy consisting of the three pillars Growth, OneTAKKT and Caring. Despite strict cost management, the Group excluded transformation and growth projects from cost-saving measures in 2023 in order to maintain momentum. The Group will also continue to prioritize the transformation in the coming years. In the current climate of subdued demand, TAKKT is also placing an emphasis on improving the gross profit margin, consistent cost management and cash generation. Once conditions are more favorable, the Group will focus on accelerating growth in the coming years.

## Mid-term goals until 2028

With the start of the transformation process and the implementation of the new strategy, TAKKT communicated at the end of 2021 the sales and earnings goals to be achieved by 2025. However, due to the weak market development and uncertain environment, the original targets were revised at the beginning of 2024. The Group anticipates that the economic environment in 2025 and onwards will be noticeably more positive than at present. In 2024, as in 2023, TAKKT will continue to focus on strengthening its resilience. Maintaining a stable gross profit margin, improving cost structures and further optimizing cash flow will be the main focus.

After completing the second phase and implementing resilience measures, TAKKT will prioritize growth acceleration starting in 2025 by intensifying its strategic growth initiatives and leveraging the associated scaling effects. The financial goals from 2025 onwards include achieving higher market shares and accelerating organic growth. In addition to value and growth drivers, stronger brand management, development into a solution provider, and integrated omnichannel sales should also contribute to tightening customer relations. Opportunistic acquisitions will also continue to be part of the growth strategy. The EBITDA margin is expected to gradually improve to 12 percent as a result of more efficient structures and increased scalability. The Group aims to convert a multi-year average of 50 to 60 percent of the generated EBITDA into free cash flow, with demand-driven fluctuations in net working capital potentially affecting cash conversion in individual years.

| | RESTART 2021–2022 | RESILIENCE 2023–2024 | ACCELERATION 2025–2028 |
|---|---|---|---|
| **ENVIRONMENT** | | | |
| | › Coronavirus pandemic<br>› Very high inflation<br>› Disruptions in global supply chains | › Negative sentiment and subdued demand<br>› High level of uncertainty due to geopolitical conflicts<br>› Slowly declining inflation and normalization of supply chains | › Economic forecasts expect an improvement in conditions |
| **PRIORITIES** | | | |
| Operational | | | |
| | › Inflation management<br>› Ensure delivery capacity | › Increase gross profit margin<br>› Improve cost structures<br>› Focus on free cash flow generation | › Acceleration of growth<br>› Scaling infrastructure |
| Strategic | | | |
| | › New strategy: Growth, OneTAKKT, Caring<br>› Cultural change: More integrated, growth-oriented and customer- focused<br>› Initiate implementation of integrated organizational structure | › Implementation of value and growth initiatives<br>› Establish global IT and logistics structures | › Acceleration of value and growth initiatives<br>› Tightening customer relations through stronger brand management, development into a solution provider and integrated omnichannel sales |
| | | › Further development of the strategy, and value and growth drivers | |
| | | › Additional growth through opportunistic M&A | |

In addition to financial aspects, the mid-term goals address the concerns of key stakeholders, such as improving customer satisfaction, further enhancing diversity among employees and assuming corporate and social responsibility through an even more sustainable product range. The mid-term goals therefore encompass the three strategic pillars of Growth, OneTAKKT and Caring. The table below gives an overview of the goals.

| Strategic mid-term goals 2025 to 2028 | |
|---|---|
| GROWTH | › Market share gains and accelerated organic growth<br>› Additional contributions to sales through acquisitions |
| One TAKKT | › Improved EBITDA margin to 12 percent<br>› Average cash conversion from EBITDA of between 50 and 60 percent |
| CARING | › Customer NPS of 60<br>› Share of women in executive positions of around 50 percent<br>› Share of “enkelfähig” products of 50 percent |

## Growth

### Organic growth

TAKKT’s aim is to significantly accelerate organic growth from 2025 onwards and achieve stronger growth than competitors in its target markets. As an omnichannel distributor for business equipment, TAKKT will continue to be significantly impacted by economic conditions and subject to cyclical trends in terms of sales growth. In the past, the Group averaged yearly organic growth in the low single-digit range over the long term. TAKKT is certain that the new orientation and strategy will allow it to achieve much higher growth rates in the future. The products that the divisions offer allow them to address very large and fragmented markets in which even leading brands like kaiserkraft have a market share that is only in the very low single-digit percentage range, meaning that there is great potential for growth.

The further development of TAKKT’s business model was accompanied by a significant increase in the e-commerce business, which, despite the minor decline in 2022 and 2023, still accounts for more than half of the business volume. TAKKT expects the changes in customer behavior and increasing shift towards e-commerce in the B2B sector to continue and anticipates growth opportunities for its web shops, and particularly for e-procurement.

TAKKT pursues a uniform approach across the Group for managing and measuring the success of key e-commerce functions. This makes it possible to continuously enhance the user experience and ordering processes in its web shops. In the medium term, TAKKT wants to realize further efficiency gains through greater standardization of the web shops and shared use of the IT infrastructure. TAKKT achieved clearly positive growth in e-procurement in 2023 and expects further above-average development. To achieve this goal, the Group aims to attract customers with favorable ordering habits and persuade them to adopt an e-procurement solution. TAKKT is also working on automating the connection of new customers and transferring product data from internal information systems to e-procurement systems.

On the division level, the different sales brands are collaborating more closely in the areas of marketing, sales and category management, which allows them to offer their customers a wide range of products from different categories. For a customer from a logistics department, this means procuring products for the storage and transport of their goods as well as packaging from a single source. Through increased cross-selling, TAKKT is able to generate higher business volume with its existing customer base and positive contributions to growth.

In the Industrial & Packaging division, significant contributions to sales were already achieved in 2023 through cross-selling of the business equipment and packaging solutions product categories. In the third quarter, TAKKT further consolidated the two largest sales brands, KAISER+KRAFT and ratioform, under the rebranded name kaiserkraft. Under the new brand identity, customers now have access to a very wide range of products from both categories. In the FoodService division, Hubert and Central will continue as independent brands, while also participating in cross-selling activities by offering the key product range

of the partner brands to their own customer base. In 2023, sales generated through cross-selling amounted to well over ten million euro.

TAKKT also sees a major opportunity for additional growth through an improved smart pricing strategy. In previous years, pricing was based primarily on purchase prices and margin requirements. Sales prices are increasingly being determined dynamically, taking into account parameters such as competitor prices, product availability and conversion rates. In the future, the dynamization of prices will be largely automated. The aim is to define prices that are more aligned with customer and competitive data, and to use algorithms for flexible and customer-specific pricing. Until now, the focus has been on smart pricing, which has been implemented in the Industrial & Packaging division. However, the approach will also be rolled out to the other divisions over the next years. In the medium term, TAKKT expects the new strategy to be a driver of additional growth through more competitive pricing of some products. At the same time, taking advantage of a higher willingness to pay with less price-elastic product groups will have a positive effect on the gross profit margin.

TAKKT expects to drive further growth through more active management of its product range. To achieve this, an initiative was launched at the end of 2023 that includes pruning the product portfolio, focusing on fewer suppliers and expanding the range with combined solutions instead of individual products. One example is the complete setup and design of a packing area at the customer's location, including assembly, marketing and providing advice. In addition to the focus on comprehensive solutions, expanding the range with sustainable products is also part of the initiative. Along with increased growth, the aim of actively managing the product range is to improve the gross profit margin and generate stronger free cash flow.

**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. Acquisitions could be integrated into one of the three existing divisions to strengthen their business activities, potentially through an attractive customer base. Alternatively, a large-scale acquisition could possibly lead to the establishment of a fourth division. In the first case, the acquisition target must be capable of being integrated into the existing structures of the division, possibly through regional proximity and having a similar or related product range. For the creation of a new division, the acquisition target should meet specific size criteria, but can diverge more significantly from the existing activities in terms of regional focus, product range and customer orientation. However, the target company needs to meet specific criteria such as a clear focus on the B2B market and the ability to make effective use of existing Group functions in the areas of Operations and Technology & Data.

Future acquisitions are also expected to enhance the added value within the Group. TAKKT also wants to acquire companies offering products or services that expand the existing range of services for customers. These could include solutions for manufacturing, refining or adapting products as well as service offerings. On the regional level, TAKKT's focus is on the European and North American markets, where the Group is already active.

With regard to acquisitions, TAKKT's aim is to achieve a strong integration of potential target companies. This allows the acquired companies to benefit from the competencies and expertise at the divisional and Group level (e.g., in Operations, Technology & Data, Analytics, Category Management and Marketing). In addition to taking advantage of synergies, TAKKT wants to accelerate growth through improved scalability. Both result in a higher increase in value as opposed to the acquired company continuing to operate independently.

**OneTAKKT**

One key component of the strategic orientation is a more compact and integrated corporate structure. TAKKT expects the new structure to accelerate growth as well as improve profitability through scaling effects, more efficient use of resources and continued high cash generation. The Group aims to gradually increase the EBITDA margin to 12 percent from 2025 to 2028 and convert an average of 50 to 60 percent of EBITDA into free cash flow.

**Improvement of profitability, earnings and free cash flow**

TAKKT achieves high levels of profitability by positioning itself as an omnichannel retailer in attractive niche markets and using efficient processes. The starting point is a gross profit margin that is expected to reach a Group average of 40 percent. The relatively high margin results from the market positioning as a provider of business equipment as well as from targeted long-term measures such as the expansion of private labels and a stronger focus on relationships with suppliers. Even with high inflation rates, TAKKT is adhering to its high target for the gross profit margin and will continue to pass on price increases to customers in full.

TAKKT wants to achieve a sustainable increase in EBITDA in the coming years. In addition to accelerated sales growth, the goal is to also improve profitability by increasing the EBITDA margin from the previous level of nine percent to around twelve percent. Two main effects should contribute to the increase in profitability. First of all, organic growth and better infrastructure utilization should reduce the cost ratios for marketing, HR and other expenses. Second, TAKKT expects to see considerable scaling effects and efficiency gains from the stronger integration of Group functions as well as from the expanded cooperation or integration of different brands within a division.

TAKKT's business model is not only characterized by above-average profitability, but also enables the company to generate a high free cash flow. In addition to sales and earnings growth, the change in net working capital is another decisive factor in free cash flow development. TAKKT is continuously working on further improving its strong cash conversion by making adjustments in the areas of inventory management, receivables and accounts payable management.

## Caring

The strategy is not limited to improving the company's commercial success but instead pursues a comprehensive approach. TAKKT believes that addressing the concerns of all important stakeholder groups is the prerequisite for sustainable commercial success. The strategic mid-term goals therefore also include target values for customer satisfaction and sustainability.

**Increasing customer satisfaction**

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

**Diversity**

TAKKT believes firmly in the benefits of having diverse teams at all hierarchical levels. Diversity refers to attributes like culture, nationality, ethnicity, social background, age, sexual orientation and gender. The focus of diversity management is on increasing the share of women in executive positions. Therefore, junior female professionals given targeted support and their visibility is increased in preparing for the next step in their career. The Group has set itself the goal of filling executive positions with an equal representation of men and women by 2028.

**Sustainability**

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

Sustainable product ranges are increasingly sought-after, making them an important growth driver. In 2022, TAKKT introduced a product classification system called the “enkelfähig” rating to help measure the sustainability of its products and make this information visible. In 2023, the Group expanded this product rating to include additional categories and companies, and increased the share of “enkelfähig” products in sales from 20 percent in the previous business year to 24 percent.

The targeted marketing of sustainable products, including the use of dedicated pages in the web shop, also contributed to this. By 2028, TAKKT wants to increase the share of these products to 50 percent and thereby make a significant contribution to resource-efficient management.

The high importance that TAKKT places on sustainability is also recognized externally. At the end of October 2023, the Group won the German Sustainability Award in the category of “Investment Goods – Distribution” and was recognized as a pioneer for its sustainability initiatives. By incorporating sustainability as a core element in its strategy, continuously improving the sustainability key figures and providing comprehensive reporting, TAKKT successfully impressed the panel of highly regarded experts.

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

## MANAGEMENT SYSTEM

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

### Organic growth

- The organic sales development serves as a measure for the growth of the company without the inclusion of company acquisitions and disposals or the impact of fluctuating exchange rates. The short-term development of sales is influenced by the economic cycles.
- Organic e-commerce growth reflects the development of the online business adjusted for acquisitions, disposals, and the effects of currency fluctuations. For this, TAKKT includes order intake via e-procurement systems, web shops, online marketplaces and orders placed through traditional channels that were initiated over the internet.

### 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 around 40 percent. This reflects TAKKT's market positioning as a highly customer- and quality-oriented provider, capable of offering a wide range of product and delivery services.
- EBITDA serves as a relevant key figure for the short-term operating earning power of the individual Group companies. The advantage of using this key figure for controlling purposes is that it is not influenced by effects arising from country-specific differences in tax rates and financing structures. Since the figure does not include depreciation and amortization of non-current assets, it allows a direct comparison between existing and newly acquired companies.

### Cash

- With regard to the cash perspective, TAKKT has previously used and reported TAKKT cash flow and free TAKKT cash flow as key figures. In the future, free cash flow (as defined below) will replace these two key figures. Development of the TAKKT cash flow closely mirrored that of EBITDA. Due to its limited additional significance, this key figure will no longer be used as a performance measure.
- Unlike the previous definition of free TAKKT cash flow, free cash flow will now include lease payments from lease agreements in accordance with IFRS 16. This provides information about the cash surplus that the company can use for the repayment of bank debts, dividend payments and financing acquisitions. Free cash flow is calculated from the cash flow generated from operating activities, which includes effects from changes in net working capital, less operating capital expenditures in non-current assets and adding operating proceeds from disposals of non-current assets, and subtracting lease payments for the repayment of lease liabilities.
- The capital requirements for maintenance, expansion and modernization of the business operations are comparatively small at the established companies of the TAKKT Group. At the same time, IT infrastructure is becoming more important, fueling a corresponding need for investment in areas like web shop technology and ERP. The capital expenditure ratio (the ratio of payments for operative capital expenditure in non-current assets to sales) is slightly below the long-term average of two percent. In fiscal years in which the warehouse capacities of a business unit are expanded significantly or important capital expenditures in IT are made, the ratio may exceed two percent.

### Customer and employee perspective

- TAKKT collects and analyzes the customer Net Promoter Score (cNPS) in all business units as an indicator of customer satisfaction. For the survey, customers are asked how likely they would be to recommend the respective brand to others. The likelihood was rated using a scale from 0 to 10 and customers were then grouped into three categories (promoters, detractors and passives).

Those with a score of less than seven are considered detractors, while customers with a nine or ten are labeled promoters. The cNPS is calculated by subtracting the percentage of detractors from the percentage of promoters, and dividing the difference by the number of customer surveys. It can thus generate a score between -100 and +100.

- While the cNPS indicates a customer's willingness to recommend, the employee NPS (eNPS) provides information about the willingness of employees to recommend. The method used to determine the eNPS is the same as that for the cNPS. Employees are classified as promoters, passives or detractors based on their willingness to recommend. The eNPS is calculated based on the responses. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values. Employees can be dedicated and motivated top performers, even if they are dissatisfied with some working conditions and therefore not considered promoters based on their rating. A score of over 0 means that the majority of employees would recommend their employer to others.
- TAKKT believes in the benefits of having a high level of diversity among its employees. Diversity comprises different dimensions. The focus is on advancing women in executive positions. The Group chose to use the key figure of the share of women in executive positions as an indicator representing diversity. This share should continue to rise in the upcoming years. TAKKT therefore supports and encourages women with various measures to take on management positions.

### Sustainability

- A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group uses a corresponding product classification system for this purpose. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Once a defined score threshold has been reached, particularly sustainable products are awarded the "enkelfähig" label.
- TAKKT is committed to taking action to combat climate change. Within the Group, this relates in particular to reducing $CO_2e$ emissions wherever this is possible and makes sense. Further details on the sustainability goals are presented in the sustainability report.

### Overview of the management system

Reporting on the key performance figures for the past fiscal year includes the key figures from the management system presented in last year's annual report. A presentation and analysis of the development of these key figures are included in the Sales and earnings review, Financial position, Assets position and Company performance sections. The key figures for the customer and employee perspective, together with the sustainability indicators, are relevant non-financial key figures for the management of the Group. The expected development of financial and non-financial key figures for 2024 is presented in the forecast report starting on page 82.

## EMPLOYEES

**TAKKT's employees create the foundation for the Group's success. In the current phase of transformation, the focus of human resources is to drive change management, improve structures and processes, and create a work culture that promotes agility and collaboration. In 2023, TAKKT made significant progress in establishing new Group-wide structures for human resources. This includes the decision to introduce a Group-wide human resources information system and the development of a more unified approach for measuring and improving employee satisfaction, identification and engagement. In light of the difficult economic environment in 2023, TAKKT adopted a highly selective approach to recruitment and scaled down its workforce in specific areas in line with the decreased demand.**

In 2023, human resources activities focused on automating administrative processes and an approach that is data-driven and aimed at employee development. This change contributes to process optimization while also highlighting the Group's commitment to talent development and the creation of a hybrid corporate culture.

Initiatives such as the introduction of a global human resources information system (HRIS) play a key role within the more integrated structure of OneTAKKT and the target value Caring by enabling more unified performance assessment processes, improved talent management, appropriate remuneration practices across the Group, and providing resources for on-demand learning. Employee engagement is one of the most important factors for TAKKT's success. Regular surveys provide the Group with insights into positive and negative factors affecting motivation, which can be used to address issues quickly and directly through targeted action.

In 2024, TAKKT plans to continue the transformation of the HR function that was initiated in 2022 from a predominantly administrative role to a strategic partnership. The goal is to better support executives in a dynamic environment, provide stronger coaching and equip them with new skills. This initiative significantly contributes to promoting an agile working environment by empowering and encouraging employees to make decisions independently.

### Development of employee figures

At the end of 2023, the number of employees (full-time equivalents) in the TAKKT Group was 2,385 (2,437). The decline is attributable to the more restrictive personnel policy adopted in response to the challenging environment and adjusting the number of employees (in specific areas) in line with the lower demand.

**Number of employees**

| | 12/31/2022 | 12/31/2023 |
|---|---|---|
| **in full-time equivalent** | **2,437** | **2,385** |
| thereof Division Industrial & Packaging | 1,485 | 1,461 |
| thereof Division Office Furniture & Displays | 504 | 478 |
| thereof Division FoodService | 388 | 379 |
| thereof other | 60 | 67 |
| | | |
| in headcount | 2,645 | 2,569 |

### Corporate culture, diversity and employer branding

The organizational integration within the divisions and Group functions goes hand in hand with the establishment of a common corporate culture. TAKKT employees work in many different companies at various locations in Europe and North America. As the transformation and integration process continues, it is anticipated that the cultures of individual companies, which have been shaped by medium-sized and local structures, will blend over time into a common corporate culture.

TAKKT promotes open, respectful and trusting collaboration and values the individual ideas, experiences and abilities of each employee, regardless of gender, religion, ethnicity, sexual orientation, disability or age. The Group cultivates a leadership mindset that values diversity and does not tolerate any form of discrimination. The principle of equal opportunity applies to both internal and external recruitment processes for vacant positions. Vacancies are filled solely on the basis of skills and qualifications.

The focus of diversity management at TAKKT is on increasing the share of women in executive positions. Therefore, TAKKT specifically supports junior female professionals in preparing for the next step in their career through flexible solutions and networking opportunities. In order to promote a better balance between family and leadership roles, TAKKT offers the possibility for two executives to share a leadership position along with the respective tasks and responsibilities. The share of female employees in the Group was 43.7 (43.2) percent. The share of female executives was 33.8 (34.7) percent. The aim is to increase the share of women in executive positions to 50 percent by 2028.

In order to better position itself in the job market as an attractive employer and communicate its common corporate culture, TAKKT has undertaken a comprehensive relaunch of its employer brand. It includes a stronger focus on the shared vision of "Bringing new worlds of work to life" in internal communication and recruiting across the Group. In addition, the values of "Caring" and "Impactful" are highlighted as fundamental principles and guidelines for its employees. The purpose of the new employer brand is to strengthen employee identification with the company and foster a positive and authentic corporate culture that is recognized as an integral part of the TAKKT brand both internally and externally.

TAKKT uses the Employee Net Promoter Score (eNPS) to measure employee engagement. The eNPS provides information about the attractiveness of the employer and willingness of employees to recommend it to others. This value is measured on a regular basis. 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 of 50 points in the long term. In the past year, the number of participating employees was increased due to the expansion to other companies. The eNPS survey helps to monitor the feedback of employees throughout the ongoing transformation phase and take appropriate action based on the information gathered. In the course of the ongoing transformation, the average eNPS of the Group decreased from 11 to 6.

### Talent development

Human Resources plays a vital role in the ongoing development of TAKKT. In today's volatile work environments, there is a heightened focus on the growing importance of change management skills as decisive qualities for effective leadership. Executives are confronted with the challenge of navigating rapid changes and having to make quick decisions while also keeping long-term strategic goals in mind.

In the year under review, TAKKT initiated leadership and change management workshops as well as department-specific mentoring programs. In order to promote better international networking, the Group sends employees on temporary and extended assignments in foreign locations and offers language training.

## CORPORATE GOVERNANCE AND FURTHER LEGAL INFORMATION

**Good corporate governance increases the company's value in the long run. The Group views transparent communication with its interest groups as the foundation of corporate success. TAKKT expressly supports the aims and requirements of the German Corporate Governance Code (DCGK). Detailed information regarding 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.**

### Disclosures 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, 2023, TAKKT AG is a subsidiary of Franz Haniel & Cie. GmbH, Duisburg, which owns a stake of 65.0 percent. There are no other shareholders holding more than ten percent of voting rights.

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

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

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

On October 4, 2022, the Management Board of TAKKT AG resolved a share buy-back program for up to three percent of the current share capital with a volume of up to EUR 25 million. The buy-back program started on October 6, 2022, and will end on December 31, 2024, at the latest. Further information on the share buy-back can be found on the company's website.

At the end of the reporting period, an amount of EUR 32.5 million in liabilities from various financial institutions was subject to a change of control clause as per sections 289a(1) no. 8 and 315a(1) no. 8 HGB.

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

### Dependence report issued

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

# Fiscal year

## GENERAL CONDITIONS

**The business environment in the markets that are relevant for TAKKT was particularly challenging in 2023. Consequently, GDP growth in Europe fell below the modest expectations set at the beginning of the year. In the US, the discussion about a possible federal government shutdown had a negative impact on business performance. The relevant industry indexes also indicated a contraction in the target markets. The business environment was more challenging than TAKKT had anticipated.**

### Overall economic conditions

The expectation voiced by TAKKT at the beginning of 2023 of sluggish GDP growth in the target markets proved to be correct for Europe. In the eurozone and especially in Germany, the actual growth rates were even slightly lower than the predicted values. The industry was particularly affected by the impact of high energy prices, weak demand for exports and the decrease in customer inventories. Other factors contributing to the negative effect on performance were the high interest rates and the consequences of the war in Ukraine. The US experienced more stable economic momentum than expected and benefited from the highly expansionary fiscal policy with comprehensive investment programs. As a result, the impact of the ongoing restrictive monetary policy was less pronounced in the US than in Europe.

**GDP growth for the eurozone, Germany and the US**

| | GDP growth in percent | | |
|---|---|---|---|
| | Actual 2022 | Forecast 2023 | **Actual 2023** |
| Eurozone | 3.5 | 0.7 | 0.5 |
| Germany | 1.8 | 0.1 | – 0.3 |
| USA | 2.1 | 0.7 | 2.5 |

Sources: Statistical offices

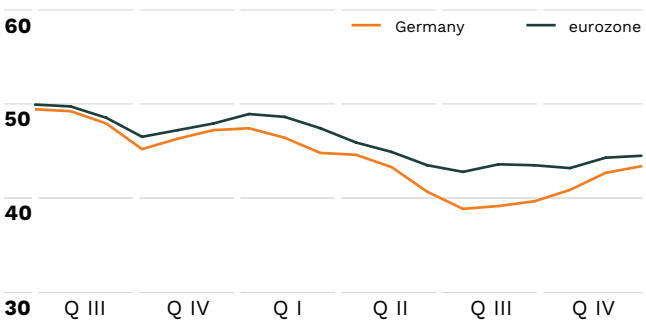
### Industry-specific conditions

TAKKT uses different Purchasing Managers' Indexes (PMIs), as well as other tools, 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 indicators for order intake from the manufacturing industry with a delay of three to six months. They are therefore particularly relevant for the activities of the European Industrial & Packaging division.

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

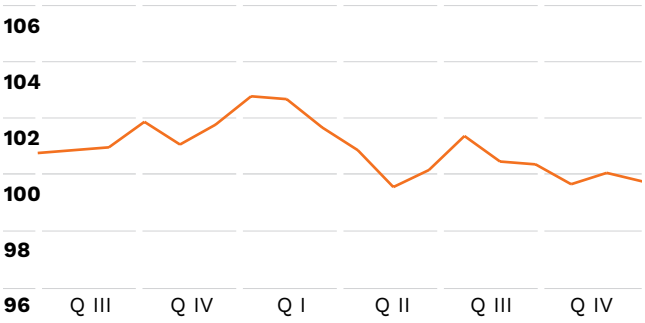
The downward trend of the PMI from 2022 persisted in the 2023 fiscal year, indicating a growing pessimistic sentiment among relevant customer groups. While the values for the eurozone and Germany were at similar levels in 2022, in the past fiscal year Germany experienced a significant decline. After reaching lows in the third quarter, with Germany below 40 points and the eurozone slightly above, the values improved as the year progressed, but still remained significantly below the benchmark of 50 points. Therefore, the PMI values reached a level similar to the previous low point observed in the spring of 2020 during the pandemic.

**Purchasing Managers' Indexes July 2022 to December 2023**



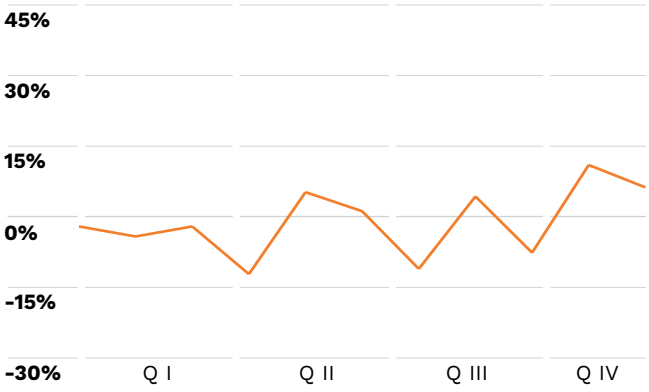
For the US companies Hubert and Central, the Restaurant Performance Index (RPI) is a relevant industry indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments of the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. The RPI continued the negative trend from the previous year, declining from the annual high of 102.8 points in January to 99.8 points in December. This indicated a decrease in demand over the course of the year for the US activities of the FoodService division. The average value of 100.9 (102.0) points was slightly below the level of the previous year.

**Restaurant Performance Index July 2022 to December 2023**




BIFMA's assessment of the order intake of furniture manufacturers is an industry indicator for the environment of the US-based NBF. BIFMA ("Business and Institutional Furniture Manufacturers Association") gathers the approximate order intake of the past month by means of a survey of companies in its industry. This order intake, which covers a good portion of the industry according to BIFMA, is compared with the figure of the previous year. A forecast function like the PMI, and to a lesser extent also the RPI, is not part of the BIFMA assessment. In 2023, the average growth rate of order intake reported by BIFMA from January until and including November was minus 0.9 percent. Throughout the year, the values exhibited significant volatility and lacked a clear trend.

**BIFMA order intake in 2023 compared to the corresponding month of the previous year**



## SALES AND EARNINGS REVIEW

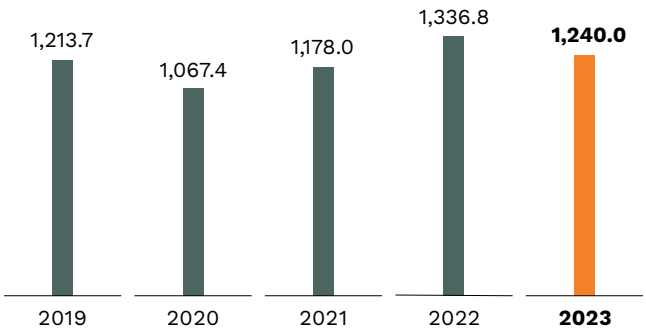
**In the past fiscal year, TAKKT's sales and earnings performance was significantly influenced by a challenging market environment. After experiencing strong growth in the previous year, organic development of sales came to minus 5.9 percent, in line with the forecast from October. In view of the subdued demand, TAKKT implemented a rigorous management approach for the gross profit margin and costs at an early stage. As a result, the gross profit margin rose to 39.8 percent. The Group significantly reduced marketing costs and TAKKT was able to maintain personnel and other costs stable despite inflation and the ongoing transformation. EBITDA came to EUR 111.9 million and the margin was 9.0 percent.**

### Significant weakening of demand especially in the second half of the year

Until August, demand in the markets that are relevant for TAKKT was in line with the sluggish trend anticipated for the first half of the year. In the second half of the year, however, further deterioration of economic and industry conditions resulted in a pronounced negative trajectory, marked by declining growth rates in the third and fourth quarters. This negative development over the course of the year was evident across all three divisions. Thanks to the strong positive performance from January to June, the FoodService division still achieved positive organic growth. In contrast, the Office Furniture & Displays and Industrial & Packaging divisions recorded significantly lower sales than in 2022.

In the year under review, TAKKT's sales totaled EUR 1,240.0 (1,336.8) million, representing a decline of 7.2 percent compared to the previous year. Negative currency effects, due primarily to the weaker US dollar, had an adverse impact of 1.3 percentage points. Organically (i.e., adjusted for these effects), sales decreased by 5.9 percent. The discontinuation of activities at Certeo had a negative impact on organic growth of 1.2 percentage points.

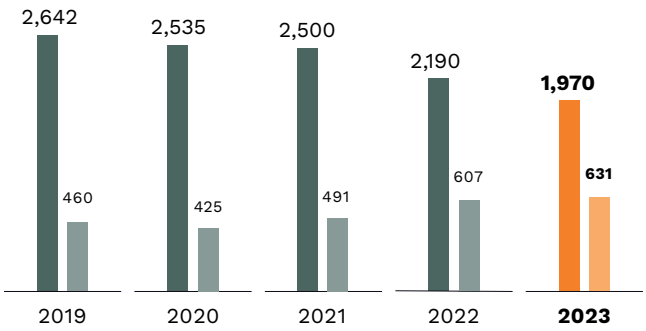
**Sales** in EUR million




### Order intake develops similarly to Sales

As in the previous year, both sales and order intake in 2023 were at a very comparable level. Order intake declined by 6.5 percent. The organic decrease in order intake came to 5.3 percent and was characterized by an opposite development in order numbers and values as in the previous year. In the year under review, price increases as well as strong growth in e-procurement and the project business contributed to a rise in average order value to EUR 631 (607), whereas the number of orders decreased to 2.0 (2.2) million.

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

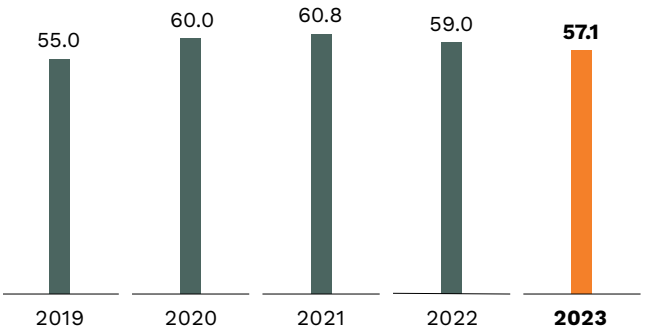


### E-commerce development subdued following robust growth during the pandemic

E-commerce is the most important sales channel for TAKKT. In this regard, a differentiation is made between marketing and sales momentum and the order intake method. When allocating incoming orders, only the method by which the order was received can be determined directly. After experiencing strong growth during the pandemic, the e-commerce business continued its path towards normalization in 2023.

Organic order intake performed slightly below average with a decline of 8.1 percent, with the discontinuation of Certeo's business accounting for a negative impact of just over two percentage points. The e-commerce share of order intake came to 57.1 (59.0) percent. This also includes orders that were placed with TAKKT companies through traditional channels but initiated via the internet. The share of traditional sales channels in order intake increased to 42.9 (41.0) percent.

**E-commerce share in order intake** in %

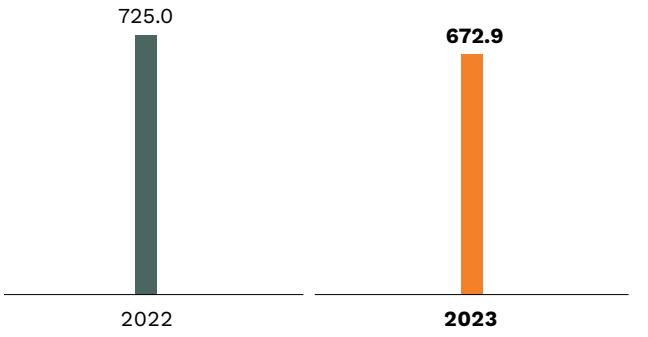



### Industrial & Packaging: Industrial weakness in Europe leads to declining sales

In the year under review, sales in the Industrial & Packaging division decreased by 7.2 percent to EUR 672.9 (725.0) million, corresponding to 54.3 (54.2) percent of Group sales. Changes in exchange rates had a slight negative effect of 0.3 percentage points. Organic sales growth came to minus 6.9 percent. I&P's customers include many companies from the industrial and manufacturing sectors. In 2023, many businesses in these industries had to exercise caution, including reducing their workforce in some cases. As a result, there was a significant decrease in investments. Eastern Europe was the only region with positive growth rates in this environment.

In addition, discontinuation of the Certeo business also impacted organic sales performance by 2.3 percentage points. In April, TAKKT decided to discontinue the Certeo sales brand in line with its objective to focus on fewer brands. The business had fallen short of its growth and earnings expectations and was not profitable.

**Industrial & Packaging sales** in EUR million




### Office Furniture & Displays: Strain due to weak display market and US debt ceiling

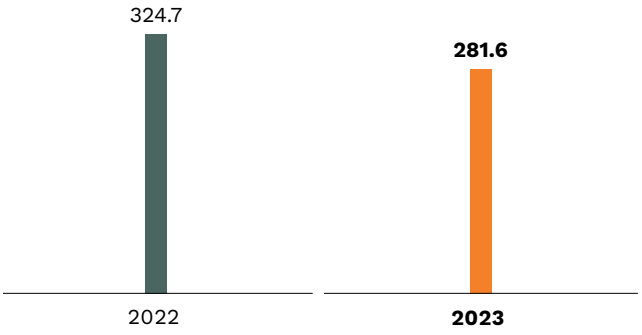
In the Office Furniture & Displays division, sales decreased significantly by 13.3 percent to EUR 281.6 (324.7) million. Its share of Group sales therefore came to 22.7 (24.3) percent. Currency effects had a negative impact of 2.5 percentage points. Organic sales growth was minus 10.8 percent, attributable to a weak market environment for displays and office furniture.

NBF recorded an organic decline in sales in the low double-digit percentage range, and Displays2go in the high single-digit percentage range. NBF's office equipment business was characterized by weak overall demand throughout the entire year under review. The discussions about a potential federal government shutdown in the US contributed to this, starting in the third quarter of 2023. Government agencies are an important customer group for NBF, particularly in the second half of the year.

Displays2go sells products such as advertising banners, portable trade fair stands and stand-up displays, which are frequently used at conferences or other events. In 2023, conditions in this market were challenging, partly because the demand for traditional displays continued to lag significantly behind pre-pandemic levels.

Displays2go has already made good progress by taking countermeasures, including growth with digital displays. However, the volume has not yet been enough to make up for the lower demand for traditional products.

**Office Furniture & Displays sales** in EUR million

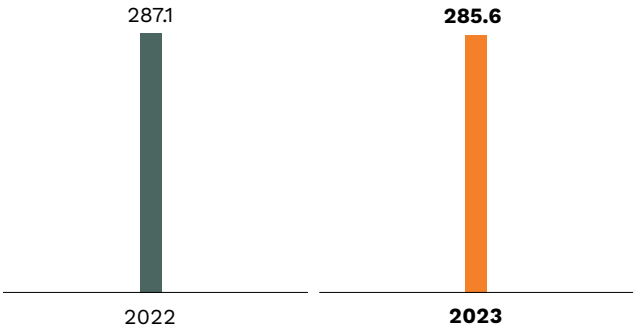



## FoodService: Positive organic growth

In the FoodService division, sales of EUR 285.6 (287.1) million were nearly unchanged relative to the previous year and impacted by negative currency effects of 2.8 percentage points. The division thus accounted for 23.0 (21.5) percent of Group sales. Adjusted for the currency effect, FoodService achieved positive growth and increased sales by 2.3 percent despite the difficult environment.

In 2023, TAKKT integrated the division by consolidating the marketing and category management departments from Hubert and Central into centralized structures. Both brands maintain their individual market presence and focus on their specific target groups, while capitalizing from standardized processes, larger purchasing volumes and a broader range of products. The expansion of cross-selling between Hubert and Central contributed to positive growth in 2023.

**FoodService sales** in EUR million



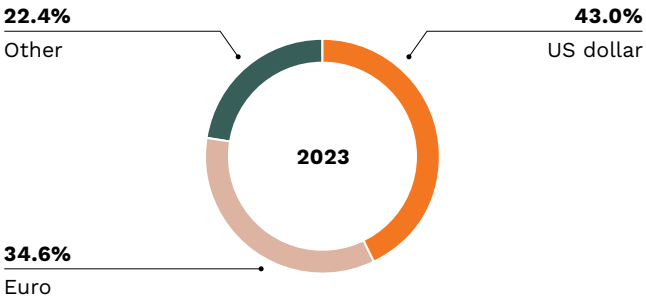

## Sales by region largely unchanged

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

- Sales of the business in Germany decreased to EUR 258.3 (279.2) million. Its share of Group sales therefore came to 20.8 (20.9) percent.
- Sales of the other European business decreased to EUR 435.2 (465.4) million. Consequently, the share of Group sales increased to 35.1 (34.8) percent.
- In North America, sales decreased significantly to EUR 546.5 (592.2) million due to the slower growth trend and weaker US dollar. Its share of Group sales therefore came to 44.1 (44.3) percent.

34.6 (34.2) percent of Group sales was realized in the reporting currency of euros. The US dollar share reached 43.0 (43.4) percent. Other currencies, such as the Swiss franc, the British pound and the Swedish krona, remained at 22.4 (22.4) percent.

**Sales by currency**




## Gross profit margin improved to nearly 40 percent

With a gross profit margin of 39.8 (39.3) percent, TAKKT achieved its goal of improving the margin to around 40 percent for 2023. The Group was able to compensate for the negative structural effects resulting from the higher share of the FoodService business through improvements in the other two divisions. Contributing factors to this were positive effects from price adjustments, improved purchasing conditions with suppliers and lower freight costs.

### Strict cost management increasingly pays off over course of year

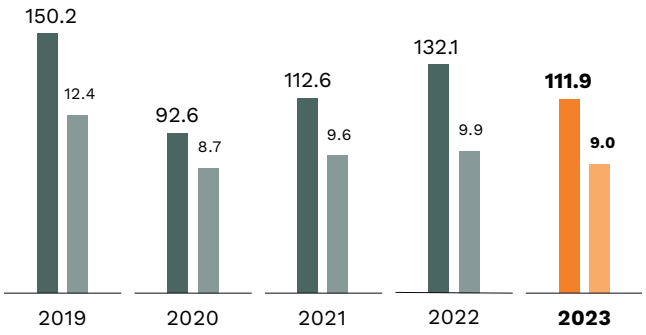
Due to the ongoing challenging market environment, TAKKT intensified its focus on strict cost management measures over the course of the year. The Group aligned its marketing costs with the weaker demand and significantly reduced expenses in this area. As a result, the marketing cost ratio was slightly lower compared to the previous year.

Despite the negative effects of inflation and expenses for the ongoing implementation of the transformation, TAKKT was able to maintain personnel costs and other expenses at a level on par with the previous year. TAKKT was able to offset cost increases in the first half of the year through cost-saving measures in the second half. Personal expenses amounted to EUR 212.0 (213.5) million. A very stringent approach to hiring new employees and a reduction in staff offset the effects of inflation resulting from wage increases.

### EBITDA reaches midpoint of forecast range from October

TAKKT achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 111.9 (132.1) million, placing it in the middle of the projected range of EUR 107 to 117 million announced in October. The EBITDA margin was 9.0 (9.9) percent. Currency effects had a negative impact on EBITDA of EUR 0.9 million. Negative and positive one-time effects amounted to EUR 1.4 (2.4) million. In 2023, this was mainly attributable to the costs associated with the closure of Certeo and the integration process within the FoodService division, partially offset by a one-time gain from the sale of a property in France no longer in use.

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

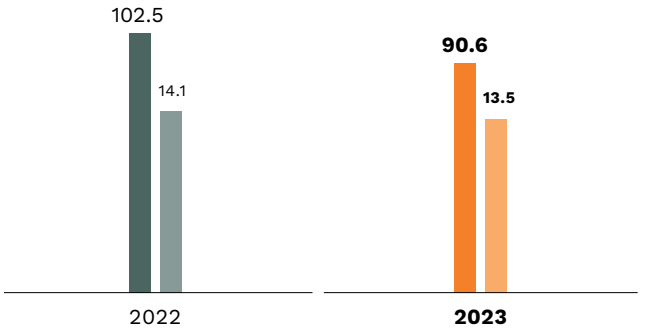



TAKKT deliberately excluded the implementation of the strategy from the cost-cutting measures in order to avoid disrupting the pace of the transformation. The associated expenses were in the low double-digit million euro range and slightly higher than in the previous year.

### Industrial & Packaging: EBITDA margin remains firmly in double-digits

Due to the lower volume of sales, EBITDA for the Industrial & Packaging division was lower than in the previous year at EUR 90.6 (102.5) million. With regard to the cost items, the division significantly reduced marketing expenses, while the marketing cost ratio remained nearly unchanged. Personnel costs and other costs were affected by inflation-related effects and the further implementation of the transformation. As a result, they remained at approximately the same level as in the previous year. Positive and negative one-time effects offset each other and this had no impact on EBITDA. In the previous year, non-recurring expenses amounted to around EUR 2 million. In the year under review, the EBITDA margin came to 13.5 (14.1) percent.

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

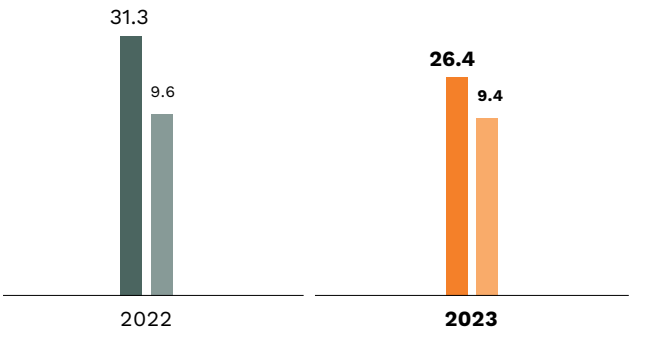



### Office Furniture & Displays: Stable EBITDA margin compared to previous year

In 2023, EBITDA in the Office Furniture & Displays division came to EUR 26.4 (31.3) million. The EBITDA margin remained nearly stable at 9.4 (9.6) percent despite the significant decline in sales. The division spent significantly less on marketing, whereas personnel costs were nearly on par with the previous year. In the previous year, TAKKT benefited from a one-time gain close to EUR 2 million. However, due to a significant improvement in the gross profit margin, Office Furniture & Displays was able to offset

the higher cost ratios for personnel expenses and other costs. Adjusted for the one-time gain in the previous year, the profitability of the division improved.

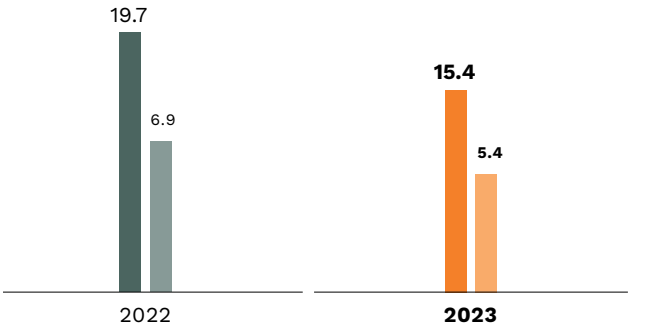
**EBITDA Office Furniture & Displays** in EUR million / **margin** in %




## FoodService: EBITDA temporarily impacted by lower gross profit margin

In the year under review, EBITDA in the FoodService division was EUR 15.4 (19.7) million. The main driver of this development was the lower gross profit margin resulting from the discounted sale of inventories and the larger share of the project business. The EBITDA margin was 5.4 (6.9) percent. One-time expenses had an adverse effect on earnings of around EUR 1 million in both periods.

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




## Significant increase in impairment write-downs at Displays2go

As a result of the increase in interest rates and decline in demand since the coronavirus crisis, TAKKT recognized an impairment loss of EUR 37.0 million on the goodwill of Displays2go at the end of the year. TAKKT has already made good progress by taking countermeasures, including growth with digital displays. However, the volume is not enough to make up for the lower demand for traditional products. In the previous year, the TAKKT Group recorded extraordinary impairment losses on brand rights of around EUR 11.2 million in connection with the harmonization of brands in Europe.

In the year under review, depreciation and amortization increased considerably to EUR 73.0 (51.3) million due to the impairment for Displays2go. Adjusted for the impairment losses in both years, depreciation would have decreased to EUR 36.0 (40.1) million. Earnings before interest and tax (EBIT) came to EUR 38.9 (80.8) million, representing a significant decrease from the previous year's figure due primarily to one-time effects. The EBIT margin decreased accordingly to 3.1 (6.0) percent. The financial result of minus EUR 8.7 (minus 4.9) million was considerably lower compared to the previous year and mainly attributable to the slightly higher average financial liabilities and increased interest rates. Profit before tax amounted to EUR 30.1 (75.9) million.

## Tax ratio still at a low level

Income tax expenses and the tax ratio were significantly influenced by the impairment losses in both years. In 2023, the deferred tax income resulting from the impairment write-down at Displays2go led to a decrease in income tax expense to EUR 5.6 (16.7) million. As a result, the tax ratio was at a very low level of only 18.5 (21.9) percent. Adjusted for impairments, the tax ratio would have been at a comparable level to the previous year at 23.2 (22.5) percent. Profit for the period came to EUR 24.6 (59.3) million. Earnings per share decreased accordingly to EUR 0.38 (0.90) based on the slightly lower average number of outstanding shares of 64,984,761 (65,547,031).

## FINANCIAL POSITION

**TAKKT has a centralized financial management system that ensures the creditworthiness and financing capability of the Group for the long term. In addition to the payment of a dividend and the ongoing share buy-backs, it is also intended to provide the Group with sufficient financial flexibility to seize acquisition opportunities at short notice. Despite the challenging conditions, TAKKT significantly increased its free cash flow to EUR 74.0 million in 2023.**

### 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.
- 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.

### Greater transparency in presentation of free cash flow

As explained and defined in the Management System section, TAKKT now uses free cash flow as a key figure for cash development. This change results in minor adjustments to the structure of the cash flow statement on page 90 and the subsequent explanation of cash flows in the year under review. A presentation of the performance for the previously used key figures TAKKT cash flow and free TAKKT cash flow, as well as a comparison with the forecast, can be found in the section Comparison of actual and forecast development starting on page 65.

### Significant improvement in free cash flow

One of the key strengths of the TAKKT business model is its strong internal financing power. Despite the decrease in earnings in 2023, the Group is able to generate substantial additional capital inflows through the reduction of net working capital.

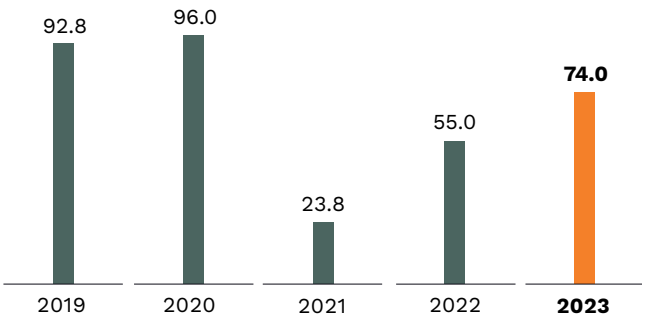
Cash flow before changes in net working capital was largely in line with the development of EBITDA and decreased to EUR 86.0 (115.1) million in the year under review. In view of the weak sales performance, TAKKT also focused on targeted measures to reduce inventories and improve the cash conversion cycle in 2023. As a result, the Group generated cash inflow in the amount of EUR 20.4 million from changes in net working capital. The reduction in inventories amounting to EUR 35.2 million and the decrease in trade receivables of EUR 19.0 million were mainly offset by the decrease in trade payables of EUR 30.2 million due to the lower order volume from suppliers.

Despite disruptions in global supply chains, TAKKT invested EUR 30.7 million in the previous year in building up its net working capital to improve delivery capacity, which mainly resulted in an increase in inventories and trade receivables. Due to the implementation of cash management measures and the opposing development of changes to net working capital in 2023 and 2022, cash flow from operating activities saw a notable increase to EUR 106.4 (84.4) million.

Overall, the business model of the TAKKT Group is not very capital intensive. After the relatively modest operating capital expenditure of EUR 14.6 million in the previous year, the Group increased the amount slightly to EUR 15.9 million in 2023, as expected. Significant amounts were primarily allocated to the IT department to improve the web shops and other systems. The Group also invested in a photovoltaic system in 2023. The capital expenditure ratio (the ratio of capital expenditure for maintenance, expansion and modernization of the business operations to sales) increased to 1.3 (1.1) percent. The Group has also invested EUR 1.2 (0.0) million in start-ups through the TAKKT investment company. Cash inflow from disposals came to EUR 2.6 (0.6) million and generated mainly from the sale of a no longer used office building of a subsidiary in France.

The repayment of lease liabilities resulting from rental payments for buildings amounted to EUR 19.2 (15.4) million. After deducting operative investments and lease payments from cash flow from operating activities and adding the inflows from disposals, the Group had free cash flow of EUR 74.0 (55.0) million in the year under review. Despite the significant decline in sales and earnings, TAKKT was able to increase free cash flow significantly through targeted cash management measures.

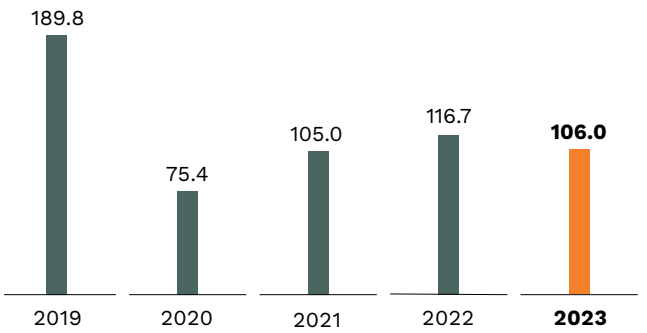
**Free cash flow** in EUR million




Payment for the base and special dividend amounted to EUR 65.1 (72.2) million. In addition, TAKKT spent EUR 4.4 million (6.5) for the buy-back of treasury shares.

Net financial liabilities (i.e., financial liabilities less cash and cash equivalents) decreased slightly to EUR 106.0 (116.7) million at the end of 2023. Around half of the liabilities resulted from the leasing of buildings and vehicles, which are reported as lease liabilities in accordance with IFRS 16. Cash and cash equivalents came to EUR 5.6 (7.6) million as of December 31, 2023. For further details on the generation and use of cash flow, please refer to the statement of cash flows of this annual report.

**Development of net financial liabilities** in EUR million




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

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Cash flow before change of net working capital** | **120.4** | **82.0** | **94.3** | **115.1** | **86.0** |
| Change in net working capital as well as other adjustments | 10.4 | 38.5 | – 38.0 | – 30.7 | 20.4 |
| **Cash flow from operating activities** | **130.8** | **120.5** | **56.3** | **84.4** | **106.4** |
| Operative capital expenditure in non-current assets | – 21.2 | – 12.2 | – 18.3 | – 14.6 | – 15.9 |
| Proceeds from disposal of non-current assets | 1.0 | 0.7 | 0.4 | 0.6 | 2.6 |
| Repayment of lease liabilities | – 17.8 | – 13.0 | – 14.6 | – 15.4 | – 19.2 |
| **Free cash flow** | **92.8** | **96.0** | **23.8** | **55.0** | **74.0** |

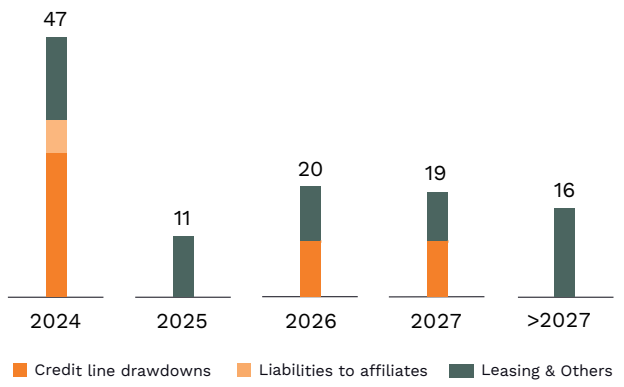
## Diversified financing

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

- Dedicated bilateral credit lines with twelve financial institutions are the focus of the financing portfolio. For the most part, short-term (terms of less than 12 months) and long-term (terms of more than 12 months) credit lines are concluded, which are renewed annually for an additional year. Long-term credit lines are mainly concluded for five-year periods. The credit agreements are unsecured and do not include any financial covenants. At the end of 2023, there were liabilities to banks from financing activities in the amount of EUR 45.9 (55.1) million.
- Leased buildings and vehicles are reported as finance leases in accordance with IFRS 16. Lease liabilities as of the end of the reporting period came to EUR 57.7 (63.4) million.

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

**Maturity profile of financial liabilities** in EUR million




In addition to the credit line drawdowns, the Group also had free committed credit lines of EUR 212.7 (204.1) million available, of which EUR 47.7 (19.4) million were short-term credit lines and EUR 165.0 (184.7) million were long-term credit lines. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

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

## Use of derivative financial instruments only for hedging purposes

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

## Internal covenants still at a very good level

Most of the covenants used by TAKKT internally for the long-term management of its financial structure were within the internally set target corridor as of the reporting date. The equity ratio was still above the target corridor. This underscores the solid financing of the Group and provides the framework for future

growth. TAKKT strives to achieve a balance between financial independence and return on total capital. The objective is to ensure sufficient financial scope for growth and difficult times on the one hand as well as an appropriate return on total capital employed on the other.

As of the end of the reporting period, the equity ratio increased slightly compared to the previous year to 63.8 (62.4) percent and remained above the target corridor of 30 to 60 percent.

The gearing remained unchanged at 0.2 (0.2). TAKKT adjusted the definition for the debt repayment period, which now shows net financial liabilities in relation to EBITDA. The figure remained unchanged in 2023 at 0.9 (0.9). The increase in net financing expenses and lower operating result before goodwill impairment led to a decrease in interest cover to 8.9 (14.4). However, the interest cover remained significantly above the target value. The method of calculation and definition of the key figures are presented in the notes to the consolidated financial statements.

**Internal covenants**

| | Self-imposed target | 2019 | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|---|---|
| Equity ratio in percent | 30 to 60 | 58.5 | 64.7 | 62.2 | 62.4 | 63.8 |
| Debt repayment period in years | < 5 | 1.3 | 0.8 | 0.9 | 0.9 | 0.9 |
| Interest cover | > 4 | 16.7 | 11.0 | 20.1 | 14.4 | 8.9 |
| Debt-equity-ratio (gearing) | < 1.5 | 0.3 | 0.1 | 0.2 | 0.2 | 0.2 |

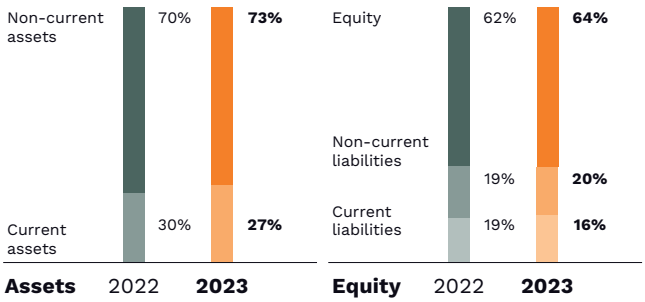
## ASSETS POSITION

**TAKKT's balance sheet structure remained very solid in 2023 and even improved slightly over the previous year despite the high dividend payment and impairment for Displays2go. The Group therefore continues to enjoy strong financial stability.**

### Decrease in total assets due to reduction of net working capital and lower goodwill

In the year under review, total assets decreased by around ten percent and amounted to EUR 1,006.8 (1,121.5) million as of the end of the reporting period. This decrease was mainly due to a decline in the goodwill of Displays2go and the targeted reduction of inventories and trade receivables. Changes in exchange rates had a negative effect of around EUR 13.4 million on the assets reported in euros.

**Balance sheet structure of the TAKKT Group**




As of the end of the reporting period, non-current assets of EUR 730.3 (781.5) million made up 72.5 (69.7) percent of the assets. Property, plant and equipment remained virtually unchanged at EUR 112.8 (113.9) million. The majority of non-current assets, amounting to EUR 557.8 million (602.8), still consists of goodwill from past company acquisitions. These assets account for over half of the total assets, representing 55.4 (53.8) percent. As a result of the increase in interest rates and decline in demand since the coronavirus crisis, TAKKT recognized an impairment loss of EUR 37.0 million on the goodwill of Displays2go at the end of the year. Exchange rates had a negative impact of EUR 8.0 million on goodwill.

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

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

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Non-current assets** | **835.5** | **781.1** | **812.2** | **781.5** | **730.3** |
| in % of Total assets | 75.9 | 77.8 | 72.8 | 69.7 | 72.5 |
| **Current assets** | **265.2** | **223.2** | **303.2** | **340.0** | **276.5** |
| in % of Total assets | 24.1 | 22.2 | 27.2 | 30.3 | 27.5 |
| **Total assets** | **1,100.7** | **1,004.3** | **1,115.4** | **1,121.5** | **1,006.8** |
| | | | | | |
| **Total Equity** | **644.2** | **649.6** | **694.0** | **699.8** | **642.7** |
| in % of Total equity and liabilities | 58.5 | 64.7 | 62.2 | 62.4 | 63.8 |
| **Non-current liabilities** | **267.6** | **215.8** | **226.3** | **213.6** | **198.7** |
| in % of Total equity and liabilities | 24.3 | 21.5 | 20.3 | 19.0 | 19.8 |
| **Current liabilities** | **188.9** | **138.9** | **195.0** | **208.1** | **165.4** |
| in % of Total equity and liabilities | 17.2 | 13.8 | 17.5 | 18.6 | 16.4 |
| **Total equity and liabilities** | **1,100.7** | **1,004.3** | **1,115.4** | **1,121.5** | **1,006.8** |

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. As of the end of the reporting period, the total value of these assets came to EUR 20.5 (22.9) million.

Current assets decreased to EUR 276.5 (340.0) million. This was mainly attributable to the targeted reduction of net working capital, which led to a decline in inventories to EUR 126.2 (163.1) million and a decrease in trade receivables to EUR 115.3 (135.9) million. Both items accounted for 87.3 (87.9) percent of current assets. Currency effects contributed EUR 4.3 million to the decrease in current assets.

Customers' payment behavior remained stable with a low write-off rate of 0.1 (0.1) percent. Consequently, there was no significant impact on the development of trade receivables. The payment period for accounts receivable was 34 (35) days.

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

### Slightly higher equity ratio

Total equity decreased to EUR 642.7 (699.8) million, primarily as a result of the dividend payout. Due to the disproportionate decrease in liabilities driven by the robust free cash flow, the equity ratio saw a slight increase to 63.8 (62.4) percent by year-end, maintaining its position above the target corridor of 30 to 60 percent. As of the end of the reporting period, TAKKT AG held 1.3 (0.8) percent of the share capital as treasury shares. Further information on the acquisition of treasury shares as part of the share buy-back program can be found in the notes on page 121.

Accounting for 19.8 (19.0) percent of the equity and liabilities were non-current liabilities amounting to EUR 198.7 (213.6) million. The decline is mainly attributable to the reduction of non-current financial liabilities to EUR 64.9 (74.2) million and deferred taxes to EUR 70.4 (80.4) million. Currency effects contributed to a decrease of EUR 3.1 million. In contrast, pension obligations rose to EUR 54.6 (51.0) million.

Current liabilities decreased to EUR 165.4 (208.1) million, corresponding to a share of 16.4 (18.6) percent of total assets as of December 31, 2023. This reduction is mainly due to a substantial decrease in trade payables and similar liabilities to EUR 65.1 (96.7) million.

## COMPANY PERFORMANCE

**TAKKT provides information on the long-term development of various key figures in the Company performance section. In addition to the key figures, TAKKT also provides information on the product range and value-based key figures. Development of the key figures and value-based key figures in 2023 was impacted by the challenging conditions. The Group was able to improve the product range-specific key figures compared to the previous year.**

### Financial key figures influenced by challenging environment

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

In the long-term analysis, organic sales development was mainly shaped by the economic conditions of the individual fiscal years. In 2019, the growth rate was slightly negative due to difficult economic conditions; in 2020, the coronavirus pandemic resulted in a significant decline in sales. In 2021 and 2022, TAKKT saw a significant increase in organic sales driven by the economic rebound and robust surge in demand. However, the challenging conditions in 2023 resulted in a subsequent decline in sales.

The organic growth in order intake via e-commerce has consistently surpassed the organic development of sales and order intake. After experiencing strong growth during the pandemic, the e-commerce business returned to a normalized level over the past two years with below-average development. In 2023, this was largely due to the discontinuation of activities at Certeo.

Over the course of the last five years, the gross profit margin has remained within the range of the target value of 40 percent. In 2022, the gross profit margin was adversely affected by both high inflation and the higher share of US business. In the year under review, TAKKT was able to increase the margin once again through improvements in product and freight costs as well as consistent price adjustments.

The development of EBITDA is influenced by the economic environment as well as one-time gains and expenses. There was a significant decline compared to the pre-pandemic level due to the weak sales development in 2020. Earnings improved as a result of the positive growth momentum in 2021 and 2022, followed by a decline in 2023 due to lower sales despite consistent cost management.

The development of free cash flow is influenced by the development of earnings and changes in net working capital. Even during economically challenging times like in 2020 and 2023, TAKKT is able to generate robust positive free cash flow through the reduction of inventories.

**Development of financial key figures**

| | 2019 | 2020 | 2021 | 2022 | **2023** |
|---|---|---|---|---|---|
| Organic sales development | – 1.4% | – 11.8% | 11.4% | 7.5% | – 5.9% |
| Organic growth in order intake via e-commerce | 2.0% | – 3.6% | 16.3% | 1.1% | – 8.1% |
| Gross profit margin | 41.3% | 39.7% | 40.2% | 39.3% | 39.8% |
| EBITDA in EUR million | 150.2 | 92.6 | 112.6 | 132.1 | 111.9 |
| Free cashflow in EUR million | 92.8 | 96.0 | 23.8 | 55.0 | 74.0 |
| Capital expenditure ratio | 1.7% | 1.1% | 1.6% | 1.1% | 1.3% |

This demonstrates the strong internal financing capability of the Group. In 2021 and 2022, however, the value was negatively impacted by the increase in trade receivables and inventories.

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

## Slight improvement in operating key figures

Since 2020, all of the business units have been gathering key figures, which provide information about the current development of the customer and employee perspective. For customers, it is the cNPS and for employees the eNPS. The definition and calculation method used for these key figures is described in detail in the Management system section starting on page 43. cNPS values have been consistently high in recent years. In 2021 and 2022, the score was 58 points, with a slight increase to 59 points in the year under review. During the ongoing transformation process, the eNPS has shown a negative trend and was recently at 6 (11) points.

The Group is convinced of the added value of having mixed management teams and considers it a Group-wide duty to ensure the same career development opportunities for women and men. Over the recent years, TAKKT has increased the share of women in executive positions to nearly 34 percent.

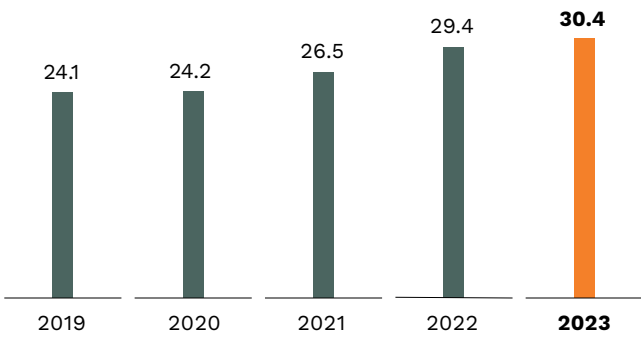
TAKKT takes two sustainability key figures into account in its corporate management. Their definition and calculation are shown on page 44. In 2023, the Group significantly increased the share of “enkelfähig” products of Sales to 23.5 (19.8) percent. This was mainly attributable to a strong improvement in the I&P division thanks to a dedicated category in the web shop and targeted marketing for “enkelfähig” products. TAKKT achieved an overall reduction in $CO_2e$ emissions (Scope 1 and 2) of 11 percent by 2023 in comparison to the base year 2021.

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

## Product range key figures show private labels with increasing share and direct imports with stable share

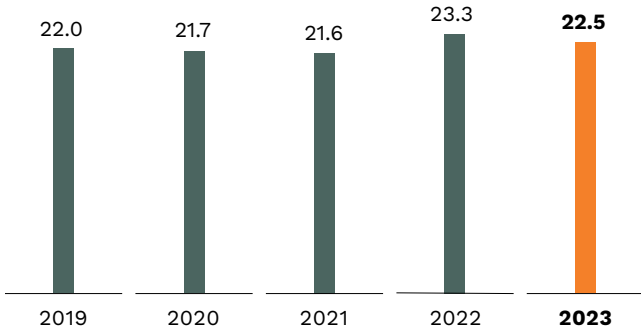
TAKKT wants to expand its business with private labels and direct imports in the long term. In the year under review, the share of sales generated with private labels increased to 30.4 (29.4) percent. The growth was particularly strong in the I&P division. In addition, the share of private labels increased in the OF&D division, whereas there was a slight decline in the FS division.

**Share of private label** in %




The development of direct imports across the three divisions has also varied recently. In the OF&D division, the share increased slightly, whereas the other two divisions saw a slight decrease. At the Group level, the overall share of direct import sales came to 22.5 (23.3) percent.

**Share of direct imports** in %

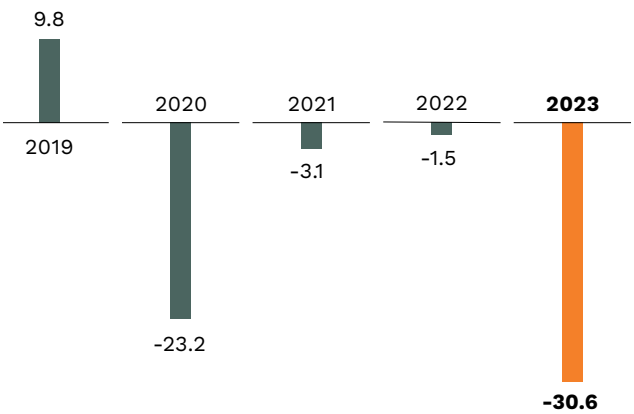


## Value-based key figures: TAKKT Value Added and ROCE decline due to lower earnings

The TAKKT Value Added has experienced a downward trend in recent years, which has been exacerbated in the past two years by impairments on intangible assets. Due to the impairment at Displays2go and lower EBITDA, the TAKKT Value Added decreased significantly to minus EUR 30.6 (minus 1.5) million. Adjusted for impairments in both years, the TAKKT Value Added decreased by EUR 11 million.

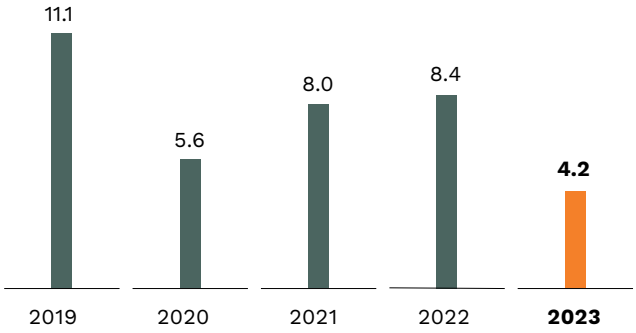
The operating result after tax generated for calculation of the TAKKT Value Added was considerably lower than in the previous year at EUR 33.2 (64.9) million. The average capital employed decreased slightly. The weighted average cost of capital (WACC) used to calculate the total cost of capital remained unchanged at 7.5 (7.5) percent. TAKKT assumed a value-based capital structure of 70 percent equity and 30 percent debt capital for this. The cost of shareholders' equity was nine percent. An imputed cost of four percent was used for debt capital. Total cost of capital in 2023 thus came to EUR 63.8 (66.4) million.

**TAKKT value added** in EUR million




The return on capital employed (ROCE) of 4.2 (8.4) percent in the year under review was also significantly below the figure of the previous year. The average capital employed changed only slightly, while earnings experienced a significant decline due primarily to the impairment at Displays2go. Adjusted for impairments in both years, ROCE was at 8.0 (9.5) percent.

**ROCE** in %



## COMPARISON OF ACTUAL AND FORECAST DEVELOPMENT

**For the 2023 fiscal year, TAKKT expected demand to improve significantly following a cautious first half of the year. Contrary to this expectation, economic and industry-specific conditions deteriorated significantly from August onwards, resulting in a markedly negative trend in sales and earnings. Consequently, the financial key figures were lower than initially forecast at the beginning of the year. Despite the challenging environment, TAKKT was able to meet its forecast by focusing on the two key figures of gross profit margin and free TAKKT cash flow. The Group also met the original expectations for the majority of non-financial key figures.**

Due to the marked weakening of demand in the second half of the year, organic sales growth in 2023 fell considerably short of the initial expectation of a stable to slightly positive performance. At minus 5.9 percent, the growth corresponded to the revised forecast from October 2023, which predicted a decrease in the mid-single-digit percentage range.

Due to the normalization of the e-commerce business, development in this area was slightly more negative than the order intake average. In terms of the gross profit margin, TAKKT was able to meet its forecast despite negative structural effects and increase the margin to around 40 percent at 39.8 percent. Due to the lower level of sales, EBITDA came in below the originally expected corridor of EUR 120 million to 140 million at EUR 111.9 million, corresponding to the midpoint of the forecast range of EUR 107 million to 117 million announced in October.

TAKKT cash flow was largely in line with the development of EBITDA and therefore also remained below the originally projected corridor. However, the expectations regarding the capital expenditure rate and free TAKKT cash flow were met, with the latter benefiting from the reduction of net working capital.

In terms of non-financial key figures, TAKKT also met the forecast from the beginning of the year, with the exception of the eNPS, which was lower than expected at 6 points. The Group achieved the projected values in the key figures for customer perspective, the share of women in executive positions and sustainability.

**Comparison of actual and forecast development**

| | 2022 | Forecast for 2023 | Actual performance in 2023 |
|---|---|---|---|
| **Organic growth** | | | |
| Organic sales growth in percent | 7.5 | Low single-digit negative to low single-digit positive percentage range<br>Adjustment in July: Slightly negative organic sales development<br>Adjustment in October: Mid-single-digit negative percentage range | -5.9 |
| Organic growth in order intake via e-commerce in percent | 1.1 | Growth expected to outpace sale | -8.1 |
| | | | |
| **Costs and earnings** | | | |
| Rohertragsmarge in Prozent | 39.3 | Improvement to around 40 percent | 39.8 |
| EBITDA in EUR million | 132.1 | In the range of EUR 120 to 140 million<br>Specification in July: EUR 120 to 130 million<br>Adjustment in October: EUR 107 to 117 million | 111.9 |
| | | | |
| **Cash** | | | |
| TAKKT cash flow in EUR million | 115.1 | In the range of EUR 100 to 120 million | 86.0 |
| Free TAKKT cash flow in EUR million | 70.4 | Significantly higher free TAKKT cash flow | 91.9 |
| Capital expenditure ratio in percent | 1.1 | Higher capital expenditure than in previous year, less than two percent of sales | 1.3 |
| | | | |
| **Customer and employee perspective** | | | |
| cNPS | 58 | Very close to target value of 60 points | 59 |
| eNPS | 11 | Around same level as previous year | 6 |
| Share of women in executive positions | 34.7 | Slight increase, but can also stagnate or decline slightly due to personnel changes | 33.8 |
| | | | |
| **Sustainability** | | | |
| Share of “enkelfähig” products of sales in percent | 19.8 | Slight increase | 23.5 |
| $CO_2e$ emissions (Scope 1 and Scope 2) in tons | 8,492 | Slight reduction in $CO_2e$ emissions (Scope 1 & 2 according to the GHG Protocol) | 8,348 |

* Due to recalculation, the emissions reported for the previous year are slightly higher than the value stated in the 2022 annual report.

## ECONOMIC DEVELOPMENT OF TAKKT AG

**TAKKT AG directly and indirectly holds shares in the subsidiaries of the TAKKT Group and is responsible for functional activities that affect the entire Group. The financial statements of TAKKT AG have been prepared in accordance with the accounting regulations of the German Commercial Code and German Stock Corporation Act and are published separately in their complete version.**

TAKKT AG is responsible for functional activities that apply to the entire Group, which is why they can best be implemented at this level. This includes functions such as Finance, Strategy Development, M&A, Legal and Human Resources. TAKKT AG is also increasingly assuming the coordination of, and responsibility for, operating activities in Operations (warehousing and logistics) and Technology & Data (IT infrastructure and data analysis) within the Group in order to bundle and strengthen tasks that are critical to the Group's success.

The operational business in terms of sales, marketing and product range design is handled by the divisions. Their results therefore have a significant influence on the earnings, financial position and net assets of TAKKT AG, as well as on the opportunities and risks of its future development.

### Earnings review

In addition to the functional business activities, the earnings situation of TAKKT AG is largely determined by the recognition of earnings from subsidiaries, as well as expenses and income arising from the Group's financing. The income is mainly derived from the recharging of functional activities and operating and administrative expenses as well as from investments and loans on financial assets.

The expenses include the costs related to the functional activities of TAKKT AG, operating and administrative expenses, expenses from the assumption of losses, and interest expenses from intercompany and external financing.

Sales are generated from the services that the company provides to Group companies. Due to the broader functional activities stemming from expansion of the Group functions, sales were significantly higher than in the previous year at EUR 4.2 (2.3) million.

Personnel expenses decreased considerably to EUR 11.1 (14.5) million in the year under review. The decline was attributable to one-time personnel expenses as well as a significant increase in pension provisions in the previous year, for which there was no corresponding expense in the year under review.

In addition to the negative effects of inflation, the expansion of functional activities and significantly higher exchange rate losses in the current fiscal year also contributed to the increase in other operating costs to EUR 16.9 (13.3) million. The latter are offset within other operating income by corresponding gains of similar levels. This is attributable to the Group's foreign currency management activities.

The investment result of EUR 67.5 (115.0) million mainly decreased due to the reduction of around EUR 30 million in the distribution from TAKKT America Holding Inc. to TAKKT AG, the decline of around EUR 10 million in income from profit transfers, and the increase of around EUR 7 million in expenses from the assumption of losses.

The interest amounting to EUR 1.2 (minus 0.1) million is mainly influenced by interest income from long-term loans on financial assets to two subsidiaries of TAKKT AG, short-term financing by Group companies, and interest expenses from financing obtained by TAKKT AG from Group companies and banks. The substantial increase in interest rates had a significant impact on both interest income and interest expenses throughout the fiscal year. At EUR 48.1 (90.8) million, earnings before and after taxes decreased by around EUR 43 million compared to the previous year.

### Financial position

TAKKT AG fulfills the central role of financial management within the TAKKT Group. Financial management at the TAKKT Group includes the management and allocation of all financial resources with the primary goal of ensuring sufficient liquidity at all times.

TAKKT AG places particular importance on conservative, long-term and diversified financing, with a focus on dedicated bilateral credit lines. At the end of 2023, liabilities to banks amounted to EUR 42.2 (14.5) million.

### Assets position

On the asset side, TAKKT AG's balance sheet is characterized by the book values of its investments as well as the long- and short-term loans provided to them. Total assets increased to EUR 722.3 (633.9) million and was mainly attributable to higher receivables from profit and loss transfer agreements and dividend receivables as well as short-term financing by Group companies.

TAKKT AG's equity decreased in the past fiscal year to EUR 479.9 (501.1) million due to the dividend payout of EUR 65.1 million, which significantly outweighed the positive effect from the net income of EUR 48.1 million. Provisions resulting mainly from pensions and personnel obligations decreased slightly to EUR 30.5 (32.1) million. Liabilities increased sharply during the fiscal year from EUR 100.3 million to EUR 211.6 million. This was mainly due to the higher liabilities resulting from short-term financing obtained by TAKKT AG from Group companies, the increase in liabilities to banks and the rise in liabilities from profit and loss transfer agreements.

### Employees

In the 2023 fiscal year, the number of full-time employees at TAKKT AG was 64 (61). The slight increase in employees during the past fiscal year resulted primarily from restructuring within the Group involving the consolidation of central tasks such as financial management at the AG level instead of the subsidiaries.

# Outlook

## RISK AND OPPORTUNITIES REPORT

**Through its business activities, TAKKT takes calculated risks with the aim of increasing the long-term value of the company and capitalizing on opportunities. The opportunities and risk management of the Group serve to detect and assess them early, and adopt 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. At present, the Management Board is not aware of any risks that could jeopardize the continued existence of the company either individually or collectively.**

### 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. A risk is defined here as the danger of deviating from a company goal in an unfavorable manner, while 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.

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

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

### Uniform steering and control systems

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

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

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

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

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

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

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

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

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

### Performance-based internal control system in accordance with section 91(2) of the German Stock Corporation Act (AktG)

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

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

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

The Management Board has no knowledge of any information that would lead to doubts regarding the appropriateness and effectiveness of the internal control and risk management system as a whole. However, even a system that is considered appropriate and effective cannot guarantee absolute security.[1]

[1] This statement in relation to German Corporate Governance Code A5 constitutes a disclosure unrelated to the management report and has not been subject to a substantive audit as part of the Group management report.

**Overview of opportunities and risks**

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

## Continuous analysis and monitoring of risk and opportunities

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

› The TAKKT Group continuously analyzes the market and competitive environment of the divisions and reviews its own potential to determine whether adjustments to the business model could lead to a better market position. This systematic observation enables it to identify opportunities and risks at an early stage.

- The goal of evaluating the individual opportunities and risks is to reveal the anticipated negative or positive effect on TAKKT. The evaluation is carried out based on the criteria of probability of occurrence and the extent of the loss or opportunity. Measures already taken by the company to manage opportunity or risk are taken into account in the evaluation. Materiality thresholds are used with respect to the potential gain or loss depending on the level of analysis. This is done in order to show the relevance of the opportunities and risks under discussion.
- Based on this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks and allow the opportunities to be used. In addition, TAKKT regularly assesses its own risk-bearing capacity. Various scenarios are examined to determine whether internal covenants like equity ratio and gearing can be maintained within the defined target corridors even in the event of multiple risks.

The risks of the Group are detailed in the following; the opportunities are detailed starting on page 79.

**Risk matrix**

| Earnings risks | unlikely | possible | very likely |
|---|---|---|---|
| more than EUR 20 million | | › Economic downturn<br>› Competition risk<br>› Structural changes in demand<br>› Implementation risk in relation to the transformation | |
| EUR 10 to 20 million | › Risks associated with disposals<br>› Introduction of new IT systems | › Limited product availability and rising purchasing prices | |
| less than EUR 10 million | › Increasing demands on sustainability<br>› Disruption of operational business<br>› Performance of IT and communication systems<br>› Introduction of new IT systems<br>› Quality problems related to direct imports<br>› Increased loss of receivables<br>› More restrictive data protection regulations<br>› Taxes and tariffs | › Integration risks associated with acquisitions<br>› Loss of major customers<br>› Dependence on e-commerce<br>› Staff shortage and battle for talent<br>› Cybercrime and data security<br>› Exchange rate risks | |

Probability of occurrence

## Economy and competition

### Economic downturn

The B2B omnichannel retail for business equipment is generally dependent on economic conditions and cyclical. TAKKT's business model is therefore subject to general economic risk. The Group's broad diversification across different countries, industries and sectors often helps it mitigate the effects of economic fluctuations.

- TAKKT addresses customers of all sizes from various industries with its three divisions, Industrial & Packaging, Office Furniture & Displays and FoodService.
- The TAKKT companies have a very wide range of products in different categories.
- Through its presence in over 20 countries in Europe and North America, TAKKT reduces its dependence on individual markets.

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

TAKKT is able to react relatively quickly to economic crises and flexibly adjust a large part of the costs and capital expenditures to new conditions. Accordingly, in 2020 the Group responded to the economic consequences of the coronavirus pandemic with cost-saving measures, particularly in the area of marketing costs and personnel expenses. TAKKT has also significantly reduced other expenses. The aforementioned savings helped TAKKT to offset the pandemic-related decline in gross profit by around a quarter for 2020 as a whole. Overall, EBITDA before one-time effects decreased by around one-third year-on-year. As a consequence of the global financial and economic crisis, there was also a sharp decline in sales in 2009, which came to a little more than 25 percent. With a margin of around ten percent, EBITDA decreased by around 50 percent compared to the previous year.
In order to assess macroeconomic developments, the TAKKT Group uses the forecasts of various widely recognized institutions such as the International Monetary Fund and banks. At the beginning of 2024, the economic conditions and expectations in the relevant target markets in Europe and the US were very subdued. Due to the still uncertain economic environment, TAKKT classifies the probability of occurrence of a stronger than expected economic downturn as possible. Key risk factors for 2024 include the central banks' efforts to combat inflation by adopting a restrictive monetary policy, the risk of a prolonged or worsening recession in Germany and the consequences of the Russia-Ukraine and Israel-Hamas conflicts. The potential impact on earnings of a sharper economic contraction remained unchanged compared to the previous year at over EUR 20 million. It therefore represents a significant risk for TAKKT.

### More aggressive competition from established providers and new market participants

The activities of the TAKKT Group compete with other providers in their respective markets. An overview of the competitive environment can be found on page 36 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 for both omnichannel competitors and online-only providers because setting up supplier structures, logistics and a 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.

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

Overall, there is relatively low pricing transparency and price competition in the markets that TAKKT operates in. For customers, factors such as service and reliability are just as important as price when making purchasing decisions. However, in order to position themselves competitively, the TAKKT companies are increasingly making use of smart pricing, which involves data-driven, partially automated and more differentiated pricing strategies. For more price-sensitive product categories, a more competitive pricing strategy is adopted. On other hand, for categories that are less sensitive to price, the focus is on achieving higher gross profit margins.

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

### Corporate strategy and positioning

**Risk from structural changes in demand**

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

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

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

**Implementation risk in relation to the transformation**

The goal of the TAKKT strategy with the three pillars Growth, OneTAKKT and Caring is to have an even more integrated structure and further improve the focus on customers. Further information on the new structure can be found in this report in the sections “Organization and business areas” starting on page 31 and “Corporate goals and strategy” starting on page 37. TAKKT expects the ongoing transformation to result in stronger organic growth. Delays could occur during the course of this change process, causing goals or partial goals to be achieved late or results to be unsatisfactory. This mainly involves the creation of new structures for the Group functions and bundling of the activities in the areas of sales, marketing and category management

in the divisions. One of the consequences of brand harmonization could be the loss of individual customers and lower sales. In addition, the implementation could incur higher costs than expected or not have the desired effect on sales and earnings figures.

In order to address these risks, the organizational and strategic transformation is planned and managed centrally. The Group relies on experts within the company. At the same time, it also receives support from external specialists for organizational transformation.

For planning and controlling, TAKKT uses project management methods to implement the strategy and organizational realignment across the entire hierarchy. This makes it possible to keep a close eye on the implementation and success of the transformation and take early countermeasures if there are impending deviations from the target.

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

**Increasing sustainability requirements**

TAKKT views the growing importance of sustainability as a major growth opportunity for the Group. Further information can be found in the description of opportunities on page 79 of this report. At the same time, this development poses new risks for companies like TAKKT. This includes extensive requirements for both internal and sustainability reporting, especially driven by the implementation of the Corporate Sustainability Reporting Directive (CSRD) in the European Union. The German Supply Chain Act also creates new obligations for retailers like the TAKKT companies. Problems with implementation or compliance violations regarding the new regulations could result in penalties and loss of reputation related to TAKKT's sustainable positioning. This poses the risk of not meeting the expectations of key stakeholders such as customers, employees and investors.

In order to live up to the high importance of sustainability, TAKKT has set specific goals and implemented an internal reporting and control system to achieve them. Key sustainability indicators are compiled and analyzed on a monthly basis. The responsibilities for achieving the sustainability goals are also clearly defined in the three divisions.

**Integration risks associated with acquisitions**

TAKKT looks for acquisition targets with the goal of strengthening the existing businesses or expanding the Group by adding another division. On the one hand, this is associated with a host of opportunities. These are covered further on in this section. On the other hand, there are also acquisition and integration risks, such as

- 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 written down due to business performance being worse than originally predicted.

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

While TAKKT can manage and take measures to mitigate operational risks arising from the integration of acquisitions, the risk of impairment losses is more strongly influenced by external factors, especially the interest rate level. Due to significantly increased capital costs and structural changes in the displays market as a result of the coronavirus pandemic, TAKKT wrote down

the goodwill of Displays2go in the amount of EUR 37 million at the end of December 2023. This impairment does not affect cash flow, but reduces the amount of net income. In relation to the other activities, the impairment test showed a sufficient level of coverage.

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

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

**Loss of corporate customers**
The customer structure of the business models in the TAKKT Group is relatively highly diversified. This includes companies of various sizes and from diverse 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.

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

### Operating processes

**Limited product availability and rising purchasing prices**
In the event of limited availability of products over a longer period of time as a result of fully utilized transport or manufacturing capacities or potential production disruptions, TAKKT would not be able to meet existing customer demand and incoming orders with the usual speed. Disruptions in international trade routes, such as the blockage of the Suez Canal due to an accident or attacks on shipping lanes like the ones that took place in the Gulf of Aden at the beginning of 2024, can also result in longer delivery times. This would lead to an increase in order backlogs as well as delayed recognition of sales and earnings. In addition, there is an increased risk of order cancellations and a decline in future orders. In order to minimize this risk, TAKKT continuously monitors the order backlog and also adjusts its own purchasing behavior and inventories if necessary.

In addition to product availability, a risk could also arise in the event of an exceptionally rapid increase in purchasing or transport prices. TAKKT contracts external logistics companies for shipping. In general, the TAKKT companies pass on price increases for products or transport in full to customers in order

to keep their gross profit margin stable. Particularly sharp or unexpected price increases, such as a rise in inflation, may only be passed on to customers with a time delay or not in full. An increase in energy prices could lead to a significant increase in manufacturing and especially transport costs. An exceptionally high level of inflation can also have an indirect negative impact on economic conditions and customer demand.

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

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

**Staff shortages and the battle for talent**

Due to factors such as demographic changes, companies are finding it more difficult to find suitable candidates to fill their job vacancies quickly. The intense competition for talent means that open positions within the TAKKT Group may remain unfilled for a long period of time or require temporary staffing. In addition to higher costs, this increases the risk of overburdening existing staff and the likelihood of errors. Furthermore, implementation of the new strategy also involves personnel risks. As part of the organizational transformation, the functions and areas of responsibility will be realigned. This could mean that employees may have to give up their previous roles, while elsewhere employees may be needed for newly established functions. Recruiting employees with digital skills and knowledge about the implementation and management of continuous improvement processes represents a particularly challenging task.

TAKKT addresses personnel risk by conducting regular employee surveys and using the results to derive measures for increasing motivation, identification and satisfaction. In addition, the Group has improved its positioning and visibility in the job market by introducing a new employer brand and collaborating with headhunters for recruiting if necessary. TAKKT also relies on the continuous development of its employees and builds up additional necessary skill sets by recruiting new staff. Beyond this, the Group's HR supports employees during the transformation process through comprehensive change management and addresses questions and concerns.

**Disruption of operational business**

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

TAKKT covers these risks wherever possible with insurance against fire, theft or business disruptions. In addition, each business unit regularly reviews its warehouse concepts, thereby ensuring consistently high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the companies can also deliver the majority of their goods by drop shipment.

**Limited availability and performance of IT and communications systems**

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

**Introduction of new IT systems**

Increased risks can arise in relation to the introduction of new IT systems, especially ERP and web shop systems, if the smooth continuation of business processes 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 workflows are affected in the event of problems.

**Cybercrime and data security**

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

The IT systems are continually monitored and improved in order to limit the risks and ensure smooth operation. TAKKT also addresses the cybercrime risk by establishing defined processes such as cross-checking by a second person and individually verifying any changes in the payment data of the recipient. Furthermore, employees receive fraud awareness training on a regular basis through guidelines and courses. This also includes conducting routine internal phishing tests. TAKKT counters potential unauthorized access to IT systems with technical preventive measures, which include the detection and prevention of attacks. In terms of the organizational structure, information and IT security is embedded at the Group level and supported by a global team that provides guidance to the Group companies across all regions. In the event of a successful attack, the Group has created emergency response plans that serve as a guideline for a quick and structured approach to minimize the damage and restore the systems to the fullest extent possible.

**Quality problems related to direct imports**

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

## Finance and legal

**Exchange rate risks: Transaction risks and translation risks**

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

- Transaction risks result primarily from buying and selling goods and services in different currencies. The Group protects itself against these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated sales – mainly from intercompany transactions. The open net items are identified based on the sales forecasts of the individual companies. The resulting currency risks are generally assumed by the respective service provider and hedged through derivative financial instruments at around 50 percent, rolling over the next twelve months. In general, forecast sales and cash flows are hedged for a period of several months.
- Translation risks arise for the TAKKT Group's statement of financial position and income statement when the individual financial statements of foreign subsidiaries are translated into euros, the reporting currency. The fluctuations of the US dollar in particular therefore influence the absolute value of the financial key figures reported in euros (see also the explanations on page 83). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

**Increased loss of receivables**

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

**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 various compliance requirements such as in the areas of antitrust law, anti-corruption, sanctions, supply chain, product liability and 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, TAKKT has significantly enhanced its existing compliance management system. This includes the expansion of training and development programs, more frequent and comprehensive internal communication on the topic, and the introduction of a code of ethics as well as a new set of compliance regulations. Hotlines have been set up for reporting possible violations. In order to ensure compliance regarding products and the supply chain, standardized contracts that address such matters are concluded with external suppliers and codes of conduct are agreed upon.

**Risks from tax and tariff changes**

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

**More restrictive data protection regulations**

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

## Overall assessment of the Management Board

In the 2023 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 flow and the company has solid financing. This means that even the risks as a whole or a global recession would generally not 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 71. The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the economic trend.

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

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

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

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

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

## Opportunities of the TAKKT Group

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

### Economic upswing

TAKKT once again expects an overall difficult economic environment for 2024. Positive economic developments beyond the planning assumption, for example from an easing of geopolitical conflicts or an increase in demand due to changes in monetary policy, represent an opportunity for the TAKKT Group.

### Strategic and organizational positioning

In the past years, TAKKT made good progress in the implementation of the strategy with the three pillars of Growth, OneTAKKT and Caring (see the "Corporate goals and strategy" section starting on page 37). The focus was on integration of the Industrial & Packaging and FoodService divisions. In addition to efficiency and synergy gains, cooperation between the sales brands in sales and marketing activities also allows customers to benefit from increased cross-selling across different product groups.

Top priority was also given to development of the Group functions. The focus of the Group functions will be on Operations, Technology & Data, Finance and HR. TAKKT expects the stronger integration to enable more effective utilization of resources, greater scaling, the use of additional synergies and an improvement of important operational processes. The goal of the changes at the division and Group level is to achieve stronger organic growth, higher market shares and a sustained improvement in earnings.

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

As discussed in the presentation of the competitive environment on page 36, the majority of products offered by TAKKT are sold through local retailers. The market share of distance selling models is growing steadily, which also benefits TAKKT. At the same time, more and more products are being ordered online. This can be seen in the above-average long-term growth of the e-commerce business in the market as a whole as well as in TAKKT's activities. In the latter, the online share already accounts for more than half of the business volume. This development is also expected to continue in the future.

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

**Value-creating acquisitions and newly founded companies**

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 or create an additional division, TAKKT increasingly wants to acquire companies with the aim of generating added value. Achieving this calls for the acquisition of other companies offering products or services that expand the existing range of services for customers. TAKKT sees investments in value-creating acquisitions as a key growth opportunity.

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

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

**Sustainability as a competitive advantage**

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

**New products and services for new working environments**

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

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

**Further development of IT applications**

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

**Good access to capital**

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

## FORECAST REPORT

### Weak growth in target markets

The economic conditions in the sales markets are a decisive factor regarding the extent to which the TAKKT Group will be able to use the opportunities described in the risk and opportunities report. For Europe and especially Germany, the economic outlook for 2024 is very subdued. The German economy, particularly in the industrial and construction sectors, is currently grappling with low order intake, high absenteeism due to sick leave, strikes and a lack of confidence among businesses. In the US, stronger growth is expected, which will continue to be buoyed by an expansionary fiscal policy.

Relevant risk factors for economic development include the potential effects of the conflicts in Ukraine and the Middle East on energy prices and supply chains as well as the US election in November and concerns about a resurgence of trade tensions. Current economic forecasts for 2024 expect overall weak momentum in Europe again and a slowdown of growth in the US.

- At the end of February, the consensus estimates compiled by Bloomberg for the eurozone project GDP growth of 0.5 percent for the current year. In Germany, the economy is expected to stagnate with an increase of only 0.2 percent, indicating continued below average performance. Many forecasts predict a gradual improvement in economic conditions for both regions over the course of the year.
- According to current estimates, the average GDP growth projected for the US in the current year is 1.6 percent, representing a slowdown compared to 2023. In contrast to Europe, however, momentum is likely to slow down over the course of the year.

Due to the current economic risks, further economic development remains subject to a high level of uncertainty.

### Challenging industry-specific conditions

The statements regarding the fundamental business prospects are complemented by the performance of relevant industry indicators. For example, purchasing manager indexes are indicators of the order trend of the Industrial & Packaging division with a time delay of three to six months. Values under 50 points generally signal a decline, while levels above 50 indicate an increase in order intake. Sparked by the Russian attack on Ukraine, a downward trend began in 2022 with values in the second half of the year consistently below 50 points. At 42.5 points for Germany and 46.5 points for the eurozone, the indicator was clearly below the threshold of 50 points in February. Overall, the figures point to a continued very challenging environment for the Industrial & Packaging division.

Other industry indicators showed a mixed picture at the beginning of 2024. The RPI provides information about the situation of the US restaurant industry and is a relevant indicator for the FoodService division. The RPI followed an overall negative trend throughout 2023 and stood at 98.7 points in January 2024. This indicated a slightly negative business performance for US restaurant operators and consequently weaker demand for the FS division. Demand in the US office furniture market was quite volatile in the second half of 2023, and TAKKT also anticipates overall challenging conditions in the current year.

### Gradual improvement after a weak start to the year

The negative trend in 2023 and very challenging conditions continued in the first months of the new year. In the first quarter, sales performance remained at a similar level to that of the final quarter of 2023. After the weak start, TAKKT expects a reversal of the trend over the course of the year, with a gradual improvement in each quarter, converse to the trajectory of the previous fiscal year. In addition to a slight improvement in conditions and the resulting stabilization of demand, targeted measures from the growth initiatives are also expected to contribute to this positive development. Depending on the timing and extent of the stabilization, TAKKT expects organic growth for 2024 to be in the negative high single-digit to low double-digit percentage range. The e-commerce order intake is anticipated to develop similarly to sales.

### Potential effects on sales and earnings from acquisitions and disposals

TAKKT wants to tap into additional growth potential through acquisitions in the future as well. These could contribute to sales from the acquisition date. In addition, changes in the composition of the Group through

disposals are not ruled out if individual companies do not develop as expected or if strategic changes make sense. TAKKT presents the effects of acquisitions and disposals on sales and earnings in the financial reporting in a transparent manner.

### US dollar affects key figures

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

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

In addition to the fluctuation effects from the US dollar mentioned above, fluctuations in other currencies can also have an impact on the reported Group key figures.

### Gross profit margin remains at 40 percent

In view of the challenging conditions in 2023 and 2024, TAKKT is further strengthening the resilience of its business model. TAKKT aims to maintain the Group's gross profit margin at 40 percent in the long term. Despite a negative structural effect resulting from changes in sales shares, TAKKT achieved an improvement to 39.8 percent in the past year. Improving the gross profit margin remains a high priority in 2024 as well. The Group will continue to pass on potential price increases for products or shipping, such as the current rise in container freight rates, promptly and in full in order to keep the margin stable. In addition, TAKKT is also working on further improvements to its purchasing conditions and discounts for customers. The gross profit margin is expected to remain at around 40 percent in 2024.

### Improvement of cost structures

The focus on resilience continues when it comes to cost awareness. In response to the weak demand, TAKKT implemented strict cost management in 2023 and is continuing this strategy in the current year. Due to the expected negative sales development, the Group is relying on structural measures to achieve cost-savings in the area of personnel expenses and other costs in 2024. As a result of the integration measures in the divisions and Group functions, hierarchies are being reduced and structures streamlined. In addition, the Group expects efficiency gains from the automation of processes, such as in the areas of customer service and order processing.

The aim of these structural adjustments is to achieve a permanent reduction in the cost base of at least EUR 15 million. The extent of the adjustments depends on the sales trend in the second and third quarter. If demand remains weak throughout the year, TAKKT will implement additional cost-saving measures during the year. Earnings will be significantly impacted by one-time costs related to personnel adjustments as a result of these savings. For 2024, the Group expects overall one-time expenses between EUR 10 to 15 million, which is significantly higher than in the past fiscal year. The measures that have already been initiated in the first quarter will have a positive impact on earnings in the current year. If further adjustments are made over the course of the year, the additional one-time expenses in 2024 are expected to offset the savings. The full extent of these benefits will be realized in the following years.

The 2024 fiscal year will also be a challenging one in terms of earnings. Adjusted for one-time expenses, TAKKT expects the EBITDA margin to be in the range of 8.0 to 9.5 percent and will be impacted by 1 to 1.5 percentage points due to one-time expenses resulting mainly from the implementation of structural adjustments.

### Stable development of capital expenditure, free cash flow benefits from reduction in net working capital

In 2024, capital expenditure is expected to be at a comparable level to the previous year, and continue to account for slightly less than two percent of sales. In 2024, TAKKT will continue to focus on increasing cash generation and expects additional contributions to free cash flow from the reduction in net working capital and improved cash conversion. This should partially offset the negative impact resulting from the significantly lower EBITDA. TAKKT therefore also anticipates good free cash flow in the current year, with a less sharp year-on-year decline compared to EBITDA.

### Continued good cNPS values, slight improvement in eNPS and share of women in executive positions

TAKKT has set ambitious targets with regard to the willingness to recommend among customers and employees and is continuously working on improvement measures. The cNPS, which indicates a customer's willingness to recommend, is also expected to be at a high level in the current year, very close to the target value of 60 points. For the eNPS, which provides information about the attractiveness of the Group as an employer, the figure is expected to remain around the level of 2023. TAKKT is convinced of the benefits of more diverse teams and intends to further increase the share of women in executive positions. For 2024, TAKKT anticipates a slight increase. However, the share can also stagnate or even decline slightly within a single year due to personnel changes.

### Further improvement of sustainability indicators

TAKKT sees the German Sustainability Award as an incentive for further efforts in this area. In the current year, the Group aims to specifically increase the share of sustainable products classified as "enkelfähig" by a few percentage points. The Group wants to achieve a significant reduction in $CO_2e$ emissions (Scope 1 & 2 according to the GHG Protocol) through the use of photovoltaic systems.

### Dividend proposal

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

### General statement on anticipated development of the Group

The operational development in 2024 will depend largely on the economic conditions. Given the enduring very challenging conditions, the TAKKT Management Board expects organic growth in the negative high single-digit to low double-digit percentage range. Adjusted for one-time expenses, the EBITDA margin is expected to be in the range of 8.0 to 9.5 percent and will be impacted by 1 to 1.5 percentage points due to one-time expenses. Free cash flow is expected to decline less sharply than EBITDA. TAKKT expects a stable or slightly positive development in the willingness to recommend of customers and employees as well as the sustainability indicators.

### 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. The TAKKT Management Board therefore cannot accept any liability for these statements.

# Consolidated financial statements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**Consolidated statement of income of the TAKKT Group** in EUR thousand

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **Sales** | (1) | **1,240,018** | **1,336,775** |
| Changes in inventories of finished goods and work in progress | | – 469 | 558 |
| Own work capitalized | | 937 | 964 |
| **Gross performance** | | **1,240,486** | **1,338,297** |
| Cost of sales | | 747,072 | 812,634 |
| **Gross profit** | | **493,414** | **525,663** |
| Other operating income | (2) | 6,569 | 4,673 |
| Personnel expenses | (3) | 211,977 | 213,475 |
| Other operating expenses | (4) | 176,142 | 184,739 |
| **EBITDA** | | **111,864** | **132,122** |
| Depreciation, amortization and impairment of property, plant and equipment and other intangible assets | (5) | 35,983 | 51,329 |
| Impairment of goodwill | (6) | 37,003 | 0 |
| **EBIT** | | **38,878** | **80,793** |
| Finance expenses | (7) | – 8,635 | – 5,626 |
| Other finance result | (8) | – 109 | 774 |
| **Financial result** | | **– 8,744** | **– 4,852** |
| **Profit before tax** | | **30,134** | **75,941** |
| Income tax expense | (9) | 5,580 | 16,656 |
| **Profit** | | **24,554** | **59,285** |
| attributable to owners of TAKKT AG | | 24,554 | 59,285 |
| attributable to non-controlling interests | | 0 | 0 |
| | | | |
| Weighted average number of issued shares in million | | 65.0 | 65.6 |
| Basic earnings per share (in EUR) | (10) | 0.38 | 0.90 |
| Diluted earnings per share (in EUR) | (10) | 0.38 | 0.90 |

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

| | 2023 | 2022 |
|---|---|---|
| **Profit** | **24,554** | **59,285** |
| | | |
| Actuarial gains and losses resulting from pension provisions recognized in equity | – 3,274 | 28,667 |
| Tax on actuarial gains and losses resulting from pension provisions | 906 | – 8,193 |
| Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity | – 1,050 | – 11,785 |
| Tax on subsequent measurement of investment in equity instruments | 0 | 225 |
| **Other comprehensive income after tax for items that will not be reclassified to profit and loss in future** | **– 3,418** | **8,914** |
| | | |
| Income and expenses from the subsequent measurement of cash flow hedges recognized in equity | – 772 | 136 |
| Income recognized in the income statement | – 138 | 640 |
| Tax on subsequent measurement of cash flow hedges | 261 | – 218 |
| **Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges** | **– 649** | **558** |
| Income and expenses from the adjustment of foreign currency reserves recognized in equity | – 8,059 | 15,758 |
| Income recognized in the statement of income | – 284 | 0 |
| **Other comprehensive income after tax resulting from the adjustment of foreign currency reserves** | **– 8,343** | **15,758** |
| **Other comprehensive income after tax for items that will be reclassified to profit and loss** | **– 8,992** | **16,316** |
| | | |
| **Other comprehensive income (Changes to other components of equity)** | **– 12,410** | **25,230** |
| attributable to owners of TAKKT AG | – 12,410 | 25,230 |
| attributable to non-controlling interests | 0 | 0 |
| | | |
| **Total comprehensive income** | **12,144** | **84,515** |
| attributable to owners of TAKKT AG | 12,144 | 84,515 |
| attributable to non-controlling interests | 0 | 0 |

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

| **Assets** | Notes | **12/31/2023** | 12/31/2022 |
|---|---|---|---|
| Property, plant and equipment | (11) | 112,820 | 113,891 |
| Goodwill | (12) | 557,805 | 602,822 |
| Other intangible assets | (13) | 38,335 | 45,400 |
| Other assets | (14) | 13,615 | 13,939 |
| Deferred tax | (15) | 7,710 | 5,468 |
| **Non-current assets** | | **730,285** | **781,520** |
| | | | |
| Inventories | (16) | 126,170 | 163,081 |
| Trade receivables | (17) | 115,289 | 135,895 |
| Other receivables and assets | (18) | 25,816 | 30,431 |
| Income tax receivables | | 3,675 | 3,030 |
| Cash and cash equivalents | (19) | 5,587 | 7,566 |
| **Current assets** | | **276,537** | **340,003** |
| **Total assets** | | **1,006,822** | **1,121,523** |

| **Equity and liabilities** | Notes | **12/31/2023** | 12/31/2022 |
|---|---|---|---|
| Share capital | | 65,610 | 65,610 |
| Treasury shares | | – 10,781 | – 6,524 |
| Retained earnings | | 567,347 | 607,852 |
| Other components of equity | | 20,496 | 32,906 |
| **Total equity** | (20) | **642,672** | **699,844** |
| | | | |
| Financial liabilities | (21) | 64,904 | 74,184 |
| Pension provisions and similar obligations | (22) | 54,553 | 51,024 |
| Other provisions | (23) | 8,872 | 7,962 |
| Deferred tax | (15) | 70,416 | 80,437 |
| **Non-current liabilities** | | **198,745** | **213,607** |
| | | | |
| Financial liabilities | (21) | 46,695 | 50,065 |
| Trade payables and similar liabilities | (24) | 65,146 | 96,656 |
| Other liabilities | (25) | 34,791 | 36,293 |
| Provisions | (23) | 15,111 | 20,460 |
| Income tax payables | | 3,662 | 4,598 |
| **Current liabilities** | | **165,405** | **208,072** |
| **Total equity and liabilities** | | **1,006,822** | **1,121,523** |

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

| | Share capital | Treasury shares | Retained earnings | Other components of equity | Total equity |
|---|---|---|---|---|---|
| **Balance at 01/01/2023** | **65,610** | **– 6,524** | **607,852** | **32,906** | **699,844** |
| Transactions with owners | 0 | – 4,257 | – 65,059 | 0 | – 69,316 |
| thereof acquisition / issuance of treasury shares | 0 | – 4,257 | 0 | 0 | – 4,257 |
| thereof dividends paid | 0 | 0 | – 65,059 | 0 | – 65,059 |
| Total comprehensive income | 0 | 0 | 24,554 | – 12,410 | 12,144 |
| thereof Profit | 0 | 0 | 24,554 | 0 | 24,554 |
| thereof Other comprehensive income (Changes to other components of equity) | 0 | 0 | 0 | – 12,410 | – 12,410 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 |
| **Balance at 12/31/2023** | **65,610** | **– 10,781** | **567,347** | **20,496** | **642,672** |

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

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

| | Notes | 2023 | 2022 |
|---|---|---|---|
| Profit | | 24,554 | 59,285 |
| Depreciation, amortization and impairment of non-current assets | (5)/(6) | 72,986 | 51,329 |
| Deferred tax expense | (9) | – 9,061 | 679 |
| Other non-cash expenses and income | | – 758 | 3,654 |
| Result from disposal of non-current assets | | – 1,720 | 195 |
| Change in inventories | | 35,196 | – 15,398 |
| Change in trade receivables | | 19,028 | – 15,970 |
| Change in trade payables and similar liabilities | | – 30,214 | 3,775 |
| Change in provisions | | – 4,059 | – 4,483 |
| Change in other assets / liabilities | | 489 | 1,355 |
| **Cash flow from operating activities** | | **106,441** | **84,421** |
| | | | |
| Proceeds from disposal of property, plant and equipment and intangible assets | | 2,612 | 542 |
| Capital expenditure on property, plant and equipment and intangible assets | (11)/(13) | – 15,902 | – 14,571 |
| Proceeds from the disposal of minority interests | | 0 | 32 |
| Cash outflows for the acquisition of minority interests | | – 1,227 | 0 |
| **Cash flow from investing activities** | | **– 14,517** | **– 13,997** |
| | | | |
| Proceeds from Financial liabilities | | 86,069 | 87,970 |
| Repayments of Financial liabilities | | – 91,700 | – 59,564 |
| Repayments of lease liabilities | | – 19,195 | – 15,370 |
| Dividend payments to owners of TAKKT AG | | – 65,059 | – 72,171 |
| Payments to owners of TAKKT AG (share buy-back) | | – 4,403 | – 6,524 |
| Proceeds from owners of TAKKT AG (Employee shares) | | 137 | 0 |
| **Cash flow from financing activities** | | **– 94,151** | **– 65,659** |
| | | | |
| Cash and cash equivalents at 01/01/ | | 7,566 | 2,787 |
| Increase / decrease in Cash and cash equivalents | | – 2,227 | 4,765 |
| Non-cash increase / decrease in Cash and cash equivalents | | 248 | 14 |
| **Cash and cash equivalents at 12/31/** | (19) | **5,587** | **7,566** |

# Notes to the consolidated financial statements

## 1. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### General Information

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

TAKKT AG, Presselstr. 12, 70191 Stuttgart / Germany, registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's parent company. The consolidated financial statements as of December 31, 2023, prepared in accordance with IFRS, the management report of TAKKT AG and of the TAKKT Group, the separate financial statement of TAKKT AG prepared in accordance with the HGB and all other required documentation according to section 325 of HGB will be submitted to the Company Register.

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

The consolidated financial statements and the combined management report of TAKKT AG and the Group were approved by the Management Board for submission to the Supervisory Board on March 15, 2024.

### 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 2023 financial year for TAKKT:

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

Amendments to IAS 12 Income Taxes provide for a temporary exemption from the obligation to recognize deferred taxes resulting from the application of the so-called Pillar Two rules for minimum taxation of large groups. Based on the current state of knowledge this will only have an insignificant impact on TAKKT. The exception to deferred taxes in accordance with IAS 12.4A is applied.

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

The IASB and IFRS IC have passed new and revised standards which TAKKT must only apply starting January 01, 2024 or later. Some of these standards still have to be approved by the EU prior to their application.

Specifically, these include the following reporting standards and interpretations:

**Endorsed by EU-commission**

| Standard | | Status | Applicable from |
|---|---|---|---|
| Amendment IAS 1 | Classification of Liabilities as Current or Non-current | amended | 1/1/2024 |
| Amendment IAS 16 | Lease Liability in a Sale and Leaseback | amended | 1/1/2024 |

**Not yet endorsed by EU-commission**

| Standard | | Status | Applicable from |
|---|---|---|---|
| Amendment IAS 7 und IFRS 7 | Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Financing Arrangements | amended | 1/1/2024 * |
| Amendment IAS 21 | Lack of Exchangeability | amended | 1/1/2025 * |

* expected

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

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

## Scope of consolidation

TAKKT is a B2B direct marketing specialist for business equipment and is active in more than 20 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, 12 (15) domestic and 37 (39) foreign companies are included in the consolidated financial statements.

The number of fully consolidated companies has changed as follows in comparison to December 31, 2022.

| Event | Subsidiary | Segment |
|---|---|---|
| Liquidation | KAISER+KRAFT OOO, Moscow / Russia | Industrial & Packaging |
| Liquidation | Davpack AB, Markaryd / Sweden | Industrial & Packaging |
| Merger | Certeo Business Equipment GmbH, Stuttgart / Germany | Industrial & Packaging |
| Merger | büromöbelonline GmbH, Stuttgart / Germany | Industrial & Packaging |
| Merger | Hubert GmbH, Pfungstadt / Germany | Industrial & Packaging |

On December 31, 2023, Franz Haniel & Cie. GmbH, Duisburg / Germany, which is registered in the German Commercial Register of the local court of Duisburg under the number HRB 25, holds 65.0 (65.0) percent of the issued shares in the share capital of its subsidiary TAKKT AG. The TAKKT Group will therefore be included in the latter's consolidated financial statements, which are available at the Company Register.

## Principles of consolidation

Subsidiaries are fully consolidated from the date TAKKT AG has obtained control over theinvestee according to IFRS 10 Consolidated Financial Statements either directly or indirectly.

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, 2023. The separate financial statements of the domestic and foreign subsidiaries included in the financial statements were prepared using uniform accounting and valuation principles.

Intercompany profits and losses, sales, expenses and income, guarantees and warranties, intercompany profits as well as all receivables and liabilities between the Group subsidiaries 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.

## 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.

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** | **2023** | 2022 | **2023** | 2022 |
| USD | USA | 1.1050 | 1.0666 | 1.0810 | 1.0512 |
| CHF | Switzerland | 0.9260 | 0.9847 | 0.9715 | 1.0044 |
| GBP | UK | 0.8691 | 0.8869 | 0.8697 | 0.8522 |
| SEK | Sweden | 11.0960 | 11.1218 | 11.4728 | 10.6191 |
| CAD | Canada | 1.4642 | 1.4440 | 1.4593 | 1.3678 |

## 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. 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 Trade payables and similar liabilities.

**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).

**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. 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 | |
|---|---|---|
| | **2023** | 2022 |
| Buildings (incl. leasehold improvements) | 1 – 50 | 1 – 50 |
| Plant, machinery and equipment | 3 – 16 | 3 – 16 |

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

In accordance with IFRS 16, TAKKT as lessee generally recognizes a right-of-use asset and a corresponding lease liability for 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.

If possible, the interest rate underlying the lease contracts is used to determine the present value of future lease payments. 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.

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

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

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

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

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

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

For **goodwill** and **intangible assets with an indefinite useful life**, as these do not generate any independent cash flows, recoverability of the capitalized book value is reviewed once a year or, if indicated by triggering events also during the year, at the level of cash generating units in accordance with IAS 36 Impairment of Assets. In the year under review, the TAKKT Group had a total of 5 (6) cash generating units.

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

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

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

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

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

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

| | Useful life in years | |
|---|---|---|
| | **2023** | 2022 |
| Goodwill | indefinite | indefinite |
| Brands | indefinite | indefinite |
| Customer relationships | 3 – 10 | 3 – 10 |
| Domain names | 5 – 10 | 5 – 10 |
| Catalog- / web design | 3 | 3 |
| Software, licenses and similar rights | 2 – 7 | 2 – 7 |

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

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

**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 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 and derivative financial instruments. 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 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).

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

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

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

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

**Derivative financial instruments** are generally used for hedging purposes. Forward foreign exchange contracts, for example, are used to reduce currency risks from operating 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 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 are recognized either in the income statement (fair value hedge) or, if it is a cash flow hedge and hedge accounting is applied, in other comprehensive income, taking into account deferred taxes. Derivative financial instruments for which no formal hedge accounting is used are to be classified into the category debt instruments, derivatives and equity instruments measured at fair value through profit or loss.

In a fair value hedge, derivatives are used to hedge balance sheet positions. The results from the fair value measurement of the hedging instruments are recognized in profit or loss. The changes in fair value of the underlying transactions attributable to the hedged risk are also recognized in profit or loss as book value adjustments.

As part of a cash flow hedge, derivatives are used to hedge future cash flow risks from existing underlying transactions or planned transactions. The hedge-effective portion of the fair value changes in derivatives is initially recognized in Other comprehensive income.

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

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

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

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

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

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

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

In the case of a buy-back of **treasury shares**, the consideration paid, which includes directly attributable costs less any tax effects, is presented as a reduction of equity.

**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.

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 and onerous contracts, 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 carry forwards 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 carry forwards will be implemented.

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

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

## 2. NOTES TO THE INCOME STATEMENT

**(1) Sales** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Sales with third parties | 1,238,705 | 1,335,423 |
| Sales with affiliated companies | 1,313 | 1,352 |
| | **1,240,018** | **1,336,775** |

Sales are generated mainly by selling goods and associated transport services. 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.

In the financial year, revenues of EUR 12.4 million (EUR (19.6 million) were generated which had been recognized at the beginning of the financial year under liabilities from contracts with customers.

Sales from a distribution perspective are as follows:

**Sales according to regions** in EUR thousand

| | Industrial & Packaging | Office Furniture & Displays | Food Service | 2023 |
|---|---|---|---|---|
| Germany | 250,697 | 3,719 | 3,892 | 258,308 |
| Europe without Germany | 421,902 | 413 | 12,862 | 435,177 |
| USA | 15 | 273,775 | 255,962 | 529,752 |
| Other | 269 | 3,618 | 12,894 | 16,781 |
| | **672,883** | **281,525** | **285,610** | **1,240,018** |

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

**(2) Other operating income** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Income from the disposal of non-current assets | 2,284 | 229 |
| Rental income | 252 | 250 |
| Other income | 4,033 | 4,194 |
| | **6,569** | **4,673** |

Income from the disposal of non-current assets in the current financial year mainly results from the sale of an office property owned by a subsidiary in France. Other income includes, in particular, prior year income.

**(3) Personnel expenses** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 176,488 | 179,283 |
| Social security costs | 30,375 | 30,780 |
| Retirement costs | 4,644 | 6,259 |
| Release of personnel-related provisions | – 1,378 | – 4,369 |
| Other | 1,848 | 1,522 |
| | **211,977** | **213,475** |

**(4) Other operating expenses** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Operating expenses | 135,071 | 143,439 |
| Administrative expenses | 35,596 | 36,545 |
| Operating taxes | 3,641 | 3,518 |
| Leasing | 2,508 | 2,083 |
| Impairment on financial assets | 831 | 1,940 |
| Release of provisions | – 289 | – 2,288 |
| Foreign exchange differences | – 1,216 | – 498 |
| | **176,142** | **184,739** |

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

Impairment on financial assets mainly relates to the change in valuation allowances on trade receivables and full write-offs of trade receivables where they cannot be recovered. Write-offs amounted to EUR 1,841 thousand (EUR 1,455 thousand). Subsequent payments received on written-off receivables are included with EUR 119 thousand (EUR 212 thousand).

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

| | 2023 | 2022 |
|---|---|---|
| Property, plant and equipment | 22,511 | 23,851 |
| Other intangible assets | 13,472 | 27,478 |
| | **35,983** | **51,329** |

Depreciation and amortization comprise scheduled amortization amounting to EUR 1,804 thousand (EUR 2,974 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 414 thousand (EUR 83 thousand). In 2023, EUR 414 thousand (EUR 83 thousand) result from impairment losses on right-of-use assets that according to IFRS 16 are subject to the regulations of IAS 36. The underlying assets of the impaired right-of-use assets mainly relate to rented office buildings that have already been terminated at the next possible date, or for which the search for a new tenant is already underway, but which are no longer used during the remaining term of the lease.

Impairment losses of EUR 433 thousand (EUR 230 thousand) were recognized on intangible assets in accordance with IAS 36 in 2023. In the previous year, the impairment related to a web shop that was no longer used. In the current financial year, the impairment relates to an ERP system that is no longer used and an impaired web shop.

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

As part of the new set-up of the Industrial & Packaging division, TAKKT has decided to simplify and harmonize the brand landscape in the past financial year, which was implemented in 2023. As a result of this decision, the Group has recognized impairment losses of EUR 11.2 million on intangible assets in the financial year 2022. These mainly related to brand rights that were acquired and accounted for in the course of previous acquisitions and are based on the value in use using a discount rate of 8.3%. There was no need for impairment in the current financial year.

**(6) Impairment of goodwill**

The following table shows the book values of the goodwill 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) | |
|---|---|---|---|---|---|---|
| **Cash generating units** | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Industrial & Packaging | 325,753 | 325,072 | 11.8 | 10.1 | 1.0 | 1.0 |
| NBF | 42,197 | 43,716 | 12.1 | 9.5 | 2.0 | 2.0 |
| D2G | 48,830 | 88,004 | 11.5 | 9.4 | 2.0 | 2.0 |
| CenBert | 139,025 | - | 12.0 | - | 2.0 | - |
| XXLhoreca | 2,000 | 2,000 | 10.6 | 9.4 | 2.0 | 2.0 |
| Hubert | - | 76,018 | - | 9.6 | - | 2.0 |
| Central | - | 68,012 | - | 9.4 | - | 2.0 |

As part of the organizational realignment, a new cash-generating unit was formed at the beginning of the previous year from Kaiser+Kraft, Ratioform and a part of Newport. Part of the goodwill of Newport was therefore transferred to Industrial & Packaging on a fair value basis. The rest of Newport was allocated on the basis of fair values to D2G and the newly formed cash generating unit XXLhoreca. In the current financial year, the two cash-generating units Hubert and Central were merged into the CenBert unit due to the advanced organizational integration within the FoodService segment.

The compound annual growth rate in external sales in the detailed planning period is between 3.8 (5.2) percent and 13.5 (16.1) percent for the cash generating units.

The evidence for recoverability at all cash generating units is based on the value in use. In the previous year no need for impairment was derived from the impairment test.

Impairment losses of USD 40.0 million were recognized on goodwill in the financial year 2023. These related to the goodwill of the cash-generating unit D2G reported in the Office Furniture & Displays segment. Goodwill before impairment totalled USD 94.0 million, the carrying amount of the net assets was USD 128.9 million and the recoverable amount, which corresponded to the value in use of the cash-generating unit, was USD 88.9 million. The reasons for the impairment were worsened earnings forecasts due to the recession and a sharp rise in the cost of capital, which amounted to 11.5% before tax for this unit in the impairment test as at December 31, 2023.

The impairment tests did not result in any need for impairment of the other cash-generating units.

Sensitivity analyses were also carried out when performing the other impairment tests. A one percentage point increase in the weighted average cost of capital before taxes or a one percentage point reduction in the growth rate of the perpetuity would not have led to an impairment of goodwill. This also applies to a ten percent reduction in cash flow before interest and taxes in perpetuity.

**(7) Finance expenses** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Interest portion of lease liabilities | – 1,892 | – 2,074 |
| Interest portion of pension provisions | – 1,745 | – 818 |
| Interest on financial liabilities | – 4,998 | – 2,734 |
| | **– 8,635** | **– 5,626** |

**(8) Other finance result** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Valuation of financial instruments | – 475 | 862 |
| Other financial expenses | 243 | – 118 |
| Interest and similar income | 123 | 30 |
| | **– 109** | **774** |

**(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 (30.7) percent.

**Breakdown of income tax expense** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Current tax | 14,641 | 15,977 |
| Deferred tax | – 9,061 | 679 |
| | **5,580** | **16,656** |

Current tax includes expense of EUR 99 thousand (prior year income of EUR 796 thousand) relating to prior periods. Deferred tax income of EUR 95 thousand (EUR 141 thousand) results from the changes of allowances on deferred tax assets. Deferred tax expense of EUR 56 thousand (EUR 7 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

| | 2023 | 2022 |
|---|---|---|
| **Profit before tax** | **30,134** | **75,941** |
| Expected average tax expense | 9,251 | 23,314 |
| Changes in tax rates | 56 | 7 |
| Differences between local and Group tax rates | – 5,755 | – 8,284 |
| Non-deductible expenses | 1,509 | 2,323 |
| Non-taxable income | – 108 | – 120 |
| Allowance for deferred tax assets | – 95 | – 141 |
| Taxes relating to prior years | 99 | – 769 |
| Other differences | 623 | 326 |
| **Income tax expense per the consolidated income statement** | **5,580** | **16,656** |
| Tax ratio (in percent) | 18.5 | 21.9 |

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2023. 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 18.5 (21.9) percent and therefore at a significantly lower level compared to the previous year. This year's tax rate was particularly affected by the impairment of the goodwill of the cash-generating unit D2G. Adjusted for this effect, as well as for the impairment losses relating to brand rights in the I&P division in the previous year, both tax rates are at a comparable level.

**(10) Earnings per share**

| | 2023 | 2022 |
|---|---|---|
| Number of shares issued (in thousand) | 65,610 | 65,610 |
| Weighted average number of shares issued after share buy-back (in thousand) | 64,985 | 65,547 |
| Profit (in EUR thousand) | 24,554 | 59,285 |
| Basic earnings per share (in EUR) | 0.38 | 0.90 |
| Diluted earnings per share (in EUR) | 0.38 | 0.90 |
| Free cash flow (in EUR thousand) | 73,956 | 55,022 |
| Free cash flow per share (in EUR) | 1.14 | 0.84 |

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 01/01/2023 | 205,316 | 102,743 | 531 | 308,590 |
| Currency translation | – 776 | – 895 | – 3 | – 1,674 |
| Additions | 14,888 | 6,084 | 2,526 | 23,498 |
| Transfers | 184 | 1,148 | – 1,332 | 0 |
| Disposals | – 9,709 | – 8,664 | – 1 | – 18,374 |
| **Balance at 12/31/2023** | **209,903** | **100,416** | **1,721** | **312,040** |
| | | | | |
| **Cumulative depreciation and impairment** | | | | |
| Balance at 01/01/2023 | 112,884 | 81,815 | 0 | 194,699 |
| Currency translation | – 577 | – 817 | 0 | – 1,394 |
| Additions | 14,921 | 7,590 | 0 | 22,511 |
| Disposals | – 8,404 | – 8,192 | 0 | – 16,596 |
| **Balance at 12/31/2023** | **118,824** | **80,396** | **0** | **199,220** |
| | | | | |
| **Net book values** | | | | |
| **Balance at 12/31/2023** | **91,079** | **20,020** | **1,721** | **112,820** |

Property, plant and equipment of EUR 112,820 thousand (EUR 113,891 thousand) at reporting date includes EUR 63,221 thousand (EUR 59,312 thousand) property, plant and equipment legally owned by TAKKT as well as advance payments made and EUR 49,599 thousand (EUR 54,579 thousand) right-of-use assets for leased assets.

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 1,615 thousand (EUR 927 thousand).

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

**(12) Goodwill** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| **Acquisition costs** | | |
| Balance at 01/01/ | 615,682 | 602,611 |
| Currency translation | – 8,779 | 13,071 |
| Additions | 0 | 0 |
| Disposals | – 12,899 | 0 |
| **Balance at 12/31/** | **594,004** | **615,682** |
| | | |
| **Cumulative impairment** | | |
| Balance at 01/01 / | 12,860 | 12,860 |
| Currency translation | – 804 | 0 |
| Additions | 37,003 | 0 |
| Disposals | – 12,860 | 0 |
| **Balance at 12/31** | **36,199** | **12,860** |
| | | |
| **Net book values** | | |
| **Balance at 12/31/** | **557,805** | **602,822** |

In the current financial year, goodwill impairments totalling USD 40 million were recognized. These relate to the cash-generating unit D2G.

In the financial year, historical impairments were derecognized together with the relevant acquisition costs.

**Book value of goodwill** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| **Cash generating units** | | |
| Industrial & Packaging | 325,753 | 325,072 |
| NBF | 42,197 | 43,716 |
| D2G | 48,830 | 88,004 |
| CenBert | 139,025 | - |
| Hubert | - | 76,018 |
| Central | - | 68,012 |
| XXLhoreca | 2,000 | 2,000 |
| | **557,805** | **602,822** |

**(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 01/01/2023 | 18,826 | 47,383 | 45,845 | 84,936 | 631 | 197,621 |
| Currency translation | – 654 | 40 | – 34 | – 650 | – 13 | – 1,311 |
| Additions | 0 | 0 | 0 | 5,945 | 1,335 | 7,280 |
| Transfers | 0 | 0 | 0 | 610 | – 610 | 0 |
| Disposals | 0 | 0 | 0 | – 9,305 | 0 | – 9,305 |
| **Balance at 12/31/2023** | **18,172** | **47,423** | **45,811** | **81,536** | **1,343** | **194,285** |
| | | | | | | |
| **Cumulative amortization and impairment** | | | | | | |
| Balance at 01/01/2023 | 0 | 47,220 | 41,909 | 63,092 | 0 | 152,221 |
| Currency translation | | 45 | – 37 | – 516 | 0 | – 508 |
| Additions | 0 | 158 | 1,646 | 11,235 | 0 | 13,039 |
| Impairment | 0 | 0 | 0 | 433 | 0 | 433 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | – 9,235 | 0 | – 9,235 |
| **Balance at 12/31/2023** | **0** | **47,423** | **43,518** | **65,009** | **0** | **155,950** |
| | | | | | | |
| **Net book values** | | | | | | |
| **Balance at 12/31/2023** | **18,172** | **0** | **2,293** | **16,527** | **1,343** | **38,335** |

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 were amortized in full in the current financial year and have a residual book value of zero.

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

The distribution on business units is as follows:

| | **Book values of brands with undefined useful life** (in EUR thousand) | | **Book values of customer lists** (in EUR thousand) | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Industrial & Packaging | 0 | 0 | 0 | 163 |
| NBF | 6,769 | 7,013 | 0 | 0 |
| Central | 11,403 | 11,813 | 0 | 0 |
| | **18,172** | **18,826** | **0** | **163** |

Purchase commitments for intangible assets amount to EUR 196 thousand (EUR 226 thousand).

**(14) Other assets** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Investments in corporate entities | 11,391 | 11,229 |
| Investment in venture capital funds | 1,942 | 2,437 |
| Other | 282 | 273 |
| | **13,615** | **13,939** |

**(15) Deferred tax**

**Deferred tax on loss carry forwards** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Deferred tax on loss carry forwards (gross) | 7,169 | 5,954 |
| Allowance | – 449 | – 1,379 |
| **Deferred tax on loss carry forwards (net)** | **6,720** | **4,575** |

**Expiration of impaired loss carry forwards** in EUR thousand

| | up to 1 year | 1 to 5 years | over 5 years | unlimited | Total |
|---|---|---|---|---|---|
| 2023 | 1,281 | 730 | 310 | 0 | 2,321 |
| 2022 | 897 | 3,186 | 406 | 1,877 | 6,366 |

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 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Property, plant and equipment and other intangible assets | 3,264 | 3,069 | 22,376 | 23,241 |
| Goodwill | 0 | 0 | 78,041 | 87,170 |
| Other non-current assets | 0 | 0 | 560 | 694 |
| Inventories | 4,027 | 4,208 | 159 | 172 |
| Trade receivables and other assets | 524 | 656 | 1,015 | 1,094 |
| Non-current provisions | 4,844 | 4,271 | 0 | 0 |
| Current provisions | 997 | 659 | 223 | 184 |
| Financial liabilities | 14,122 | 13,748 | 0 | 0 |
| Other liabilities | 4,975 | 6,448 | 26 | 22 |
| Fair value of derivative financial instruments | 259 | 283 | 38 | 309 |
| Loss carry forwards | 6,720 | 4,575 | 0 | 0 |
| **Subtotal** | **39,732** | **37,917** | **102,438** | **112,886** |
| Netting | – 32,022 | – 32,449 | – 32,022 | – 32,449 |
| **Consolidated balance sheet** | **7,710** | **5,468** | **70,416** | **80,437** |

Deferred taxes of EUR 101 thousand (EUR 101 thousand) were recognized on the fair value changes of investments recognized directly in equity. Deferred tax assets of EUR 235 thousand (deferred tax liabilities of EUR 26 thousand) on the market value of derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 3,523 thousand (EUR 2,610 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 7,710 thousand (EUR 5,468 thousand), EUR 761 thousand (EUR 241 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 4,668 thousand (EUR 5,034 thousand). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

**(16) Inventories** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Raw materials and supplies | 5,885 | 6,623 |
| Work in progress | 1,568 | 1,528 |
| Finished goods and purchased merchandise | 116,936 | 152,408 |
| Assets for rights from customer returns | 751 | 1,289 |
| Payments on account | 1,030 | 1,233 |
| | **126,170** | **163,081** |

An obsolescence reserve of EUR 11,521 thousand (EUR 13,256 thousand) has been made on finished goods and purchased merchandise, taking the expected sell-down period of the inventories into consideration. Intercompany profits of EUR 77 thousand (EUR 150 thousand) were eliminated.

**(17) Trade receivables**

**Development of allowances on trade receivables** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Balance at 01/01/ | 4,290 | 3,548 |
| Additions | 586 | 1,189 |
| Release | – 1,477 | – 485 |
| Currency translation and other changes | – 11 | 38 |
| **Balance at 12/31/** | **3,388** | **4,290** |

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

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

| | **2023** | 2022 |
|---|---|---|
| Market value of derivative financial instruments | 605 | 722 |
| Other tax receivables | 549 | 1,213 |
| Bonus claims against suppliers | 14,442 | 15,746 |
| Deferred expenses | 7,288 | 8,024 |
| Other | 2,932 | 4,726 |
| | **25,816** | **30,431** |

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

| | 2023 | 2022 |
|---|---|---|
| Checks, cash balances | 356 | 65 |
| Bank balances | 5,231 | 7,501 |
| | **5,587** | **7,566** |

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

**(20) Total equity**

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

On October 4, 2022, the Management Board passed a resolution on a share buy-back program of up to 1,968,309 shares for a total purchase price of up to EUR 25 million (excluding incidental costs) and a term from October 6, 2022 to June 30, 2023. On June 27, 2023, the buy-back program was extended until December 31, 2024.

From 1 January to December 31, 2023, 327,187 (509,781) shares were purchased on the stock exchange at an average price of EUR 13.36 (EUR 12.78). The costs of the share buyback amounting to EUR 21 thousand (EUR 7 thousand) after tax were offset against equity. The company may use the repurchased shares for all purposes in accordance with the authorization granted. In the past financial year, 13,965 shares were issued to employees from treasury shares for the first time.

In accordance with the resolution of the Shareholders' Meeting amending the statutes on May 18, 2022, the Management Board is authorized until May 17, 2027, to increase the issued capital by an amount of up to EUR 32,805,165 once or several times by issuing new no-par-value bearer shares, taking the subscription rights of the shareholders into account. With the approval of the Supervisory Board, the Management Board is, however, entitled to exclude residual amounts from the shareholders' statutory subscription right. No use was made of this authorization in 2023.

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 01/01/2022** | **– 37,524** | **14,580** | **3,471** | **9,421** | **16,943** | **6,891** |
| Other comprehensive income | 28,464 | – 11,785 | 775 | – 8,160 | 15,936 | 25,230 |
| thereof currency translation effects | – 203 | 0 | – 1 | 26 | 15,936 | 15,758 |
| Transfer to retained earnings | 0 | 785 | 0 | 0 | 0 | 785 |
| **Balance at 12/31/2022 / 01/01/2023** | **– 9,060** | **3,580** | **4,246** | **1,261** | **32,879** | **32,906** |
| Other comprehensive income | – 3,322 | – 1,050 | – 909 | 1,174 | – 8,303 | – 12,410 |
| thereof currency translation effects | – 48 | 0 | 1 | 7 | – 8,303 | – 8,343 |
| Transfer to retained earnings | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at 12/31/2023** | **– 12,382** | **2,530** | **3,337** | **2,435** | **24,576** | **20,496** |

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

On the balance sheet date, TAKKT AG held 823,003 (509,781) treasury shares, which corresponds to an arithmetical share of EUR 823 thousand (EUR 510 thousand) in the share capital and 1.3 (0.8) percent of the share capital.

The Management Board proposes to the Supervisory Board to distribute a dividend of EUR 1.00 (EUR 1.00) per share for the financial year 2023. This will consist of an ordinary dividend of EUR 0.60 (EUR 0.60) and a special dividend of EUR 0.40 (EUR 0.40).

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

| | Remaining term | | | |
|---|---|---|---|---|
| | **up to 1 year** | **1 to 5 years** | **over 5 years** | **12/31/2023** |
| Liabilities to banks | 25,906 | 20,000 | 0 | 45,906 |
| Lease liabilities | 14,199 | 32,732 | 10,738 | 57,669 |
| Finance liabilities to affiliated companies | 6,154 | 0 | 0 | 6,154 |
| Other | 436 | 1,434 | 0 | 1,870 |
| | **46,695** | **54,166** | **10,738** | **111,599** |
| thereof long-term (maturity > 1 year) | | | | 64,904 |

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

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 212.7 million (EUR 204.1 million). Average net financial liabilities for the financial year amounted to EUR 126,551 thousand (EUR 135,286 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.

**(22) Pension provisions and similar obligations**

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

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

Management Board members receive an entitlement for pension and survivors‘ benefits, with an annual contribution amounting to ten percent of the sum of the basic salary and the target bonus (with target achievement of 100 percent) under the Short Term Incentive Plan. Contributions are only granted as long as the individual is appointed to the Management Board. Interest of five percent p.a. is granted for the contributions set aside in the reporting year until the occurrence of the insured event, and six percent p.a. for older contributions. An entitlement to retirement benefits commences on the date of retirement, but not before reaching the age of 62. 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 3 (4) 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

| | 2023 | 2022 |
|---|---|---|
| Present value of funded obligations | 19,246 | 17,602 |
| Present value of unfunded obligations | 51,805 | 47,422 |
| **Total present value of obligations** | **71,051** | **65,024** |
| Fair value of plan assets | – 16,498 | – 14,000 |
| **Pension provision at 31.12.** | **54,553** | **51,024** |

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

**Parameters** in percent

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | EUR | CHF | EUR | CHF |
| Actuarial interest rate | 3.20 | 1.60 | 3.50 | 2.20 |
| Salary trend | 2.75 | 1.50 | 2.75 | 1.50 |
| Pension trend | 2.00 | 0.00 | 2.00 | 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, 2023, is 16.3 (16.2) years.

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

**Development of pension provisions** in EUR thousand

| | Present value of obligation | Fair value of plan assets | Pension provisions |
|---|---|---|---|
| **Balance at 01/01/2022** | **65,024** | **14,000** | **51,024** |
| | | | |
| Current service cost | 1,880 | 0 | 1,880 |
| Past service costs and gains and losses on settlements and curtailments | 651 | 948 | – 297 |
| **Personnel expenses** | **2,531** | **948** | **1,583** |
| | | | |
| **Net interest expense** | **2,142** | **397** | **1,745** |
| | | | |
| Actuarial gains (-) / losses (+) arising from changes in demographic assumptions | – 52 | 0 | – 52 |
| Actuarial gains (-) / losses (+) arising from changes in financial assumptions | 3,703 | 0 | 3,703 |
| Experience gains / losses | – 1,205 | – 828 | – 377 |
| **Changes to other components of equity** | **2,446** | **– 828** | **3,274** |
| | | | |
| Effect of changes in foreign exchange rates | 745 | 651 | 94 |
| Transfer of obligation | 0 | 0 | 0 |
| Contributions of plan participants | 377 | 377 | 0 |
| Contributions of employer | 0 | 1,596 | – 1,596 |
| Benefit payments | – 2,214 | – 643 | – 1,571 |
| **Other Effects** | **– 1,092** | **1,981** | **– 3,073** |
| | | | |
| **Balance at 12/31/2022** | **71,051** | **16,498** | **54,553** |

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

In addition to qualified insurance contracts (EUR 10,287 thousand, prior year EUR 9,554 thousand, without underlying active market), the plan assets contain securities funds (EUR 6,205 thousand, prior year EUR 4,445 thousand, with underlying active market) as well as cash (EUR 6 thousand, prior year EUR 1 thousand, with underlying active market). The plan assets do not include any of the Group's financial instruments or assets used by the Group. Employer contributions to plan assets are expected to come to EUR 621 thousand in 2024.

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 | |
|---|---|---|
| | **2023** | 2022 |
| **Actuarial interest rate** | | |
| Increase of 0.5 percentage points | 66,001 | 60,489 |
| Decrease of 0.5 percentage points | 77,020 | 70,443 |
| **Salary trend** | | |
| Increase of 0.5 percentage points | 71,376 | 65,305 |
| Decrease of 0.5 percentage points | 70,957 | 64,999 |
| **Pension trend** | | |
| Increase of 0.5 percentage points | 73,474 | 67,362 |
| Decrease of 0.5 percentage points | 69,044 | 63,135 |
| **Mortality / Life expectancy** | | |
| Increase of 1 year | 72,636 | 66,584 |
| Decrease of 1 year | 69,676 | 63,719 |

The following table shows the expected future pension benefit payments:

**Expected maturity of pension benefits 2023** in EUR thousand

| | **2024** | **2025 – 2028** | **2029 – 2033** |
|---|---|---|---|
| Expected Payments | 1,748 | 8,522 | 16,881 |

**Expected maturity of pension benefits 2022** in EUR thousand

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

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

**Defined Contribution Plans**

Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under Personnel expenses amounted to EUR 9,806 thousand (EUR 9,694 thousand) during the reporting period. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in the United States, have voluntary defined contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after a certain time of service. Employer contributions depend on voluntary employee contributions and are limited to up to 5.0 (5.0) percent of the employee's salary. Moreover, there are plans for certain US companies, that can lead to further employer contributions to an external fund depending on the sales development of the respective company. The companies cannot derive any claims from their contribution payments; accordingly there are no plan assets to be capitalized by these companies. Expenses for defined contribution plans amounted to EUR 3,061 thousand (EUR 2,699 thousand) in the year under review.

**(23) Non-current other and Current provisions**

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

| | 01/01/2023 | Currency translation | Usage | Transfers | Release | Additions | 12/31/2023 |
|---|---|---|---|---|---|---|---|
| Personnel obligations | 6,283 | – 9 | – 579 | – 967 | – 18 | 2,537 | 7,247 |
| Other | 1,679 | 28 | – 131 | 0 | 0 | 50 | 1,626 |
| **Long-term other provisions** | **7,962** | **19** | **– 710** | **– 967** | **– 18** | **2,587** | **8,873** |
| Staff bonuses | 13,809 | – 98 | – 12,574 | 967 | – 1,100 | 10,132 | 11,136 |
| Personnel obligations | 4,379 | – 49 | – 3,417 | 0 | – 260 | 1,188 | 1,841 |
| Other | 2,272 | – 46 | – 393 | 0 | – 289 | 590 | 2,134 |
| **Short-term provisions** | **20,460** | **– 193** | **– 16,384** | **967** | **– 1,649** | **11,910** | **15,111** |

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

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

Current personnel obligations mainly include obligations from severance agreements.

**(24) Trade payables and similar liabilities** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Trade Payables | 37,559 | 63,036 |
| Liabilities from contracts with customers | 10,875 | 13,080 |
| Uninvoiced goods and services | 16,712 | 20,540 |
| | **65,146** | **96,656** |

With regard to trade payables, most of the goods delivered are subject to customary ownership retention rights. Liabilities from contracts with customers contain customer payments on account and obligations from customer loyalty programs.

The items liabilities from contracts with customers and outstanding invoices were reclassified here from current other liabilities. The previous year has been adjusted.

**(25) Current Other liabilities** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Other tax payables | 9,448 | 11,482 |
| Personnel liabilities | 5,940 | 6,839 |
| Expected customer credit notes | 3,264 | 3,752 |
| Bonus liabilities to customers | 2,460 | 1,968 |
| Social security contributions | 1,187 | 1,274 |
| Audit fees | 927 | 1,005 |
| Fair value of derivative financial instruments | 844 | 525 |
| Other | 10,721 | 9,448 |
| | **34,791** | **36,293** |

The liabilities from other taxes mainly consist of VAT liabilities. Obligations from expected customer credit notes mainly result from refund liabilities.

The items liabilities from contracts with customers and outstanding invoices were reclassified to trade payables and similar liabilities. The previous year has been adjusted accordingly.

## 4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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, 2023** in EUR thousand

| | Financial instrument category | | | | No IFRS 9 category | Reconciliation to balance sheet | Balance sheet item total |
|---|---|---|---|---|---|---|---|
| | Debt instruments and derivatives measured at fair value through profit and loss | Equity instruments measured at fair value through other comprehensive income | Financial assets measured at amortized cost | Financial liabilities measured at amortized cost | | | |
| **Non-current assets** | | | | | | | |
| Debt instruments | 1,942 | 0 | 0 | 0 | - | - | |
| Equity instruments | 0 | 11,391 | 0 | 0 | - | - | |
| Other | 0 | 0 | 282 | 0 | - | - | |
| Other assets | 1,942 | 11,391 | 282 | 0 | 0 | 0 | 13,615 |
| **Current assets** | | | | | | | |
| Trade receivables | 0 | 0 | 115,289 | 0 | 0 | 0 | 115,289 |
| Other receivables and assets | 539 | 0 | 17,375 | 0 | 66 | 7,836 | 25,816 |
| Cash and cash equivalents | 0 | 0 | 5,587 | 0 | 0 | 0 | 5,587 |
| **Assets** | **2,481** | **11,391** | **138,533** | **0** | | | |
| | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | 0 | 0 | 0 | 21,434 | 43,470 | 0 | 64,904 |
| **Current liabilities** | | | | | | | |
| Financial liabilities | 0 | 0 | 0 | 32,496 | 14,199 | 0 | 46,695 |
| Trade payables and similar liabilities | 0 | 0 | 0 | 54,271 | 0 | 10,875 | 65,146 |
| Other liabilities | 6 | 0 | 0 | 14,498 | 838 | 19,449 | 34,791 |
| **Liabilities** | **6** | **0** | **0** | **122,699** | | | |

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

| | Financial instrument category | | | | No IFRS 9 category | Reconciliation to balance sheet | Balance sheet item total |
|---|---|---|---|---|---|---|---|
| | Debt instruments and derivatives measured at fair value through profit and loss | Equity instruments measured at fair value through other comprehensive income | Financial assets measured at amortized cost | Financial liabilities measured at amortized cost | | | |
| **Non-current assets** | | | | | | | |
| Debt instruments | 2,437 | 0 | 0 | 0 | - | - | |
| Equity instruments | 0 | 11,229 | 0 | 0 | - | - | |
| Other | 0 | 0 | 273 | 0 | - | - | |
| Other assets | 2,437 | 11,229 | 273 | 0 | 0 | 0 | 13,939 |
| **Current assets** | | | | | | | |
| Trade receivables | 0 | 0 | 135,895 | 0 | 0 | 0 | 135,895 |
| Other receivables and assets | 77 | 0 | 20,472 | 0 | 645 | 9,237 | 30,431 |
| Cash and cash equivalents | 0 | 0 | 7,566 | 0 | 0 | 0 | 7,566 |
| **Assets** | **2,514** | **11,229** | **164,206** | **0** | | | |
| | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | 0 | 0 | 0 | 29,514 | 44,670 | 0 | 74,184 |
| **Current liabilities** | | | | | | | |
| Financial liabilities | 0 | 0 | 0 | 31,298 | 18,767 | 0 | 50,065 |
| Trade payables and similar liabilities | 0 | 0 | 0 | 83,576 | 0 | 13,080 | 96,656 |
| Other liabilities | 16 | 0 | 0 | 13,416 | 509 | 22,352 | 36,293 |
| **Liabilities** | **16** | **0** | **0** | **157,804** | | | |

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 57,669 thousand (EUR 63,437 thousand) as well as derivatives (cash flow hedges).

The calculation method used for all financial instruments measured at fair value relates to level 3 for the reporting year and the previous year, except for the valuation of derivatives, which is attributable to level 2.

The previous year's figures for trade payables and similar liabilities and other liabilities have been adjusted to reflect the change in balance sheet presentation.

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:

| | **2023** | 2022 |
|---|---|---|
| **Balance at 01/01/** | **13,666** | **24,562** |
| Addition | 1,227 | 0 |
| Fair value change recognized in profit or loss | – 510 | 920 |
| Fair value change recognized in other comprehensive income | – 1,050 | – 11,784 |
| Disposals | 0 | – 32 |
| **Balance at 12/31/** | **13,333** | **13,666** |
| Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date | – 510 | 920 |

The negative fair value change recognized in Other comprehensive income results from the revaluation of an investment following a financing round. TAKKT no longer participated in this as an investor. In the previous year, the negative change in fair value recognized in Other comprehensive income was mainly due to a change in ownership of another investment.

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

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

In this regard, 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 12/31/2023 | Fair Value 12/31/2023 | Book Value 12/31/2022 | Fair Value 12/31/2022 |
|---|---|---|---|---|
| Other financial liabilities | 1,870 | 2,035 | 1,967 | 2,338 |

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 | 2023 |
|---|---|---|---|---|---|
| Debt instruments and derivatives measured at fair value through profit and loss | 0 | – 38 | 0 | 0 | – 38 |
| Financial assets measured at amortized cost | 123 | 0 | 1,078 | – 831 | 370 |
| Financial liabilities measured at amortized cost | – 4,934 | 0 | – 191 | 0 | – 5,125 |
| | **– 4,811** | **– 38** | **887** | **– 831** | **– 4,793** |

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

## 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, there is no exceptional concentration of risk in the operating business.

However, a possible prolonged weakening of economic dynamics and high inflationary pressure may lead to higher default risks for TAKKT's receivables. Due to an intensive receivables management with consistent creditworthiness assessments prior to transactions as well as a stringent dunning process, in the financial year write-offs on trade receivables are very low at 0.1 (0.1) percent of sales. Risks of write-offs are accounted for by customary ownership retention rights for goods delivered and by creating allowances. Derecognized receivables may still be subject to enforcement measures in individual cases.

A forecast on the development of customers' creditworthiness is associated with high uncertainties. For the financial year 2024, a deterioration in the payment behaviour of customers is generally not expected.

**Trade receivables** in EUR thousand

| | 01/01/2023 | Currency translation | Other changes | 12/31/2023 |
|---|---|---|---|---|
| Nominal value of receivables | 140,185 | – 783 | – 20,725 | 118,677 |
| Valuation allowances | – 4,290 | 11 | 891 | – 3,388 |
| **Book value of receivables** | **135,895** | **– 772** | **– 19,834** | **115,289** |

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

The age structure of trade receivables and the related value adjustments are as follows:

**Age structure of trade receivables** in EUR thousand

| | From 0 to 30 days | From 31 to 90 days | From 91 to 120 days | Above 120 days | Collections | 12/31/2023 |
|---|---|---|---|---|---|---|
| Nominal value of receivables | 61,563 | 40,241 | 4,123 | 11,450 | 1,300 | 118,677 |
| Valuation allowances | 782 | 511 | 52 | 1,464 | 579 | 3,388 |
| **Book value of receivables** | **60,781** | **39,730** | **4,071** | **9,986** | **721** | **115,289** |

| | From 0 to 30 days | From 31 to 90 days | From 91 to 120 days | Above 120 days | Collections | 12/31/2022 |
|---|---|---|---|---|---|---|
| Nominal value of receivables | 78,147 | 44,240 | 5,603 | 10,736 | 1,459 | 140,185 |
| Valuation allowances | 858 | 486 | 62 | 1,965 | 919 | 4,290 |
| **Book value of receivables** | **77,289** | **43,754** | **5,541** | **8,771** | **540** | **135,895** |

A credit risk also exists for other financial receivables, derivative financial instruments and bank balances. It consists of the risk of default of a contractual partner. For derivative financial instruments, the maximum risk is therefore the 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.

The risk of default for bonus receivables from suppliers is also considered low, as there is a possibility of recourse to the company's own liabilities to suppliers.

## 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, 2023. 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, 2023** in EUR thousand

| | Cash flow 2024 | Cash flow 2025 | Cash flow 2026 – 2028 | Cash flow 2029 – 2033 | Cash flow 2034... |
|---|---|---|---|---|---|
| **Original financial liabilities** | | | | | |
| Liabilities to banks | – 26,034 | 0 | – 20,000 | 0 | 0 |
| Lease liabilities | – 15,760 | – 11,834 | – 24,468 | – 8,499 | – 3,597 |
| Finance liabilities to affiliated companies | – 6,154 | 0 | 0 | 0 | 0 |
| Trade payables and similar liabilities | – 54,271 | 0 | 0 | 0 | 0 |
| Other liabilities | – 14,939 | 0 | – 1,781 | 0 | 0 |
| | | | | | |
| **Derivative financial receivables** | | | | | |
| Outgoing payments | – 62,781 | 0 | 0 | 0 | 0 |
| Connected incoming payments | 63,386 | 0 | 0 | 0 | 0 |
| | | | | | |
| **Derivative financial liabilities** | | | | | |
| Outgoing payments | – 41,351 | 0 | 0 | 0 | 0 |
| Connected incoming payments | 40,507 | 0 | 0 | 0 | 0 |

**Maturity analysis as of December 31, 2022** in EUR thousand

| | Cash flow 2023 | Cash flow 2024 | Cash flow 2025 – 2027 | Cash flow 2028 – 2032 | Cash flow 2033... |
|---|---|---|---|---|---|
| **Original financial liabilities** | | | | | |
| Liabilities to banks | – 27,699 | – 11,251 | – 16,595 | 0 | 0 |
| Lease liabilities | – 20,465 | – 14,014 | – 23,107 | – 9,158 | – 4,805 |
| Finance liabilities to affiliated companies | – 3,762 | 0 | 0 | 0 | 0 |
| Trade payables and similar liabilities | – 83,576 | 0 | 0 | 0 | 0 |
| Other liabilities | – 13,724 | – 575 | – 1,480 | 0 | 0 |
| | | | | | |
| **Derivative financial receivables** | | | | | |
| Outgoing payments | – 60,924 | 0 | 0 | 0 | 0 |
| Connected incoming payments | 61,647 | 0 | 0 | 0 | 0 |
| | | | | | |
| **Derivative financial liabilities** | | | | | |
| Outgoing payments | – 18,694 | 0 | 0 | 0 | 0 |
| Connected incoming payments | 18,169 | 0 | 0 | 0 | 0 |

The previous year's figures for trade payables and similar liabilities and other liabilities have been adjusted to reflect the change in balance sheet presentation.

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 212.7 million (EUR 204.1 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. Global netting agreements, which provide for the offsetting of mutual receivables and liabilities existing at that time in the event of default, existed for derivative financial instruments with a market value of EUR 133 thousand (EUR 410 thousand).

**Currency hedging** in EUR thousand

| | Nominal value | | Market value | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Assets** | | | | |
| Currency derivatives designated as cash flow hedges | 9,785 | 34,790 | 66 | 645 |
| Currency derivatives without hedge accounting | 53,244 | 25,606 | 539 | 77 |
| | | | | |
| **Liabilities** | | | | |
| Currency derivatives designated as cash flow hedges | 38,344 | 12,591 | – 838 | – 509 |
| Currency derivatives without hedge accounting | 2,658 | 5,934 | – 6 | – 16 |
| | **104,031** | **78,921** | **– 239** | **197** |

## Currency derivatives designated as cash flow hedges

TAKKT is exposed to currency risks because a limited volume of purchases and sales of products and services (less than ten percent of consolidated sales) is in different currencies. The expected net foreign currency cash flows within the TAKKT Group are hedged using currency instruments for a period of 12 months at an average of 50% on a rolling basis. The currency instruments can be designated as effective cash flow hedges and were not associated with any significant ineffectiveness until the balance sheet date. Exchange rate differences of the underlying currencies impact other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in equity-related sensitivity calculations.

In the 2023 financial year, losses after deferred taxes totaling EUR 538 thousand (gains of EUR 110 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, gains of EUR 112 thousand (losses of EUR 448 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 538 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

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Cash flow 2024** | **Cash flow 2025...** | **Cash flow 2023** | **Cash flow 2024...** |
| CAD | 6,195 | 0 | 4,917 | 0 |
| CHF | 18,877 | 0 | 20,047 | 0 |
| CZK | 1,174 | 0 | 1,474 | 0 |
| DKK | 845 | 0 | 1,066 | 0 |
| GBP | 7,740 | 0 | 6,517 | 0 |
| HUF | 1,295 | 0 | 1,809 | 0 |
| NOK | 1,030 | 0 | 1,425 | 0 |
| PLN | 376 | 0 | 323 | 0 |
| RON | 669 | 0 | 406 | 0 |
| SEK | 3,197 | 0 | 1,817 | 0 |
| USD | – 6,732 | 0 | – 7,580 | 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.

As operating transactions at the level of the individual companies are generally carried out in the respective functional currency, there are only a small number of foreign currency receivables or liabilities against third parties. These may be hedged economically in the form of forward foreign exchange transactions. The resulting foreign currency risk is correspondingly low.

Fluctuations in exchange rates of the underlying currencies lead in receivables or payables as well as in any associated derivatives to counteracting fluctuations in profit through changes in market value and are 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 consolidated statement of comprehensive 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

| 12/31/2023 | Increase / decrease | Effect on profit before tax | Effect on shareholders' equity without impact on profits |
|---|---|---|---|
| EUR / CHF | +10% | – 244 | +1.874 |
| EUR / CHF | -10% | +244 | – 1,874 |
| EUR / USD | +10% | +19 | – 571 |
| EUR / USD | -10% | – 19 | +571 |
| EUR / GBP | +10% | – 28 | +713 |
| EUR / GBP | -10% | +28 | – 713 |

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

## Interest rate risk

As part of its hedging policy, TAKKT generally aims for a hedging ratio of 60 to 80 per cent of the total financing volume for interest rate risks.

In addition to financing via lease liabilities, which are not subject to interest rate risk, the TAKKT Group finances itself primarily via bilateral credit lines, which are generally utilised on a revolving basis with a short-term fixed interest rates and are therefore subject to interest rate risk.

Due to the short-term utilisations, TAKKT has the flexibility to use the free cash flow to reduce these bank liabilities and thus also to reduce the interest rate risks.

As a result, these utilisations were not hedged using interest rate swaps in the financial year and in the previous year.

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

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

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

**Sensitivity analysis for interest rate fluctuations** in EUR thousand

| 12/31/2023 | Increase / decrease in basis points | Effect on profit before tax | Effect on shareholders' equity without impact on profits |
|---|---|---|---|
| EUR | +100/–100 | -63/+63 | -83/+84 |
| CHF | +100/–100 | +5 / -5 | +36/-36 |
| USD | +100/–100 | -20/+19 | -26 / +26 |
| GBP | +100/–100 | -13/13 | +17/-17 |

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

# 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.

Capital expenditure relates mainly to maintenance, expansion and modernization of the business. The cash inflows from the disposal of non-current assets in 2023 mainly resulted from the sale of an office property of a subsidiary in France.

Cash flow from operating activities increased significantly to EUR 106,441 thousand (EUR 84,421 thousand). Due to the weak sales development, TAKKT 2023 focused on targeted measures to reduce inventories and improve the cash conversion cycle. As a result, the cash inflow in net working capital totalled EUR 20,440 thousand. The reduction in inventories of EUR 35,196 thousand and the decrease in trade receivables of EUR 19,028 thousand were offset in particular by the EUR 30,214 thousand decrease in trade payables as a result of the lower order volume from suppliers. In the previous year, TAKKT had invested EUR 30,721 thousand in the build-up of net working capital due to the good growth, which was reflected in particular in an increase in inventories of EUR 15,398 thousand and trade receivables of EUR 15,970 thousand. The cash flow from operating activities includes interest receipts of EUR 123 thousand (EUR 30 thousand) and interest payments of EUR 6,754 thousand (EUR 4,380 thousand). In 2023, income taxes of EUR 16,566 thousand (EUR 10,221 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 65,059 thousand (EUR 72,171 thousand), the share buy-back with EUR 4,403 thousand (EUR 6,524 thousand) and the issue of employee shares totalling to EUR 137 thousand (EUR 0 thousand). The cash-effective changes of the financial liabilities concern the incoming and outgoing payments in order to borrow or repay financial liabilities.

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

| | 01/01/2023 | Payment effective change | Non-cash change | | | 12/31/2023 |
|---|---|---|---|---|---|---|
| | | | Currency translation | Additions leasing | Other | |
| Liabilities to banks | 55,083 | – 7,773 | – 1,404 | 0 | 0 | 45,906 |
| Lease liabilities | 63,437 | – 19,195 | – 493 | 14,786 | – 866 | 57,669 |
| Finance liabilities to affiliated companies | 3,762 | 2,339 | 53 | 0 | 0 | 6,154 |
| Other | 1,967 | – 197 | 0 | 0 | 100 | 1,870 |
| | **124,249** | **– 24,826** | **– 1,844** | **14,786** | **– 766** | **111,599** |

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

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 2023 of the TAKKT Group** in EUR thousand

| | Industrial & Packaging | Office Furniture & Displays | Food Service | Segments total | Others | Consoli-dation | Group total |
|---|---|---|---|---|---|---|---|
| Sales to third parties | 672,883 | 281,525 | 285,610 | 1,240,018 | 0 | 0 | 1,240,018 |
| Inter-segment sales | 26 | 108 | 0 | 134 | 0 | – 134 | 0 |
| Segment sales | 672,909 | 281,633 | 285,610 | 1,240,152 | 0 | – 134 | 1,240,018 |
| Other non-cash expenses (+) and income (–) | – 735 | – 394 | 295 | – 834 | 76 | 0 | – 758 |
| EBITDA | 90,629 | 26,401 | 15,399 | 132,429 | – 20,565 | 0 | 111,864 |
| Depreciation and amortiza-tion of segment assets | 22,412 | 7,767 | 3,589 | 33,768 | 1,368 | 0 | 35,136 |
| Impairment of segment assets | 395 | 37,003 | 102 | 37,500 | 350 | 0 | 37,850 |
| EBIT | 67,822 | – 18,369 | 11,708 | 61,161 | – 22,283 | 0 | 38,878 |
| Finance expenses | – 8,607 | – 3,560 | – 5,140 | – 17,307 | – 8,357 | 17,029 | – 8,635 |
| Interest and similar income | 3,135 | 95 | 109 | 3,339 | 13,813 | – 17,029 | 123 |
| Profit before tax | 62,583 | – 21,834 | 6,677 | 47,426 | – 17,292 | 0 | 30,134 |
| Income tax expense | – 14,203 | 5,920 | – 2,040 | – 10,323 | 4,743 | 0 | – 5,580 |
| Profit | 48,380 | – 15,914 | 4,637 | 37,103 | – 12,549 | 0 | 24,554 |
| | | | | | | | |
| Segment assets | 646,790 | 178,091 | 247,541 | 1,072,422 | 329,030 | – 394,630 | 1,006,822 |
| thereof deferred tax and income tax receivables | 2,492 | 0 | 934 | 3,426 | 10,698 | – 2,739 | 11,385 |
| investment in non-current assets | 10,625 | 2,600 | 2,207 | 15,432 | 1,697 | 0 | 17,129 |
| | | | | | | | |
| Segment liabilities | 279,311 | 104,325 | 131,771 | 515,407 | 243,373 | – 394,630 | 364,150 |
| thereof deferred tax and income tax payables | 21,722 | 19,938 | 34,808 | 76,468 | 349 | – 2,739 | 74,078 |
| thereof financial liabilities (non-current and current) | 158,468 | 56,019 | 70,603 | 285,090 | 187,284 | – 360,775 | 111,599 |
| | | | | | | | |
| Average no. of employees (full-time equivalent) | 1,469 | 501 | 400 | 2,370 | 65 | 0 | 2,435 |
| Employees at the closing date (full-time equivalent) | 1,461 | 478 | 379 | 2,318 | 67 | 0 | 2,385 |

**Segment reporting 2022 of the TAKKT Group** in EUR thousand

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

**Segment reporting by geographical region 2023 of the TAKKT Group** in EUR thousand

| | Germany | Europe without Germany | USA | Other | Group total |
|---|---|---|---|---|---|
| Sales to third parties | 258,308 | 435,177 | 529,752 | 16,781 | 1,240,018 |
| Non-current assets* | 362,083 | 70,712 | 276,135 | 30 | 708,960 |

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

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

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

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

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

The Group addresses the market through the following three segments: Industrial & Packaging, Office Furniture & Displays and FoodService. Each segment has a focused product portfolio that is primarily focused on a specific working environment. TAKKT AG coordinates and is responsible for supporting group functions such as IT, logistics, HR and finance.

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

Investment in non-current segment assets comprises additions to Property, plant and equipment, to Other intangible assets and to long-term financial assets.

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

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

As packaging specialists, Ratioform and Davpack offer different articles in six European countries for companies in different industries.

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

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

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

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

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

Hubert, Retail Resource and Central Restaurant Products sell equipment for the food service sector and food retailers. The customers include large canteens, catering businesses and restaurant operators.

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

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

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

## Leasing

**Book values in connection with leases** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| **Recognized under property, plant and equipment** | | |
| Land, buildings and similar assets | 48,782 | 53,874 |
| Plant, machinery and equipment | 817 | 705 |
| | **49,599** | **54,579** |
| **Recognized under financial liabilities** | | |
| Non-current lease liabilities | 43,470 | 44,670 |
| Current lease liabilities | 14,199 | 18,767 |
| | **57,669** | **63,437** |

Additions to right-of-use assets for financial year 2023 amounted to EUR 14,789 thousand (EUR 2,000 thousand). Of this amount, EUR 14,191 thousand (EUR 1,882 thousand) related to additions to right-of-use assets for buildings and EUR 598 thousand (EUR 118 thousand) to additions to right-of-use assets for vehicles.

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

| | 2023 | 2022 |
|---|---|---|
| Scheduled depreciation of right-of-use assets for land, buildings and similar assets | 12,747 | 13,363 |
| Scheduled depreciation of right-of-use assets for plant, machinery and equipment | 485 | 631 |
| Impairment of right-of-use assets | 414 | 83 |
| Interest expenses of lease liabilities | 1,890 | 2,043 |
| Expenses for variable lease payments not included in lease liabilities | 124 | 15 |
| Expenses for short-term leases (12 months or less, other than real estate) | 842 | 717 |
| Expenses for leases of low-value assets, excluding short-term leases | 284 | 299 |
| **Expenses** | **16,786** | **17,151** |
| | | |
| Income from sub-leasing of rights of use | 194 | 192 |
| **Income** | **194** | **192** |

Total lease payments in 2023 amounted to EUR 22,335 thousand (EUR 18,444 thousand).

Payments for variable lease liabilities as well as payments for short term and low value leases of EUR 1,250 thousand (EUR 1,031 thousand) and interest payments on lease liabilities of EUR 1,890 thousand (EUR 2,043 thousand) are recognized in cash flow from operating activities. The repayment of lease liabilities of EUR 19,195 thousand (EUR 15,370 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, 2023, possible future cash outflows of EUR 58,671 thousand (EUR 71,091 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, 2023, amounts to EUR 288 thousand (EUR 2,176 thousand).

## Contingent liabilities and receivables

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

## Capital management

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

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

**Internal covenants** in EUR thousand

| | **2023** | 2022 |
|---|---|---|
| Total equity | 642,672 | 699,844 |
| / Total assets | 1,006,822 | 1,121,523 |
| **Equity ratio (in percent)** | **63.8** | **62.4** |
| | | |
| Financial liabilities / -receivables | 111,599 | 124,249 |
| . / . Cash and cash equivalents | 5,587 | 7,566 |
| Net financial liabilities | 106,012 | 116,683 |
| / Total equity | 642,672 | 699,844 |
| **Gearing** | **0.2** | **0.2** |
| | | |
| Net financial liabilities | 106,012 | 116,683 |
| / EBITDA | 111,864 | 132,122 |
| **Debt repayment period (in years)** | **0.9** | **0.9** |
| | | |
| Operating result before Goodwill impairment | 75,881 | 80,793 |
| / Net interest expense<br>(= Finance expenses less Interest and similar income) | 8,512 | 5,596 |
| **Interest cover** | **8.9** | **14.4** |

The method for determining the debt repayment period was simplified and the previous year's figure was adjusted accordingly.

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.

### Interests in unconsolidated structured entities

As per December 31, 2022, TAKKT had leased one warehouse from a leasing company which is classified as unconsolidated structured entity, as TAKKT does not control this company. On November 1, 2023, TAKKT took ownership of the warehouse by exercising a contractually agreed purchase option. The purchase option payment of EUR 4.3 million was already recognized in the lease liability as of December 31, 2022 and is reported in the cash outflows for repayments of lease liabilities within the cash flow from financing activities in the current financial year.

The leasing company had constructed the warehouse especially for TAKKT and rented it to the Group. TAKKT neither had interests in the company nor had TAKKT the power to decide about the activities relevant for the variable returns on the basis of contractual regulations. The company was fully financed by external banks.

The book value of the right-of-use assets and the lease liability were 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

| | **2023** | 2022 |
|---|---|---|
| Land, buildings and similar assets | 0 | 5,502 |
| Non-current lease liabilities | 0 | 0 |
| Current lease liabilities | 0 | 4,631 |

As of the balance sheet date, other financial obligations that correspond to the minimum lease payments amount to EUR 0 thousand (EUR 4,758 thousand). There are no exposures to loss according to IFRS 12 Disclosure of Interests in Other Entities.

### 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 and impairment of intangible assets from the acquisition of companies), reduced by the Income tax expense and increased by the Other financial result. The TAKKT Performance Bonds amount to EUR 1,870 thousand (EUR 1,967 thousand) and are disclosed as Other under Financial liabilities. An interest expense of EUR 100 thousand (EUR 124 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 were sold to employees for this purpose in spring 2023.

In total, 13,965 (12,675) shares were acquired by 298 (299) employees. This corresponds to a participation of 24.3 (25.6) percent of all eligible persons.

### German corporate governance code

The declaration on the recommendations made by the Government Commission of the German Corporate Governance Code required under section 161 AktG was issued as of December 31, 2023, 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 | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Turnover / Other income | 1 | 3 | 1,311 | 1,349 | 3 | 13 | 1,315 | 1,365 |
| Cost of Sales / Other expenses | 689 | 951 | 472 | 408 | 0 | 0 | 1,161 | 1,359 |
| Finance expense | 234 | 113 | 0 | 0 | 0 | 0 | 234 | 113 |
| Short-term receivables | 0 | 0 | 24 | 91 | 0 | 0 | 24 | 91 |
| Short-term payables | 6,401 | 3,762 | 11 | 9 | 0 | 0 | 6,412 | 3,771 |

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and / or suppliers.

## Related persons transactions

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

**Management Board**

The total remuneration of the Board members is made up of non-performance-related and performance-related components. The components of performance-based compensation include the Short Term Incentive Plan (STIP), a remuneration component with a short-term and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component with a long-term incentive. The performance cash plans for the years 2020-2023 are classified and accounted for as share-based payments with cash settlement in accordance with IFRS 2.

The fixed salaries and benefits and fringe benefits of the Management Board amounted to EUR 782 thousand (EUR 824 thousand) in reporting year 2023.

The entitlement for the STIP is fully vested with the activity in the reporting year. The STIP in the financial year amounted to EUR 54 thousand (EUR 1,432 thousand). This includes income from the reversal of the provision in the amount of EUR 279 thousand (expense from overuse of EUR 27 thousand).

In accordance with IFRS 2, the total expense or income for the performance cash plans comprises the fair value of the entitlement earned in the respective financial year of issuance plus the change in value of entitlements already earned under the performance cash plans of previous years. The performance cash plan liability is remeasured at each reporting date and at the settlement date. The measurement is based on the expected development of the relevant performance factors. The expense from the valuation of the performance cash plans amounted in the reporting year to EUR 720 thousand (in the previous year income of EUR 387 thousand). The fair value of the 2020, 2021, 2022 and 2023 performance cash plans (2019, 2020, 2021 and 2022) as well as the corresponding provision amounted to EUR 969 thousand (EUR 432 thousand) as of the reporting date.

Expenses of EUR 191 thousand (EUR 325 thousand) relate to post-employment benefits. As of the reporting date, the defined benefit obligation from their work on the Management Board amounted for the members of the Management Board to EUR 373 thousand (EUR 2,955 thousand).

In total, the expense for the remuneration of the Management Board according to IFRS in the financial year 2023 amounts to EUR 1,747 thousand (EUR 2,194 thousand).

The remuneration for the members of the Management Board of TAKKT AG in office in the financial year pursuant to section 314 of the German Commercial Code (HGB) amounts to a total of EUR 1,488 thousand (EUR 2,626 thousand). Of this amount, EUR 782 thousand (EUR 824 thousand) is attributable to non-performance-related components and EUR 706 thousand (EUR 1,802 thousand) to performance-related components. Of the performance-related components, EUR 333 thousand (EUR 1,405 thousand) relates to the STIP and EUR 373 thousand (EUR 397 thousand) to the LTIP. For the LTIP, the value of the performance cash plan issued in the respective reporting year at the date of the time of granting is stated.

For termination benefits, EUR 0 thousand (EUR 1,907 thousand) were recognized in the income statement.

As of December 31, 2023, the Management Board members held 345 (none) shares of TAKKT AG. There are liabilities to the members of the Management Board from TAKKT Performance Bonds of EUR 179 thousand (EUR 221 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 0 thousand (EUR 373 thousand). In the financial year, the Management Board members voluntarily contributed EUR 0 thousand (EUR 50 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 2023 amounted to EUR 397 thousand (EUR 401 thousand). Pension provisions for former members of the Management Board and their surviving dependents totaled to EUR 20,316 thousand (EUR 16,814 thousand) as of December 31, 2023.

**Supervisory Board**

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 449 thousand (EUR 452 thousand), of which EUR 410 thousand (EUR 410 thousand) were for activities in relation to the Supervisory Board, EUR 27 thousand (EUR 27 thousand) for activities in relation to the committees as well as EUR 12 thousand (EUR 15 thousand) for attendance fees. The member of the works council on the Supervisory Board is also entitled to a regular salary as set out in his employment contract which represents an appropriate remuneration for his function respectively work in the Company. The compensation of the Supervisory Board is purely a fixed compensation. Of the claims granted, EUR 437 thousand (EUR 437 thousand) were still recorded as liabilities as of the end of the reporting period. As of December 31, 2023, the Supervisory Board members held 140 (140) shares in TAKKT AG.

**Fees for Group Auditor** in EUR thousand

| | 2023 | 2022 |
|---|---|---|
| Audit services | 442 | 449 |
| Other assurance services | 6 | 6 |
| Tax advisory services | 0 | 0 |
| Other services | 60 | 31 |
| | **508** | **486** |

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

**Declaration of shareholders' holdings**

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

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

## Exemption from disclosure obligations

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

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
VHZ Versandhandelszentrum Pfungstadt GmbH, Pfungstadt
Hubert Europa Service 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
TAKKT OCC GmbH, Stuttgart
TAKKT WFC GmbH, Stuttgart

## Subsidiaries within TAKKT AG, Stuttgart, as of December 31, 2023

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

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

| No. | Group companies | held by no. | interest % |
|---|---|---|---|
| 33 | R.F. Verpackungsmittel-Versand G.m.b.H., Salzburg / Austria | 29 | 100.00 |
| 34 | Davenport Paper Co. Ltd., Derby / Great Britain | 29 | 100.00 |
| 35 | newport.takkt GmbH, Stuttgart / Germany | 1 | 100.00 |
| 36 | TAKKT Beteiligungsgesellschaft mbH, Stuttgart / Germany | 35 | 100.00 |
| 37 | Mydisplays GmbH, Burscheid / Germany | 35 | 100.00 |
| 38 | BiGDUG Ltd., Gloucester / Great Britain | 35 | 100.00 |
| 39 | Equip4work Ltd., Westlinton / Great Britain | 35 | 100.00 |
| 40 | Juma International B.V., Wormerveer / The Netherlands | 35 | 100.00 |
| 41 | TAKKT America Holding, Inc., Milwaukee / USA | 1 | 100.00 |
| 42 | TAKKT Foodservices LLC, Harrison / USA | 41 | 100.00 |
| 43 | Hubert Company LLC, Harrison / USA | 41 | 100.00 |
| 44 | Hubert Hong Kong Ltd., Hong Kong / China | 42 | 100.00 |
| 45 | SPG U.S. Retail Resource LLC, Harrison / USA | 41 | 100.00 |
| 46 | Hubert Distributing Company, Inc., Markham / Canada | 41 | 100.00 |
| 47 | Central Products LLC, Indianapolis / USA | 41 | 100.00 |
| 48 | D2G Group LLC., Fall River / USA | 41 | 100.00 |
| 49 | Hubert Europa Service GmbH, Pfungstadt / Germany | 4 | 100.00 |
| 50 | National Business Furniture LLC, Milwaukee / USA | 41 | 100.00 |

# REPRESENTATIVE BODIES

## Supervisory Board

**Thomas Schmidt, Düsseldorf, born November 10, 1971**
Chairman
Chairman of the Management Board (CEO) of Franz Haniel & Cie. GmbH, Duisburg
(until November 07, 2023)
Management consultant (since November 07, 2023)
Member of the Advisory Board of Innovation City Management GmbH, Bottrop
(since Dezember 07, 2023)

**Dr. Johannes Haupt, Ettlingen, born June 29, 1961**
Deputy Chairman
Management consultant
Member of the Board of Lenze SE, Aerzen
Member of the Advisory Board of ACO Group SE, Büdelsdorf
Chairman of the Advisory Board of Regionique Produkt GmbH, Ettlingen
Member of the Advisory Board of init innovation in traffic systems SE, Karlsruhe
(since May 25, 2023)
Chairman of the Advisory Board of Baumann Maschinenbau Solms GmbH & Co. KG, Solms
(since December 13, 2023)

**Dr. Florian Funck, Essen, born March 23, 1971**
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
(until January 31, 2024)
Member of the Supervisory Board of CECONOMY AG, Düsseldorf
Member of the Supervisory Board of Vonovia SE, Bochum
Member of the Supervisory Board of Innovation City Management GmbH, Bottrop
(until November 15, 2023)
Member of the Management Board of Sartorius AG (from April 01, 2024)

**Thomas Kniehl, Stuttgart, born June 11, 1965**
Full-time chairman Works Council
Chairman of the Joint Works Council of KAISER+KRAFT GmbH, Stuttgart,
and KAISER+KRAFT EUROPA GmbH, Stuttgart
Chairman of the General Works Council of Franz Haniel & Cie. GmbH, Duisburg
Member (employee representative) of the Advisory Board of Franz Haniel & Cie. GmbH
(since April 29, 2023)

**Alyssa Jade McDonald-Bärtl, Waldetzenberg, born August 14, 1979**
General Manager of BLYSS GmbH, Berlin

**Aliz Tepfenhart, Grünwald, born November 04, 1974**
Managing Director of Burda Digital SE, München
CEO of business unit Burda Commerce, München
Chairman of the Board of directors of Cyberport SE, Dresden (formerly Cyberport GmbH)
Chairman of the Board of Cyberport IT-Services GmbH, Starnberg
Chairman of the Board of Silkes Weinkeller GmbH, Mettmann
Member of the Board of BurdaForward GmbH, München
Representative of the shareholders of computeruniverse GmbH, Friedberg
(until September 29, 2023; then merged into Cyberport SE)
Member of the Board of nebenan.de, Berlin
Member of the Management Board of GEFRO Stiftung GmbH, Memmingen

## Mangament Board

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

**Lars Bolscho, Stuttgart, born November 06, 1978**
Member of the Management Board, CFO

Stuttgart, March 15, 2024
TAKKT AG
The Management Board

Maria Zesch Lars Bolscho

# Further disclosures

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## 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 15, 2024
TAKKT AG
The Management Board

Maria Zesch

Lars Bolscho

# INDEPENDENT AUDITORS' REPORT

To the **TAKKT AG, Stuttgart**

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

**Audit Opinions**

We have audited the consolidated financial statements of TAKKT AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, 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, 2023, 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, 2023. In accordance with German legal requirements, we have not audited the factual accuracy of the sustainability report, yet to be published on the company's homepage, which contains the separate non-financial (Group) report, to which reference is made in the section ‚Company performance' in the combined management report, the (Group) declaration on corporate governance published on the company's homepage, to which reference is made in the section ‚Corporate Governance' in the combined management report, as well as the statements on the appropriateness and effectiveness of the internal control system pursuant to recommendation A.5 of the German Corporate Governance Code (AktG) (version dated April 28, 2022), which are presented in the section "Risk and opportunity report" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and

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

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

**Basis for the Audit Opinions**

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

**Key audit matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

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

a) The financial statement risk

As at the end of the reporting period, the consolidated statement of financial position shows goodwill with a carrying amount of EUR 557.8 million. This corresponds to 55.4 percent of total assets and 86.8 percent of total equity.

The company's disclosures regarding goodwill are contained in sections 1, 2(6) and 3(12) of the notes to the consolidated financial statements.

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

Due to the complexity of the valuation, the significant uncertainties associated with the underlying assumptions and the significance for the Group's net assets and results of operations, this matter was of particular significance in 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, or where an impairment loss had to be recognized. In addition, we evaluated the calculation methods used in terms of their methodical approach and the derivation of the discount rates, as well as with regard to mathematical accuracy in samples. We validated the calculation results of the client by means of additional analyses, which also included sensitivity analyses.

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

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

- the sustainability report to be published on the company's website, which contains the separate non-financial (group) report to which reference is made in the section ‚Corporate performance' in the combined management report, and the (group) governance statement published on the website, referred to in the section "Corporate governance" in the combined management report,

- the statements on the appropriateness and effectiveness of the internal control system in accordance with recommendation A.5 of the German Corporate Governance Code (version dated 28 April 2022), which are presented in the "Risk and Opportunities Report" section of the combined management report,

- the report of the Supervisory Board,

- the other parts of the annual report, except for the consolidated financial statements and the audited combined management report as well as our audit opinion and

- the confirmation pursuant to section 297(2) sentence 4 HGB regarding the consolidated financial statements and the confirmation pursuant to section 315(1) sentence 5 HGB (in conjunction with § Section 289(1) sentence 5 HGB) regarding the combined management report.

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

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.
In connection with our audit, our responsibility is to read the other information and, in doing so, to consider whether the other information

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

- otherwise appears to be materially misstated.

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

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

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

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

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development.

In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the statements made in the combined management report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Other statutory and other legal requirements

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

**Audit Opinion**
We have performed the audit in accordance with section 317(3a) of the German Commercial Code (HGB) to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as ‚ESEF documents') contained in the attached electronic file ‚TAKKT_AG_KA+KLB_ESEF-2023-12-31.zip' and prepared for publication purposes complies in all material respects with the requirements of section 328(1) HGB for the electronic reporting format (‚ESEF format'). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format. Except for this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the fiscal year from January 1 to December 31, 2023, contained in the preceding ‚Report on the Audit of the Consolidated Financial Statements and Combined Management Report', we do not express any opinion on the information given in these statements or on the other disclosures made in the above-mentioned electronic file.

**Basis for the Audit Opinion**
We conducted our audit of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317(3a) HGB and the IDW Assurance Standard: Assurance in Accordance with section 317(3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports prepared for Publication Purposes (IDW PS 410 (06.2022)). 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 quality management requirements of the IDW Quality Management Standard: Requirements for Quality Management in Auditing Practices (IDW QMS 1 (09.2022)).

**Responsibilities of the Management Board and the Supervisory Board for the ESEF Documents**
The Management Board is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with section 328(1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328(1) sentence 4 no. 2 HGB. Furthermore, the Management Board is responsible for such internal control as they have considered necessary to enable the preparation of the ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format. The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

**Auditor‘s Responsibilities for the Audit of the ESEF Documents**
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work.

Furthermore, we:

- identify and assess the risks of material intentional and unintentional non-compliance with the requirements of section 328(1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- evaluate the technical validity of the ESEF documents, i. e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable at the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

**Further Information pursuant to Article 10 of the EU Audit Regulation**
We were elected as group auditor by the annual general meeting on May 24, 2023. We were engaged by the Supervisory Board on September 26, 2023. We have been the group auditor of the TAKKT AG, Stuttgart, without interruption since the financial year 1999.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**Other matters – Use of the audit opinion**

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format report – including the versions to be published in the Company Register – are only electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein are only to be used in conjunction with the audited ESEF documents provided in electronic form.

**German public auditors responsible for the engagement**

The German Public Auditor responsible for the engagement is Mrs. Sonja Kolb.

Stuttgart, March 15, 2024

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

| | |
|---|---|
| Christian Fuchs | Sonja Kolb |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| (German Public Auditor) | (German Public Auditor) |

# REMUNERATION REPORT

The remuneration report explains the principles of the remuneration system for the members of the Management Board and Supervisory Board of TAKKT AG and describes the structure and amount of the Management Board remuneration. In addition, it describes the structure and amount of the remuneration of the Supervisory Board. It meets the requirements of the German Stock Corporation Act (section 162 AktG) and follows the recommendations of the German Corporate Governance Code.

## A LOOK BACK AT THE 2023 REMUNERATION YEAR

### Approval of the remuneration report and the remuneration system by the Shareholders

Pursuant to section 120a(1) sentence 1 AktG, the Shareholders' Meeting of a listed company shall resolve on the approval of the remuneration system for Board Members submitted by the Supervisory Board whenever there is a significant change in the remuneration system, but at least every four years. In order to align the remuneration system of the Management Board with a successful transformation, changes to the remuneration system approved by the Annual General Meeting on May 11, 2021 were resolved by the Supervisory Board on March 23, 2023. Due to these changes the remuneration system for members of the Management Board was resubmitted to the Annual General Meeting for approval. On May 24, 2023, the new remuneration system was approved with 86.96 percent under agenda item 7 and the remuneration report for 2022 was approved with 80.70 percent under agenda item 6 by the Annual General Meeting.

### Business development in 2023

In 2023, TAKKT realized a turnover of EUR 1,240.0 million (EUR 1,336.8 million) and therefore 7.2 percent less than in the previous year. Adjusted for the slightly negative exchange rate effects organic growth was minus 5.9 percent. After a cautious start in the first half of the year, demand declined in the second half of the year significantly due to the weak economic environment. In response, TAKKT intensified measures to improve the gross profit margin, cost management and cash generation. TAKKT achieved an EBITDA of EUR 111.9 million (EUR 132.1 million) and increased its free cash flow to EUR 74.0 million (EUR 55.0 million).

### Changes in the management board

Lars Bolscho, who has already been working for the TAKKT Group since 2009 and recently as CFO of the Industrial & Packaging Division (I&P), has succeeded Claude Tomaszewski in the CFO position at TAKKT since January 1, 2023.

## REMUNERATION SYSTEM AT A GLANCE

### Principles of the remuneration system

The Management Board remuneration system is closely linked to TAKKT's corporate strategy and makes a key contribution to achieving the corporate goals. The remuneration paid is based on the company's size, its financial position, and the structure and amount of the remuneration paid to Board Members at comparable companies. The remuneration paid to Board Members is made up of non-performance-related and performance-related components.

Non-performance-related remuneration comprises a fixed remuneration, the occupational pension scheme and fringe benefits. Fringe benefits include in particular the use of a company car. The amount of the non-performance-related remuneration is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned. The components of the performance-related payments consist of the Short Term Incentive Plan (STIP), a remuneration component with a short- and long-term incentive, and the Long Term Incentive Plan (LTIP) in the form of a performance cash plan, a rolling remuneration component that acts as a long-term incentive. In addition, a so called take-off bonus with an incentive effect for the years 2023 and 2024 was assigned once in the 2023 fiscal year.

With particular regard to the performance-related components with a long-term incentive effect, Management Board remuneration is clearly oriented to a sustainable increase in the external value of the company through its direct connection to earnings per share. The STIP is primarily based on the operating

result of the respective fiscal year before interest, taxes and amortization or impairments from purchase price allocations (EBITA) as a performance criterion. Since 2020, the LTIP has been based exclusively on the development of TAKKT's total shareholder return (TSR), i.e. on the performance of TAKKT shares as well as the dividend. The take-off bonus, which is structured as a performance share plan, is based on the cumulative EBITA for the years 2023 and 2024 and the TAKKT share price. The performance-related remuneration components are subject to an overall cap with regard to the STIP, the LTIP as well as the take-off bonus.

### Appropriateness of remuneration

The remuneration system was developed by the Personnel Committee and was based in part on an expert report. The expert opinion on the system was part of an appropriateness opinion prepared by independent remuneration experts. The Personnel Committee is responsible for preparing the resolutions to be passed by the Supervisory Board on the remuneration system and for reviewing the system on a regular basis. In all of their remuneration decisions, the Personnel Committee and the Supervisory Board take the requirements set out in the German Stock Corporation Act (AktG) into account. Furthermore, they are guided by the recommendations made in the German Corporate Governance Code and by the following guidelines:

- Performance-based focus of the remuneration system (Pay for Performance)
- Promotion of the company's long-term sustainable development and value generation
- Ensuring remuneration that is in line with market standards
- Conformity with stock corporation law and governance requirements

The Personnel Committee regularly reviews on the basis of appropriateness reports whether the Management Board remuneration and the individual components are in line with market standards, are competitive as well as appropriate and makes proposals for adjustments to the Supervisory Board if required. The assessment whether the remuneration is in line with market standards and is competitive and appropriate is based on a comparison with similar companies (peer-group), on the company's economic position and future prospects, and on the tasks and performance of the respective Board Member. The Supervisory Board regularly conducts horizontal and vertical comparisons for this purpose. The horizontal comparison looks at comparable companies, while the vertical comparison assesses the remuneration paid to the Management Board in relation to the remuneration paid to top executives within the company and the company's workforce as a whole.

Following its renewed review in 2023, the Supervisory Board came to the conclusion that the level of Management Board remuneration and pensions are appropriate from a legal point of view in accordance with section 87(1) AktG.

**Peer-Group**

| Company | Index |
|---|---|
| Amadeus FiRe AG | SDAX |
| Cancom SE | SDAX |
| Carl Zeiss Meditec AG | MDAX |
| CEWE Stiftung & Co. KGaA | SDAX |
| CTS Eventim AG & Co. KGaA | MDAX |
| DEUTZ AG | SDAX |
| Drägerwerk AG & Co. KGaA | SDAX |
| Elring Klinger AG | – |
| Fielmann AG | SDAX |
| GFT Technologies SE | SDAX |
| Grenke AG | SDAX |
| Hamburger Hafen und Logistik AG | – |
| Heidelberger Druckmaschinen AG | SDAX |
| HORNBACH Holding AG & Co. KGaA | SDAX |
| Jenoptik AG | MDAX |
| Klöckner & Co SE | SDAX |
| Koenig & Bauer AG | – |
| Nemetschek SE | MDAX |
| NORMA Group SE | SDAX |
| Pfeiffer Vacuum Technology AG | SDAX |
| Redcare Pharmacy NV | MDAX |
| Scout24 SE | MDAX |
| SGL Carbon SE | SDAX |
| SMA Solar technology AG | MDAX |
| Ströer SE & Co. KGaA | MDAX |
| Vossloh AG | SDAX |

## Target remuneration and maximum remuneration

### Target remuneration

The total target remuneration is defined as the total of non-performance-related remuneration (fixed remuneration, occupational pension scheme and fringe benefits) and performance-related remuneration in the event of a target achievement of 100 percent. The fixed remuneration makes up between 32 and 40 percent of the total target remuneration for the Board Members. Fringe benefits account for between one and three percent and the occupational pension scheme makes up between six and eight percent of the total target remuneration. The portion of the STIP with a short-term incentive (STIP without deferral) corresponds to between 16 and 30 percent of the total target remuneration; the performance-related remuneration with a long-term incentive (LTIP and STIP deferral) corresponds to between 20 and 33 percent. In line with the focus on performance, this means that the share of performance-related target remuneration exceeds the share of non-performance-related remuneration. In addition, the long-term performance-related remuneration components outweigh the short-term ones.

In the 2023 financial year, the total target remuneration is increased once by the share of the variable (performance-related) take-off bonus. The share of the take-off bonus of the total target remuneration for the year 2023 is 14 to 23 percent.

The following table shows the individual target remuneration of each Management Board member and the relative shares of the individual compensation elements as a proportion of total target remuneration.

### Maximum remuneration

The individual variable remuneration components and the total amount of all Management Board remuneration components, including fringe benefits and the occupational pension scheme (total remuneration), are capped. Payout of the STIP and LTIP as well as the take-off bonus is capped at 300 percent of the target value per plan.

The maximum remuneration amount for Management Board members pursuant to section 87a(1) no. 1 AktG (including fringe benefits and occupational retirement costs) amounts to EUR 3,435 thousand p.a. for the CEO and EUR 2,437 thousand p.a. for the CFO. The remuneration cannot exceed these amounts.

**Target remuneration**

| | **Maria Zesch** (since 08/01/2021) | | | | **Lars Bolscho** (since 01/01/2023) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | **2023** | | 2022 | | **2023** | |
| | **EUR thousand** | **in %** | **EUR thousand** | **in %** | **EUR thousand** | **in %** | **EUR thousand** | **in %** |
| Fixed salary | 450 | 38% | 450 | 32% | - | - | 300 | 34% |
| Fringe benefits | 20 | 2% | 26 | 2% | - | - | 6 | 1% |
| Company pensions | 85 | 7% | 85 | 6% | - | - | 50 | 6% |
| **Non-performance-related target remuneration** | **555** | **47%** | **561** | **40%** | **-** | **-** | **356** | **41%** |
| STIP without deferral | 280 | 24% | 280 | 20% | - | - | 138 | 16% |
| STIP deferral | 120 | 10% | 120 | 8% | - | - | 59 | 6% |
| LTIP | 221 | 19% | 250 | 18% | - | - | 123 | 14% |
| Take-Off Bonus | - | - | 200 | 14% | - | - | 200 | 23% |
| **Performance-related target remuneration** | **621** | **53%** | **850** | **60%** | **-** | **-** | **520** | **59%** |
| **Total target remuneration** | **1,176** | **100%** | **1,411** | **100%** | **-** | **-** | **876** | **100%** |

## STRUCTURE OF THE REMUNERATION SYSTEM IN DETAIL

### Non-performance-related remuneration

**Fixed remuneration**

All Management Board members receive an agreed basic annual salary. This is paid out in twelve equal monthly installments. The amount of the annual basic salary is based on the Board Member's experience and the relevant standard market remuneration paid, based on the horizontal comparison, for the function respectively responsibility concerned.

**Fringe benefits**

The fringe benefits mainly comprise the use of company cars. Board Members are also reimbursed for expenses incurred in the interests of the company (travel, representation and hospitality expenses). In addition, accident, luggage and D&O insurance is taken out for the Management Board members, the latter with a deductible of ten percent to be borne by the Board Member. In accordance with section 93(2) sentence 3 AktG, this deductible corresponds to no more than one and a half times the fixed remuneration.

**Occupational pension scheme**

The Board Members receive pensions and survivors' benefits in the form of a direct defined contribution commitment to which an annual contribution is made that corresponds to ten percent of the sum of the basic salary and the contractually agreed STIP target amount. The granting of the contribution is linked to the term of appointment as a member of the Management Board. Interest of five percent p.a. is granted for annual contributions until the occurrence of the insured event, and six percent p.a. for older contributions. Board members are entitled to pension payments when they leave the company but not before reaching the age of 60. In the case of disability or death, the amount from the pension plan paid out or annuitized is equivalent to what would have been paid if contributions had been made up to the age of 63. The part of this commitment that exceeds the protection ceiling of the statutory agency providing insolvency protection for occupational pension schemes is hedged against insolvency using standard market products on the basis of a contractual trust agreement.

**Other fixed remuneration components**

The Supervisory Board can grant further payments to new appointments on a case-by-case basis at its own discretion. These payments can be one-time payments (e.g. to compensate for other remuneration the individual would have been entitled to) or the assumption of costs associated with the move to the company (e.g. relocation costs).

### Performance-related remuneration

**Short Term Incentive Plan (STIP)**

EBITA, a key figure for the short-term operating earning power of the TAKKT Group, serves as the basis of valuation for the STIP. The target achievement is determined by means of linear interpolation based on a target value within a corridor of minus 30 percent (zero percent of the target value) to plus 30 percent (200 percent of the target value). The target value of the EBITA is set by the Supervisory Board based on the annual operating plan in line with the multi-year planning.

The value, which is determined in accordance with the target corridor, is multiplied by a modifier of zero to two based on the assessment of individual targets (results) as well as individual conduct (behavior). The results and the behavior are assessed to determine whether a Board Member meets, is below, or exceeds expectations. Depending on the assessment of the two aspects, each Board Member is positioned in a "9-box grid." Each field in the grid is assigned a modifier/modifier range. For the fields that include a range, the Supervisory Board decides on the final individual modifier at its due discretion based on a recommendation made by the Personnel Committee.

| Results | C below expectations | B meets expectations | A exceeds expectations |
|---|---|---|---|
| 1 exceeds expectations | 0 | 1,1 – 1,3 | 1,5 – 2,0 |
| 2 meets expectations | 0 | 1,0 | 1,2 – 1,4 |
| 3 below expectations | 0 | 0,4 – 0,6 | 0,7 – 0,9 |

Behavior

The individual goals are agreed between the Chairman of the Supervisory Board and the members of the Management Board for each fiscal year. They can be quantitative or qualitative. The quantitative targets include revenue, profit and cash flow targets. The qualitative goals are divided into:

- Strategic goals (e.g. an elaboration of growth strategies for individual divisions derived from the corporate strategy or functional strategies, such as in the area of sustainability),
- Execution goals (e.g. improvements in processes or defined control KPIs such as the Customer Net Promotor Score) and
- Talent targets (e.g. building and expanding leadership teams, cultural changes).

Each individual target is assessed separately at the end of the year according to the scale described above. The assessment is made on a summary basis, taking into account the relevance of the individual targets for the success of the company. They are monitored on an ongoing basis and can be adjusted if necessary.

Individual behavior is assessed based on the five TAKKT Core Behaviors:

- Think customer first: We make it easy to do business with. Our customer is the center of everything we do.
- Empower others: We engage our employees through open feedback, collaboration, transparency and teamwork.
- Improve every day: We challenge the status quo and quickly embrace change. We keep it simple and impactful.
- Take ownership: We are accountable for our targets and always deliver on our commitments.
- Compete for success: We are determined to win with a clear drive to reach our goals. We have the courage to make difficult decisions.

70 percent of the compensation linked to target achievement is paid out in the following year, 30 percent is retained for a period of three years after the end of the respective fiscal year (known as deferral).

Interest on the deferral is subject to the total shareholder return (TSR), with both positive and negative interest possible. The TSR reflects the development of the share taking into account the share price development and the reinvested dividends.

This involves comparing the average closing prices of TAKKT's shares in the XETRA trading system of Deutsche Börse AG over the last 60 stock exchange trading days before the start of the waiting period ("opening share price") with the average XETRA closing prices of the last 60 stock exchange trading days before the end of the waiting period ("closing share price"). The dividends paid by TAKKT during the waiting period are taken into account via a reinvestment assumption (pro rata acquisition of TAKKT shares at the XETRA closing price on the day of distribution in the amount of the dividend per share).

In the 2022 fiscal year, EBITA was above the defined EBITA target value, resulting in a target achievement of 139 percent with regard to the financial component of the STIP. With a target achievement of "meets expectations" in regards to the individual targets (results) as well as regarding the individual behavior (behavior), Maria Zesch achieved a modifier of 1.0. Claude Tomaszewski received the STIP 2022 including deferral in December 2022. This was based on a financial target achievement of 135 percent and a pre-agreed modifier of 1.0. The difference to the actual financial target achievement of EUR 15 thousand was paid to him in May 2023.

The STIP target achievement based on the multiplicative linking of the financial and financial and individual components can be seen in the the following overview.

**STIP 2022 payout in financial year 2023**

| | Target value (100%) in EUR thousand | Financial target achievement in % | Modifier for individual target achievement | Total target achievement in % | STIP incl. Deferral in EUR thousand | STIP-Payout in EUR thousand |
|---|---|---|---|---|---|---|
| Maria Zesch (since 08/01/2021) | 400 | 139% | 1.0 | 139% | 556 | 389 |
| Claude Tomaszewski (until 12/31/2022) | 410 | 139% | 1.0 | 139% | 570 | 15[1] |

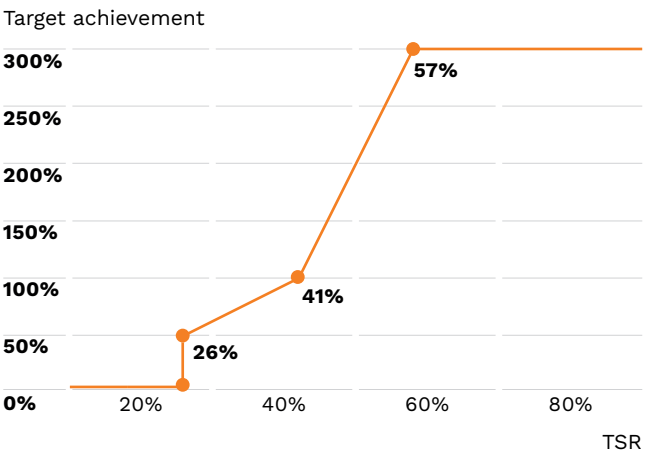
1 In December 2022, Claude Tomaszewski was already paid an amount of EUR 555 thousand for the STIP 2022.

**Long Term Incentive Plan (LTIP)**

The LTIPs are launched each year in the form of performance cash plans and paid out in cash after a period of four years depending on whether the relevant targets are met. For 2020, 2021, 2022 and 2023, performance cash plans were granted which are due at the end of 2023, 2024, 2025 and 2026, respectively. The amount to be paid out depends solely on the development of total shareholder return (TSR) over the term of the four-year plan. The TSR is defined in line with the calculation of interest on the STIP deferral.

The target value is achieved when the TSR is nine percent p.a. The lower threshold that needs to be reached for a payout to be made is six percent TSR p.a. The upper threshold at which the payout is capped is twelve percent TSR p.a.

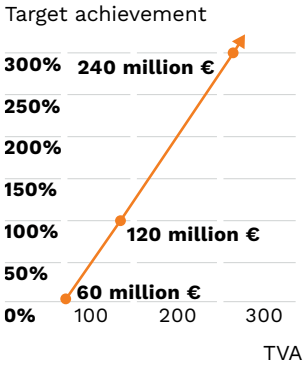
**Total Shareholder Return (TSR)**



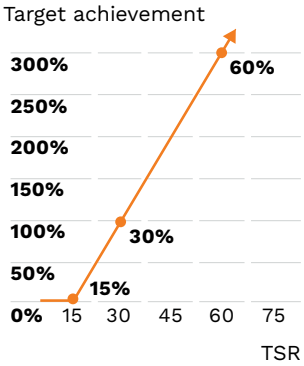

If the lower threshold is reached, the target achievement is 50 percent of the contractually agreed LTIP target amount. If the upper threshold is reached, the target achievement is 300 percent. Linear interpolation is used between six and nine percent TSR p.a. and between nine and twelve percent TSR p.a.

In addition to the TSR with a target weighting of 30 percent, the performance cash plans from 2018 and 2019 also depend on the amount of the cumulative TAKKT Value Added (TVA) with a target weighting of 70 percent over the term of the four-year plan. The TVA indicator is used for value-based corporate management and shows whether the interest demand by equity and debt investors will be met over the four-year performance period. The TVA is defined as the difference between the profit generated and the cost of capital on the average capital employed. The profit generated is determined on the basis of the EBIT (adjusted for amortization of intangible assets resulting from acquisitions), which is deducted by the income tax expense and increased by the other financial result.

**Cumulative TAKKT Value Added (TVA) 2019 – 2022**




**Total Shareholder Return (TSR) 2019 – 2022**



With a total shareholder return just above the lower hurdle of six percent and a cumulative adjusted TVA of EUR 17 million (adjusted, among other things, for the effects of the change in accounting for lease contracts from the 2019 fiscal year onwards), the target achievement and payout for the year 2023 of the LTIP tranche 2019-2022 were as follows:

**Calculation of the target achievement level of LTIP 2019 – 2022**

| | Target | Weighting | Total |
|---|---|---|---|
| TVA | 0% | 70% | 0% |
| TSR | 6% | 30% | 2% |
| **Sum** | | | **2%** |

**Calculation of LTIP 2019 – 2022 payout in fiscal year 2023**
in EUR thousand

| | Target value | Target | Total |
|---|---|---|---|
| Felix Zimmermann | 212 | 2% | 4 |
| Heiko Hegwein | 135 | 2% | 3 |
| Claude Tomaszewski | 135 | 2% | 3 |
| Dirk Lessing | 113 | 2% | 2 |
| **Sum** | | | **12** |

**TAKKT Take-Off Bonus**

The target amount of the take-off bonus allocated on a one-time basis in the 2023 fiscal year is EUR 200 thousand (gross) per Board Member. The performance target for the take-off bonus is the cumulative EBITA for the 2023 and 2024 financial years. The structure of the take-off bonus in the form of a performance share plan takes into account the TAKKT share price including dividends as a further performance criterion.

At the beginning of the performance period ("allocation date"), the Management Board members are granted a provisional number of virtual performance shares. The provisional number of virtual performance shares granted is calculated by dividing the individual agreed target amount for the take-off bonus by the average closing price for the TAKKT AG share over the last 60 trading days before the allocation date ("starting price").

At the end of the performance period, the final number of virtual performance shares will be determined. If the cumulative EBITA over the performance period is below the defined EBITA target, the final number of virtual performance shares is zero. If the cumulative EBITA over the performance period equals the defined EBITA target, the final number of virtual performance shares is equal to the provisional number of virtual performance shares. If the cumulative EBITA of the performance period exceeds the defined EBITA target, the final number of virtual performance shares is equal to the provisional number of virtual performance shares plus an additional number of virtual performance shares allocated for exceeding the EBITA target.

The final payout amount of the take-off bonus is calculated by multiplying the final number of virtual performance shares by TAKKT AG's share price at closing date over the last 60 trading days before the end of the performance period ("closing price") plus the dividend payment for TAKKT AG shares during the performance period ("dividend equivalent"). The final payout amount is limited to 300 percent of the target amount for the take-off bonus (cap).

## Malus / Clawback

TAKKT may, in justified cases, demand the partial or full reimbursement of an already paid out STIP or LTIP amount over a period of three years from the due date. Justified cases refer, in particular, to the materialization of one of the following scenarios involving the Board Member:

- The Board Member was significantly involved in or responsible for conduct that resulted in considerable losses or a significant government sanction for TAKKT AG, meaning that they breached their duties intentionally or by gross negligence.
- The Board Member committed a serious breach of relevant external or internal regulations relating to their conduct and acted intentionally or by gross negligence in this regard.

TAKKT has the burden of proving that one of the aforementioned scenarios has materialized involving the Board Member. The reversal of the burden of proof set out in section 93c(2) sentence 2 AktG does not apply in this respect.

In the 2023 fiscal year, TAKKT AG did not claw back or reduce any variable remuneration.

## BENEFITS IN THE EVENT OF TERMINATION OF SERVICES

### Occupational pension scheme

The following table lists the contributions made during their board activity to pension plans, current service costs for the year under review and the present values of obligations for the members of the Management Board in accordance with IAS 19.

### Payments in the event of early termination

In the current contracts of the Management Board Members, the limit of possible severance payments corresponds to the recommendations of the German Corporate Governance Code. According to the Code, the payments that could be paid in the event of a premature termination of the membership of the Management Board without cause may at most remunerate the remaining term and also may not exceed the amount of two annual salaries. Other sources of income are not taken into account. The right to a severance payment does not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

Claude Tomaszewski resigned from the Management Board at his own request on December 31, 2022. In relation to the premature termination of his Board position, a severance payment of EUR 1,742 thousand was paid out in January 2023.

## "REMUNERATION GRANTED AND OWED" IN ACCORDANCE WITH SECTION 162(1) SENTENCE 1 AKTG

Pursuant to section 162(1) sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components "granted and owed" to the individual members of the Management Board in the 2023 fiscal year must be disclosed. The values stated for both the STIP and LTIP for the 2023 fiscal year therefore include all benefits actually received in the respective fiscal year, regardless of the fiscal year for which they were received by the members of the Management Board. Accordingly, the 2023 STIP corresponds to the amount of the STIP from the 2022 fiscal year, which was disbursed in the 2023 fiscal year in accordance with the contractual agreement. The 2019 LTIP therefore corresponds to the amount for the LTIP whose four-year term ended on December 31, 2022 and which was disbursed in the 2023 fiscal year in accordance with the contractual agreement.

In accordance with section 162(5) AktG, the personal information of former Management Board members is no longer included if they left before December 31, 2013.

**Pension commitments** in EUR thousand

| | Contribution to company pension plan | | Service cost according to IAS 19 | | Pension obligation according to IAS 19 | |
|---|---|---|---|---|---|---|
| | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** |
| Maria Zesch (since 08/01/2021) | 85 | 85 | 181 | 121 | 168 | 297 |
| Lars Bolscho (since 01/01/2023) | - | 50 | - | 70 | - | 76 |
| **Total** | **85** | **135** | **181** | **191** | **168** | **373** |

**Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the current members of the Management Board** in EUR thousand

| | **Maria Zesch** (since 08/01/2021) | | | | **Lars Bolscho** (since 01/01/2023) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | **2023** | | 2022 | | **2023** | |
| | **EUR thousand** | **in %** | **EUR thousand** | **in %** | **EUR thousand** | **in %** | **EUR thousand** | **in %** |
| Fixed salary | 450 | 74% | 450 | 52% | - | - | 300 | 98% |
| Fringe benefits | 6 | 1% | 26 | 3% | - | - | 6 | 2% |
| **Non-performance-related remuneration** | **456** | **75%** | **476** | **55%** | **-** | **-** | **306** | **100%** |
| STIP 2021/2022 | 153[1] | 25% | 389 | 45% | - | - | - | - |
| LTIP 2018/2019 | - | - | - | - | - | - | - | - |
| **Performance-related remuneration** | **153** | **25%** | **389** | **45%** | **-** | **-** | **-** | **-** |
| Other | - | - | - | - | - | - | - | - |
| **Total remuneration (section 162(1) sentence 1 AktG)** | **609** | **100%** | **865** | **100%** | **-** | **-** | **306** | **100%** |

1 Pro rata from August 2021

**Remuneration granted and owed in accordance with section 162(1) sentence 1 AktG of the former members of the Management Board** in EUR thousand

| | **Claude Tomaszewski** (until 12/31/2022) | | **Tobias Flaitz** (until 12/20/2021) | | **Felix Zimmermann** (until 05/11/2021) | |
|---|---|---|---|---|---|---|
| | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** |
| Fixed salary incl. Fringe benefits | 367 | - | - | - | - | - |
| STIP | 1,051 | 15[2] | 353 | - | - | - |
| LTIP | 528 | 3 | - | - | - | 4 |
| Pensions | - | - | - | - | - | - |
| Other[3] | - | 1,742 | 640 | - | - | - |
| **Total remuneration** | **1,946** | **1,760** | **993** | **-** | **-** | **4** |

2 Payment of STIP 2022 for Claude Tomaszewski with EUR 555 thousand in 2022 and EUR 15 thousand in 2023
3 Severance payment in relation to premature termination of Board position

| | **Heiko Hegwein** (until 09/30/2020) | | **Dirk Lessing** (until 10/31/2019) | | **Franz Vogel** (until 02/28/2014) | |
|---|---|---|---|---|---|---|
| | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** |
| Fixed salary incl. Fringe benefits | - | - | - | - | - | - |
| STIP | - | - | - | - | - | - |
| LTIP | - | 3 | - | 2 | - | - |
| Pensions | - | - | - | - | 94 | 96 |
| Other | - | - | - | - | - | - |
| **Total remuneration** | **-** | **3** | **-** | **2** | **94** | **96** |

## REMUNERATION OF THE SUPERVISORY BOARD

Each member of the Supervisory Board of TAKKT AG generally receives a fixed annual salary of EUR 55 thousand. The Chairman of the Supervisory Board receives double that amount; the Deputy Chairman receives EUR 25 thousand in addition to his fixed annual salary. Members of a Supervisory Board committee generally receive an additional fixed salary of EUR 3 thousand. The Chairman of the Supervisory Board committee receives double that amount; the Deputy Chairman receives one and a half times that amount. In addition, for each meeting of the Supervisory Board or a committee that they attend, each member receives an attendance fee of EUR 500 per day in attendance.

In addition, TAKKT AG offers the members of the Supervisory Board compensation for expenses. Remuneration related to activities on the Supervisory Board and committees is not paid out until the following fiscal year. Attendance fees are paid at the end of the month in the respective fiscal year. For better comparability of the annual change in remuneration, the attendance fees shown in the following table and in the table for comparative presentation are treated as if they had also been paid in the following year.

**Remuneration granted and owed of the current and former members of the Supervisory Board**

| 2023 | Fixed payments | | Committee remuneration | | Attendance fees | | Total |
|---|---|---|---|---|---|---|---|
| | EUR thousand | in % | EUR thousand | in % | EUR thousand | in % | EUR thousand |
| Thomas Schmidt | 110.0 | 93% | 6.0 | 5% | 2.5 | 2% | 118.5 |
| Johannes Haupt | 80.0 | 86% | 10.5 | 11% | 2.5 | 3% | 93.0 |
| Florian Funck | 55.0 | 89% | 4.0 | 7% | 2.5 | 4% | 61.5 |
| Thomas Kniehl | 55.0 | 91% | 3.0 | 5% | 2.5 | 4% | 60.5 |
| Dorothee Ritz (until 05/18/2022) | 20.8 | 93% | - | - | 1.5 | 7% | 22.3 |
| Christian Wendler (until 05/18/2022) | 20.8 | 91% | 1.1 | 5% | 1.0 | 4% | 22.9 |
| Alyssa Jade McDonald-Bärtl (since 05/18/2022) | 34.2 | 97% | - | - | 1.0 | 3% | 35.2 |
| Aliz Tepfenhart (since 05/18/2022) | 34.2 | 92% | 1.9 | 5% | 1.0 | 3% | 37.1 |

| 2022 | Fixed payments | | Committee remuneration | | Attendance fees | | Total |
|---|---|---|---|---|---|---|---|
| | EUR thousand | in % | EUR thousand | in % | EUR thousand | in % | EUR thousand |
| Thomas Schmidt | 90.3 | 93% | 3.8 | 4% | 2.5 | 3% | 96.6 |
| Johannes Haupt | 80.0 | 92% | 4.5 | 5% | 2.5 | 3% | 87.0 |
| Florian Funck | 74.7 | 94% | 2.2 | 3% | 2.5 | 3% | 79.4 |
| Thomas Kniehl | 55.0 | 96% | - | - | 2.5 | 4% | 57.5 |
| Dorothee Ritz (until 05/18/2022) | 55.0 | 96% | - | - | 2.5 | 4% | 57.5 |
| Christian Wendler (until 05/18/2022) | 55.0 | 91% | 3.0 | 5% | 2.5 | 4% | 60.5 |
| Alyssa Jade McDonald-Bärtl (since 05/18/2022) | - | - | - | - | - | - | - |
| Aliz Tepfenhart (since 05/18/2022) | - | - | - | - | - | - | - |

The fixed remuneration, remuneration for additional committee activities, attendance fees and the lack of performance-related Supervisory Board remuneration are specifically intended to reinforce the independence of the Supervisory Board members.

## COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF REMUNERATION OF MANAGEMENT BOARD MEMBERS, SUPERVISORY BOARD MEMBERS AS WELL AS THE REMAINING WORKFORCE AND THE EARNINGS DEVELOPMENT OF THE COMPANY

In order to comply with the requirements of section 162(1) sentence 2 no. 2 AktG, the following table shows the percentage change in the remuneration of the Management Board members, the Supervisory Board members and average remuneration of employees (full-time equivalents) as well as the earnings development of the Company compared with the previous year.

The remuneration of the Management Board members included in the table reflects the amounts actually received in the respective fiscal year. These values correspond to the values stated in the tables on remuneration "granted and owed" in accordance with section 162(1) sentence 1 AktG. For better comparability of the remuneration, payments in the event of early termination of Board membership are not taken into account. Where members of the Management Board only received pro rata remuneration in the individual fiscal years (e.g. due to joining the company during the year), the remuneration for this fiscal year was projected for the full year in order to ensure comparability.

In accordance with section 162(1) sentence 2 no. 2 AktG, the comparative presentation also includes the annual change in the "earnings development of the Company". "Company" in the meaning of section 162(1) sentence 2 no. 2 AktG is understood to be the legally independent, listed individual company (TAKKT AG). Since the remuneration of the Management Board members is also largely dependent on the development of Group key figures, the development of EBITA in the TAKKT Group is also included.
Since the employee and remuneration structures in the subsidiaries are diverse, particularly in the case of employees abroad, comparison of the development of average remuneration of the employees is based on the average remuneration of the workforce of the German subsidiaries of the TAKKT Group. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

**Comparative presentation of the annual change in the compensation of Management Board members and the Supervisory Board members as well as the average employee compensation and earnings development**

| | Change 2023 vs. 2022 in % | Change 2022 vs. 2021 in % | Change 2021 vs. 2020 in % | Change 2020 vs. 2019 in % | Change 2019 vs. 2018 in % |
|---|---|---|---|---|---|
| **Current members of the Management Board in 2023 fiscal year** | | | | | |
| Maria Zesch (since 08/01/2021) | 5% | 81% | – | – | – |
| Lars Bolscho (since 01/01/2023) | – | – | – | – | – |
| **Former members of the Management Board** | | | | | |
| Claude Tomaszewski (until 12/31/2022) | – 98% | 35% | – 24% | – 14% | – 2% |
| Tobias Flaitz (06/01/2020 until 12/20/2021) | – 100% | – 31% | 57% | – | – |
| Felix Zimmermann (until 05/11/2021)[1] | – | – 100% | 3% | – 11% | – 1% |
| Heiko Hegwein (02/01/2018 until 09/30/2020)[1] | – | – 100% | – 70% | – 11% | 116% |
| Dirk Lessing (until 10/31/2019)[1] | – | – 100% | – 60% | – 84% | 3% |
| Franz Vogel (until 02/28/2014) | 2% | 3% | 1% | 4% | 2% |
| **Current members of the Supervisory Board in 2023 fiscal year** | | | | | |
| Alyssa Jade McDonald-Bärtl (since 05/18/2022) | – | – | – | – | – |
| Aliz Tepfenhart (since 05/18/2022) | – | – | – | – | – |
| Thomas Schmidt (since 05/15/2019) | 23% | 108% | – 20% | – | – |
| Florian Funk | – 23% | – 17% | – 1% | 83% | 0% |
| Johannes Haupt | 7% | 24% | – 20% | 8% | 0% |
| Thomas Kniehl | 5% | 24% | – 20% | 10% | 0% |
| **Former members of the Supervisory Board** | | | | | |
| Dorothee Ritz (until 05/18/2022) | 3% | 24% | – 20% | 13% | 0% |
| Christian Wendler (05/10/2017 until 05/18/2022) | 0% | 24% | – 19% | 10% | 0% |
| Stephan Gemkow (until 05/15/2019) | – | – | – | 0% | 0% |
| **Employees** | | | | | |
| Average employee compensation | – 3% | 6% | 6% | 6% | 2% |
| **Performance** | | | | | |
| Annual profit / loss TAKKT AG | – 47% | 86% | 30% | – 4% | – 26% |
| EBITA TAKKT Group | – 18% | 22% | 33% | – 50% | – 11% |

1 No payment was made in 2022, therefore no percentage information possible

## OTHER DISCLOSURES

### Deferred compensation

Management Board members may convert parts of their STIP payments into additional pension components on a graduated basis according to age group (deferred compensation). By opting to do without gross STIP payment amounts, the Board Members acquire benefit component entitlements vis-à-vis the company. The pension benefits are granted as entitlements for pensions and survivors' benefits and in the event of disability. Amounts converted from 2021 onwards bear interest at a rate of four percent p.a. until pension payments begin; and at five or six percent p.a. for older contributions.

From their board activity, there are pension obligations to the members of the Management Board from deferred compensation in the amount of EUR 0 thousand (EUR 373 thousand). In the 2023 fiscal year, EUR 0 thousand (EUR 50 thousand) was contributed to this plan.

### TAKKT performance bonds

Stock options are not considered part of the remuneration of the Management Board at TAKKT and there are no plans for this in the future. A voluntary participation offer is made to TAKKT executives allowing them to take part in the economic development of the TAKKT Group through bonds.

The return of this instrument results from a basic interest rate plus a premium or discount determined according to the performance of the TAKKT Group (TAKKT value added). The subscription amount as well as the attainable return have an upper limit. There are liabilities of EUR 179 thousand (EUR 221 thousand) to members of the Management Board from TAKKT Performance Bonds.

### Remuneration for supervisory board mandates

Remuneration for activities associated with supervisory board mandates or activities performed as a member of the management in companies in which TAKKT holds a direct or indirect stake, or for which the Board Member is acting in TAKKT's interests, is offset against the STIP. The amounts are offset such that the remuneration received in the course of a fiscal year is offset against the STIP payable by the company for that year.

### Miscellaneous

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

The members of the Management Board did not receive any benefits from third parties in the 2023 or 2022 fiscal years, which were either promised or granted to them in connection with their service on the Management Board.

As of December 31, 2023, the members of the Management Board held 345 (none) shares in TAKKT AG.

# INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162(3) OF THE GERMAN STOCK CORPORATION ACT (AKTG)

To **TAKKT AG, Stuttgart**

## Audit opinion

We have formally audited the remuneration report of Takkt AG, Stuttgart, for the fiscal year from January 1 to December 31, 2023, to verify whether the disclosures pursuant to section 162(1) and (2) AktG have been made. In accordance with section 162(3) AktG, we have not audited the factual accuracy of the remuneration report.

In our judgment, the disclosures pursuant to section 162(1) and (2) have been made in the enclosed remuneration report in respect of all material matters. Our audit opinion does not extend to the factual accuracy of the remuneration report.

## Basis for the audit opinion

We carried out our audit of the remuneration report in accordance with section 162(3) AktG, paying due regard to the Audit Standard of the Institute of Public Auditors in Germany (IDW) "Auditing the Remuneration Report pursuant to Section 162(3) AktG" (IDW AuS 870 (08.2021)). Our responsibility pursuant to this regulation and this standard is described in more detail in the "Auditor's responsibilities" chapter of our report. We applied the requirements of the IDW Standard on Quality Management "Requirements for Quality Management in Audit Firms" (IDW QMS 1 (09.2022)) as our audit practice. We complied with the professional obligations pursuant to the German Public Accountant Act (WPO) and the Professional Code of Conduct for Auditors/Certified Accountants, including the independence requirements.

## Responsibilities of the management board and the supervisory board

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the corresponding disclosures, that meets the requirements of section 162 AktG. In addition, they are responsible for the internal control that they deem necessary to enable the preparation of a remuneration report, including the corresponding disclosures, that is free from material misstatement due to fraud (i.e. manipulation of financial reporting and misappropriation of assets) or error.

## Auditor's responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162(1) and (2) AktG have been provided in respect of all material matters in the remuneration report and to issue an audit opinion in this regard in a report.

We planned and conducted our audit in such a way that we were able to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162(1) and (2) AktG. In accordance with section 162(3) AktG, we did not verify the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

## Approach to dealing with any misleading information

In connection with our audit, we are responsible for paying due regard to knowledge gained during the audit of the annual financial statements when reading the remuneration report and remaining alert as to whether the remuneration report contains misleading information in respect of the factual accuracy of the disclosures, the factual completeness of individual disclosures or the appropriate presentation of the remuneration report.

If, on the basis of the audit we have carried out, we conclude that such misleading information is present, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, March 15, 2024

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Christian Fuchs
Wirtschaftsprüfer
(German Public Auditor)

Sonja Kolb
Wirtschaftsprüferin
(German Public Auditor)

# Sustainability Report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## INTRODUCTION

The past year was challenging in many respects. The growth rate in developed economies saw a notable decline, and in Germany it was even negative. At the same time, the Hamas attack on Israel added another major global conflict alongside the continuing unabated war in Ukraine. In addition, the ability of governments to invest and shape fiscal policies is becoming increasingly limited. The accompanying uncertainty and difficult conditions were also evident in the business performance of the TAKKT Group.

Given the current environment, TAKKT is focusing on strengthening its resilience. This includes financial aspects such as improving the gross profit margin, cost management and cash flow, as well as continuing the strategic transformation. Therefore, the projects and initiatives in relation to value and growth drivers, as well as sustainability, were deliberately excluded from TAKKT's cost-saving measures. Sustainability is a key element of TAKKT's strategy. The present report explains TAKKT's sustainability strategy and provides insights into the measures and progress made in the areas of product responsibility, supply chain, environmental protection and social aspects in the 2023 fiscal year.

In terms of integrating sustainability into the corporate strategy, TAKKT specifically focuses on the product aspect as an omnichannel retailer for business equipment. TAKKT supports and enables its customers in creating sustainable working environments, such as through the use of the "enkelfähig" rating. TAKKT's approach encompasses ongoing learning and improvement as well as contributing to sustainable transformation in the retail sector.

In the past year, TAKKT made significant strides in its commitment to responsible corporate management. This progress is particularly evident in the areas of products, supply chain, climate and environment, ratings, and communication:

The "enkelfähig" rating product classification system introduced in 2021 to improve transparency and the measurability of product sustainability continues to be very well-received by customers. In 2023, TAKKT increased its sales share of particularly sustainable products to 24 percent. This is a continuation of the positive development seen with the expansion of the sustainable product range. Contributing to this success was the targeted marketing of "enkelfähig" products in the new web shop of kaiserkraft, TAKKT's largest brand. In the future, TAKKT aims to provide customers with the maximum range of environmentally friendly and sustainable products, and have a positive impact on their purchasing decisions. By successfully marketing and expanding the offering of "enkelfähig" products, TAKKT aims to further increase their share. Not only does TAKKT pursue this aim out conviction and responsibility, but also because it makes economic sense. Based on the current data, TAKKT has observed that "enkelfähig" products achieve above-average growth. Consequently, TAKKT can increase customer loyalty and generate better margins.

In the process of expanding the sustainable product segment, increased communication with suppliers plays a significant role. Collaboration with manufacturers and suppliers is not limited to the selection of sustainable and high-quality products. Instead, TAKKT actively participates in discussions and dialogue at events like supplier days regarding changing customer requirements, innovative product ideas, and the growing need for documentation and certification in the supply chain. As a major provider and buyer, TAKKT is especially well-positioned to advise and support smaller suppliers in meeting the necessary requirements, thereby facilitating the transition to a more sustainable supply chain.

In the area of climate and environment, TAKKT was able to decrease the emissions resulting from its business activities (Scope 1 and Scope 2) even further last year, building upon the significant reduction in 2022. Despite the challenging environment, TAKKT has decided to invest in photovoltaic projects. The aim is to achieve a substantial reduction in Scope 2 emissions and decrease reliance on fossil fuels. Installation of the first system in Germany has been successfully completed and another project is already under construction.

Just as important as improving the sustainability indicators is the internal and external communication. The aim is to increase awareness regarding the importance of the issue among employees, customers and partners. In order to improve its internal sustainability communication, TAKKT has been providing

regular updates on the sustainability strategy, goals and progress through newsletters, community calls and internal training programs since 2023. This approach has already yielded tangible results as more employees feel encouraged to actively offer suggestions and participate in implementing sustainability initiatives at TAKKT.

Given the vital importance of traceability and transparency with regard to sustainability indicators, TAKKT has increased its focus on external ratings in the past year. As a result, the Group was able to improve its CDP (carbon disclosure project) rating. In addition, kaiserkraft once again received the EcoVadis Gold Seal. Notable progress was made in the areas of environmental protection, social responsibility and ethical business practices. The positive rating further highlights the ongoing sustainability efforts of the suppliers.

The strong positioning with regard to sustainability is being increasingly used to attract new employees. In 2023, TAKKT was successfully introduced as an employer brand across the entire Group, with Caring and Impactful established as internal values. In addition, the Group continues to work on improving equal opportunity and diversity, and has set specific targets for the share of women in executive positions. A newly established network promotes exchange and provides support for female executives.

TAKKT's management is very pleased that their endeavors in this area are gaining external recognition. At the end of last year, TAKKT AG was awarded first place at the 16th German Sustainability Awards in the category of "Investment Goods – Distribution," making it one of the pioneers in the area of sustainability initiatives. With a strategy that prioritizes sustainability along with financial goals, continuous efforts to improve sustainability key figures and comprehensive reporting practices, TAKKT was able to prevail against the other nominees and impress the panel of highly regarded experts. The award is the most comprehensive of its kind in Europe.

This success would not have been possible without the outstanding commitment of the employees, suppliers and customers. TAKKT's management wishes to express their gratitude to all involved for their commitment, passion for sustainability and diligent efforts. Receiving the sustainability award is confirmation that we are on the right track with our transformation to becoming a more sustainable company and see it as an incentive for further improvements.

WINNER

German Sustainability Award 2024

## SUSTAINABILITY STRATEGY

### The TAKKT sustainability approach

Thanks to the resilience of the business model and unwavering dedication of its employees, TAKKT is well-equipped to withstand crises and successfully navigate the current economic challenges. Amid this volatile and uncertain environment, it is all the more important to look beyond immediate operational concerns and focus on the future. Positioning the Group in a future-oriented and sustainable manner is crucial for TAKKT's long-term success. Therefore, the Group has been pursuing a new strategy since the end of 2021 based on the three pillars of Growth, OneTAKKT and Caring. In addition to higher growth and a more integrated structure, sustainability is an integral component of the company's strategy.

Responsible corporate action, a collaborative partnership with customers and employees, and protection of the climate and natural resources are the core elements of TAKKT's sustainability strategy. The Group is guided by the Sustainable Development Goals (SDGs) of the United Nations and has been a longstanding member of the UN Global Compact Network Germany. As such, TAKKT is committed to promoting sustainable corporate practices with regard to the company, employees and throughout the entire value chain. The goal is to make a positive contribution to finding solutions to ecological, social and economic challenges on a global scale. This means taking into account the needs of the present generation, while also ensuring that the needs of future generations are met.

WE SUPPORT UN GLOBAL COMPACT

### Our vision:
### Bringing tomorrow's worlds of work to life

**TAKKT Vision 2025: Bringing new worlds of work to life by caring about environmental resources, people and customer success.**

The TAKKT vision serves as the foundation for the sustainability and corporate strategy. TAKKT's aim is to shape the working worlds of tomorrow together with key stakeholders such as customers and suppliers. One thing is certain: In response to the challenges posed by climate change and the finite availability of natural resources, it is imperative that they adhere to stringent sustainability standards. Meeting the needs of customers and anticipating future requirements with sustainable products and services not only reflects TAKKT's commitment to responsible entrepreneurship, but also represents a significant growth opportunity. Sustainability will continue to transform the worlds of work in the future. Therefore, TAKKT wants to embrace new developments and innovations at an early stage and capitalize on the opportunities they present.
Sustainability already plays a significant role in the purchasing decisions of more than half of customers. This is also reflected in customers' willingness to pay more for products that have ecological and social added value.
The outcomes of the 26th UN Climate Change Conference in Glasgow, where 196 countries agreed to implement the Paris Climate Agreement, are a clear indication of the increasing significance of sustainability in business. These changes are already having an impact on the activities of companies in many areas.
In addition to new legal requirements and regulations, the markets in which TAKKT operates are also changing. The design of sustainable procurement and sales markets, innovations and greater capital flows towards sustainable economic activities are changing the general conditions. Legislative initiatives such as the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy and the German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG]) are a reflection of the increased societal expectations regarding ecologically and socially acceptable entrepreneurship. TAKKT sees these changes as an opportunity. Actively participating in the transformation to a low-carbon economy ensures that the Group will remain successful in the future.

## Our mission statement

**TAKKT Sustainability Mission: We want to give our customers the ability to choose sustainable products (by education and enablement) and have them delivered via sustainable logistics from a sustainable business.**

As an omnichannel retailer for business equipment, it is TAKKT's responsibility to assist customers in selecting the right products or solutions. TAKKT's aim is to help customers be optimally equipped so that they can meet their day-to-day challenges and achieve success in their markets. This includes providing information about products and solutions, including sustainability aspects such as the carbon footprint or origin of the materials used, to enable customers to consider all factors in their decision-making process. The goal is to make this information very easy to find in order to facilitate sustainable product choices wherever possible. In addition to the ever-growing range of sustainable products and solutions, TAKKT also has a responsibility to make the logistics of delivering these products and services sustainable.

TAKKT's mission statement takes into account the needs of all stakeholders, including employees, customers, shareholders and society as a whole. It is firmly anchored in the materiality assessment and reflects the aim to make TAKKT a sustainable and future-ready company. With the "enkelfähig" approach, TAKKT provides customers with the necessary information to choose products that fulfill their purpose, while also offering ecological and social added value. TAKKT continuously evaluates its product portfolio and sets standards for new products and suppliers in order to provide a comprehensive range of "enkelfähig" products and solutions.

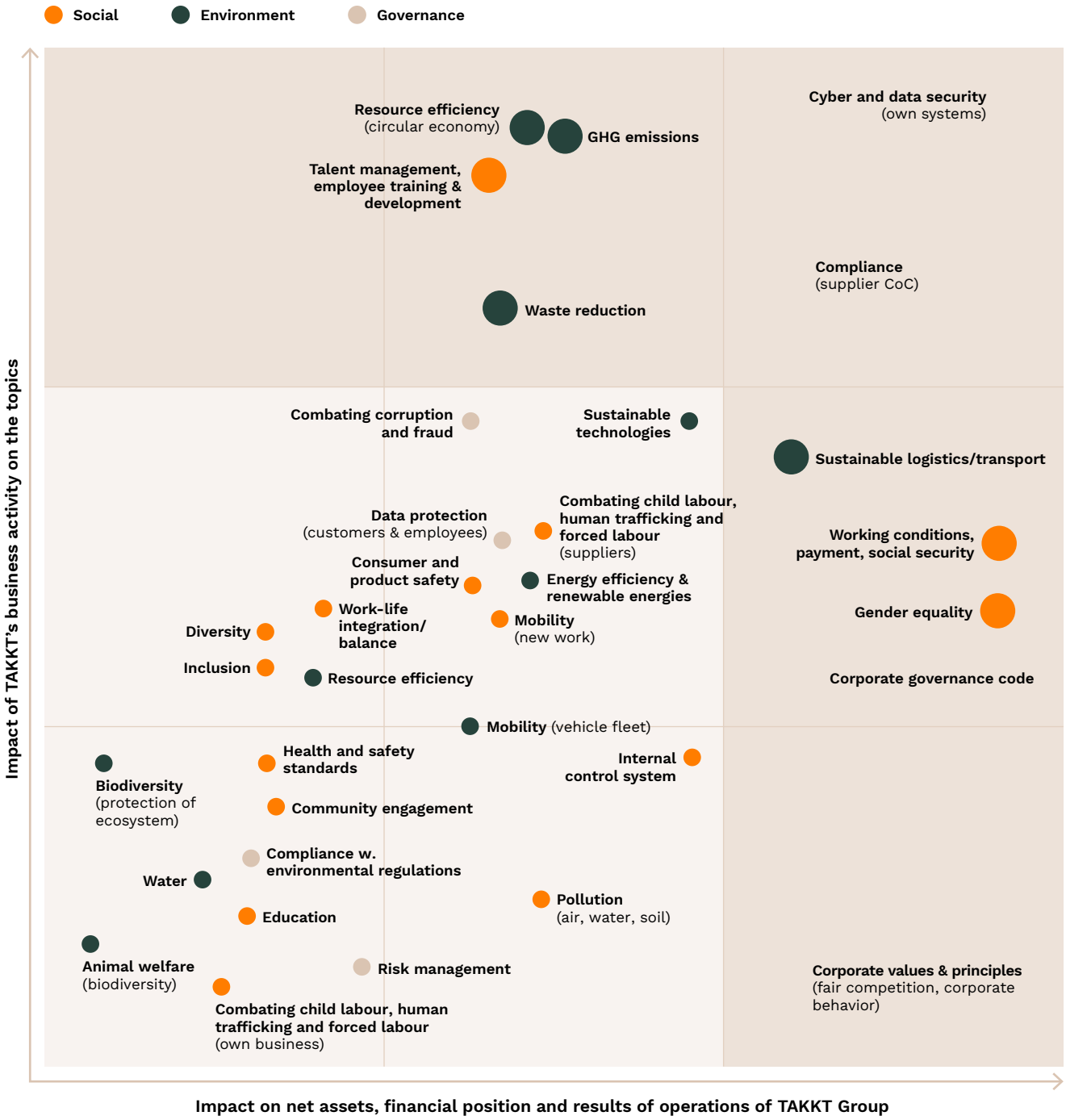
Specifically with regard to Scope 3 emissions caused by logistics, there is an urgent need for action. Together with its partners, TAKKT strives for climate, environmentally and socially compatible transport solutions in order to reduce its carbon footprint in logistics in the future. TAKKT also aims to become more sustainable as a company. This includes reducing its Scope 1 and 2 emissions as well as promoting social sustainability through various initiatives (see Social section). In light of the increasing legal requirements, internal processes and structures are being adapted early on to ensure the future viability of TAKKT's business activities.

## Stakeholders and materiality

TAKKT's sustainability activities are reviewed on a regular basis in a dialogue with stakeholders. The material aspects are determined on the basis of the non-financial statement, the sustainable development goals (SDGs) of the United Nations and the standards for sustainability reporting of the Global Reporting Initiative (GRI).

The aim is to gain a comprehensive overview of the topics that are relevant from a stakeholder perspective and also crucial for the TAKKT Group's long-term business success. The materiality analysis is therefore a strategic instrument to ensure TAKKT's long-term added value and future viability.
The most comprehensive stakeholder survey on sustainability to date was carried out in 2020/2021. A quantitative online survey asked 1,250 stakeholders from 18 companies across all TAKKT divisions in eleven countries about their social, environmental and economic requirements and expectations. Based on this stakeholder survey, TAKKT once again conducted a qualitative materiality analysis in 2022. It was created using the principle of double materiality with the help of external consultants. The principle of double materiality requires conducting an assessment of how sustainability factors affect the company's performance as well as the impact of the company's activities on non-financial aspects. The process has already been carried out in light of the upcoming Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) developed in this context. The review carried out together with an external team of experts confirmed the areas of focus set by TAKKT. The results were discussed with the Management Board and key issues were identified.
The chart shows an overview of the fields of action identified as material by TAKKT. A description of all material topics can be found in the GRI index starting on page 216.

TAKKT is currently conducting a quantitative materiality analysis to prepare for the upcoming reporting period under CSRD. Quantification of the various issues could lead to changes in the material topics as of the next reporting year.



## Our Sustainability Roadmap

TAKKT sustainability roadmap focuses on the key fields of action derived from the findings of the materiality analysis. These areas of focus are at the product level, in logistics and the social area. At the product level, TAKKT's aim is to make the product portfolio more transparent by means of the "enkelfähig" rating. The effects of the individual products on the environment and society can be recorded, analyzed and documented through a comprehensive sustainability assessment (SDG 12). In the area of logistics, TAKKT plans to implement more robust measures to reduce emissions over the long term (SDGs 7 & 13). In the social area, TAKKT aims to increase its commitment to the community. In addition to focusing on the product, logistics and social areas, TAKKT has defined the topic of "must-haves" as relevant. This includes the expansion of reporting structures in order to meet legal requirements and regulations. In addition, this also entails internal and external communication to keep employees, customers, partners and other stakeholders up to date on TAKKT's projects, goals and successes. Furthermore, continuous climate accounting, regular EcoVadis assessments and participation in the Carbon Disclosure Project (CDP) are additional "must-haves" for TAKKT.

The CDP is an internationally recognized organization that provides support to companies and governments in disclosing their environmental data, especially with respect to climate change, water resources and forests. The goal of the CDP is to promote transparency and encourage companies to measure, manage and report their environmental impacts. In the latest CDP report, TAKKT received a positive rating for its commitment and disclosure of environmental data. This reflects TAKKT's dedication to addressing environmental issues in a responsible manner and minimizing its ecological footprint. Through the disclosure of data, TAKKT allows various stakeholders such as investors, customers and the public to gain a better understanding of and assess the company's environmental impacts.

Despite the higher criteria and standards that need to be met, TAKKT achieved a score of "C." This underscores the company's progress in terms of environmental management and sustainability. It also confirms TAKKT's commitment to transparency in reporting its environmental impacts and continuously seeking opportunities for improvement. TAKKT will continue this positive trend and strive for sustainable business practices in order to make a positive contribution to the environment and ensure long-term success.

## TAKKT venture capital

For TAKKT, corporate venture capital activities are an innovative form of investment to generate higher returns and seize strategic growth opportunities. Due to the rapid pace of technological change and heightened global competition, it is crucial to embrace new approaches in order to remain innovative and gain strategic advantages. TAKKT is committed to investing in sustainable and circular business models, both now and in the future. By supporting startups that pursue sustainable and circular business models, TAKKT contributes to making the economy of tomorrow more sustainable. TAKKT invests in founders who are building strong and diverse leadership teams and seeking active support with "smart money," which goes beyond mere funding. These investments are made through the TAKKT investment company, a wholly-owned subsidiary of TAKKT AG.

The portfolio currently consists of five companies and an investment in a venture capital fund. At the beginning of 2023, the investment focus was on sustainable or circular business models in the B2B distribution sector or areas related to products or customers.

An example of a company in which TAKKT invested in 2023 is nuwo GmbH. The nuwo office furniture-as-a-service platform is a circular business model in the office equipment sector. The company offers a full-service digital solution that simplifies the process of furnishing, financing and managing inspiring and high-quality workspaces in the office and employees' homes.

## Goals

In 2023, TAKKT and its subsidiaries saw a positive development with regard to the sustainability key figures. There was an increase in sales from sustainable products as well as in the share of women in executive positions. In addition, further measures to reduce emissions were introduced,

which have proven to be effective. The purchasing volume from suppliers rated as sustainable also saw a marked increase in the previous year.

Achieving the goals for 2025 across all sustainability key figures is an ambitious endeavor. As in the past, TAKKT will continue to work diligently towards realizing these goals.

## TAKKT'S 2025 SUSTAINABILITY GOALS

| Impact Areas | SDGs | Sustainability KPI | Goals 2025 | Results 2023 |
|---|---|---|---|---|
| **Product Impact** | 12 NACHHALTIGE/R KONSUM UND PRODUKTION | Share of enkelfähig products of order intake (in %) | **40 %** | **23.5 %** |
| **Distribution Impact** | 13 MASSNAHMEN ZUM KLIMASCHUTZ<br>7 AFFORDABLE AND CLEAN ENERGY | Scope 1 & 2 emissions (in t $CO_2$e) | **7,471 t $CO_2$e**<br>(20 % reduction in comparison to base year 2021) | **8,348 t $CO_2$e**<br>(11 % reduction in comparison to base year 2021) |
| **Social Impact** | 10 REDUCED INEQUALITIES | Purchasing volume from sustainability-assessed suppliers (in %) | Ever assessed: **80 %**<br>Assessment obtained in 2025: **40 %** | Ever assessed: **46.4 %**<br>Assessment obtained in 2023: **16.4 %** |
| | 5 GESCHLECHTER-GLEICHHEIT | Share of women in management positions (in %) | **45 %** | **33.8 %** |

# GOVERNANCE

## Sustainability organization

A comprehensive sustainability strategy is absolutely essential for TAKKT. It enables the long-term survival and success of the company by aligning economic, social and ecological aspects. Effective governance ensures that TAKKT acts sustainably in all respects. In addition, it helps in ensuring compliance with laws and regulations, managing risks and enhancing the company's reputation.
Governance in sustainability refers to the process of decision-making, resource management and distribution of responsibilities within the organization in order to achieve long-term environmental, social and economic goals. The Group-wide SCORE (Sustainable Corporate Responsibility) governance system was rolled out throughout the company in 2022 and has been in full effect since then.

**TAKKT Management Board**

At TAKKT, sustainability is anchored at the highest level of corporate governance. Accordingly, the TAKKT Management Board is responsible for the entire sustainability performance of the Group. It approves and informs about the vision, mission, strategy, goals and priorities regarding sustainability. Together with the Head of Group Sustainability, the management of the TAKKT divisions and the individual business units, the Management Board reviews the most important sustainability performance indicators on a regular basis. In addition, the Management Board keeps itself informed of the overall progress of the sustainability topics on a quarterly basis in the Executive Meetings.

**Group Sustainability**

The area of Group Sustainability at TAKKT is led by the Head of Group Sustainability and is responsible for creating and implementing the sustainability strategy and acts as a central interface between the divisions, business units and external stakeholders. It is also responsible for the development of the sustainability mission, vision, strategy, goals and priorities
throughout the entire Group and promotes the implementation of the sustainability roadmap as part of the sustainability strategy.
Furthermore, the area of Group Sustainability supports the individual TAKKT companies in transferring the Group-wide goals to company-specific projects and concrete implementation plans. The team monitors the implementation, coordinates the exchange of knowledge and is responsible for consolidating the sustainability key figures gathered throughout the Group.

**Management**

The management of the TAKKT divisions and business units is responsible for the specific sustainability goals, projects and results of its own divisions and companies. TAKKT informs its companies and approves relevant measures. In addition, management appoints the SCORE officers in the specific areas who are responsible for the operational implementation of the measures and data collection in the respective companies. Management also designates the contact persons who are responsible for implementing department-specific sustainability projects (e.g., sustainable procurement).

**SCORE officers**

Together with TAKKT Group Sustainability, the SCORE officers at the individual companies develop company-specific sustainability goals and implementation plans in order to achieve the Group-wide goals. This is coordinated with their respective managers. They also coordinate the implementation of projects in the functional areas, assess their progress and are responsible for the corresponding collection, validation and transfer of data. They work closely with the function-specific contact persons on the individual sustainability topics in their company.

In addition to clear responsibilities and reporting lines, an important component of the governance structure is ensuring that sustainability goals and key figures are effectively tracked and transparently communicated. In 2023, TAKKT began integrating key sustainability indicators across its goal and management systems: Since the beginning of the year, sales with "enkelfähig" products have been recorded and reported monthly. This integration of key sustainability indicators into TAKKT's management system supports progress monitoring and ensures that the set goals are achieved.

Another key aspect of sustainability governance is the identification and management of ESG (environmental, social and governance) risks because ESG factors

can have a significant impact on TAKKT's long-term value. In 2023, TAKKT conducted a comprehensive risk assessment, which incorporated a sustainability risk in the company's risk management. This ensures compliance with the applicable regulations while also minimizing potential legal consequences. In addition, the changing requirements of key TAKKT stakeholders are now continuously analyzed, thereby allowing the company to take them into greater consideration with regard to corporate decisions and strategies.

# CLIMATE

## Our climate strategy

The urgency of climate change is evident and poses an enormously significant challenge for companies like TAKKT: The need to make business practices sustainable. TAKKT has therefore committed to effective climate protection measures to meet its responsibilities to employees, customers and partners and reduce its ecological footprint.

In line with the goals of the Paris Climate Agreement, TAKKT aims to achieve the ambitious goal of complete greenhouse gas neutrality by 2045 and thereby contribute to limiting global warming to 1.5 degrees Celsius. In order to realize this goal, TAKKT has committed to reducing its greenhouse gas emissions at its sites by 50 percent by 2030 compared to the base year 2021, with a target reduction of 20 percent by 2025. TAKKT is implementing various measures to reduce emissions, including innovative projects to improve operations. Emission offsetting through external partners remains optional and therefore not an integral part of TAKKT's climate strategy. Along with commitment, implementing these goals also requires a readiness to invest. TAKKT sees this as an opportunity to boost competitiveness and create long-term value for stakeholders – economically, socially and environmentally.

In 2021, TAKKT started accounting for all emissions produced by its companies in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. By 2023, data quality had been further improved, and a thorough review was carried out in close collaboration with those in charge at the 59 TAKKT locations. Guidelines were developed to effectively support TAKKT's climate strategy, including one for the reduction of emissions, which was created in 2022 and introduced throughout the Group in the following year. The guideline outlines how and by when TAKKT plans to reduce its emissions and is primarily targeted at the SCORE officers and management teams at the TAKKT companies responsible for implementation.

**Calculation of Scope 1 and 2 emissions**

The For 2023, TAKKT once again calculated and documented emissions using the internal data model and its location-based approach. Data quality was improved by means of a detailed analysis and review, with the close collaboration of the individual TAKKT locations playing a crucial role. As a result, inconsistencies were identified and eliminated, leading to increased accuracy of the carbon footprint. However, there will always be some inaccuracies since final annual statements for each location are often not available at the time of emission calculation, thereby making it necessary to use estimates. In order to ensure an accurate overview of emissions, TAKKT conducts an annual recalculation of the previous year's emissions based on actual consumption. The recalculation for 2022 showed that actual Scope 1 and 2 emissions were 8,638 t $CO_2$e instead of 8,339 t $CO_2$e, indicating an increase of 3.6 percent compared to the original estimate. The recalculated result of the previous year's emissions can be found in the diagram "TAKKT carbon footprint (in t $CO_2$e)."

Working closely with the companies to improve data quality also made it possible to achieve a significant share of activity-based data. Only 7 percent of the emissions were calculated using spend-based data. Due to factors such as inflation effects, this type of data tends to be less accurate. Therefore, TAKKT's goal is to limit its use to a minimum. During the predominantly primary data-based work, secondary data was used only in exceptional cases. As a result, the quality of the carbon footprint was increased further. In addition, further software and reporting processes are also planned in all companies in order to optimize data acquisition efficiency in the future.

**Calculation of Scope 3 emissions**

Based on the data collections from 2022 and 2023, emissions from the supply chain were calculated in selected categories: Data for both the waste (Scope 3.5) and business travel (Scope 3.6) categories were collected for each location, while the commuting category (Scope 3.7) was extrapolated based on a sample survey. Also calculated was category 3.3 for fuel- and energy-related activities not included in Scope 1 or Scope 2 (Scope 3.5).
This serves to create transparency and enables an initial representation of emissions for the calculation of emissions across the entire supply chain in the subsequent reporting year.

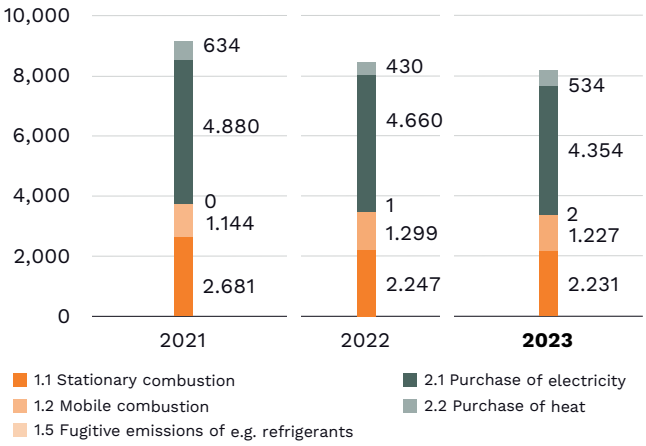
**Results**

In 2023, the emissions shown include the direct emissions caused by TAKKT's activities at the locations (Scope 1) as well as the indirect emissions that arise during the production of externally sourced energy (Scope 2) and along the value chain of the company (Scope 3). Software was used to retrieve data on consumption and associated emissions in a structured manner and allocated into nine GHG categories by means of sound emission factors:

**Scope 1:** Direct emissions from stationary combustion (Scope 1.1) were reduced by 17 t $CO_2e$ compared to the previous year, representing a reduction of 1 percent. This was mainly a result of energy-saving measures as well as site closures following company mergers and relocations to more energy-efficient and smaller office premises. In the area of mobile combustion (Scope 1.2), a reduction of 72 t $CO_2e$ was observed, representing a 6 percent decrease from the previous year and attributable to conversion of the fleet to electric vehicles. In category 3.3 (extraction, production, and transport of purchased or acquired fuels and energy), there may be a double counting of electricity-related emissions if electric vehicles are charged at TAKKT locations. The reason for this is that emissions from the transmission and distribution of purchased electricity are recorded and the emissions based on the electricity consumption of the electric vehicles are also recorded.

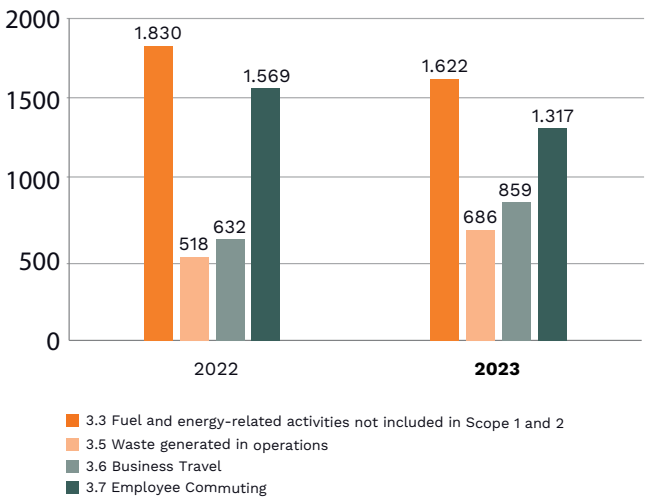
**Scope 2:** Indirect emissions from the purchase of electricity (Scope 2.1) were reduced by 306 t $CO_2e$, representing a 7 percent reduction compared to the previous year. Here as well, energy-saving measures, site closures and relocations were key factors. Indirect emissions from the purchase of heat (Scope 2.2) increased by 104 t $CO_2e$, representing a 24 percent increase over the previous year. This is attributable to the colder winters in many of the regions where TAKKT operates. In addition, infrared heaters were installed in some warehouses to improve the working and temperature conditions for employees.

**TAKKT carbon footprint** in t $CO_2e$



**Scope 3:** For 2023, the results for Scope 3 show an increase in emissions compared to 2022. Emissions associated with waste from operational processes increased from 518 t to 686t $CO_2e$, while emissions from business travel increased from 632 t to 859 t $CO_2e$, indicating higher operational activity. Commuter emissions amounted to 1,317 t $CO_2e$ compared to 1,569 t $CO_2e$ in 2022. This decrease indicates reduced employee mobility. There was also a decrease in emissions in the area of fuel- and energy-related activities not included in Scope 1 and 2. Emissions decreased from 1,855 t to 1,622 t $CO_2e$ in 2023, which may be attributable to efficiency improvements in operational practices and the associated reduction in fuel and energy consumption. A breakdown of Scope 3 emissions can be seen in the diagram TAKKT Scope 3 emissions.

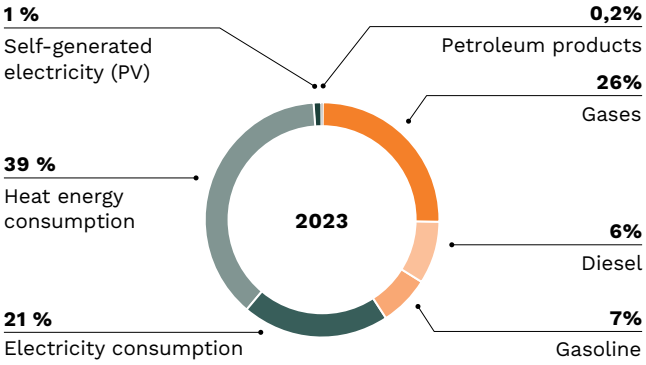
**Scope-3-Emissionen der TAKKT** in t $CO_2e$




**Energy Mix**

Based on the results, a detailed overview was created to provide a comprehensive representation of TAKKT's energy mix. This overview is shown in the "TAKKT energy mix 2023" chart and provides insights into the various energy sources used by TAKKT. It enables in-depth analysis and planning with regard to the company's energy supply and sustainability strategies. The primary source of energy consumption results from thermal energy and gas combustion, which together account for more than half of the total energy consumption of 211,237,580 MJ.

**TAKKT energy mix 2023**



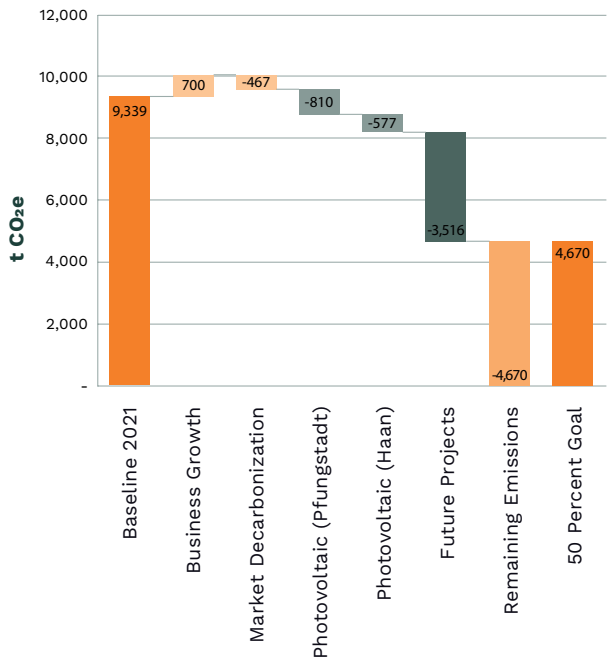
## Reduction strategy & measures

In 2023, the Group-wide emissions reduction strategy and corresponding investment planning was professionalized based on marginal abatement cost curves (MACCs). MACCs are a valuable tool for assessing decarbonization projects. The use of MACCs allows TAKKT to weigh, visualize and evaluate the potential $CO_2e$ savings and associated costs. As a result, informed decisions can be made about which projects offer the most cost-effective method for achieving maximum decarbonization.

In 2023, TAKKT invested in two significant PV projects based on the MACC with the aim of reducing emissions and lowering costs. These initiatives involved the installation of photovoltaic systems at TAKKT's Pfungstadt and Haan locations in Germany. These systems were planned in order to utilize available roof areas for green electricity production. Following the planned commissioning in 2024, TAKKT expects to realize annual savings of more than 1,300 t $CO_2e$. Through these efforts, TAKKT is contributing to the promotion of the energy transition and the creation of a more environmentally friendly energy mix in the region. The use of self-produced energy has a positive impact on both emissions reduction and earnings due to the additional cost savings achieved through efficient production. The impact of the two projects on achievement of the 50 percent goal is visualized in the "Plan for achievement of the 50 percent goal" chart.

In addition, TAKKT is continuing its focus on switching its vehicle fleet to low carbon options and increasing the use of renewable energy sources such as wind, solar, and biomass, as well as combined heat and power generation systems. Efforts are also underway to enhance energy efficiency in office buildings and warehouses as well as to explore the possibility of converting heating furnaces to hybrid models that run on electricity and gas. A further goal is to have as many TAKKT companies as possible certified for sustainability using recognized methods in the respective markets like ISO 50001 and EMAS.

**Plan for achievement of the 50 percent goal**



### Outlook for 2024

For 2024, TAKKT plans to conduct a comprehensive calculation of Score 3 emissions. The focus is on accurate recording and reporting in order to meet the CSRD requirements for the 2024 reporting year. Given the complex structure of the supply chain and broad product portfolio, TAKKT is aiming for a comprehensive automation of the process. The main priority is the accurate capture of large volumes of data of varying quality. This approach is specifically aimed at creating comprehensive transparency of emissions throughout the supply chain and developing corresponding goals and reduction strategies.

TAKKT is working on developing a comprehensive calculation model for capturing the greenhouse gas-related emissions from its products. This model enables accurate quantification and an understanding of the climate impacts of the products. In turn, TAKKT can develop and implement targeted measures for reducing emissions. Calculating the product carbon footprint (PCF) for its in-house manufacturing portfolio also enables TAKKT to assume a leadership role for its suppliers by helping them calculate their emissions and implement measures to reduce them. This strengthens TAKKT's business relationships with suppliers and underscores its commitment to offering sustainable products that have a minimal impact on the environment.

TAKKT actively seeks partnerships with leading logistics companies that are committed to climate protection, particularly in Europe. One example is Rhenus, which has received the EcoVadis Gold Rating and focuses on renewable energies and alternative propulsion technologies, including testing fuel cell trucks. Another partner is Gebrüder Weiss, which is pursuing the ambitious goal of becoming carbon neutral by 2030 and is already testing e-cargo bikes as well as an e-truck in everyday logistics operations in Vorarlberg. These partnerships underscore TAKKT's commitment to sustainable logistics solutions. In order to further reduce the ecological footprint, environmental requirements will be integrated into future contracts, with the Euro 6 standard set as a selection criterion. Therefore, TAKKT requires its logistics partners to adhere to sustainable practices in order to reduce carbon emissions throughout the entire supply chain. Furthermore, TAKKT is planning to launch a pilot project for testing an electric truck route to Duisburg, along with conducting trials involving alternative fuels and offering $CO_2$-optimized transport. There are also plans to optimize the warehouse network on the US West Coast.

### Photovoltaic system in Haan, Germany

# PRODUCTS

## "Enkelfähig"

As a retail company, TAKKT places great emphasis on working together with suppliers to steer the product portfolio towards sustainability. In 2021, the innovative "enkelfähig" rating was introduced for this purpose. This product classification system enables the measurement of product sustainability while increasing transparency across the entire product range.

TAKKT keeps the goal of achieving a sales share of 40 percent by 2025 and 50 percent by 2028 through "enkelfähig" products firmly in its sights. The evaluation of products is individually tailored to the specific characteristics of each business area through close collaboration with the TAKKT companies. This differentiated approach to product evaluation is necessary due to the diverse markets, products and customer requirements.

The fundamental must-have criteria are based on the ten principles of the UN Global Compact. If the requirements are not fulfilled, TAKKT will not proceed with the sale. In addition, the products are evaluated in the categories of circular economy, climate change, economic efficiency, biodiversity and innovation. In order to ensure that these aspects are adequately taken into account, subcategories have been introduced. The main emphasis is on objective master data and the evaluation of supplier questionnaires in order to ensure an unbiased assessment.

Particular importance is given to the supplier evaluation by EcoVadis: The EcoVadis rating system provides an objective and external evaluation of companies' sustainability performance based on environmental, social and economic criteria, and helps them improve their sustainability practices. The EcoVadis score achieved indicates a supplier's sustainability performance. Within the "enkelfähig" evaluation, 10 percent of the EcoVadis score achieved is allocated to the categories of circular economy and climate change. Since these two categories have a high weighting, they can have a positive impact on the overall result.

The sum of the individual evaluations together with the EcoVadis score determines the final "enkelfähig" score of the product.

The rating scale ranges from 1.0 to 5.0. Products with a rating of 3.0 or higher qualify as "enkelfähig."

| Must have criteria | | Enkelfähig criteria | | Enkelfähig rating |
|---|---|---|---|---|
| › No child labor<br>› No corruption or bribery<br>› No infringement of labor rights and minimum wages<br>› No discrimination<br>› No personal or environmental harm | + | › Circularity<br>› Climate change<br>› Biodiversity<br>› Profitability<br>› Innovation | = | 5 **ENKELFÄHIG IMPACT SOLUTION** best solution<br>4 **ENKELFÄHIG CONTRIBUTOR SOLUTION** extraordinary product<br>3 **ENKELFÄHIG SOLUTION** absolutely enkelfähig product<br>2 **NOT ENKELFÄHIG** solution with possibilities to improve<br>1 **NOT ENKELFÄHIG** low enkelfähig potential |

**Market launch of “enkelfähig” evaluation in I&P division**

In 2023, TAKKT achieved a significant milestone: The subsidiary kaiserkraft successfully implemented the integration and display of the “enkelfähig” rating across its entire product portfolio in the web shops of different countries. The visible “enkelfähig” score for more than 100,000 products provides clear guidance for customers and helps them make sustainable

## PRODUCT RATING

Example: eurokraft pro shelf truck (Kaiserkraft)

| Enkelfähig criteria | Weighting | Score |
|---|---|---|
| Must-have-criteria | – | ✓ |
| Circular economy | 30% | 3.401 |
| Climate protection | 30% | 3.94 |
| Biodiversity | 25% | 1 |
| Economic efficiency | 10% | 5.9 |
| Innovation | 5% | 3.94 |
| + EcoVadis score | – | 76 |
| **Overall score** | | **3.7** |

1 2 3.7 4 5 Enkelfähig Score

### Circular economy

The shelf truck achieves a score of 3.4 due to its material recyclability, durability and reduced packaging.

### Climate protection

The product is manufactured in Germany. The compensated CO2 footprint and reduced energy consumption result in a score of 3.9.

### Biodiversity

The shelf truck only receives one point for this criterion, as it does not fulfil any of the influencing factors. This result is a starting point for optimising the product or improving the supplier‘s sustainability strategy. Kaiserkraft actively supports the supplier with possible improvements to individual product properties or the value chain.

### Economic efficiency

The positive economic contribution of the shelf truck results in a score of 5.9 for the “economic efficiency” criterion.

### Innovation

Due to the materials used and their recyclability, the shelf truck receives a score of 3.94 for the “Innovation” criterion.

purchasing decisions, both for packaging materials and warehouse equipment.

Using the eurokraft pro shelf truck as an example, customers can see which criteria was used in calculating the overall score and the factors contributing to it.
The individual ratings together with the supplier's EcoVadis rating result in a total "enkelfähig" score of 3.7 for the product. Through close collaboration between suppliers and product managers, this transparency can be used to make the product more sustainable.

The monthly analyses of defined key figures indicate that the "enkelfähig" portfolio is contributing to a growing share of sales. Customers who are interested in the "enkelfähig" rating and sustainable product content are much more inclined to make a purchase compared to those whose needs are not influenced by sustainability considerations. This shows that strong marketing campaigns and sustainable communication are important drivers for the success of the "enkelfähig" portfolio.

**Marketing of sustainable products**
In 2024, kaiserkraft will continue to focus on sustainable products, with an emphasis on increasing transparency and measurability for customers. One of the key priorities is to provide customers with at least one sustainable alternative within each product category.
In 2024, kaiserkraft plans to systematically incorporate its range of sustainable products into marketing campaigns. Products with a sustainability focus with regard to their "enkelfähig" score are presented to customers transparently. By offering detailed product descriptions, customers obtain in-depth insight into the sustainability aspects of the products, which enables them to make purchasing decisions.

In order to gain a better understanding of the customers' needs and optimize the purchasing process, kaiserkraft analyzes the performance of products in its web shop. Fixed key figures are measured and evaluated on a monthly basis. The purpose of this analysis is to improve how the products are presented and increase awareness of the "enkelfähig" score. The overarching goal is to achieve an above-average conversion rate and increase the share of sustainable products in the shopping cart.

In addition to transactional campaigns, kaiserkraft also emphasizes providing informative content about sustainability. For example, the company plans to host "enkelfähig" talks. Customers are provided with information about sustainability through webinars, customer interviews and case studies in order to help them meet their needs for sustainable product solutions and processes..

**TAKKT earnings**
In the 2023 fiscal year, the share of "enkelfähig" products in TAKKT's total sales amounted to 23.54 percent, once again significantly exceeding the target value for the year. This development underscores the success of the strategy and indicates that TAKKT is getting closer to its long-term goal of achieving a 40 percent sales share with sustainable products by 2025. To achieve this goal, TAKKT relies on crucial levers, including the comprehensive product evaluation of all portfolios in the divisions as well as strong and effective marketing activities to raise customer awareness of the sustainable offering. Furthermore, the process for defining sustainable suppliers is being optimized and implemented in the divisions to ensure that the entire value chain is underpinned by sustainable practices.

**Outlook for 2024**
In 2024, the share of "enkelfähig" products is expected to increase by a few percentage points. TAKKT is building on the momentum from 2023 by focusing on robust and effective marketing of "enkelfähig" products and consistent harmonization of the portfolio in the I&P division. In the FS and OF&D divisions, significant work is being put into the rating process in order to ensure expansion of the sustainable product portfolio. TAKKT remains committed to the "enkelfähig" initiative, which is firmly integrated in the company's strategy and managed by top management.

# SUPPLY CHAIN

## A sustainable supply chain

As part of the extensive value chain of an international retail company, the procurement of goods plays a central role at TAKKT. Supply chain sustainability is gaining recognition as a crucial factor for the long-term development of companies. In this context, TAKKT continues to rely on the close partnership with EcoVadis, an internationally renowned CSR platform. The EcoVadis analysis covers the areas of environment, labor & human rights, ethics and sustainable procurement. The results of these analyses can be accessed via the EcoVadis portal. This allows TAKKT and its affiliated companies to work together with suppliers to identify potential areas of improvement. This transparent and collaborative approach not only strengthens TAKKT's sustainability efforts, but also promotes responsible supply chain management.

In 2023, kaiserkraft presented EcoVadis to all suppliers during the supplier days event. The event presented an opportunity to highlight the importance of an EcoVadis rating and increase awareness among suppliers of their shared responsibility for sustainability.

In 2023, particular attention was also given to engaging closely with suppliers of the US companies in order to ensure effective implementation of the sustainability standards on a global level.

As a result of this collaboration and transparent communication, TAKKT was able to raise the purchasing volume from suppliers with a valid EcoVadis rating to 16.4 percent. Work is already underway on further measures to achieve the ambitious goal of 40 percent by 2025. Implementation of the German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG]) and collaboration with suppliers in relation to the "enkelfähig" rating as well as the general product portfolio and supplier management are key drivers in this regard.

**German Act on Corporate Due Diligence Obligations in the Supply Chain (Lieferkettensorgfaltspflichtengesetz [LkSG])**

Ensuring compliance with supply chain due diligence is an integral part of TAKKT's efforts. The company actively works with its suppliers to ensure they meet the legal requirements and uphold the same high standards regarding human rights and environmental protection. By taking this collaborative approach, TAKKT aims is to ensure a sustainable and ethically responsible supply chain.

The results of a risk analysis showed that TAKKT does not currently have any critical suppliers that could jeopardize compliance with supply chain due diligence. This underscores the effectiveness of the implemented processes. TAKKT remains committed to transparency and social responsibility to ensure a sustainable future for all stakeholders.

**Gold Medal in EcoVadis Rating for Kaiser+Kraft**

The Kaiser+Kraft Group has once again garnered recognition for its outstanding sustainability efforts and secured the Gold Medal in the EcoVadis Rating for the third time. This places Kaiser+Kraft among the top five percent of companies evaluated by EcoVadis in the last 12 months.

Ecovadis assessment of the Kaiser+Kraft Group

# SOCIAL

## Our values

The establishment of the core values "Caring" and "Impactful" in 2023 not only creates a solid foundation but also provides specific goals and a clear roadmap for all stakeholders.

"Caring" is a long-term differentiator because our team members work together in a supportive manner, create a familial atmosphere based on mutual respect and forge lasting alliances. This commitment extends beyond interpersonal relationships to include sustainability and the well-being of our workforce. This shared mindset sets us apart, drives our performance and creates a future where "Caring" is not just a principle but an inherent characteristic of our brand.

"Impactful" is more than just an abstract concept; it embodies a call to action that is deeply ingrained in our company's ethos. We empower every team member to drive positive change and recognize that tangible results are the outcome of individual efforts. Our commitment to continuous improvement and development is not a passive endeavor, but a dynamic mindset embraced by everyone in our organization. Our team takes responsibility for driving substantial change, ensuring that our actions speak louder than words and that our commitment to positive change permeates every facet of our activities.

In 2023, TAKKT underwent an extensive overhaul of its employer brand. The aim is to increase the company's visibility, position TAKKT as an attractive employer and foster a unified corporate culture. The rebranding highlights the shared vision of "Bringing new worlds of work to life," which is now prominently featured in internal communications and recruitment initiatives throughout the entire TAKKT Group. It also underscores the significance of "Caring" and "Impactful" as core values and guiding principles for all employees. By revitalizing the employer brand, TAKKT aims to strengthen employee commitment as well as cultivate a positive and authentic work atmosphere.

As an employer, TAKKT promotes collaboration and encourages each employee to regularly contribute to the success of the company. In today's ever-changing work environment, internal development and resource allocation play a crucial role. Transparent feedback discussions and a clear assessment process ensure efficient resource allocation. TAKKT places great importance on significant factors such as remote work, high-quality equipment and employee benefit plans, which are common practice today. The goal of the integration efforts is to ensure that all employees have access to and understand the available services and benefits, which is facilitated by the new intranet. Employees will act as important ambassadors and use their networks to attract new talent through employee referrals as long as the work environment continues to foster success.

At TAKKT, there is a strong emphasis on recognizing impactful work, adapting processes, improving the state of nature and ensuring customer satisfaction. The goal is to offer products that improve efficiency, durability and environmental sustainability, while also encouraging everyone to play a role in this endeavor and make a meaningful contribution.

## Training and qualification

TAKKT's journey towards becoming an integrated international company is driven by its employees. Times of change and transformation create numerous opportunities for employee development throughout the entire organization. In 2023, TAKKT introduced short- and long-term assignments abroad, workshops on leadership and change management, mentorship programs for individual departments and digital language courses. In addition to investing in talent development, TAKKT improved the annual employee appraisal process by streamlining schedules, procedures and assessments throughout the company. This represents a significant milestone for TAKKT in shaping the future and aligning global talent programs and processes to create a rewarding experience for all employees, empowering them to realize their potential and harmonize their goals with TAKKT's vision of "Bringing new worlds of work to life."

## Equal opportunity

The organizational integration within the divisions and Group functions goes hand in hand with the development of a common corporate culture. Even though TAKKT operates in various companies and locations across Europe and North America, the company encourages an environment of open, respectful

and inclusive collaboration. The contribution of each individual is valued regardless of race, gender, religion, ethnic background, sexual orientation, disability or age. TAKKT also upholds a leadership culture that promotes diversity, condemns all forms of discrimination, and ensures equal opportunities in both internal and external hiring processes by making decisions based solely on merit.

TAKKT places great importance on increasing the share of women in executive positions through diversity management. To achieve this, female talent is supported in preparing for the next step in their careers through flexible solutions and networking opportunities. In order to promote a better balance between family and leadership roles, TAKKT offers the possibility for two executives to share a leadership position along with the respective tasks and responsibilities. TAKKT has set specific targets for the percentage of women at various management levels of the holding company:

- Supervisory Board: The goal of achieving a female representation of 33.3 percent on the Supervisory Board of TAKKT AG by the end of 2026 has already been achieved. At present, two women are represented on the six-member Board with Alyssa Jade McDonald-Bärtl and Aliz Tepfenhart, which means the target has been met.
- Management Board: The target for the share of women on the Management Board of TAKKT AG is 50.0 percent by the end of 2026. However, this target was already met at the end of 2022.
- The share of female executives in 2023 was 33.8 percent. In the coming years, the value is expected to increase by more than 5 percent each year in order to achieve the target value of 50 percent by 2026.
- In 2023, women made up 43.7 percent of all employees, and was thus slightly above the previous year's figure of 43.2 percent.

| Management level | Share of female employees |
|---|---|
| Management Board | 50% |
| Executives | 33,8% |
| All employees | 43,7% of 2.569 TAKKT employees |

In 2023, TAKKT expanded its Female Network, which includes all female executives. This initiative serves as a dynamic platform for the exchange of valuable insights, experiences, and mutual support among women in key positions within the company.

### Good working conditions and social security

At TAKKT, fairness, equality and workplace safety are top priorities, with a focus on aspects such as working conditions, compensation and social security. TAKKT is committed to fair compensation, equal opportunities and comprehensive social security for all employees.

The aim is a workplace where fair compensation is a fundamental aspect for fostering long-term relationships. TAKKT addresses wage disparities that are not based on factors such as experience, performance and position through regular evaluations. The aim is to work towards gender equality by eliminating gender-based wage disparities in order to ensure fair remuneration for all team members.

The commitment to employee well-being entails not only fair compensation but also comprehensive social security coverage. The company understands the importance of financial stability during various life events and offers additional forms of remuneration, such as bonus schemes to reward exceptional performance. TAKKT has transparent bonus systems in place, which are linked to individual and collective performance and engages in collective bargaining to establish fair employment conditions. TAKKT offers personalized support to all its employees during times of need:

- Illness: The health insurance coverage tailored to meet country-specific needs provides individual support and financial assistance in the event of illness.
- Parental leave: TAKKT offers supportive parental leave policies to help employees maintain financial stability during this period.
- Work-related accidents: In the unfortunate event of a workplace accident, insurance covers the medical costs and provides financial support during recovery.
- Inclusion: In the case of a disability, TAKKT offers assistance and suitable equipment to ensure continued employment and success in the workplace.

## Employee Voice

The year 2023 marked a significant milestone with regard to streamlining and improving the employee feedback process across the entire TAKKT Group with the Employee Voice Survey. In order to better analyze data and manage engagement, a transition was made to a unified global system, which simplifies the survey process and provides a comprehensive overview of employee engagement. This initiative is in line with TAKKT's "OneTAKKT" and "Caring" strategies.

In addition to the question regarding the employee net promoter score (eNPS), the survey now includes 15 additional factors for employee engagement, including topics such as remuneration, recognition, management support, workload and career development. Managers have access to personalized dashboards with survey results for their teams, which they can then use to develop actionable plans together. The Employee Voice tool also ensures visibility and transparency with regard to tracking the progress of implementation plans and their impact on subsequent survey results.

## Social responsibility

TAKKT sees itself as an integral part of society and actively promotes local initiatives in line with responsible business practices. As part of the ENGAGE program, employees are encouraged to participate in volunteer work in their communities and take paid time off for these activities. This not only promotes support for environmental and social causes but also fosters a culture of active involvement in volunteer work.

The ENGAGE program offers various activities such as zero-waste cooking classes and clean walks, with the goal of motivating employees to make a meaningful contribution, particularly in the area of sustainability.

TAKKT also promotes participation in fundraising campaigns. One example of this was the swift response in supporting the employee-driven fundraising initiatives following last year's earthquakes in Turkey. TAKKT not only matched the employee donations but also increased them, highlighting its commitment to making a difference in times of crisis. This initiative reflects TAKKT's commitment to social responsibility and support for charitable causes. In addition, TAKKT matches all employee donations and forwards the funds to non-profit aid organizations.

Activities such as zero-waste cooking courses and clean walks are also regularly offered as part of the ENGAGE program. The aim of these initiatives is to inspire and encourage employees to make a valuable contribution to society in the area of sustainability.

In addition, TAKKT regularly calls on its employees to participate in fundraising campaigns. TAKKT matches all the donations contributed by employees and gives the money to non-profit emergency relief organizations.

## Respect for human rights

The TAKKT Code of Ethics is a guiding policy for the TAKKT Group that emphasizes ethical conduct and compliance with laws and values. Maria Zesch, CEO of the TAKKT Group, highlights the importance of the code for responsible decision-making and integrity. The code applies to all employees regardless of their position and has been adopted by all TAKKT companies. It establishes principles such as compliance with laws, avoidance of corruption, protection of assets and environmental responsibility. The code also clearly defines how to deal with conflicts of interest.

The code is guided by eight principles:

- Respect for the law: Compliance with laws and regulations
- Fair employment practices, diversity & inclusion: Creating safe and fair workplaces without discrimination
- Dealing with conflicts of interest: Business decisions are made solely in the interest of TAKKT
- No corruption: Rejection of bribery and inappropriate gifts
- Antitrust & competition law: Commitment to fair competition
- Protection of assets & information: Responsible handling of company assets and confidentiality
- IT & data security, digital media: Secure handling of IT systems and data
- Responsibility towards the environment & society: Commitment to sustainability and social engagement.

The code's "ethics check" provides a quick guide to ethical decision-making. The employees ask three

questions: Is it legal, fair and balanced, and how does it make you feel?

In addition, clear steps for addressing ethical concerns are also outlined, including the option to contact designated staff members confidentially without fear of retaliation.

The code emphasizes the collective responsibility of all employees to ensure compliance with the guidelines and report violations in order to ensure the integrity and success of the TAKKT Group.

### Combating corruption and bribery

TAKKT's corporate values provide a touchstone and form the basis for internal collaboration as well as cooperation with business partners. Responsible corporate management (Corporate Governance) is one of TAKKT's fundamental principles. For this reason, TAKKT explicitly supports the objectives of the German Corporate Governance Code. Taking a responsible approach to business-related risks is one of the requirements of good corporate governance. The Management Board and management have extensive Group-wide and company-specific reporting and control systems available to them, which make it possible to record, assess and manage these risks. TAKKT AG attaches the highest priority to its compliance with all statutory and contractual obligations associated with responsible corporate governance. TAKKT is subject to different compliance requirements such as in connection with antitrust law, capital markets and data protection.

Non-observance of the Group-wide compliance principles (e.g., in the area of antitrust law or capital markets) may lead to significant legal consequences (e.g., legal proceedings, exclusion from public procurement processes) and resulting financial effects (e.g., fines, loss of revenue due to reputational damage) and ultimately have a negative effect on earnings. To counter this risk, TAKKT has a centralized compliance management function that is audited by the departments and the compliance officer. These measures allow possible breaches to be identified quickly. In addition to the existing TAKKT values, the TAKKT Code of Conduct and the TAKKT compliance management guideline, TAKKT also has a compliance helpline set up, where employees can report compliance violations anonymously. In addition, TAKKT has expanded the existing system where employees are trained in compliance-related issues both in person and via an online platform and receive a certificate after successful completion of a test. Additional training on core issues in compliance is offered as needed.

# NON-FINANCIAL GROUP REPORT, EU TAXONOMY, GRI CONTENT INDEX

## Non-financial statement

Parts of this sustainability report serve to fulfill the non-financial statement resulting from the legal requirements for TAKKT AG as a listed company (§§ 315b HGB bzw. 289b HGB i.V.m. §264d, 290 HGB.). An overview of the components and their detailed coverage within the sustainability report can be found in the following table:

| NFS components | Section and page(s) Sustainability report |
|---|---|
| Environmental issues | „Climate“ pp. 199-203<br>„Environment & Energy“ p. 210 |
| Employee issues | „Our Values“ p. 208<br>„Good working conditions and social security“ p. 209<br>„Employee Voice“ p. 210 |
| Social issues | „Social responsibility“ p. 210 |
| Respect for human rights | „Respect for human rights“ pp. 210-211 |
| Combating corruption and bribery | „Combating corruption and bribery“ p. 211 |

The remaining parts of the sustainability report contain additional information which is not part of the non-financial statement.

## EU taxonomy

### Introduction

As part of the European Green Deal, the EU Taxonomy Regulation creates an EU-wide framework that aims to support financial market actors in assessing to which extent certain economic activities can be classified as sustainable. This should, on the one hand, promote investments in more sustainable technologies and industries and, on the other, further increase the transparency and comparability of sustainability reporting. For this purpose, the EU has defined six goals that capital market-oriented companies should use to report their contribution based on three key performance indicators: sales, capital expenditure (CapEx) and operating expenses (OpEx). Pursuant to Article 8 of the Regulation (EU) 2020/852 dated June 18, 2020 and the delegated acts dated June 4, 2021, and July 6, 2021, TAKKT is also obligated to report on sustainable economic activities based on the classification system of the EU Taxonomy.

For the 2023 fiscal year, the shares of relevant taxonomy-eligible economic activities must be reported with respect to all six environmental objectives. The environmental objectives are:

1. Climate protection
2. Adapting to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. The prevention and reduction of environmental pollution, and
6. protection and restoration of biodiversity and ecosystems

A list of activities in various sectors that have the potential to make a significant contribution to the respective environmental objective was determined for each environmental objective. If an economic activity in this list is mentioned, it may be taxonomy-eligible. For this purpose, a review is carried out to determine whether the legislative description provided corresponds to the actual economic activity. The extent to which taxonomy-eligible activities are actually aligned to the taxonomy (in their compliance with certain technical screening criteria targets) has also been reported for environmental issues 1 and 2 since 2022.

### Methodology of the impact analysis

A cross-functional team was set up at TAKKT to determine the taxonomy-eligible activities, with its core team comprising the Group Sustainability and Group Accounting departments.

In the first step, all the economic activities relating to Annexes 1 and 2 of the delegated act of Regulation (EU) 2020/852 from 2021 as well as Annexes 1 to 4 from the delegated act 2023/2486 ("Environmental Delegated Act") were analyzed to determine whether they are at all relevant for an examination to determine taxonomy eligibility. In the second step, these taxonomy-relevant activities were examined to determine their potential taxonomy eligibility.

For the activities identified as taxonomy-eligible, corresponding key performance indicators were gathered via the accounting systems and supplementary information was obtained from function-specific

contacts in the business units. Double counting was avoided by taking into account either clearly attributable postings to the respective accounts or data collections from the respective functions of the business units. The two data collection methods were not combined per activity and business unit to avoid overlaps.

Capital expenditure and operating expenses can be taxonomy-eligible if either the capital expenditure is incurred in direct connection with actual or future expected income from taxonomy-eligible revenue (Options A and B of the definition in Annex 1 of the delegated act of EU Regulation 2020/852) or if they are incurred in connection with "enabling activities" through the purchase of taxonomy-eligible third-party goods or services (Option C). Since TAKKT itself does not generate any taxonomy-eligible revenue, only the latter definition is relevant for TAKKT. The taxonomy-relevant capital expenditures correspond to all additions to non-current assets. Operating expenses relevant to the taxonomy relate to direct, non-capitalized costs, which relate in particular to building renovation measures, short-term rental, maintenance and repair of property, plant and equipment.

**Results**

With respect to environmental objectives 2 to 6, no taxonomy-eligible revenue, operating expenses or capital expenditure was identified at TAKKT. With respect to environmental objective 1 "Climate change mitigation," no taxonomy-eligible revenue was identified at TAKKT for the 2023 fiscal year. The reason for this is not that TAKKT's business activities are less sustainable than the activities defined in the EU taxonomy. Rather, the EU taxonomy has so far mainly focused on the economic activities of the sectors with the highest emissions (energy, industry, transport and agriculture) because their reduction has the greatest impact on the environmental objectives. Since TAKKT as a retail company does not belong to any of these sectors, TAKKT's revenue is not covered by the economic activities defined in the EU taxonomy. The taxonomy-eligible capital expenditure and operating expenses can be found in the compressed table and in the detailed tables on pages 214 and 215. TAKKT does not report any taxonomy-aligned economic activities for the 2023 year under review.

## GRI Index

The overview starting on page 216 is based on the 2021 GRI Sustainability Reporting Standards.

**Figures under the terms of the EU taxonomy** in EUR thousand

| | Taxonomy-relevant | Taxonomy-eligible | | Not taxonomy-eligible | | Taxonomy-aligned | |
|---|---|---|---|---|---|---|---|
| | in TEUR | in TEUR | in % | in TEUR | in % | in TEUR | in % |
| Revenue | – | – | 0% | – | 0% | – | 0% |
| Capital expenditures | 30,681 | 17,807 | 58% | 12,874 | 42% | – | 0% |
| Operational expenses | 9,126 | 898 | 9.8% | 8,228 | 90.2% | – | 0% |

| Economic activities (1) | Code(s) (2) | Absolute CapEx (3) in TEUR | Proportion of CapEx (4) in % | Substantial contribution criteria: Climate change mitigation (5) in % | Climate change adaptation (6) in % | Water & marine resources (7) in % | Circular economy (8) in % | Pollution (9) in % | Biodiversity & ecosystems (10) in % | DNSH criteria (‚Does Not Significantly Harm‘): Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water & marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity & ecosystems (16) Y/N | Minimum safeguards (17) Y/N | Taxonomy-aligned proportion of CapEx, 2022 (18) in % | Taxonomy-aligned proportion of CapEx, 2021 (19) in % | Category (enabling activity) (20) E | Category ‘(transitional activity)’ (21) T |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | 4.1 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Acquisition and ownership of buildings | 7.7 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Data processing, hosting and related activities | 8.1 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| **CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)** | | **-** | **0%** | **0%** | **0%** | **0%** | **0%** | **0%** | **0%** | | | | | | | | **0%** | **0%** | | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | 4.1 | 1,409 | 4.6% | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 | 1,845 | 6.0% | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 | 124 | 0.4% | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 | 86 | 0.3% | | | | | | | | | | | | | | | | | |
| Acquisition and ownership of buildings | 7.7 | 14,191 | 46.3% | | | | | | | | | | | | | | | | | |
| Data processing, hosting and related activities | 8.1 | 152 | 0.5% | | | | | | | | | | | | | | | | | |
| **CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | | **17,807** | **58%** | | | | | | | | | | | | | | - | - | | |
| **Total (A.1 + A.2)** | | **17,807** | **58%** | | | | | | | | | | | | | | **0%** | **0%** | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **CapEx of taxonomy-non-eligible activities (B)** | | **12,874** | **42%** | | | | | | | | | | | | | | | | | |
| **TOTAL (A + B)** | | **30,681** | **100%** | | | | | | | | | | | | | | | | | |

| Economic activities (1) | Code(s) (2) | Absolute OpEx (3) in EUR thousand | Proportion of OpEx (4) in % | Substantial contribution criteria: Climate change mitigation (5) in % | Climate change adaptation (6) in % | Water & marine resources (7) in % | Circular economy (8) in % | Pollution (9) in % | Biodiversity & ecosystems (10) in % | DNSH criteria (‚Do no significant harm') Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water & marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity & ecosystems (16) Y/N | Minimum safeguards (17) Y/N | Taxonomy-aligned proportion of OpEx, 2023 (18) in % | Taxonomy-aligned proportion of OpEx, 2022 (19) in % | Category (enabling activity) (20) E | Category ‚(transitional activitiy)' (21) T |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Collection and transport of non-hazardous waste in source segregated fractions | 5.5 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Acquisition and ownership of buildings | 7.7 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| Data processing, hosting and related activities | 8.1 | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | N | N | N | N | N | N | N | 0% | 0% | - | - |
| **OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)** | | **-** | **0%** | **0%** | **0%** | **0%** | **0%** | **0%** | **0%** | | | | | | | | **0%** | **0%** | | |
| **A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Collection and transport of non-hazardous waste in source segregated fractions | 5.5 | 121 | 1.3% | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | 6.5 | 61 | 0.7% | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of energy efficiency equipment | 7.3 | 35 | 0.4% | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | 7.4 | 2 | 0.0% | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | 7.5 | 4 | 0.0% | | | | | | | | | | | | | | | | | |
| Acquisition and ownership of buildings | 7.7 | 575 | 6.3% | | | | | | | | | | | | | | | | | |
| Data processing, hosting and related activities | 8.1 | 101 | 1.1% | | | | | | | | | | | | | | | | | |
| **OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)** | | **898** | **9.8%** | | | | | | | | | | | | | | - | - | | |
| **Total (A.1 + A.2)** | | **898** | **9.8%** | | | | | | | | | | | | | | **0%** | **0%** | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **OpEx of taxonomy-non-eligible activites (B)** | | **8,228** | **90.2%** | | | | | | | | | | | | | | | | | |
| **TOTAL (A + B)** | | **9,126** | **100%** | | | | | | | | | | | | | | | | | |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 1**<br>Foundation | For the third year in a row, TAKKT AG reports with reference to the guidelines of the GRI standard. TAKKT AG is preparing the reporting according to ESRS and will report in the following year in accordance with the guidelines applicable to TAKKT. |
| **GRI 2 – 1-a**<br>Legal name | TAKKT AG |
| **GRI 2 – 1-b**<br>Nature of ownership and legal form | TAKKT AG is a stock corporation under German law. The company has been listed in the SDAX since 2024 again and in the Prime Standard of the German Stock Exchange since January 1, 2003.<br>Ownership structure as of December 31, 2023:<br>- Franz Haniel & Cie. GmbH (FHC) 65%<br>- Free float: 34%<br>- Own shares held by TAKKT AG: 1% |
| **GRI 2 – 1-c**<br>Location of headquarters | Stuttgart, Germany |
| **GRI 2 – 1-d**<br>Countries of operations | TAKKT AG is a global company with offices in over 20 countries in Europe and the United States of America. |
| **GRI 2 – 2-a**<br>Entities included in the sustainability reporting | To review the list of companies in the consolidated annual financial statements, see p. 159.<br>The organizational reporting boundaries for the non-financial or sustainability matters reported in 2023 include all TAKKT companies worldwide. |
| **GRI 2 – 2-b**<br>Differences between those entities included in financial reporting and those included in sustainability reporting | The non-financial reporting covers all entities included in TAKKT's financial reporting. |
| **GRI 2 – 2-c**<br>Approach for the consolidation of the information of all entities incl. minority interests | The scope of consolidation in the non-financial reporting corresponds to that in the financial reporting. Companies in which TAKKT holds a minority interest are not controlled by TAKKT and are not part of the non-financial reporting. |
| **GRI 2 – 3-a**<br>Reporting period and frequency | The reporting period corresponds to TAKKT's financial year and is the calendar year 2023. Relevant information is included up to the editorial deadline of March 28, 2024. The sustainability report is prepared with reference to the GRI standard and will be published annually as part of the annual report since the reporting year 2022. |
| **GRI 2 – 3-b**<br>Reporting period for financial reporting | The reporting period for the financial reporting corresponds to TAKKT's financial year and is the calendar year 2023. |
| **GRI 2 – 3-c**<br>Publication date of the sustainability report | March 28, 2024 |
| **GRI 2 – 3-d**<br>Contact point for questions regarding the report | Stefanie Meyer, Executive Vice President Strategy & Transformation |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 2 – 4-a**<br>Restatements of information from previous reporting periods | To ensure an accurate overview of emissions, TAKKT conducts a reassessment of the previous year's emissions based on actual consumption annually. This is necessary because, at the time of emission calculation, final annual statements for each location are often not available, necessitating reliance on estimates. The reassessment conducted for the year 2022 reveals that the actual Scope 1 and Scope 2 emissions were 8,638 t $CO_2$e instead of the originally assumed 8,339 t $CO_2$e. By applying the definition of management levels more consistently, the proportion of female leaders was corrected to 34.7% for 2022. The originally assumed value was 28.9%. |
| **GRI 2 – 5-a**<br>Policy and practice for seeking external assurance | At the request of TAKKT AG's Management Board, the Sustainability Report 2023 was subjected to an independent review by the auditing company RSM Ebner Stolz GmbH & Co. KG (see certification p. 223). The results were presented to and approved by the Supervisory Board at its meeting on March 27, 2024. |
| **GRI 2 – 5-b**<br>Information about the audit | On behalf of TAKKT AG's Management Board, the Sustainability Report 2023 was subjected to an independent review by the auditing company RSM Ebner Stolz GmbH & Co. KG. The auditing company has been continuously working as the auditor of TAKKT AG, Stuttgart, since the financial year 1999. |
| **GRI 2 – 6-a**<br>Industry | See pp. 31 ff. |
| **GRI 2 – 6-b**<br>Value chain | See pp. 31 ff. |
| **GRI 2 – 7-a**<br>Employees by gender and region | Total number of employees by gender:<br>Employees as of 12/31/2023 (headcount): 2,569<br>Asia: female 1; male: 1<br>Europe: female 733; male: 1,051<br>North America: female 389; male: 394 |
| **GRI 2 – 7-c**<br>Methodology used to compile the data | The data was compiled on head count basis for the entire TAKKT AG and applies to December 31, 2023. |
| **GRI 2 – 9**<br>Governance structure and composition | See Corporate Governance Statement 2023 https: / / www.takkt.de / en / investors / corporate-governance / declaration-on-corporate-governance/ |
| **GRI 2 – 10**<br>Nominating and selecting the highest governance body | See Corporate Governance Statement 2023 https: / / www.takkt.de / en / investors / corporate-governance / declaration-on-corporate-governance/ |
| **GRI 2 – 11-a**<br>Chairman of the highest governance body | See pp. 26 ff. |
| **GRI 2 – 12**<br>Role of the highest governance body in overseeing the management of impacts | See p. 197 |
| **GRI 2 – 14**<br>Role of the highest governance body in sustainability reporting | The sustainability report, including the material topics, is reviewed and approved by the Management Board of TAKKT AG. In addition, the Management Board of TAKKT AG prepares the non-financial disclosure, which is reviewed by the Supervisory Board of TAKKT AG. |
| **GRI 2 – 16-a**<br>Communication of critical concerns to the highest governance body | The Chief Compliance Officer submits a summarized compliance report to the Supervisory Board once a year. Furthermore, in case of critical compliance incidents, an ad hoc report is submitted by the Chief Compliance Officer to the Executive Board. Generally, the management, among others, is also part of the sanctioning body, which is gathered together after the completion of the main proceedings in case of confirmation of the suspicion. Exceptions are made if the hierarchy levels are differing a lot. |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 2 – 16-b**<br>Number of critical concerns | No incident was reported during the reporting period. |
| **GRI 2 – 17**<br>Collective knowledge of the highest control body | See Corporate Governance Statement 2023 https: / / www.takkt.de / en / investors / corporate-governance / declaration-on-corporate-governance/ |
| **GRI 2 – 19-a**<br>Remuneration policies | See remuneration report pp. 175 ff. |
| **GRI 2 – 20**<br>Process for determining remuneration | See remuneration report pp. 175 ff. |
| **GRI 2 – 22**<br>Statement on sustainable development strategy | See pp. 192 – 195 |
| **GRI 2 – 26-a**<br>Mechanisms for seeking advice and raising concerns | TAKKT has introduced various ways to find out about compliance issues and submit reports. In addition to the TAKKT Compliance Regulation, there will also be a TAKKT Whistleblower Regulation from 2024, which not only lists the various reporting channels, but also describes the entire investigation process. At TAKKT, enquiries and reports can be made in person to the members of the Compliance Team or sent to the Compliance Team by email. Reports can also be submitted anonymously via the Compliance Helpline. The Compliance Helpline is a Group-wide whistleblower hotline that is also available for anonymous reports and is accessible to both internal and external whistleblowers. The compliance team and the respective managers are available to answer employees' questions via a wide variety of communication channels. There is also an intranet site of the Legal & Compliance team, which provides information on compliance issues, contains key documents and links to all important reporting channels. In addition, a new Code of Ethics has been adopted in 2023 for which there will be mandatory (online) training for all employees in 2024. |
| **GRI 2 – 27**<br>Compliance with laws and regulations | There was no known non-compliance with environmental protection laws and regulations during the reporting period. No penalties were imposed. |
| **GRI 2 – 28**<br>Membership associations | – UN Global Compact<br>– bevh Bundesverband E-Commerce und Versandhandel<br>– CDP<br>– Stiftung Allianz für Entwicklung und Klima<br>– Charta der Vielfalt<br>– B.A.U.M. e.V. |
| **GRI 2 – 29**<br>Approach to stakeholder engagement | See pp. 193 – 194, 197 – 198 |
| **GRI 2 – 30**<br>Collective bargaining agreements | TAKKT's German companies are guided by the applicable collective bargaining agreements.<br>Thus, no TAKKT employees are covered by collective bargaining agreements.<br>In the United States, there are no employees covered by collective bargaining agreements due to the fundamentally different employer-employee relationship. |
| **GRI 3 – 1**<br>Process to determine material topics | See pp. 193 – 194 |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 3 – 2**<br>List of material topics | Material topics for TAKKT were identified through a thorough materiality assessment. The chart on page 194 illustrates the materiality of topics according to the double materiality assessment:<br>- Resource efficiency (circular economy)<br>- Waste reduction<br>- Sustainable logistics / transport<br>- GHG emissions<br>- Gender equality<br>- Talent management, employee training & development<br>- Working conditions, payment, social security<br>- Compliance (supplier Code of Conduct)<br>- Cyber and data security (own systems)<br>- Corporate governance code<br>- Corporate values and principles (fair competition, corporate behavior) |
| **GRI 305 – 1-a**<br>Direct (Scope 1) GHG emissions | 3,460 t $CO_2$e |
| **GRI 305 – 1-b**<br>Gases included in the calculation | In the calculation of Scope 1 emissions, all gases used in TAKKT's operations were converted into $CO_2$ equivalents. |
| **GRI 305 – 1-d**<br>Base year for calculation | The base year is the year 2021, in which the carbon footprint for all TAKKT companies was systematically collected for the first time. Compared to the base year 2021 (3,825t $CO_2$e), the scope 1 emissions were reduced by 10%. |
| **GRI 305 – 1-e**<br>Source of emission factors | For the subsequent calculation, the emission factors of the following offices, authorities and organizations were used, among others: BEIS, UBA, EEA, EPA. |
| **GRI 305 – 1-f**<br>Consolidation approach | TAKKT reports emissions according to the consolidation approach of operational control and exclusively according to the location-based accounting approach of the GHG Protocol. |
| **GRI 305 – 1-g**<br>Standards, methodologies, assumptions and / or calculation tools used | Since 2021, emissions have been calculated in accordance to the GHG Protocol Corporate Standard. Data collection has been done using a software since 2022. The calculation was conducted using data models in Microsoft Excel. |
| **GRI 305 – 2-a**<br>Energy indirect (Scope 2) GHG emissions | 4,888 t $CO_2$e |
| **GRI 305 – 2-b**<br>Gases included in calculation | In the calculation of Scope 2 emissions, all gases used in TAKKT's operations were converted into $CO_2$ equivalents. |
| **GRI 305 – 2-d**<br>Base year for calculation | The base year is the year 2021, in which the carbon footprint for all TAKKT companies was systematically collected for the first time. Compared to the base year 2021 (5,514t $CO_2$e), scope 2 emissions were reduced by 11%. |
| **GRI 305 – 2-e**<br>Source of emission factors | For the subsequent calculation, the emission factors of the following offices, authorities and organizations were used, among others: BEIS, UBA, EEA, EPA. |
| **GRI 305 – 2-f**<br>Consolidation approach | TAKKT reports emissions according to the consolidation approach of operational control and exclusively according to the location-based accounting approach of the GHG Protocol. |
| **GRI 305 – 2-g**<br>Standards, methodologies, assumptions and / or calculation tools used | Since 2021, emissions have been calculated in accordance to the GHG Protocol Corporate Standard. Data collection has been done using a software since 2022. The calculation was conducted using data models in Microsoft Excel. |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 305 – 3**<br>Other indirect (Scope 3) GHG emissions | TAKKT has been collecting and calculating individual Scope 3 categories since 2022 and is working intensively to calculate all Scope 3 emissions from 2025 onwards.<br>3.5 Waste<br>3.6 Business Travel<br>3.7 Commuting |
| **GRI 305 – 5**<br>Reduction of GHG emissions | See p. 202 "Reduction Strategy & Reduction Measures" |
| **GRI 307**<br>Non-compliance with environmental laws and regulations | TAKKT and all subsidiaries operate within the locally applicable environmental laws. In addition, TAKKT systematically monitors all environmental requirements at all locations with environmental management systems and adjusts operational processes and overall actions as necessary.<br>Some of our companies operate with certified environmental management systems. There were no incidents of non-compliance with environmental protection laws and regulations in 2023. |
| **GRI 308**<br>Supplier environmental assessment | See p. 207 |
| **GRI 402 – 1**<br>Minimum notice periods regarding operational changes | TAKKT complies with the respective legal standards and observes the corresponding deadlines and procedures with regard to consultations and information obligations. |
| **GRI 403 – 1**<br>Occupational health and safety management system | All TAKKT business units record work-related accidents at all locations in accordance with applicable national law. Serious accidents are reported to the relevant authorities or organizations. So far, only lost time incidents, i.e. accidents resulting in sick leave or loss of productive work, have been recorded centrally for all business units. In this context, 11 incidents occurred in 2023. An occupational illness rate is not determined at TAKKT, because there are no workers with work-related health risks. TAKKT strives to continuously improve in the area of work-related health and safety and regularly prepares required risk assessments in order to derive improvement measures. |
| **GRI 403 – 2**<br>Hazard identification, risk assessment and incident investigation | All employees must comply with the internal safety regulations. Employees are trained / instructed on the basis of the existing risk assessments depending on the activity in order to prevent hazards. Safety officers assist in the identification of new hazards. Injuries or damage to health are reported by the organization.<br>After an incident occurs, existing hazard assessments are reviewed and revised if necessary. Where indicated, additional instruction or refresher trainings are provided. |
| **GRI 403 – 3**<br>Occupational health services | The appointed occupational safety specialists, the company medical officers and the safety officers have been announced and communicated. |
| **GRI 403 – 4**<br>Worker participation, consultation and communication on occupational safety and health | The safety officers and employees in the company are involved in the preparation of the risk assessments and operating instructions.<br>The risk assessments are communicated to employees in the form of a training session at least once per year.<br>ASA meetings are held four times a year at the German sites. All interest groups are represented in the ASA meetings (employer, safety officer, company medical officer, representative of the severely disabled). |
| **GRI 403 – 5**<br>Worker training on occupational safety and health | Employees receive a general safety briefing to educate them about the hazards at their site. In addition, employees receive instruction on mental threats and maternity leave. Employees receive specific instruction depending on the work tasks and work equipment they handle to ensure safety within the work tasks. External employees are briefed on the hazards present on site before they start working. |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 403 – 6**<br>Promotion of worker health | Employees at the German sites are offered a free flu vaccination every year during working hours by the medical officer. A consultation appointment can be arranged with the medical officer at any time. Those employees also have access to an annual subsidy of 100 euros for fitness products and services. |
| **GRI 403 – 7**<br>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | The existing risk assessments are regularly updated and communicated to employees. This is supported by external and internal occupational safety specialists, external medical officers and the safety officers.<br>In the event of accidents, the cause is analyzed and consequences are following. |
| **GRI 403 – 9**<br>Work-related injuries | In 2023, there were 11 accidents with a loss in time of more than one day. |
| **GRI 404 – 1**<br>Average hours of training per year per employee | The data for training and continuing education are currently not tracked centrally. Since continuing education in particular also includes self-study by employees, it is currently not possible to collect this data. |
| **GRI 404 – 2**<br>Programs for upgrading employee skills and<br>transition assistance programs | TAKKT offers an extensive range of internal training and development courses as well as the opportunity to attend external seminars or courses.<br>The need for personal development is determined personally with each employee at least once a year and based on this measures are agreed. |
| **GRI 404 – 3**<br>Percentage of employees receiving regular<br>performance and career development reviews | All professional roles receive frequent feedback and have the opportunity to discuss career interests. |
| **GRI 405 – 1**<br>Diversity of governance bodies and employees | See Corporate Governance Statement 2023 https: / / www.takkt.<br>de / en / investors / corporate-governance / declaration-on-corporate-governance / and page 209. |
| **GRI 406 – 1**<br>Incidents of discrimination and corrective actions taken | A centralised reporting system has been set up for all TAKKT locations. External parties can also submit reports.<br>In 2023, three incidents were reported and investigated by the Compliance Team, but only one incident was confirmed. The perpetrator was sanctioned under labour law and an intervention was commanded. A new Code of Ethics was adopted at the end of 2023, for which a TAKKT-wide (online) training will become mandatory for all employees from 2024 onwards. |
| **GRI 407 – 1**<br>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | All employees of TAKKT as well as its subsidiaries have the right to freedom of association. Neither TAKKT nor its subsidiaries stand in the way of this. Where a works council already exists, we work together constructively and in partnership.<br>For TAKKT as a trading company, the procurement of goods is already an important part of the value chain. Due to this, TAKKT pays close attention to sustainability in the supply chain. Thus TAKKT cooperates with the internationally recognized EcoVadis platform. The auditing process makes it possible to transparently map the relevant details of sustainable action in the suppliers' business models and at the same time identify potential for development. By regularly repeating the audits, TAKKT aims to measure suppliers' progress and improvements. The four areas that EcoVadis analyzes are "environment", "social conditions", "ethics" and "supply chain". TAKKT's product managers can check the results in the online portal, make suggestions for improvement to suppliers as a result and develop development plans. The assessment program was successfully tested in 2013. Since then, it has been expanded step by step. |
| **GRI 408**<br>Child labor | TAKKT and all its subsidiaries work actively against child labor, forced or compulsory labor. Depending on the assignment of suppliers to our<br>subsidiaries, this is again demonstrated, where applicable, in the Code of Conduct, which suppliers must sign. |

| GRI-section | Disclosures 2023 |
|---|---|
| **GRI 408 – 1**<br>Operations and suppliers at significant risk for incidents of child labor | In 2023, the purchasing volume of sustainably assessed suppliers amounted to 46.4%. The purchasing volume of suppliers that received an assessment in 2023 was 16.4%. |
| **GRI 413 – 1**<br>Operations with local community engagement, impact assessments and development programs | An option of paid leave is offered in order to implement charitable projects. Committees and procedures for consulting local communities or impact assessments do not occur beyond the legal requirements, as there are no significantly negative impacts on local societies at TAKKT locations. |
| **GRI 414**<br>Supplier social assessment | In addition to the environmental assessment of suppliers, social assessment and compliance with human rights is also an important issue. TAKKT conducts this assessment by using mainly the service provider EcoVadis and has set itself the target of 40% purchasing volume from sustainably assessed suppliers by 2025. |
| **GRI 414 – 1**<br>New suppliers that were screened using social criteria | 11.4% of all TAKKT suppliers were evaluated by EcoVadis. |
| **GRI 414 – 2**<br>Negative social impacts in the supply chain and actions taken | By signing the Code of Conduct, TAKKT's suppliers commit themselves to comply with the highest labor, safety and health standards as well as all applicable and valid national and international regulations. |
| **GRI 417**<br>Marketing and labeling | As part of its sustainability communication, TAKKT as well as its subsidiaries, implements various measures to enable informed purchasing decisions and to inspire consumers to adopt more sustainable products and services. Credibility, transparency and a target-group-specific approach are important principles of communication. |
| **GRI 417 – 1**<br>Requirements for product and service information and labeling | TAKKT business units implement the applicable national and international standards for products labeling. This can involve both the origin of components and the composition of products. In addition, TAKKT companies use recognized external labels and e.g. have products with the FSC® (Forest Stewardship Council) or PEFC™ (Programme for the Endorsement of Forest Certification Schemes) labels in their product range. |

# REPORT OF THE INDEPENDENT AUDITOR CONCERNING A LIMITED ASSURANCE BUSINESS AUDIT ON SELECTED SUSTAINABILITY INFORMATION

**To the Management Board of TAKKT AG, Stuttgart**

We have audited the selected information in the column "Results 2023" in the table "The TAKKT Sustainability Targets 2025" in the "Targets" section in the "Sustainability strategy" chapter of the sustainability report (hereinafter referred to as "Report") of TAKKT AG, Stuttgart, (hereinafter referred to as "Company") for the period from January 1 to December 31, 2023, based on a limited assurance audit.

**Responsibility of the management**

The management of TAKKT AG, Stuttgart, is responsible for the preparation of the report and the ascertainment and presentation of the selected information in refence to the principles of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) 2021, in accordance with the Greenhouse Gas Protocols (GHG) (hereinafter: "Reporting Criteria") and for the selection of the details to be assessed.

This responsibility of the Company's management includes the selection and application of appropriate methods for sustainability reporting and making assumptions and estimates about individual sustainability disclosures which are appropriate under the given circumstances. Furthermore, the management is responsible for the internal controls that they have deemed to be necessary, to enable the preparation of a report that is free of material – intentional or unintentional – misstatements.

**Independence and quality assurance of the auditing company**

We have complied with the German professional regulations on independence and other requirements of professional conduct.

**Auditor's responsibility**

Our responsibility is to issue a limited assurance opinion on the selected sustainability information based on the audit that we have conducted. We have conducted our business audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information," published by the IAASB.

Those standards require that we plan and conduct the audit in such a way that we can state with limited assurance that we have not become aware of any facts that lead us to believe that the disclosures described above for the period from January 1 to December 31, 2023, have not been prepared in all material respects in accordance with the relevant reporting criteria. This does not mean that a separate audit opinion will be issued for every identified disclosure. In the case of a limited assurance business audit, the audit procedures performed are less extensive than in a reasonable assurance business audit and therefore a significantly lower assurance is obtained. The selection of the audit procedures is at the auditor's discretion.

**As part of our audit, we conducted the following audit procedures and other activities, among others:**

- Gaining an understanding of the structure of the sustainability organization and the involvement of relevant stakeholders
- Surveying the relevant employees involved in the compilation of the selected information concerning sustainability on the setup process, on the internal control systems related to this process and on information concerning sustainability
- Identification of likely risks of material misstatements regarding the selected sustainability information and a risk assessment of relevant information on sustainability performance in the reporting period
- Surveys and assessment of the design and implementation of systems and processes for the identification, processing and monitoring of information and results in the scope of the audit, including consolidation of data
- Inspection of selected internal and external documents
- Analytical assessment of selected data and trends in quantitative disclosures reported by reporting units for consolidation at Group level
- Comparison of selected disclosures with the

corresponding data in the consolidated financial statements and Group management report

### Assuring the independence and quality of the auditor

In performing the engagement, we have complied with the independence and quality assurance requirements set out in the national legal regulations and professional pronouncements, particularly the Professional Code of Conduct for Public Accountants and Certified Public Accountants and the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QMS 1 (09.2022)).

### Audit opinion

On the basis of the audit procedures conducted and the audit evidence obtained, we have not become aware of any facts that lead us to the conclusion that the selected information described above in the report of TAKKT AG, Stuttgart, for the period from January 1 to December 31, 2023, was not prepared in accordance with the reporting criteria in all material respects.

### Purpose of the report

We point out that the audit was conducted for the purposes of the Company and that the report is only intended to inform the Company of the result of the audit. Consequently, it may not be suitable for a purpose other than that mentioned above. Therefore, the report is not intended for third parties to make (asset) decisions on the basis of it. Our responsibility is solely to the Company. However, we assume no responsibility towards third parties.

### Terms of engagement and liability

The General Terms and Conditions for Auditors and Auditing Firms dated January 1, 2017, apply to this engagement, also in relation to third parties. In addition, we refer to the liability provisions contained therein in Section 9 and to the exclusion of liability vis-à-vis third parties. We assume no responsibility, liability or other obligations towards third parties.

Stuttgart, March 15, 2024

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Sonja Kolb
Wirtschaftsprüferin
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# GLOSSARY

### B2B or Business-to-Business
Supplier and customer relationships between corporate customers.

### Cash Conversion
TAKKT uses cash conversion to express the ratio of free cash flow to EBITDA. This key figure thus provides information on the portion of the operating result that is available for dividends, repayments and acquisitions.

### Cash Conversion Cycle
The cash conversion cycle provides information on capital efficiency and is calculated by adding the days of sales outstanding with the days of inventory outstanding subtracting the days payables outstanding.

### Circular economy
The circular economy is a production and consumption model in which the life cycle of existing materials and products is extended. This minimizes resource consumption, waste generation and emissions. The circularity of products is also an essential criterion for sustainable ("enkelfähig") products.

### cNPS
The customer Net Promoter Score, or cNPS, indicates the willingness of customers to recommend a company. Collecting the value is a common way to capture the likelihood to recommend a certain brand or company using a standardized survey.

### $CO_2$-equivalents ($CO_2e$)
$CO_2e$ is a unit of measurement used to standardize the climate impact of different greenhouse gases. It indicates how much a fixed amount of a greenhouse gas contributes to climate change. Carbon dioxide ($CO_2$) serves as the reference value.

### Cross-Selling
Sale of complementary products or services from different product groups or by different brands.

### Corporate Social Responsibility (CSR)
CSR encompasses social, ecological and economic aspects of responsible corporate behavior.

### Corporate Sustainability Reporting Directive (CSRD)
The CSRD is the EU directive on corporate sustainability reporting and will be applied by TAKKT AG from the 2024 financial year.

### 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.

### EBITDA
Earnings before interest, taxes, depreciation and amortization.

### eNPS
The employee Net Promoter Score, or eNPS, is a measure that provides information about the willingness of employees to recommend it to others. The method used to determine the eNPS is the same as that for the cNPS. Since the relationship between employee and employer is much more multifaceted and complex than the one between customer and brand, eNPS values are generally lower than cNPS values.

### E-Procurement
The electronic catalog available on the internet is edited for the sourcing system or intranet of the customer or for electronic marketplaces. This procurement approach allows the customer to save on transaction costs.

### Equity ratio
The equity ratio is determined by dividing total equity by the total assets.

### ERP
Enterprise Resource Planning, ERP, refers to a software solution for business planning and monitoring in the various areas of a company.

### ESG (Environmental, Social and Governance)
ESG refers to various aspects within the three pillars of environment, social affairs and corporate governance, for which companies assume independent responsibility.

### EU Taxonomy
The EU Taxonomy is a classification system of the EU Commission for defining environmentally sustainable economic activities. It contains a set of rules with binding standards for sustainable business activities on the corporate side. The aim is to create more transparency for financial decisions at EU level.

### FoodService (FS)
The FS division offers products required for meal and food preparation and presentation in hotels, restaurants and catering establishments. A broad product portfolio serves customers such as large canteens, catering companies, food retailers, as well as small to mediumsized restaurants. The FS division's main focus is North America.

### Free cash flow
Free cash flow is calculated from the cash flow generated from operating activities, which includes effects from changes in net working capital, less operating capital expenditures in non-current assets and adding operating proceeds from disposals of non-current assets, and subtracting lease payments for the repayment of lease liabilities.

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

### Global Reporting Initiative (GRI)
The GRI provides an internationally recognized standard for the preparation of sustainability reports. The requirements/guidelines set out therein serve to ensure transparency, quality and comparability within sustainability reporting.

### Greenhouse Gas Protocol (GHG Protocol)
The GHG Protocol is the world's leading standard for the accounting and management of greenhouse gas emissions in companies.

### Group functions
An essential part of the new strategic positioning is the central coordination and management of the Group functions. The focus is on Operations, Technology & Data, Finance and HR. Integrating these functions at Group level offers greater advantages than operating parallel structures in the divisions.

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

### Interest cover
This figure shows the relation between the EBITA and net finance expense.

### ISO 9001, 14001, 50001
These are international standards that define globally recognized requirements in various business areas (ISO 9001 = quality management system, ISO 14001 = environmental management system, ISO 50001 = energy management system).

### Materiality assessment
As part of the materiality assessment, companies identify their key areas for action in the areas of environment, society and governance. On this basis, they can adapt and optimize their sustainability strategy.

### Net financial liabilities
Net financial liabilities are the balance of all financial liabilities and liquid funds reported in the balance sheet.

### Office Furniture & Displays (OF&D)
OF&D specializes in products for service providers. This positioning gives OF&D a very broad range of customers that includes both office operators as well as companies that are seeking to present themselves or their products in an attractive way. They include large industrial corporations, smaller service providers such

as lawyers and architects, but also public institutions like government agencies and schools. The division's activities focus on the American market.

### Omnichannel retail

TAKKT sells its products exclusively via omnichannel retail. Depending on the segment, TAKKT's business units use the webshop, print, telesales, and key account manager sales channels.

### Private labels

Private labels are product brands that are internally developed and managed by the TAKKT companies. Individual TAKKT companies are thus introducing new products at the best value for money, for example, to also meet the lesser needs of the entry-level segment. Using performance brands, other Group companies offer products that at least meet the industry standard or even satisfy higher quality standards. These brands improve customer loyalty and usually generate above-average margins.

### ROCE

The Return on Capital Employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed.

### Scope 1, 2, 3

According to the GHG Protocol logic, greenhouse gas emissions are divided into three areas of origin – known as "scopes." Scope 1: Direct emissions generated by the company's on-site activities (gas consumption, vehicle fleet). Scope 2: Indirect emissions caused by externally sourced energy (electricity, heating, cooling). Scope 3: Indirect emissions resulting from upstream and downstream supply chain.

### Supply Chain Due Diligence Act

The Supply Chain Due Diligence Act is a law on corporate responsibility to prevent human rights violations in global supply chains. This includes, for example, protection against child labor, the right to fair wages, and protection of the environment.

### Sustainable Development Goals (SDGs)

The SDGs comprise 17 United Nations Sustainable Development Goals. They cover economic, environmental and social aspects.

### Sustainable ("enkelfähig") Products

A sustainable product range is a growth driver for TAKKT and a key factor allowing it to set itself apart from its peers. The Group applies an adequate product classification system with this in mind. It takes into account the criteria of profitability, circularity, climate change, biodiversity, innovation and technological progress. Particularly sustainable products are awarded the "enkelfähig" label – testimony to their ability to add value for the generations to come – once a defined score threshold has been reached.

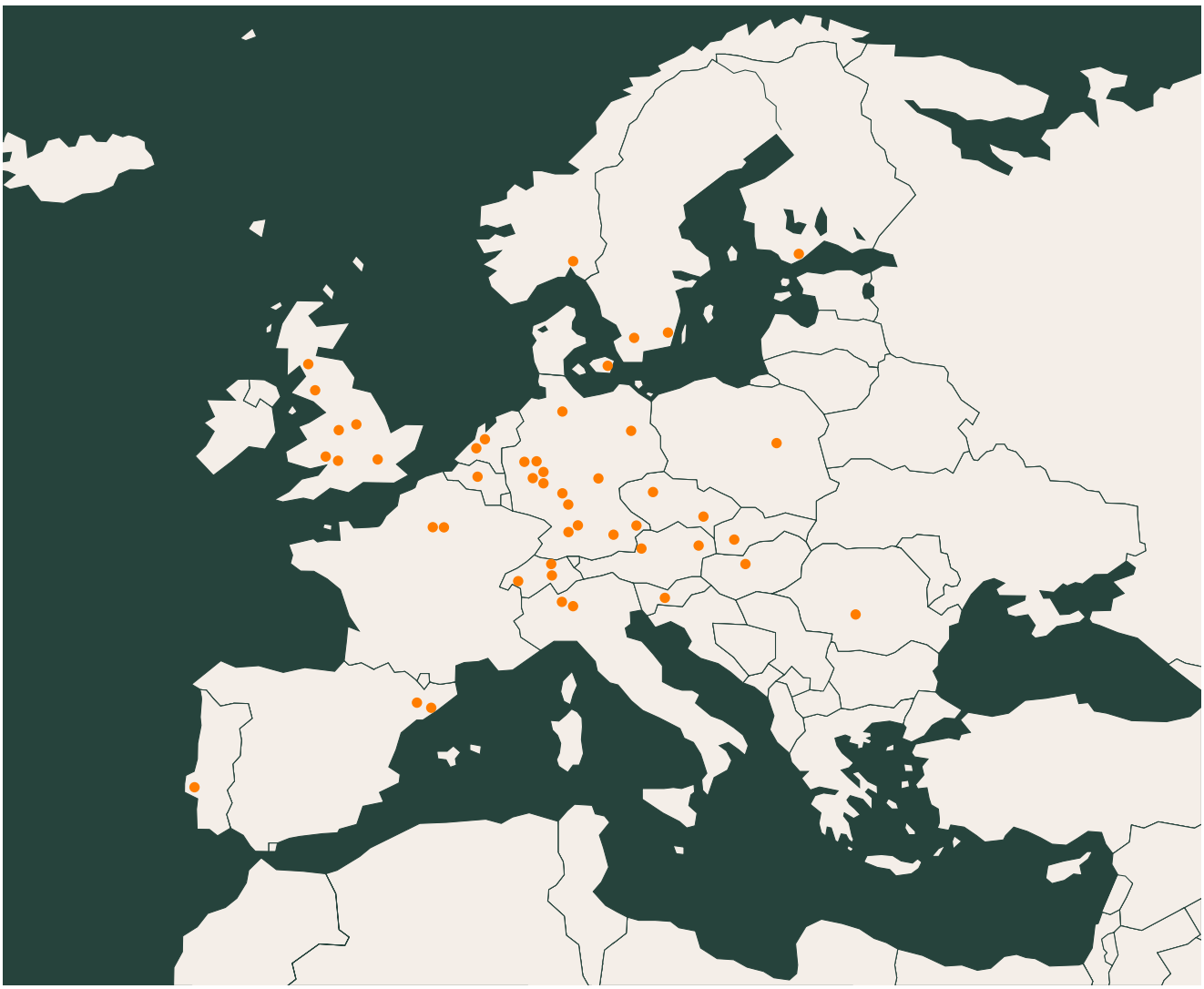
### TAKKT Value Added

TAKKT value added serves as an important key figure for a longer term, value-oriented controlling. It is defined as the difference between the profit generated and the cost of capital on the average capital employed.

### Total Shareholder Return (TSR)

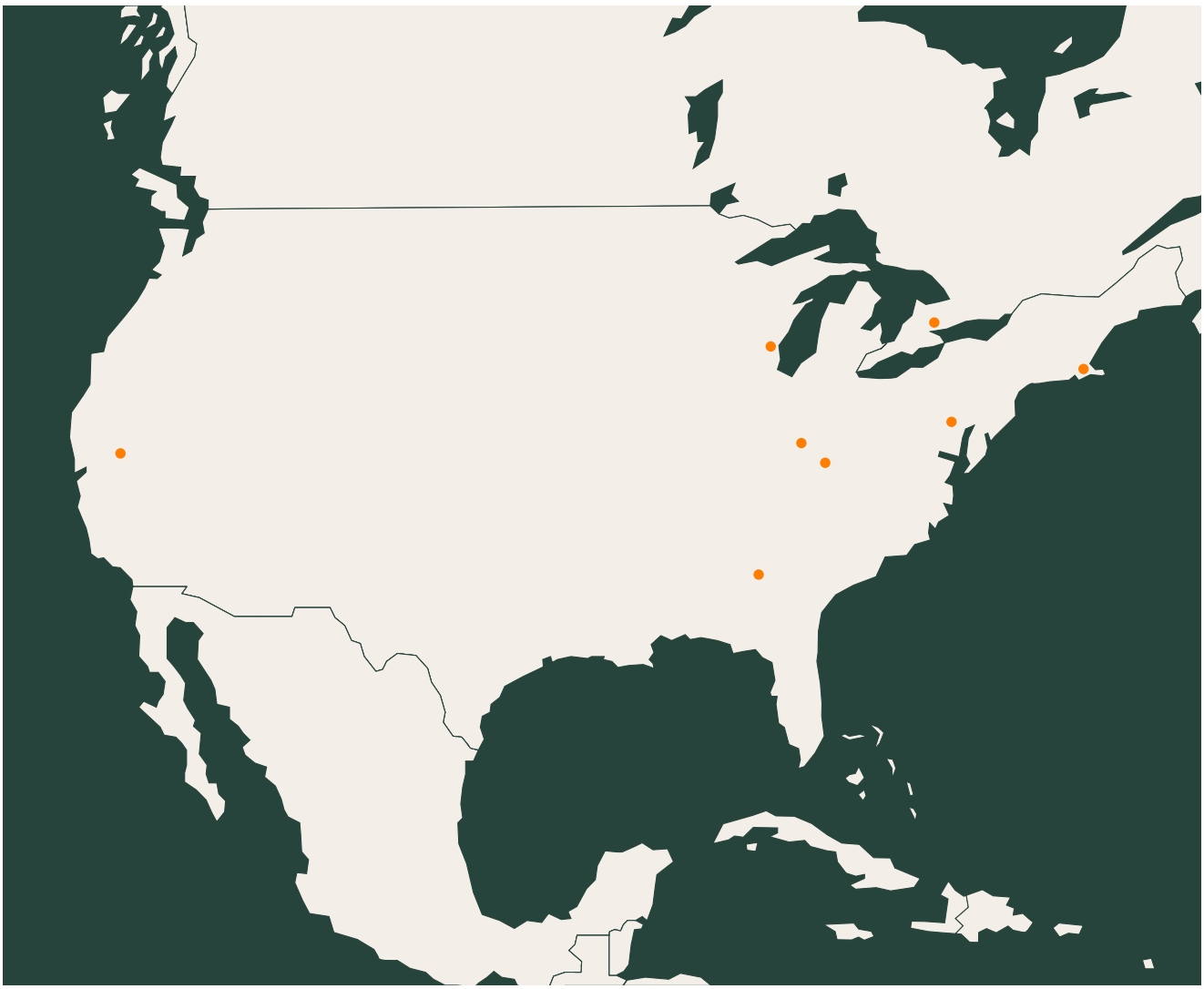
This is also referred to as yield on shares. TSR corresponds to the total return of a share, taking into account share price changes and any dividends distributed.

## LOCATIONS IN EUROPE



**AUSTRIA** Salzburg, Vienna
**BELGIUM** Diegem
**CZECH REPUBLIC** Prague, Syrovice
**DENMARK** Nivå
**FINLAND** Espoo
**FRANCE** Massy, Morangis
**GERMANY** Berlin, Burscheid, Cologne, Duisburg, Groß-Gerau, Haan, Hamburg, Kamp-Lintfort, Pfungstadt, Pliening, Rudolstadt, Sindelfingen, Stuttgart, Waldkirchen
**GREAT BRITAIN** Derby, Dumfries, Gloucester, Hemel Hempstead, Mitcheldean, Paisley, Stafford
**HUNGARY** Budaörs
**ITALY** Fenegrò, Tribiano
**NETHERLANDS** Lisse, Wormerveer
**NORWAY** Sandvika
**POLAND** Warsaw
**PORTUGAL** Lisbon
**ROMANIA** Râmnicu Vâlcea
**SLOVAKIA** Nitra
**SLOVENIA** Ljubljana
**SPAIN** Barcelona, Sant Esteve Sesrovires
**SWEDEN** Kalmar, Markaryd
**SWITZERLAND** Regensdorf, Steinhausen, St. Sulpice

## LOCATIONS IN NORTH AMERICA



**CANADA** Markham (ON)
**USA** Austell (GA), Carlisle (PA), Fall River (MA), Harrison (OH), Indianapolis (IN), Milwaukee (WI), Reno (NV)

## FINANCIAL CALENDAR 2024

| | |
|---|---|
| January 16 | Oddo BHF Forum (virtual event) |
| February 7 | Hamburger Investorentag, Hamburg |
| February 15 | Publication of preliminary results 2023 |
| March 28 | Publication of annual report 2023 and analyst' conference (virtual event) |
| April 25 | Quarterly statement 1 / 2024 |
| May 17 | Shareholders' meeting 2024 (virtual event) |
| July 25 | Half-year financial report 2024 |
| September 2-3 | Equityforum Fall conference, Frankfurt |
| September 23-25 | Berenberg and Goldman Sachs GCC, Munich |
| October 24 | Quarterly statement 3 / 2024 |
| November 21 | CIC Market Solutions Forum (virtual event) |
| November 25-27 | German Equity Forum, Frankfurt |

All information is subject to changes at short notice.

# IMPRINT

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