TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

HALF-YEAR FINANCIAL REPORT 2019
FIRST SIX MONTHS

TO THE SHAREHOLDERS

Ladies and Gentlemen

In the second quarter, TAKKT increased sales from the previous year by 3.6 percent to EUR 301.8 (291.2) million. The Group benefited from the contributions of acquisitions and positive currency effects. As expected, organic growth subsided in the second quarter after the good start to the year. While in Europe the further economic slowdown and fewer working days harmed business development, in the US the expected termination of the business relationship with a major Hubert customer reduced the Group's growth rate by around one-and-a-half percentage points. Consequently, organic growth was slightly negative at minus 0.7 percent.

The gross profit margin of 41.4 percent in the second quarter was stable at the previous year's level. The EBITDA margin improved from 12.2 to 13.1 percent. In view of the declining sales development, TAKKT practiced disciplined cost management in the second quarter. As a result, the Group was able to keep the EBITDA margin – adjusted for the positive impact of about one percentage point from the initial adoption of the IFRS 16 accounting standard – nearly stable despite negative organic growth.

In the first half of the year, TAKKT generated sales of EUR 608.7 (567.2) million. The reported growth in euros reached 7.3 percent, while organic growth amounted to 2.1 percent. The EBITDA margin rose to 12.9 (12.2) percent, benefiting by about one percentage point from the adoption of IFRS 16. EBITDA increased accordingly to EUR 78.7 (69.0) million.

The digital transformation continues to make good progress. The share of order intake via e-commerce channels increased in the first half of the year to 54.0 percent, compared to 52.1 percent at the end of 2018. At the beginning of May, TAKKT acquired XXLhoreca, an e-commerce direct marketing specialist for food service equipment based in the Netherlands. The company primarily business customers, such as hotels, restaurants, cafeterias and catering companies. XXLhoreca will strengthen the Newport group in the TAKKT EUROPE segment.

Provided that the economic environment will not deteriorate further, the Group assumes that it will achieve slight organic growth for the full year. TAKKT will maintain disciplined cost management and expects an EBITDA margin for 2019 between 12 and 14 percent. If the reluctance of individual sectors intensifies or spreads to other markets and regions, a slightly negative organic sales development is also possible. In this case, profitability could be toward the low end of the aforementioned range of 12 to 14 percent.

TAKKT AG, Management Board

Dr. Felix A. Zimmermann　　Dr. Heiko Hegwein　　Dirk Lessing　　Dr. Claude Tomaszewski

KEY FIGURES TAKKT GROUP AND SEGMENTS

	Q2/18	Q2/19	Change in %	H1/18	H1/19	Change in %
TAKKT						
Sales in EUR million	291.2	301.8	3.6 (-0.7*)	567.2	608.7	7.3 (2.1*)
Gross margin in percent	41.4	41.4		41.9	41.6	
EBITDA in EUR million	35.6	39.6	11.2	69.0	78.7	14.1
EBITDA margin in percent	12.2	13.1		12.2	12.9	
EBIT in EUR million	28.2	29.4	4.3	54.9	58.8	7.1
Profit before tax in EUR million	26.9	27.5	2.2	52.0	54.2	4.2
Profit in EUR million	19.6	20.1	2.6	37.9	39.6	4.5
Earnings per share in EUR	0.30	0.31	2.6	0.58	0.60	4.5
TAKKT cash flow in EUR million	28.8	31.4	9.0	55.4	62.3	12.5
TAKKT EUROPE						
Sales in EUR million	159.5	164.5	3.1 (-1.0*)	319.5	340.5	6.6 (1.8*)
EBITDA in EUR million	26.1	27.4	5.0	53.3	57.4	7.7
EBITDA margin in percent	16.4	16.7		16.7	16.8	
TAKKT AMERICA						
Sales in EUR million	131.7	137.4	4.2 (-0.5*)	247.9	268.2	8.2 (2.5*)
EBITDA in EUR million	12.9	15.5	20.2	23.4	28.4	21.4
EBITDA margin in percent	9.8	11.3		9.4	10.6	

* *organic, i.e. adjusted for currency and portfolio effects*

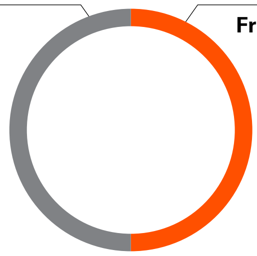
TAKKT SHARE AND INVESTOR RELATIONS

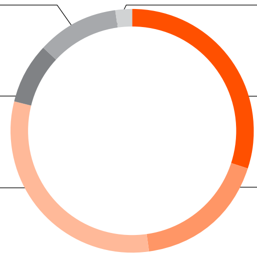
The capital markets performed very positively overall in the first half of 2019. Until the end of April, the DAX and SDAX moved counter to the declining prices in the second half of 2018. Afterwards, the indexes trended slightly negative or sideways given the further intensifying trade conflict between the US and China. By mid-year, the DAX had gained 17.4 percent, while the SDAX rose by 19.7 percent. The TAKKT share followed the positive development of the indexes until the end of April, but subsequently decreased significantly in value. Also due to the payment of a total dividend of EUR 0.85 per share, the ex-dividend share price on June 28, 2019 of EUR 12.80 was 6.2 percent below the previous year's close (end of 2018: EUR 13.64). Including the dividend, the return on the TAKKT share for the first half of 2019 was plus 0.1 percent.

TAKKT remains in close contact with the capital market and communicates regularly with institutional and private investors, financial analysts, potential investors and the financial press. In the first half of 2019, TAKKT participated in the capital market conferences of ODDO BHF in Lyon, Kepler Cheuvreux and Unicredit in Frankfurt, the ESN European Conference in Paris, the Bankhaus Lampe Germany Conference, the Berenberg European Conference in Tarrytown, New York, and the CEE Consumer Conference of the Erste Bank in Warsaw. In addition, the company held discussions with investors at roadshows in London and Zurich and at the company headquarters in Stuttgart. At the end of March, the Management Board discussed the figures for the previous year as well as the strategy and outlook for 2019 with analysts, investors and representatives of the press in Frankfurt.

Franz Haniel & Cie GmbH continues to hold just over 50 percent of shares in TAKKT AG. According to Bloomberg data, the share of US investors increased slightly. Apart from that, the regional distribution of free float shares of institutional investors remained virtually unchanged during the reporting period.

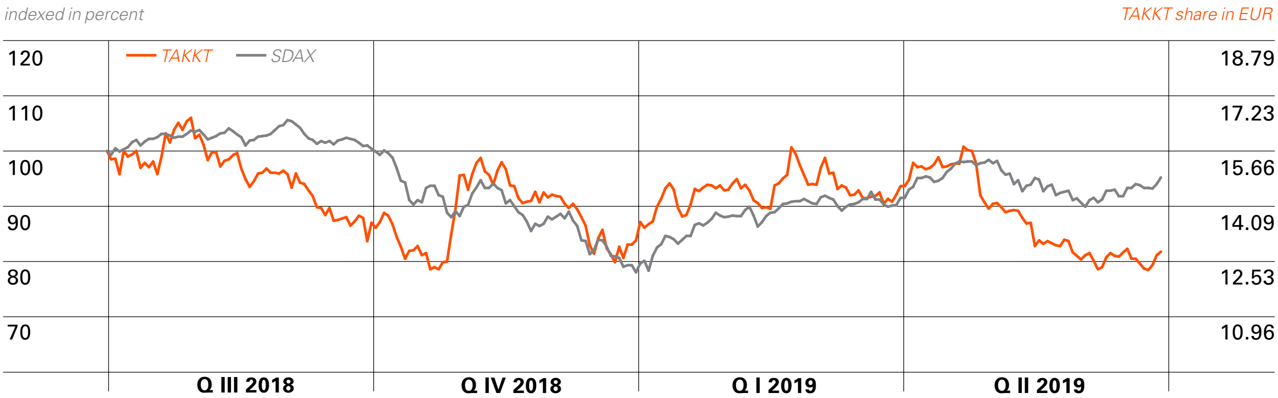
Shareholder structure and regional distribution of free-float shares of institutional investors as of June 30, 2019*



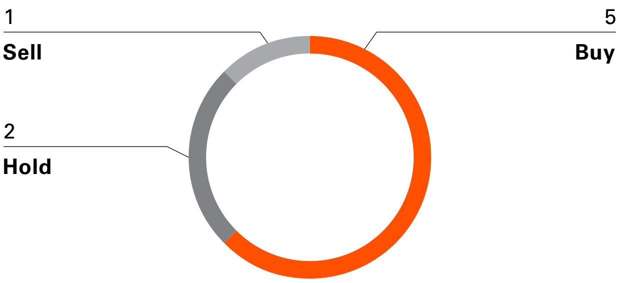


** For regional distribution approximation values, based on Bloomberg data*

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



The TAKKT share is currently being covered by eight analysts. As of the submission deadline, five of these analysts recommended buying TAKKT shares and two recommended holding them. One analyst issued a sell recommendation. The average share price was EUR 16.56.



Recommendations of the analysts as of July 24, 2019

Institution	Analyst	Recommendation	Target Price
Bankhaus Metzler	Tom Diedrich	Hold	14.00
Berenberg Bank	James Letten	Buy	20.00
DZ Bank	Thomas Maul	Hold	13.50
Hauck & Aufhäuser	Christian Salis	Sell	10.00
Kepler Cheuvreux	Craig Abbott	Buy	17.00
LBBW	Thomas Hofmann	Buy	18.00
M.M. Warburg	Thilo Kleibauer	Buy	20.00
Pareto	Mark Josefson	Buy	20.00

SHAREHOLDERS' MEETING

At the Shareholders' Meeting in Ludwigsburg on May 15, 2019, the shareholders of TAKKT AG agreed to the payment of a total dividend of EUR 0.85 per share, amounting to an overall sum of EUR 55.8 million. In addition to an ordinary dividend of EUR 0.55, a special dividend of EUR 0.30 per share was paid. This corresponded to a payout ratio of 63.3 percent of the profit for the period.

Changes were also made to the Supervisory Board. On June 30, Stephan Gemkow resigned from the Management Board of the majority shareholder Franz Haniel & Cie. GmbH and therefore relinquished his Supervisory Board seat on the day of the Shareholders' Meeting. The Shareholders' Meeting elected Mr. Thomas Schmidt, CEO of Franz Haniel & Cie. GmbH as a new member of the Supervisory Board. In its first meeting following the Shareholders' Meeting, the Supervisory Board appointed Dr. Florian Funck as its new chairman.

In addition to the decision on profit appropriation and the election for the Supervisory Board, items on the agenda included the discharge of Management Board and Supervisory Board, the selection of an auditor, the adjustment of the remuneration of the Supervisory Board and amendments to existing profit and loss transfer agreements. The Shareholders' Meeting ratified all of the items on the agenda by a large majority. The detailed voting results from the Shareholders' Meeting 2019 can be viewed on the website of TAKKT AG in the Investor Relations section.

INTERIM MANAGEMENT REPORT OF THE TAKKT GROUP

BUSINESS MODEL

Business areas and organization

TAKKT consolidates a group of B2B direct marketing specialists for business equipment in Europe and North America into one company. The sales companies and brands of the TAKKT Group are specialized in various product ranges and positioned in an attractive, fragmented market environment with an extensive range of services. The companies primarily concentrate on the sale of long-standing quipment at stable prices and special items to business customers. TAKKT customers value high-quality products, fast and easy order processing, and comprehensive service.

TAKKT pursues a multi-brand strategy for the sale of its products. This includes multi-channel and web-focused brands and is geared to the different requirements of the respective customer groups. Multi-channel brands combine the online service with the traditional catalog business and – where appropriate – with employees for outbound calls and field sales to form an integrated approach, so that the customer can choose from different channels. This approach is aimed at medium-sized and larger companies. On the other hand, TAKKT serves transaction-oriented customers via web-focused brands. These are primarily smaller businesses with comparatively lower demand. Web-focused providers offer a flexible range of products and prices, which are regularly adjusted to meet the rapidly changing needs of this customer group.

Corporate goals and strategy

TAKKT has formulated its company purpose as follows: “We make it easy to create great work environments.” To this end, TAKKT has built up a group of B2B direct marketing specialists for business equipment. The sales companies are specialized in various product ranges and operate in attractive market niches. TAKKT aims to make this group profitable, growth-oriented and diversified. A key strategic issue for TAKKT in further development of the business model is digitalization. In addition, TAKKT wants to develop its position as a role model for sustainability. The strategic goals of the TAKKT Group are presented in the following overview. More detailed information can be found in the 2018 annual report beginning on page 44.

Strategic goals	
Grow profitably	• Long-term organic sales growth by an average of three to five percent per year • Growth through acquisitions (average of around five percent per year) • EBITDA margin of between 12 and 16 percent
Digitalize the business model	• Double e-commerce business from EUR 450 million (2016) to EUR 900 million (2020) • Sustainable organizational transformation • Investments of EUR 50 million in new employees and technologies
Diversify risk	• Significant contributions to sales on at least two continents • Diversified share of sales with the manufacturing, trade and service sector industries as well as government institutions • Balanced product range
Act sustainably	• Industry role model for sustainability • Sustainability “built-in” instead of “add-on” in daily corporate management

Management system

Despite the different focus of the TAKKT companies with respect to regions, product ranges, customer groups and sales approaches, the core of their business model is similar. Therefore, the management manages the Group, segments, individual divisions and all subsidiaries according to the same key figures. They are discussed in the 2018 annual report starting on page 48.

BUSINESS SITUATION IN THE FIRST HALF-YEAR

General conditions

After the weak performance in the second half of 2018, the economy in Germany and the eurozone grew by 0.4 percent in the first quarter of 2019 compared to the previous quarter. However, initial estimates for the second quarter anticipate a significantly lower growth rate, and in Germany there may even be a decline.

As in the previous year, the economy in the US was also noticeably stronger than in Europe in 2019. Growth for an individual quarter is extrapolated for the entire year in the US and is therefore not directly comparable with the aforementioned values for Europe. In the first quarter, GDP calculated in this manner amounted to 3.1 percent, but for the second quarter estimates anticipate an increase of only 1.3 percent, also due to the negative impact of the trade dispute with China.

In order to estimate industry-specific conditions, TAKKT uses various indicators, which are described in detail in the 2018 annual report starting on page 58. The Purchasing Managers’ Index (PMI) values are relevant for the KAISER+KRAFT group and declined significantly in the first half-year. They were still slightly above the expansion treshold of 50 points in December 2018 and decreased to 47.6 percent in the eurozone and 45.0 points in Germany until June. This indicates lower market volumes and worse sales opportunities.

The Restaurant Performance Index (RPI) relevant to the US Central and Hubert groups registered values between 101 and 102 points, with the exception of April (100.1), thereby signaling an overall friendly market environment. The monthly order intake for US furniture manufacturers measured by the BIFMA trade association indicated good conditions for the NBF group with mid-single-digit to low double-digit growth rates from January to May.

Business development

After a strong start to the year, the Group's organic growth declined in the second quarter, as expected. A non-comparable basis also contributed to this. In 2018, after a weak start to the fiscal year, TAKKT achieved good organic growth over the remainder of the year. At the same time, demand from individual customer groups in Europe has abated significantly over the course of this year. In addition, the termination of a business relationship with a major Hubert customer impaired organic growth. The additional contributions of acquisitions as well as currency effects from the US dollar had a positive impact in the first half of the year.

While all three divisions in the TAKKT EUROPE segment were able to generate good organic growth in the first quarter, the pace of growth slowed in the second quarter, as expected. Factors contributing to this were the further deterioration of business in important markets and a different comparison basis, including the impact of the late scheduling of Easter week. Overall organic growth was slightly negative from April to June.

The business of the KAISER+KRAFT group still performed slightly better than at the beginning of 2018, but in the second quarter the negative trend of the PMI was reflected in the sales figures. The organic sales development saw a decline in the low single-digit percentage range. In particular, customers from the automotive and mechanical engineering industries ordered significantly less.

After a good start to 2019 with high single-digit percentage growth, business at ratioform declined slightly in the second quarter. The causes were adjustments to the sales structure as well as a high comparison basis as a result of a very high previous year's quarter.

The Newport group, which was newly established at the beginning of 2018, achieved sustained strong growth in the low double-digit percentage range in the business with small to medium-sized business customers. At the beginning of May, the group was strengthened by the acquisition of XXLhoreca, a Netherlands-based e-commerce provider of food service equipment.

Also at TAKKT AMERICA, the second quarter was weaker after a good start to the year. Essentially, the loss of a major Hubert customer reduced organic growth by around three percentage points. Furthermore, the higher comparison basis in the second quarter also played a role in the US.

At the beginning of the year, TAKKT decided to reposition the North American Hubert group and focus it on more attractive customer groups. Related to this was the termination of a business relationship with a major customer starting in March. While Hubert was still able to generate good organic growth in the first quarter, the missing sales to the major customer in the second quarter resulted in a decline in the low double-digit percentage range. However, in the business with other customers Hubert was able to grow in both quarters.

The organic development of Central was inconsistent in 2019. After a solid start, the momentum noticeably abated in the second quarter, resulting in a low single-digit sales decrease.

The D2G group grew solidly in the first half-year and achieved an organic increase in the low single-digit percentage range in both quarters. In the second quarter, a start was made to integrate the activities of Post-Up Stand, which specializes in customized printed advertising banners, into Displays2go.

NBF benefited from favorable conditions in the US furniture market. Also due to a weak quarter in the previous year, organic growth in the first quarter was at a slight double-digit percentage rate. In the second quarter, the growth rate declined to a mid-single-digit percentage level, as expected.

TAKKT has made additional progress with the digital transformation in the first half-year. The share of order intake via e-commerce channels increased in the first half of the year to 54.0 percent, compared to 52.1 percent at the end of 2018. Similar to overall business development, organic e-commerce growth was affected by the deteriorating environment, amounting to 6.1 percent.

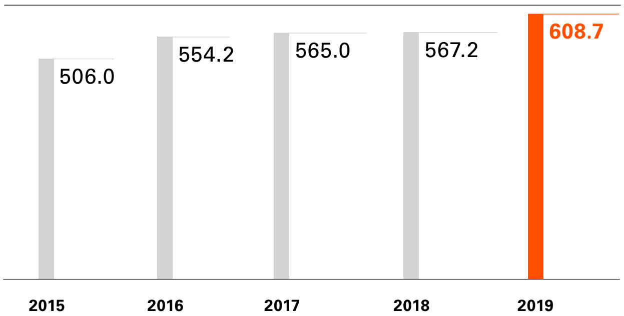
The TAKKT investment company was able to make another investment during the reporting period. Established in 2012, the start-up Profishop is a high-growth B2B e-commerce platform for consumables and equipment for business, storage, manufacturing and building services.

TAKKT increased the shares of private label brands and direct imports slightly during the reporting period. In the interim, 23.2 (20.8) percent of order intake relates to private label brands and 18.9 (18.2) percent of purchase volume is obtained through direct imports.

Sales review

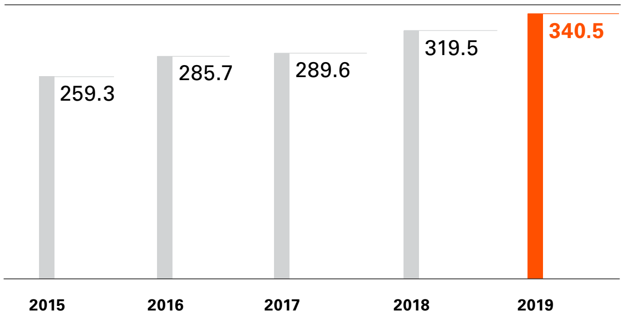
In the first half-year of 2019, TAKKT generated sales of EUR 608.7 (567.2) million, 7.3 percent higher than in the previous year´s period. Portfolio changes due to the acquisitions of OfficeFurnitureOnline, Runelandhs and XXLhoreca as well as the closure of Hubert Europa had a positive effect totaling 2.0 percentage points. Currency effects, primarily from the stronger US dollar, contributed an additional 3.2 percentage points to the sales increase. Organic sales growth was 2.1 percent.

Sales TAKKT Group first half-year *in Euro million*



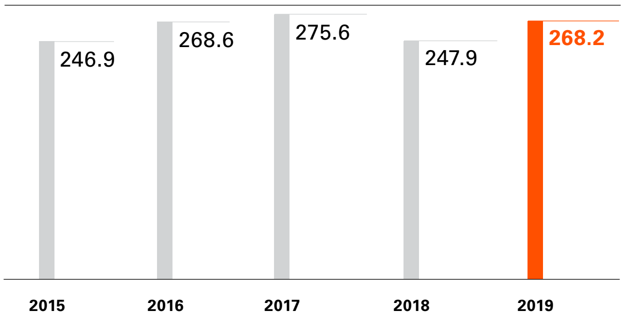
With the additional contributions from the acquisitions, TAKKT EUROPE achieved growth of 6.6 percent during the reporting period. Sales increased to EUR 340.5 (319.5) million. The segment grew organically by 1.8 percent. While organic sales at the KAISER+KRAFT group remained virtually unchanged from the previous year, ratioform was able to grow in the low single-digit, and Newport in the low double-digit, percentage range.

Sales TAKKT EUROPE first half-year *in Euro million*



With an increase of 8.2 percent to EUR 268.2 (247.9) million, TAKKT AMERICA has also generated much higher sales so far this year than in 2018. This was attributable to the higher exchange rate of the US dollar, which contributed 7.1 percentage points to growth, while the closure of Hubert Europa resulted in a negative effect of 1.4 percentage points. The segment grew organically by 2.5 percent and lost around two percentage points through the absence of business following Hubert's termination of a business relationship with a major customer. At the Hubert group, organic sales development experienced a decline in the mid-single-digit percentage range as a result of the aforementioned effect. However, in the business with other and newly won customers, the group succeeded in growing in the mid-single-digit percentage range. Central generated the same level of sales as in the previous year and the D2G group achieved low single-digit organic growth. As in the previous year, the strongest impetus to growth in the US came from NBF. The group's growth was in the high single-digit percentage range.

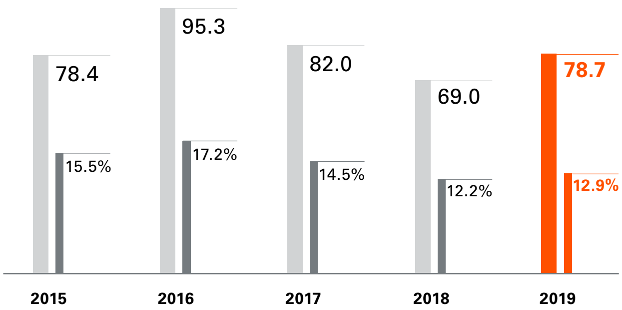
Sales TAKKT AMERICA first half-year *in Euro million*



Earnings review

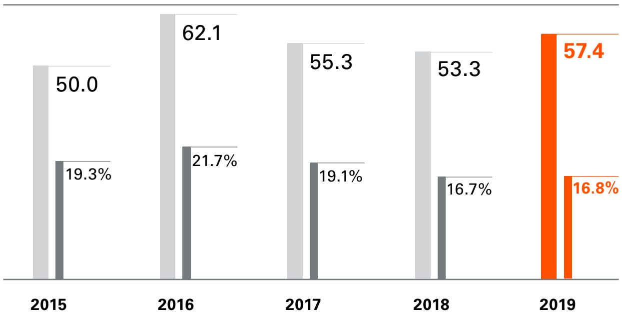
At 41.6 (41.9) percent, the gross profit margin during the reporting period was slightly below the value of the previous year. The lower margin reflects structural effects, due in large part to acquisitions that generate a gross profit margin below the TAKKT average. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to EUR 78.7 (69.0) million and the corresponding margin to 12.9 (12.2) percent. As expected, the first-time adoption of the IFRS 16 accounting standard had a positive impact on the margin of around one percentage point.

EBITDA *in EURO million*/margin *in %*



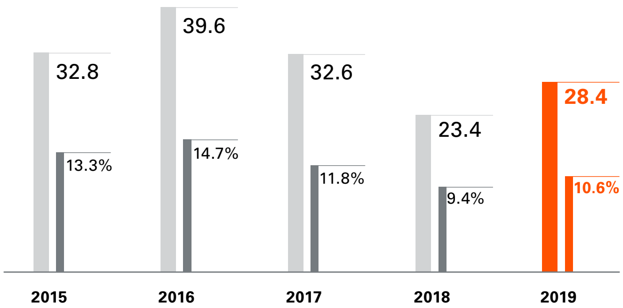
TAKKT EUROPE generated an EBITDA of EUR 57.4 (53.3) million and a margin of 16.8 (16.7) percent. The positive effect of about one percentage point through the adoption of IFRS 16 is countered by expenses for the adjustment of the sales structure at ratioform and the impact of acquisitions generating profitability below the average for the segment.

EBITDA TAKKT EUROPE *in Euro million*/margin *in %*



At TAKKT AMERICA, EBITDA increased significantly from EUR 23.4 to 28.4 million. The EBITDA margin rose to 10.6 (9.4) percent. The positive effects from IFRS 16 and the elimination of the unprofitable activities of Hubert in Europe were countered by expenses for the repositioning of Hubert and the integration of Post-Up Stand into Displays2Go.

EBITDA TAKKT AMERICA *in Euro million/margin in %*



Due to the first-time adoption of IFRS 16, the costs from lease contracts will be recognized under depreciation and interest expense beginning in 2019. As a result, depreciation at TAKKT increased to EUR 19.9 (14.1) million. EBIT amounted to EUR 58.8 (54.9) million, and the EBIT margin remained constant at 9.7 (9.7) percent.

The financial result of EUR minus 4.6 (minus 2.9) million was more negative than in the previous year, which was also due in part to IFRS 16. Earnings before taxes increased to EUR 54.2 (52.0) million. The tax rate of 26.9 (27.1) percent was at a similar level to the previous year. The profit for the period came to EUR 39.6 (37.9) million, and the earnings per share to EUR 0.60 (0.58).

Financial position

As discussed in the 2018 annual report, TAKKT adjusted the definition of the TAKKT cash flow as of the beginning of 2019. According to the new definition, the TAKKT cash flow disclosed for the first half of the previous year is EUR 2.5 million higher than in the value published a year ago. During the reporting period, the Group generated a TAKKT cash flow of EUR 62.3 (55.4) million and a cash flow margin of 10.2 (9.8) percent. The first-time adoption of IFRS 16 had a positive impact of around one percentage point on the cash flow margin. The TAKKT cash flow per share was EUR 0.95 (0.84).

Cash flow from operating activities increased by about EUR 20 million from EUR 43.4 to 64.2 million. In addition to the higher TAKKT cash flow, another major reason for this was the different development of inventory. In 2018, against the backdrop of discussions regarding imposing increased import tariffs for goods from China, the US companies increased the volume of direct imports from Asia and built up inventories. This effect partially reversed in the first half-year of 2019 through the reduction of inventory. Compared to the previous year, this led to an overall positive effect on cash flow from operating activities of almost EUR 15 million.

Capital expenditure of EUR 11.9 (13.4) million in the first half of 2019 was below the previous year. Major individual capital expenditures related to the order processing system at KAISER+KRAFT as well as the renovation of the office spaces at the headquarters in Stuttgart. After deducting the capital expenditures for non-current assets as well as cash inflows from disposals, the remaining free TAKKT cash flow amounted to EUR 52.9 million (30.2) million.

The free TAKKT cash flow in the first half-year of 2019 was countered by purchase price payments for the acquisition of XXLhoreca amounting to EUR 18.7 million as well as the payment of dividends of EUR 55.8 million. The reported net financial liabilities increased to EUR 231.4 million, compared to EUR 150.8 million at the end of 2018. An increase in net financial liabilities of around EUR 54 million resulted from the adoption of IFRS 16.

More detailed information about the generation and use of cash flow can be found in the cash flow statement of this half-year financial report. As of mid 2019, the TAKKT Group had access to unused committed credit lines in the amount of EUR 165.2 (12/31/2018: 157.4) million.

Assets position

The total assets of the TAKKT Group increased particularly due to the adoption of IFRS 16 as well as the acquisitions executed in the first half-year from EUR 1,037.1 million to EUR 1,101.5 million. In particular, around EUR 51 million of that increase was attributable to the newly recognized lease contracts. The acquisition effect of the initial consolidation of XXLhoreca amounting to around EUR 24 million as well as currency effects of about EUR 2 million were partially offset by an operating decline of EUR 13 million.

The initial consolidation of XXLhoreca increased non-current assets by around EUR 23 million, of which approximately EUR 17 million related to the increase of goodwill and approximately EUR 6 million to the intangible assets identified as part of the purchase price allocation.

The reduction of inventories to EUR 123.2 (128.6) million was countered by a similar increase in trade receivables to EUR 114.4 (107.9) million.

The payment behavior of the customers was reliable as usual with a payment period of 33 (32) days for accounts receivable. As in the previous year, write-offs on receivables remained at a very low level at a write-off rate of below 0.2 percent.

The structure of assets changed minimally in the first half-year. Due to the initial recognition of lease contracts through the adoption of IFRS 16, non-current assets increased by two percentage points to 75 percent of assets. Goodwill of 53 percent constitutes the majority of assets.

Shareholders' equity decreased by EUR 24.8 million. Positive effects resulted from the profit for the period of EUR 39.6 million and changes in exchange rates of EUR 1.5 million. They were countered in particular by the dividend payment of EUR 55.8 million and a negative effect from the remeasurement of retirement benefit obligations due to significantly lower interest rates in the eurozone of EUR 8.2 million. The equity ratio fell due to lower shareholders' equity and higher total assets to 55.0 (60.8) percent.

The share of non-current liabilities declined from 24.1 to 23.3 percent, while the share of current liabilities increased significantly from 15.1 to 21.7 percent. This change resulted primarily from restructuring the usage of long-term revolving credit lines by drawing on less expensive short-term credit lines.

OUTLOOK

Risk and opportunities report

The risks and opportunities for the TAKKT Group currently remain unchanged from those explained in the 2018 annual report from page 80 onwards. The Management Board does not believe that there are any substantial individual risks to the Group as a going concern, either now or in the forecast period.

The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy. The risk of an economic downturn increased during the reporting period. This was caused by the sustained uncertainty regarding Brexit, the still unresolved trade conflict between the US and China and an increasingly protectionist trade policy. There is also the risk that the entry of new and aggressively competitive web-focused providers and online marketplace models or a change in the behavior of established providers could lead to a more aggressive competitive environment and consequently a negative impact on sales and gross profit.

Another important risk is the effect of currency translation on sales and profit figures due to currency fluctuations, in particular with the US dollar, as well as risks in connection with the implementation of the digital agenda if project goals or measures are achieved late or if the results turn out to be unsatisfactory. Also significant and possible with regard to their probability of occurrence are risks resulting from the integration and continuation of an acquired company not progressing as positively as expected.

The loss of individual corporate customers or a significant change in a framework agreement present another risk. TAKKT considers the likelihood of occurrence to be possible. Risks resulting from the failure or introduction of IT systems should also be classified as important, even though their probability of occurrence is very minimal.

As pointed out in the 2018 annual report, the opportunities for TAKKT occur as a result of improved economic conditions, the implementation of the digital agenda and new sales opportunities with online channels and e-procurement. Furthermore, the Group should continue to be able to benefit from further acquisitions or start-ups and increasing diversification of the business model. Other opportunities relate to the sustainability initiative, further development of the IT applications, increased use of new technologies and good access to capital.

A more in-depth presentation of the opportunities and risks relevant to TAKKT can be found in the 2018 annual report starting on page 80.

Forecast report

The TAKKT Group's business is particularly subject to the economic development and cycles of the core markets of the US and Europe. Several key economic indicators are crucial for forecasting the business development of the Group: In addition to the GDP growth forecasts in the target markets, the most notable ones include market and industry indexes such as the Purchasing Managers' Index (PMI) for the KAISER+KRAFT group and the Restaurant Performance Index (RPI) for the Hubert group and the Central group.

In the first half of 2019, various institutions lowered their economic forecasts for the full year. The primary cause for the economic deterioration was the intensification of the trade conflict between the US and China. For example, in April the International Monetary Fund reduced growth expectations for Europe and the US by 30 and 20 basis points, respectively, compared to the January forecast. The current forecast of the European Commission published in July projects GDP growth of 1.2 percent for the eurozone and of 0.5 percent for Germany, both with lower growth rates than in 2018. The economic outlook in the US appears to be fundamentally more positive than in Europe. However, the rate of growth there is also slowing. In its June estimate, the US Federal Reserve assumes a two percent higher GDP for 2019, after the economy was able to grow by three percent in 2018.

The latest PMI figures for the manufacturing industry were 47.6 points for the eurozone and 45.0 points for Germany, indicating a challenging second half-year in these regions. However, the RPI relevant to the US food service market is signaling a continued positive market environment with a latest value of 101.6 points.

The value of the US dollar relative to the euro increased in the first half-year. On average, the US dollar was around seven percent higher than in the previous year's period. Based on current exchange rates, positive currency effects from the US dollar would be somewhat lower in the second half of the year than in the first. In addition to currency effects, reported sales development will be affected in the second half-year by the acquisition of XXLhoreca and in the third quarter by the closure of Hubert's European activities on October 1, 2018.

Provided that the economic environment will not deteriorate further, the Group assumes that it will achieve slight organic growth for the full year. In contrast to the expectation at the beginning of the year, average order values will most likely develop more strongly than the number of orders. TAKKT will maintain disciplined cost management and expects an EBITDA margin for 2019 between 12 and 14 percent. If the reluctance of individual sectors intensifies or spreads to other markets and regions, a slightly negative organic sales development is also possible. In this case, profitability could be toward the low end of the aforementioned range of 12 to 14 percent.

TAKKT confirms its statements communicated in the 2018 annual report concerning the forecast of other financial key figures such as gross profit margin, TAKKT cash flow margin and capital expenditure ratio.

The Group now anticipates lower values for the value-based key figures TAKKT value added and ROCE for 2019, which TAKKT originally expected to be slightly below the respective previous year's value. The reasons are a lower profitability and a higher capital employed due to the acquisition of XXLhoreca.

The financial and value-based key figures could be adversely affected by a more pronounced economic downturn and deviate negatively from the expected values.

The forecast for the development of product range key figures has not changed. With one exception, the statements in the annual report regarding the future development of internal covenants, digital agenda indicators, and risk and sustainability indicators remain unchanged. Due to challenging economic conditions, organic e-commerce growth for the full year 2019 is expected to be in the single digits rather than double digits.

Subsequent events

There were no significant events that had any meaningful impact on the assets position, financial position and earnings situation after the end of the reporting period.

TAKKT will publish the figures for the first nine months on October 24, 2019.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	4/1/2019 – 6/30/2019	4/1/2018 – 6/30/2018	**1/1/2019 – 6/30/2019**	1/1/2018 – 6/30/2018
Sales	**301.8**	**291.2**	**608.7**	**567.2**
Changes in inventories of finished goods and work in progress	0.2	0.3	0.4	0.2
Own work capitalized	0.6	0.5	0.9	0.9
Gross performance	**302.6**	**292.0**	**610.0**	**568.3**
Cost of sales	–177.6	–171.5	–357.0	–330.6
Gross profit	**125.0**	**120.5**	**253.0**	**237.7**
Other operating income	0.8	1.2	1.7	2.2
Personnel expenses	–46.6	–43.1	–93.4	–85.7
Other operating expenses	–39.6	–43.0	–82.6	–85.2
EBITDA	**39.6**	**35.6**	**78.7**	**69.0**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	–10.2	–7.4	–19.9	–14.1
EBIT	**29.4**	**28.2**	**58.8**	**54.9**
Income from associated companies	–0.1	–0.2	–0.7	–0.4
Finance expenses	–1.8	–1.3	–3.6	–2.8
Other finance result	0.0	0.2	–0.3	0.3
Financial result	**–1.9**	**–1.3**	**–4.6**	**–2.9**
Profit before tax	**27.5**	**26.9**	**54.2**	**52.0**
Income tax expense	–7.4	–7.3	–14.6	–14.1
Profit	**20.1**	**19.6**	**39.6**	**37.9**
attributable to owners of TAKKT AG	20.1	19.6	39.6	37.9
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Weighted average number of issued shares in million	65.6	65.6	65.6	65.6
Basic earnings per share (in EUR)	0.31	0.30	0.60	0.58
Diluted earnings per share (in EUR)	0.31	0.30	0.60	0.58

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

	4/1/2019 – 6/30/2019	4/1/2018 – 6/30/2018	1/1/2019 – 6/30/2019	1/1/2018 – 6/30/2018
Profit	**20.1**	**19.6**	**39.6**	**37.9**
Actuarial gains and losses resulting from pension provisions recognized in equity	–11.6	1.3	–11.4	1.5
Tax on actuarial gains and losses resulting from pension provisions	3.3	–0.4	3.3	–0.4
Gains and losses resulting from the subsequent measurement of investment in equity instruments recognized in equity	–1.6	0.0	–1.6	0.0
Deferred tax on subsequent measurement of investment in equity instruments	0.1	0.0	0.1	0.0
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**–9.8**	**0.9**	**–9.6**	**1.1**
Income and expenses from the subsequent measurement of cash flow hedges recognized in equity	–0.6	–0.2	–0.2	0.2
Income recognized in the income statement	–0.1	0.0	–0.5	–0.4
Tax on subsequent measurement of cash flow hedges	0.2	0.1	0.2	0.1
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**–0.5**	**–0.1**	**–0.5**	**–0.1**
Income and expenses from the adjustment of foreign currency reserves recognized in equity	7.4	12.5	1.5	6.6
Income recognized in the income statement	0.0	0.0	0.0	0.0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**7.4**	**12.5**	**1.5**	**6.6**
Other comprehensive income after tax for items that are reclassified to profit and loss	**6.9**	**12.4**	**1.0**	**6.5**
Other comprehensive income (Changes to other components of equity)	**–2.9**	**13.3**	**–8.6**	**7.6**
attributable to owners of TAKKT AG	–2.9	13.3	–8.6	7.6
attributable to non-controlling interests	0.0	0.0	0.0	0.0
Total comprehensive income	**17.2**	**32.9**	**31.0**	**45.5**
attributable to owners of TAKKT AG	17.2	32.9	31.0	45.5
attributable to non-controlling interests	0.0	0.0	0.0	0.0

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

Assets	6/30/2019	12/31/2018
Property, plant and equipment	150.6	100.4
Goodwill	585.9	567.3
Other intangible assets	82.6	80.5
Investment in associated companies	0.4	1.0
Other assets	8.3	7.7
Deferred tax	1.9	1.7
Non-current assets	**829.7**	**758.6**
Inventories	123.2	128.7
Trade receivables	114.4	107.9
Other receivables and assets	22.3	29.7
Income tax receivables	7.6	9.1
Cash and cash equivalents	4.3	3.1
Current assets	**271.8**	**278.5**
Total assets	**1,101.5**	**1,037.1**

Equity and liabilities	6/30/2019	12/31/2018
Share capital	65.6	65.6
Retained earnings	555.4	571.6
Other components of equity	–15.4	–6.8
Total equity	**605.6**	**630.4**
Financial liabilities	112.0	115.8
Other liabilities	0.0	2.4
Pension provisions and similar obligations	76.0	63.0
Other provisions	4.5	4.7
Deferred tax	63.8	64.4
Non-current liabilities	**256.3**	**250.3**
Financial liabilities	123.7	38.1
Trade payables	36.1	38.2
Other liabilities	64.6	60.1
Provisions	9.0	14.1
Income tax payables	6.2	5.9
Current liabilities	**239.6**	**156.4**
Total equity and liabilities	**1,101.5**	**1,037.1**

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

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 1/1/2019	**65.6**	**571.6**	**–6.8**	**630.4**
Transactions with owners	0.0	–55.8	0.0	–55.8
thereof dividends paid	0.0	–55.8	0.0	–55.8
Total comprehensive income	0.0	39.6	–8.6	31.0
thereof Profit	0.0	39.6	0.0	39.6
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	–8.6	–8.6
Balance at 6/30/2019	**65.6**	**555.4**	**–15.4**	**605.6**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 1/1/2018	**65.6**	**519.6**	**–17.4**	**567.8**
Transactions with owners	0.0	–36.1	0.0	–36.1
thereof dividends paid	0.0	–36.1	0.0	–36.1
Total comprehensive income	0.0	37.9	7.6	45.5
thereof Profit	0.0	37.9	0.0	37.9
thereof Other comprehensive income (Changes to other components of equity)	0.0	0.0	7.6	7.6
Balance at 6/30/2018	**65.6**	**521.4**	**–9.8**	**577.2**

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

	1/1/2019 – 6/30/2019	1/1/2018 – 6/30/2018
Profit	39.6	37.9
Depreciation, amortization and impairment of non-current assets	19.9	14.1
Deferred tax expense	1.3	0.9
Other non-cash expenses and income	1.5	2.5
Result from disposal of non-current assets	0.0	0.0
TAKKT cash flow	**62.3**	**55.4**
Change in inventories	6.0	–8.8
Change in trade receivables	–6.3	–7.1
Change in trade payables	–2.1	0.7
Change in provisions	–3.9	–3.0
Change in other assets/liabilities	8.2	6.2
Cash flow from operating activities	**64.2**	**43.4**
Proceeds from disposal of non-current assets	0.6	0.2
Capital expenditure on non-current assets	–11.9	–13.4
Cash outflows for the acquisition of consolidated companies	–18.7	–57.5
Cash flow from investing activities	**–30.0**	**–70.7**
Proceeds from Financial liabilities	86.2	117.1
Repayments of Financial liabilities	–63.4	–52.8
Dividend payments to owners of TAKKT AG	–55.8	–36.1
Cash flow from financing activities	**–33.0**	**28.2**
Cash and cash equivalents at 1/1	3.1	3.1
Increase/decrease in Cash and cash equivalents	1.2	0.9
Non-cash increase/decrease in Cash and cash equivalents	0.0	–0.1
Cash and cash equivalents at 6/30	**4.3**	**3.9**

EXPLANATORY NOTES

Reporting principles

The condensed interim consolidated financial statements of TAKKT Group as of June 30, 2019 were prepared in accordance with section 115 of the German Securities Trading Act (WpHG) as well as IAS 34 "Interim Financial Reporting" and German Accounting Standard DRS 16 "Interim Financial Reporting". All International Financial Reporting Standards (IFRS) and related interpretations of the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) were considered. The interim financial statements and management report have not been audited in accordance with section 317 of the German Commercial Code (HGB) nor been subject to an audit review.

Accounting and valuation principles

With the exception of the changes described below, the same accounting and valuation principles have been applied as for the consolidated financial statements for the 2018 financial year. The interim financial statements should be read in conjunction with the 2018 annual report, page 113 et seqq.

IFRS 16 Leases

IFRS 16 replaces the current applicable provisions of IAS 17 Leases and the related interpretations. With the new IFRS 16, the previous differentiation between finance and operating leases for lessees under IAS 17 is no longer required. From January 1st, 2019, the lessee will have to recognize assets for the acquired rights-of-use and liabilities from basically all leases in the statement of financial position. The lease liability is the present value of the future lease payments. 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. The presentation in the income statement is basically a financing transaction so that the right-of-use asset is amortized on a straight-line basis and the lease liability is measured at amortized cost using the effective interest method. The regulations of IAS 36 for the calculation and recognition of impairments also apply to the capitalized rights-of-use assets.

TAKKT applies the standard from the mandatory first-time adoption date on January 1st, 2019. Introducing IFRS 16, the modified retrospective method was applied. Prior-period comparative figures were not restated. At transition date the right-of-use asset was generally measured at the amount of the corresponding lease liability. In the valuation of the right-of-use asset at the time of initial application, initial costs directly attributable to the right-of-use asset were not taken into account. At the time of first-time adoption of IFRS 16, there were no onerous leases, so no impairment of the rights-of-use assets was required. For the purpose of the assessment of extension and termination options, the actual facts at initial application date of IFRS 16 were considered and not the retroactively determined exercise probability at the beginning of the contract.

The leases were discounted using the incremental borrowing rate as at January 1, 2019. The weighted incremental borrowing rate as of January 1, 2019, used for the leases recognized for the first time in the balance sheet, was 2.7%.

As a result of the first-time application, right-of-use assets amounting to EUR 55,4 million and lease liabilities of EUR 57,4 million were recognized in the consolidated balance sheet as of January 01, 2019; the difference between the two items results from the consideration of prepaid and accrued lease liabilities as of December 31, 2018. The right-of-use assets capitalized for the first time relate mainly to real estate (in particular office buildings and warehouses) and vehicles.

At TAKKT the practical expedients are applied for short-term leases (12 months or less, excluding real estate) and for leases for which the underlying asset is of low value. TAKKT does not apply the standard to leases involving intangible assets. The corresponding lease payments continue to be recognized as lease expenses according to the respective practical expedients.

The difference between the minimum lease payments of approximately EUR 63 million stated as of December 31, 2018 and the lease liabilities of approximately EUR 57 million recognized for the first time as of January 1, 2019, resulted from the following items. About EUR 4 million relate to lease-related obligations that are outside the scope of IFRS 16 and lease obligations that have not been recognized on the balance sheet due to the above-mentioned practical expedients. The discounting effect of around EUR 5 million also has a diminishing effect. An increase of around EUR 3 million is due to consideration of extension options.

The following overview summarizes the effects on the consolidated balance sheet from the first-time application of IFRS 16.

Adjustment of balance sheet items as per January 01, 2019 due to IFRS 16 *in EUR million:*

	31/12/2018	Adjustments IFRS 16	01/01/2019
Assets			
Property, plant and equipment	100.4	55.4	155.8
Current Other receivables and assets	29.7	−0.4	29.3
Total	**130.1**	**55.0**	**185.1**
Liabilities			
Non-current Financial liabilities	115.8	47.2	163.0
Current Financial liabilities	38.1	10.2	48.3
Non-current Other liabilities	2.4	−2.4	0.0
Total	**156.3**	**55.0**	**211.3**

For further explanations and the expected effects of IFRS 16 on the 2019 financial year, please refer to page 115 et seq. in the 2018 Annual Report.

None of the other new or amended IFRS that have to be applied for the first time in the current financial year have any material impact on net assets, financial position and results of operations of the Group or the presentation of the interim financial statements.

Scope of consolidation

Compared to the scope of consolidation at December 31, 2018, the consolidated group has changed as follows: within the TAKKT EUROPE division, Juma International B.V., Wormerveer/Netherlands, has been acquired. Furthermore, Davpack Kartons und Verpackungsmaterialien GmbH, Pliening/Germany, was founded. Within the TAKKT AMERICA division, Dallas Midwest LLC, Dallas/USA, Officefurniture.com LLC, Milwaukee/USA, and NBF Service LLC, Milwaukee/USA, have been merged into National Business Furniture LLC, Milwaukee/USA.

Acquisition of XXLhoreca (Juma International B.V.)

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

A purchase price for the one hundred percent of the shares of EUR 19.5 million was agreed on. It was paid in cash at the execution of the transaction. In addition to that, two further contingent and variable purchase price components of up to EUR 20 million in total were agreed. These contingent considerations depend on the achievement of certain performance goals for the company over the next three years and would be payable in 2020 and 2022 in cash. The contingent consideration expected by the management was recognized in current Other liabilities with an amount of EUR 2.8 million.

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

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

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

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

No contingent liabilities were recognized. The remaining excess of the consideration made for the company amounting to EUR 22.3 million over the fair values of the acquired assets and liabilities that can be individually identified and measured is recognized as goodwill amounting to EUR 17.4 million. The recognized goodwill results basically from the acquired workforce and know-how as well as the strengthening of the newport group within the TAKKT EUROPE segment. The goodwill as well as the identified intangible assets are not deductible for tax purposes.

At the time of acquisition, the fair value of the receivables acquired is EUR 0.4 million. Mainly trade receivables are included, with a gross value of EUR 0.6 million adjusted by an allowance amounting to EUR 0.2 million. Since the transfer of control in the beginning of May 2019, Juma International contributed sales of EUR 3.4 million and a profit of EUR 0.1 million to the consolidated income statement. If the transaction had already been completed by January 01, 2019, the consolidated sales in the first half-year 2019 would have been higher by EUR 9.2 million and profit by EUR 0.4 million.

Incidental acquisition costs of EUR 0.2 million incurred as a result of the transaction were recognized under Other operating expenses and resulted in a lower profit. One of the former owners will continue to manage the business of Juma International after completion of the transaction.

Segment information by division of the TAKKT Group *in EUR million*

1/1/2019 – 6/30/2019	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	340.5	268.2	608.7	0.0	0.0	608.7
Inter-segment sales	0.0	0.0	0.0	0.0	0.0	0.0
Segment sales	340.5	268.2	608.7	0.0	0.0	608.7
EBITDA	57.4	28.4	85.8	–7.1	0.0	78.7
EBIT	44.3	22.1	66.4	–7.6	0.0	58.8
Profit before tax	41.4	20.5	61.9	–7.7	0.0	54.2
Profit	30.2	15.0	45.2	–5.6	0.0	39.6
Average no. of employees (full-time equivalent)	1,530	942	2,472	48	0	2,520
Employees at the closing date (full-time equivalent)	1,559	935	2,494	52	0	2,546

1/1/2018 – 6/30/2018	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Sales to third parties	319.3	247.9	567.2	0.0	0.0	567.2
Inter-segment sales	0.2	0.0	0.2	0.0	–0.2	0.0
Segment sales	319.5	247.9	567.4	0.0	–0.2	567.2
EBITDA	53.3	23.4	76.7	–7.7	0.0	69.0
EBIT	43.2	19.5	62.7	–7.8	0.0	54.9
Profit before tax	41.5	18.2	59.7	–7.7	0.0	52.0
Profit	30.2	13.2	43.4	–5.5	0.0	37.9
Average no. of employees (full-time equivalent)	1,453	989	2,442	42	0	2,484
Employees at the closing date (full-time equivalent)	1,484	1,000	2,484	43	0	2,527

Regarding the definition of the reportable segments, please refer to the 2018 Annual Report.

Sales *in EUR million*

In the following table, sales according to sales channels are further broken down:

	TAKKT EUROPE	TAKKT AMERICA	1/1/2019 – 6/30/2019
E-Commerce	186.2	141.0	327.2
Other	154.3	127.2	281.5
	340.5	**268.2**	**608.7**

	TAKKT EUROPE	TAKKT AMERICA	1/1/2018 – 6/30/2018
E-Commerce	160.6	131.1	291.7
Other	158.7	116.8	275.5
	319.3	**247.9**	**567.2**

Leases
As of June 30, 2019 the book value of right-of-use assets from leasing totaled EUR 75.3 million. The leased assets are shown in land and buildings with an amount of EUR 73.4 million and in plant, machinery and equipment with an amount of EUR 1.9 million.

Non-current Financial liabilities include non-current lease liabilities with an amount of EUR 62.8 million at the balance sheet date. Current Financial liabilities include current lease liabilities with an amount of EUR 16.3 million at the reporting date.

Total Equity
On May 15, 2019, the Shareholders' Meeting approved the proposed dividend of EUR 0.85 (EUR 0.55) for the 2018 financial year. The 65.6 million no-par-value bearer shares will therefore correspond to a dividend per share of EUR 0.55 (EUR 0.55) and special dividend of EUR 0.30 (EUR 0.00) per share.

Financial instruments – Fair value measurement
For a detailed overview of financial risks and their management along with the financial instruments held by TAKKT, please refer to the consolidated financial statements 2018. This section provides information about the fair value of financial instruments, the respective input factors and valuation methods. It also explains the classification of financial instruments into the levels within the fair value hierarchy of IFRS 13.

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.

Financial instruments at TAKKT recognized at fair value relate to investments, derivative financial instruments and contingent considerations. They are subject to a recurring fair value measurement. Derivative financial instruments are included in current Other receivables and assets as well as in current Other liabilities and relate to level 2. The investments, included in non-current Other assets, as well as the contingent considerations, included in current Other liabilities, relate to level 3.

All other financial instruments are recognized at amortized cost.

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. There were no reclassifications during 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).

On the reporting date, the fair value of investments listed under non-current Other assets stood at EUR 7.9 million (EUR 7.4 million as of December 31, 2018).Thereof EUR 0.4 million (EUR 0.4 million as of December 31, 2018) relate to debt instruments measured at fair value through profit and loss and EUR 7.5 million (EUR 7.0 million as of December 31, 2018) to equity instruments measured at fair value through other comprehensive income. The fair value of derivative financial instruments within current Other receivables and assets totaled EUR 0.4 million (EUR 0.9 million as of December 31, 2018) and within current Other liabilities EUR 0.5 million (EUR 0.4 million as of December 31, 2018).

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 million:*

	2019	2018
Balance at 01/01	**7.4**	**4.3**
Addition	2.1	2.9
Fair value change recognized in profit or loss	0	0
Fair value change recognized in other comprehensive income	–1.6	0.2
Disposals	0	0
Balance at 06/30 / 12/31	**7.9**	**7.4**
Unrealized gains or losses recognized in profit or loss relating to those financial instruments held at the reporting date	0	0

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

For reconciliation details to the fair value of contingent considerations please refer to the section Changes in contingent considerations.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for the fair values as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to the liabilities under finance lease contracts and other non-current financial liabilities, which exclusively include TAKKT performance bonds issued to TAKKT Group executives.

Regarding the other non-current financial liabilities, the book value amounts to EUR 7.5 million (EUR 6.2 million as of December 31, 2018) and the fair value to EUR 9.1 million (EUR 7.5 million as of December 31, 2018). 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 cashflow-method.

Changes in contingent considerations *in EUR million*
The contingent considerations changed as follows:

	2019	2018
Balance at 01/01	**2.0**	**0.0**
Additions	2.8	0.0
Disposals	–2.0	0.0
Currency translation	0.0	0.0
Accrued interest	0.0	0.0
Revaluation	0.0	2.0
Balance at 6/30 / 12/31	**2.8**	**2.0**

Regarding Mydisplays GmbH, which was acquired with effect from July 01, 2017, a variable purchase price component of up to EUR 2.0 million was agreed. This purchase price component is expected to be paid out in the amount of EUR 2.0 million in the second half of the year and is no more included in contingent considerations but included as an unconditional purchase price liability in current Other liabilities as of the balance sheet date.

As of the balance sheet date a conditional purchase price component agreed as part of the acquisition of Juma International B.V. in 2019 is shown. The amount of the contingent consideration to be paid in 2020 depends on an earnings figure (gross profit less advertising costs) in 2019. The maximum payout is EUR 5 million. Based on current expectations, management assumes that this purchase price component could amount to EUR 2.8 million.

Another agreed contingent purchase price component would be payable in 2022 and depends on the growth in the earnings figure in 2020 and 2021. The minimum payout is EUR 5 million and the maximum payout is EUR 15 million. No contingent consideration was recognized for this additional contingent purchase price component.

Earnings per share
Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of shares issued. So-called potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued. The diluted and undiluted earnings per share are therefore identical.

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

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

Other disclosures
As at the last balance sheet date there were no material contingent liabilities and receivables. There were no other unusual business transactions within the meaning of IAS 34.16A(c) or other issues relevant for disclosure.

Responsibility statement by the Management Board
To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim management report of 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 in the remaining financial year.

Stuttgart, July 25, 2019

TAKKT AG
Management Board

Dr Felix A. Zimmermann   Dr Heiko Hegwein   Dirk Lessing   Dr Claude Tomaszewski

ADDITIONAL INFORMATION

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