This document is an English-language translation for convenience only (in case of any discrepancies, the original French shall prevail).

***The draft offer and this draft response document remain subject to review by the* Autorité des marchés financiers**

DRAFT NOTE PREPARED BY

IN RESPONSE

TO THE SIMPLIFIED PUBLIC TENDER OFFER FOR THE SHARES OF TARKETT INITIATED BY THE COMPANY

TARKETT PARTICIPATION

Acting in concert with Société Investissement Deconinck (and the members of the Deconinck family acting in concert with the latter) and Trief Corporation SA

This draft response document (the "**Draft Response Document**") was filed with *the Autorité des marchés financiers* (the "**AMF**") on May 21, 2021, in accordance with the provisions of article 231-26 of its general regulation. It has been prepared in accordance with the provisions of article 231-19 of the AMF's general regulation.

IMPORTANT DISCLOSURE

In accordance with articles 231-19 and 261-1 and seq. of the AMF's general regulation, the report of Finexsi, acting as independent expert, is included in this Draft Response Document.

The Draft Response Document is available on the websites of Tarkett (www.tarkett.com) and of the AMF (www.amf-france.org) and is provided to the public free of charge at the registered office of Tarkett, Tour Initiale - 1, Terrasse Bellini, 92919 Paris La Défense Cedex.

In accordance with article 231-28 of the AMF's general regulation, the information relating to the legal, financial and accounting relating to Tarkett will be filed with the AMF and will be provided to the public, under the same conditions, no later than the day before the offer opens.

A press release will be published, no later than the day before the offer opens, to inform the public about how this document may be obtained.

Table des matières

PRESENTATION OF THE OFFER

In accordance with Title III of Book II and more specifically Articles 233-1 et seq. of the AMF's general regulation, Tarkett Participation, a simplified joint-stock company whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex, registered with the Nanterre trade and companies register under number 898 347 877 (the "**Offeror**"), acting in concert within the meaning of Article L. 233-10 of the French Commercial Code with Société Investissement Deconinck[1] ("**SID**" or the "**Historic Shareholder**") and Trief Corporation SA[2] ("the "**Investor**") (hereinafter referred to, together with the Offeror, as the "**Concert**"), are making an irrevocable offer to all shareholders of Tarkett, a public limited company governed by a supervisory board and a management board, whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex, registered with the Nanterre trade and companies register under number 352 849 327 ("**Tarkett**" or the "**Company**", and together with its direct and indirect subsidiaries the "**Group**"), to acquire all shares in the Company (the "**Shares**") that the members of the Concert do not hold directly or indirectly as of the date of the draft offer document prepared by the Offeror and filed with the AMF (the "**Draft Offer Document**") at a price of 20 euros per Share (the "**Offer Price**") through a simplified public tender offer, the terms of which are described hereafter and more fully described in the Draft Offer Document (the "**Offer**").

The Shares are admitted for trading on compartment B of the Euronext Paris regulated market ("**Euronext Paris**") under ISIN FR0004188670 (ticker: TKTT).

As of the date of the Draft Response Document, the Offeror and the members of the Concert, as well as the members of the Deconinck family acting in concert with the Offeror, together hold 36,319,459 Shares in the Company, representing 55.41% of the share capital and 54.74% of the theoretical voting rights of the Company on the basis of a total number of 65,550,281 shares and 66,358,345 theoretical voting rights of the Company[3], in accordance with Article 223-11 of the AMF's general regulation.

The Offer is for:

- all Shares not held directly or indirectly by the Offeror, alone or in concert, that are already issued, except for Shares held in treasury by the Company[4], it being specified that this represents, as of the date of the Draft Response Document, a maximum number of 29,230,822 Shares;

[1] A simplified joint-stock corporation whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex and which is registered with the Nanterre trade and companies register under number 421 199 274, controlled by the Deconinck family.

[2] A public limited company incorporated under Luxembourg law whose registered office is located at 5 rue Pierre d'Aspelt, L-1142 Luxembourg and which is registered with the Luxembourg trade and companies register under number B50162, a wholly owned subsidiary of Wendel SE, 89 rue Taitbout, 75009 Paris.

[3] Based on information as of 30 April 2021 published by the Company on its website in accordance with Article 223-16 of the AMF's general regulation.

[4] It being specified that as of the date of this document, the Company holds 392,427 shares in treasury (of which 125,647 are allocated to awards of performance shares free of charge under the 2018-2021 LTIP).

- all Shares that may be transferred before the Offer closes as a result of the vesting of free Shares awarded by the Company under the 2018-2021 LTIP, i.e., as of the date of the Draft Response Document, a maximum of 249,377 Shares[5];

making a total maximum of 29,480,199 Shares.

The Shares held directly by the Deconinck family are included in the Offer and will be contributed to the Offer.

As of the date of the Draft Response Document, there are no equity securities or other financial instruments or rights that may give access, either immediately or in the future, to the Company's share capital or voting rights other than the free Shares awarded by the Company to certain managers and employees described in section 1.2.5 of the Draft Response Document.

The Offer will take place according to the simplified procedure in accordance with Articles 233-1 et seq. of the AMF's general regulation. The Offer will be open for a period of twenty-one (21) trading days.

It should also be noted that the Offeror is required to file the Offer pursuant to Article L. 433-3 I of the French Monetary and Financial Code and Article 234-2 of the AMF's general regulation, following the SID Contribution (as described in Section 5.1 of the Draft Response Document) and the fact that SID and the Investor are acting in concert.

The Offeror intends to implement the squeeze-out procedure for the shares of the Company not tendered to the Offer, at the end of the Offer, pursuant to the provisions of Article L. 433-4 II of the French Monetary and Financial Code and Articles 237-1 et seq. of the AMF's general regulation.

In accordance with Article 231-13 of the AMF's general regulation, Rothschild Martin Maurel, BNP Paribas, Crédit Agricole Corporate and Investment Bank ("**CA-CIB**") and Société Générale (the "**Presenting Banks**") filed the draft Offer and the Draft Offer Document with the AMF on 26 April 2021.

Only BNP Paribas, CA-CIB and Société Générale guarantee, in accordance with Article 231-13 of the AMF's general regulation, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1. BACKGROUND AND REASONS FOR THE OFFER

1.1 Background and reasons for the Offer

Tarkett is a worldwide leader in innovative flooring and sports surface solutions. With its experienced staff and sales in more than 100 countries, the Group has gained in-depth knowledge and an excellent understanding of customers' cultures, tastes and requirements, regulations and customs regarding floor coverings in each country.

In the year ended 31 December 2020, Tarkett generated consolidated revenue of €2,633 million.

[5] As indicated in section 1.2.5 of the Draft Response Document, after application of the performance conditions, 125,647 Shares will definitively vest on July 1, 2021 under the 2018-2021 LTIP.

The Group was formed through the 1997 combination between French company Sommer Allibert SA, listed in Paris, and Tarkett AG, listed in Frankfurt. Tarkett's shares were admitted to trading on the Paris stock exchange in 2013.

Before the SID Transfer (as described in Section 5.1 of the Draft Response Document), SID held 33,222,659 Shares representing 50.68% of the capital[6].

Given the increased volatility in the markets and in commodity prices, SID decided to explore the possibility of delisting Tarkett in order to allow the Company to implement its strategy in a calmer environment. Consequently, if the minority shareholders do not represent more than 10% of the capital and voting rights of Tarkett at the end of this Offer, the Offeror intends to request from the AMF the implementation of the squeeze-out procedure as described in section 1.2.6 below.

SID also wants to reinforce its control over Tarkett by offering Tarkett shareholders liquidity, allowing them to sell their Shares at price including a premium on the stock market price and, at the same time, gain the backing of a financial partner in order to support the Company's development.

On 23 April 2021, after a competitive process, SID and the Investor entered into (i) an investment agreement (the "**Investment Agreement**" as more fully described in section 1.3.1 "Investment Agreement" of the Draft Offer Document and in section 5.1"Investment Agreement" of the Draft Response Document) and (ii) a shareholders' agreement (the "**Shareholders' Agreement**" as more fully described in section 1.3.2 "Shareholders' Agreement" of the Draft Offer Document and section 5.2 "Shareholderss Agreement" of the Draft Response Document).

Pursuant to the Investment Agreement, SID (which acts in concert with the Deconinck family) and the Investor are acting in concert with respect to the Company within the meaning of Article L. 233-10 of the French Commercial Code.

The Investment Agreement provides for the filing by the Offeror of a simplified public tender offer for the Shares not held by the Offeror. The Offer will be financed through the Shareholder Loan and the Bank Financing (as described in Section 5.1 of the Draft Response Document).

Pursuant to an announcement by press release dated April 23, 2021, the Presenting Banks have filed on April 26, 2021, on behalf of the Offeror, the Offeror's draft Offer with the AMF.

In this regard, the Offeror has appointed the Presenting Banks which proceeded to a valuation of Tarkett shares[7].

As also announced in a press release dated April 23, 2021 and detailed in section 2 of the Draft Response Document:

- the draft Offer was positively welcomed by the Company's supervisory board, which set up an *ad hoc* committee in accordance with the provisions of Article 261-1 III of the AMF's general regulation, composed of independent members, in charge of monitoring the work of the independent expert and making recommendations to the Company's supervisory board regarding the Offer; and

- in the context of the preparation of the draft Offer, the Company's supervisory board has also appointed, pursuant to the provisions of Article 261-1, I, 1°, 2° and 4° and II of the

[6] Based on a total of 65,550,281 shares at 31 March 2021 as reported on the Company's website.

[7] A summary of this assessment is provided in Section 3 of the Draft Offer Document.

AMF's general regulation and upon recommendation of its *ad hoc* committee, Finexsi, represented by Messrs. Olivier Courau and Olivier Péronnet, as independent expert, in charge of assessing the valuation of the price of the Company's Shares, including in the context of a possible squeeze-out (and whose report is reproduced in section 7 of the Draft Response Document).

1.2 Terms of the Offer

1.2.1 Main terms of the Offer

In accordance with Article 231-13 of the AMF's general regulation, the Presenting Banks, acting on behalf of the Offeror as presenting institutions, filed the draft Offer with the AMF on April 26, 2021. On the same day, the AMF published a notice of filing relating to the Draft Offer Document on its website (www.amf-france.org). BNP Paribas, CA-CIB and Société Générale, as guarantors, guarantee the content and irrevocable nature of the undertakings made by the Offeror in the context of the Offer.

Under the Offer, which will be implemented according to the simplified procedure governed by Articles 233-1 and seq. of the AMF's general regulation, the Offeror irrevocably undertakes to acquire during the Offer period all Shares tendered to the Offer at a price of €20 per Share.

The Offer will be open for a period of twenty-one (21) trading days.

The attention of the Company's shareholders is drawn to the fact that, because the Offer is implemented according to the simplified procedure, it will not be reopened after the final result of the Offer is published.

1.2.2 Terms and conditions of the Offer

The draft Offer was filed with the AMF on April 26, 2021. The Company has filed this Draft Response Document with the AMF on May 21, 2021. A notice of filing will be published by the AMF on its website (www.amf-france.org).

This Draft Response Document is provided to the public free of charge at the registered office of Tarkett and will be published on the websites of the AMF (www.amf-france.org) and of the Company (www.tarkett.com).

In accordance with the provisions of article 231-26 of the AMF's general regulation, a press release containing the main elements of the Draft Response Document will be published by the Company.

The draft Offer, the Draft Offer Document and the Draft Response Document remain subject to review by the AMF.

The AMF will declare the Offer compliant after having verified its compliance with the legal and regulatory provisions applicable thereto and will publish a clearance decision on its website (www.amf-france.org). This clearance decision will constitute the AMF's approval of the response document.

The response document approved by the AMF as well as the document containing the "Other Information" relating to the legal, financial and accounting information of the Company will be, in accordance with the provisions of articles 231-27 and 231-28 of the AMF's general regulation, made available free of charge to the public, no later than the day preceding the opening of the

Offer, at the Company's registered office. These documents will also be published on the websites of the AMF (www.amf-france.org) and the Company (www.tarkett.com).

A press release indicating how such documents are made available will be published no later than the day preceding the opening of the Offer in accordance with the provisions of articles 231-27 and 231-28 of the AMF's general regulation.

Prior to the opening of the Offer, the AMF will publish a notice of the opening and the timetable of the Offer and Euronext Paris will publish a notice announcing the content of the Offer and specifying the timetable and terms of its completion.

1.2.3 Adjustment of the Offer terms

Any distribution of a dividend, interim dividend, reserve, issue premium or any other distribution (in cash or in kind) decided by the Company where the ex-date or any capital reduction would take place before the Offer closes will give rise to a reduction, on a euro-for-euro basis, in the price per share offered in the Offer.

The Company indicates that the general meeting held on April 30, 2021 did not decide to pay a dividend for the year 2020.

1.2.4 Number and type of securities covered by the Offer

As of the date of the Draft Response Document, the Offeror and the members of the Concert, as well as the members of the Deconinck family acting in concert with the Offeror, hold 36,319,459 Shares representing 55.41 % of the share capital and 54.74 % of the Company's theoretical voting rights[8].

The Offer is for:

- all Shares not held directly or indirectly by the Offeror, alone or in concert, that are already in issue, except for Shares held in treasury by the Company[9], it being specified that this represents, as of the date of the Draft Response Document, a maximum number of 29,230,822 Shares;
- all Shares that may be transferred before the Offer closes as a result of the vesting of free shares awarded by the Company under the 2018-2021 LTIP, i.e. as of the date of the Draft Response Document, a maximum of 249,377 Shares[10];

making a total maximum of 29,480,199 Shares.

The situation in relation to the Offer of those awarded free shares, including holders of Free Shares Under Retention, is described in section 1.2.5 of the Draft Response Document.

As of the date of the Draft Response Document, there are no equity securities and no other financial instruments or rights that could give access, either immediately or in the future, to the Company's share capital or voting rights other than the free shares awarded by the Company to

[8] Based on information as of April 30, 2021 published on the Company's website in accordance with Article 223-16 of the AMF's general regulation.

[9] It being specified that as of the date of this document, the Company holds 392.427 Shares in treasury (of which 125,647 are allocated to awards of performance shares free of charge under the 2018-2021 LTIP).

[10] As indicated in section 1.2.5 of the Draft Response Document, after application of the performance conditions, 125,647 Shares will definitively vest on July 1, 2021 under the 2018-2021 LTIP.

certain managers and employees described in section 1.2.5 of the Draft Response Document.

1.2.5 Position of the beneficiaries of free shares and liquidity mechanism

1.2.5.1 Position of the beneficiaries of free shares

The Company has put in place long-term incentive plans every year (known as *plans d'intéressement à long terme* or « **LTIP** ») since 2011.

The table below summarises the main characteristics of the outstanding free share plans put in place by the Company, as of the date of the Draft Response Document. The presented figures describe ongoing plans, excluding awarded free shares that are unlikely to vest through the application of the terms of the plans concerned:

	LTIP 2018-2021	**LTIP 2019-2022**	**LTIP 2020-2023**
Date of the shareholders' general meeting	April 26, 2018	April 26, 2019	April 30, 2020
Date of the Management Board's decision	July 25, 2018	June 24, 2019	July 30, 2020
Vesting date	July 1, 2021	July 1, 2022[11]	August 1, 2023
Performance conditions	✓	✓	✓
Number of shares which could vest	249,377[14]	334,215[12]	475,200[14]
Number of vested shares	125,647[13]	*N/A*	*N/A*

As of the date of the Draft Response Document, a maximum of 809,415 Shares may be awarded under the 2019-2022 LTIP and 2020-2023 LTIP described above on July 1, 2022 and August 1, 2023, respectively ("**Currently Vesting Free Shares**"). Given the timetable of the Offer, it will not be possible to tender the Currently Vesting Free Shares to the Offer.

Given the level of achievement of the performance conditions noted by the Supervisory Board of Tarkett, upon recommendation of the nomination, compensation and governance committee, on May 20, 2021, a maximum of 125,647 Shares will definitively vest on July 1, 2021 under the

[11] 1 August 2022 for some beneficiaries.

[12] Assuming a vesting of 100% of the shares.

[13] Given the level of achievement of the performance conditions noted by the Supervisory Board of Tarkett, upon recommendation of the nomination, compensation and governance committee, on May 20, 2021.

2018-2021 LTIP. (out of the 249,377 free Shares which could have been vested under this plan). Given the timetable of the Offer, these Shares may be tendered to the Offer.

In addition, some Shares currently held by beneficiaries of certain free share plans are locked up as of the date of the Draft Response Document and will remain so until the estimated closing date of the Offer (the "**Free Shares Under Retention**"), including some Shares whose vesting period has ended as of the date of the Draft Response Document. As of the date of the Draft Response Document, the Free Shares Under Retention correspond to:

(i) a maximum of 16,169 Shares (taking into account the maximum number of Shares that will vest on July 1, 2021 under the 2018-2021 LTIP) under retention under Article L. 225-197-1 II of the French Commercial Code, under which Tarkett's supervisory board has required Tarkett's corporate officers to retain their Shares until the end of their terms of office (the "**Additional Retention Period**");

(ii) a maximum of 35,000 Shares under retention pending the expiration of a holding period specified by tax laws (period provided for in Article 150-0 D(1ter)(A)(a) of the French General Tax Code ("**FGTC**") for Shares eligible for the provisions of Article 200 A(3) of the FGTC in its wording arising from Article 135 of French act no. 2015-990 of 6 August 2015 for growth, activity and equal economic opportunities).

As of the Draft Response Document and subject to cases of early vesting and transferability provided for by law, the Currently Vesting Free Shares and the Free Shares Under Retention will not be capable of being tendered to the Offer to the extent that the vesting periods, Additional Retention Period and holding period specified by tax laws have not expired before the closing of the Offer.

1.2.5.2 Liquidity mechanism

The Draft Offer Document (section 1.3.4) indicates that pursuant to the Investment Agreement, the members of the Concert have agreed to set up, after the Offer closing date, a liquidity mechanism for holders of Currently Vesting Free Shares and Free Shares Under Retention (the "**Liquidity Mechanism**").

Under the Liquidity Mechanism, the Offeror will grant to each holder of Currently Vesting Free Shares and Free Shares Under Retention a call option, exercisable from the Date of Availability, and each holder of Free Shares and Free Shares Under Retention will grant a put option to the Offeror, exercisable from the end of the exercise period of the call option and only if that call option is not exercised.

The put and call options may be exercised if a Liquidity Event occurs.

The **Date of availability** means the day on which the Shares subject to a Liquidity Mechanism will become transferable as a result of the end of the vesting period or, as the case may be, the end of the holding period specified by tax laws or the end of the legal lock-up period.

A "**Liquidity Event**" means an event where (i) the Offeror is able to carry out a squeeze-out after the Offer, in accordance with Article L. 433-4 II of the French Monetary and Financial Code and Articles 237-1 et seq. of the AMF's general regulation or (ii) the average daily volume of Tarkett shares traded in the 20 stock exchange trading sessions before the Date of Availability is less than 0.05% of the Company's share capital on that date.

If an option is exercised, the exercise price will be determined, consistent with the Offer Price, using a formula that takes into account the EBITDA multiple arising from the Offer Price applied to the EBITDA of the 12 months preceding the Date of Availability as well as net debt calculated in a manner consistent with the Offer Price.

However, in the event that the Offeror exercises its call option, the price per Tarkett share paid to the beneficiary may not be less than 80% of the Offer Price i.e. €16 (it being specified that, conversely, no floor price is applicable for the put option on behalf of holders of Currently Vesting Free Shares and Free Shares Under Retention, the exercise period of which follows that of the call option).

If a squeeze-out is carried out, the free shares subject to the Liquidity Mechanisms described above will be treated in the same way as Shares held by the Offeror in accordance with Article L. 233-9, I, 4° of the French Commercial Code and will not be covered by the squeeze-out.

1.2.6 Intention of the Offeror in terms of carrying out a squeeze-out or maintaining the Company's listing after the Offer

The Draft Offer Document states that in accordance with Article L. 433-4, II of the French Monetary and Financial Code and Articles 237-1 et seq. of the AMF's general regulation, the Offeror intends to file a request with the AMF to carry out, within three (3) months of the closing of the Offer, a squeeze-out in order that the Shares in the Company not tendered to the Offer (other than Shares held in treasury and free Shares that are covered by the Liquidity Mechanism and treated in the same way as Shares held by the Offeror in accordance with Article L. 233-9, I, 4° of the French Commercial Code) be transferred to the Offeror in return for compensation per share equal to the Offer Price (free of charge, i.e. excluding any brokerage fees paid by the Offeror) in the event that, after the Offer, the number of Shares in the Company not tendered by minority shareholders (other than Shares held in treasury and free Shares that are covered by the Liquidity Mechanism and treated in the same way as Shares held by the Offeror in accordance with Article L. 233-9, I, 4° of the French Commercial Code) does not represent more than 10% of the Company's capital and voting rights.

In the event that the Offeror is unable to carry out a squeeze-out following the Offer, the Offeror reserves the right to file a public offer, followed, if applicable, by a squeeze-out in respect of the Shares that it does not hold directly or indirectly, alone or in concert, at that date. In this context, the Offeror may decide to increase its shareholding in the Company following the Offer and prior to the filing of a new offer in accordance with the applicable legal and regulatory provisions.

1.3 <u>Procedure for tendering shares to the Offer</u>

The Draft Offer Document states that Shares tendered to the Offer must be freely negotiable and free of any lien, charge, pledge, other guarantee or any restriction on the free transfer of their ownership. The Offeror reserves the right to reject any Share tendered to the Offer that does not comply with this condition.

The draft Offer and all of its related agreements are governed by French law. Any dispute or conflict, whatever its purpose or grounds, relating to this draft Offer will be brought before the competent courts.

The Offer would be open for a period of twenty-one (21) trading days. Shareholders' attention is drawn to the fact that, because the Offer is implemented according to the simplified procedure, it will not be reopened after the AMF publishes the result of the Offer.

Shares held in registered form must be converted into bearer form in order to be tendered to the Offer. As a result, shareholders whose Shares are in registered form and who wish to tender them to the Offer must request their conversion into bearer form at the earliest opportunity in order to tender them to the Offer.

Shareholders whose Shares are registered in an account managed by a financial intermediary and who wish to tender them to the Offer must send to the financial intermediary that is the custodian of their Shares an irrevocable order to tender or sell the Shares at the Offer Price, using the template provided by that intermediary in good time to allow their order to be executed and no later than the day on which the Offer closes, stating whether they are electing either to sell their Shares directly in the market or to tender their Shares to the semi-centralised Offer via Euronext Paris in order to benefit from the Offeror covering the brokerage fees as described in section 2.11 of the Draft Offer Document.

Market-based procedure for tendering shares to the Offer:

Tarkett shareholders wishing to tender their Shares to the Offer using the market-based procedure must send back their sale order by the last day of the Offer and settlement will take place as and when orders are executed, two (2) trading days after the execution of each order, it being stipulated that trading fees (including related brokerage fees and VAT) will remain payable by the shareholder selling the Shares in the market.

Exane, an investment service provider authorised as a market member, will buy the Shares sold in the market on behalf of the Offeror, in accordance with applicable regulations.

Semi-centralised procedure for tendering shares to the Offer:

Tarkett shareholders wishing to tender their Shares to the Offer using the semi-centralised procedure via Euronext Paris must send back their tender order by the last day of the Offer (subject to timeframes specific to certain financial intermediaries). Settlement will take place after the semi-centralisation operations have been completed.

In this context, the Offeror will cover the selling shareholders' trading fees (brokerage fees plus the related VAT) up to 0.3% of the amount of the order, within the limit of €250 per file, it being stipulated that the conditions under which it will do so are described in section 2.11 of the Draft Offer Document.

Euronext Paris will pay directly to the financial intermediaries the amounts due in respect of the reimbursement of fees mentioned below from the semi-centralisation settlement date.

1.4 Indicative timetable of the Offer

Prior to the opening of the Offer, the AMF will publish a notice stating the opening and timetable of the Offer, and Euronext Paris will publish a notice announcing the arrangements and opening of the Offer.

An indicative timetable of the Offer is set out below:

Dates	Main stages of the Offer
26 April 2021	- Offeror's draft Offer and Draft Offer Document filed with the AMF. - Draft Offer Document made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org).

Dates	Main stages of the Offer
	- Publication of the press release relating to the filing and availability of the Draft Offer Document.
26 April 2021	- Information meeting of the Social and Economic Committee of Tarkett on the Offer.
21 May 2021	- Filing of the Company's Draft Response Document, including the reasoned opinion of the Company's Supervisory Board and the report of the independent expert. - Company's Draft Response Document made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication of the press release relating to the filing and availability of the Company's Draft Response Document.
[8 June 2021]	- Publication of the statement of compliance relating to the Offer by the AMF, signifying approval of the Offeror's offer document and the Company's response document. - Approved offer document made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Approved response document made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org).
[9 June 2021]	- Information relating in particular to the legal, financial and accounting characteristics of the Offeror made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication by the Offeror of the press release stating how the approved Offer Document and information relating in particular to the legal, financial and accounting characteristics of the Offeror is being made available. - Information relating in particular to the legal, financial and accounting characteristics of the Company made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication by the Company of the press release stating how the approved response document and information relating in particular to the legal, financial and accounting characteristics of the Company are being made available.
[10 June 2021]	- Opening of the Offer
[8 July 2021]	- Closing of the Offer[14]
[18 July 2021]	- Publication by the AMF and Euronext Paris of the notice stating the result of the Offer.
[18 July 2021]	- Settlement of the semi-centralised Offer with Euronext Paris.

[14] Under the terms of the Draft Offer Document, since the Offer is open to American shareholders, it is expected that it remains open for 21 trading days in accordance with the applicable regulations.

Dates	Main stages of the Offer
Shortly after the closing of the Offer	- Implementation of the squeeze-out as the case may be.

1.5 Restrictions on the Offer outside France

Section 2.12 of the Draft Offer Document provides that:

- No request to register the Offer or to obtain approval has been made to a financial market supervisory authority other than the AMF and no such request will be made.

- As a result, the Offer is made to shareholders of the Company located in France and outside France, provided that the local laws to which they are subject allow them to take part in the Offer without the Offeror being required to complete any additional formalities.

- The publication of the Draft Offer Document, the Offer, the acceptance of the Offer and the delivery of the Securities may in some countries be subject to specific regulations or restrictions. As a result, the Offer is not addressed to persons subject to such restrictions, either directly or indirectly, and is not capable of being accepted in a country in which the Offer is subject to restrictions.

- Neither the Draft Offer Document nor any other document relating to the Offer constitutes an offer to buy or sell financial instruments or a solicitation of an offer in any country in which such offer or solicitation would be illegal, could not be legally made or would require the publication of a prospectus of any other formality in accordance with local financial laws. The holders of Securities located outside of France may participate in the Offer only to the extent that such participation is authorised by the local laws to which they are subject.

The restrictions concerning the Offer outside France described in section 2.12 of the Draft Offer Document apply to this Draft Response Document.

As a result, persons in possession of the Draft Offer Document and/or the Draft Response Document are required to inform themselves about any applicable local restrictions and to comply with them. A failure to comply with these restrictions may constitute a violation of applicable stock exchange laws and regulations

The Company will not be liable for the violation of applicable legal or regulatory restrictions by any person.

United-States

In particular, as well as in France, the Offer will be made in the United States of America in accordance with Section 14(e) of the US Securities Exchange Act of 1934 as amended (the "1934 Act") and with the rules and regulations promulgated under that act, including Rule 14E, and will be subject to certain exemptions provided for by Rule 14d-1(d) of the 1934 Act and to French law. As a result, the Offer will be subject to certain disclosure and procedural rules, including those relating to the notice of extension of the Offer, settlement, purchases of Shares outside of the Offer and payment dates, which differ from those arising from American rules relating to public offers.

The payment of the Offer Price to Tarkett's US shareholders could be a transaction subject to tax including US federal income tax. Each of Tarkett's US shareholders are strongly advised to consult immediately an independent professional advisor regarding the tax consequences of accepting the Offer.

It could be difficult for Tarkett's US shareholders to assert their rights under US federal stock exchange law, since the Offeror and Tarkett have their registered offices outside the United States of America and some or all of their managers and directors are residents of countries other than the United States of America. Tarkett's US shareholders may be unable to commence proceedings before a court outside the United States against a non-US company, its managers or its directors by invoking breaches of US stock exchange law. It may also be difficult to force a non-US company and its affiliates to comply with judgments handed down by a US court.

To the extent allowed by the applicable laws and regulations, including Rule 14e-5 of the 1934 Act, and in accordance with standard practice in France, the Offeror and its affiliates and/or its broker(s) (acting as agent in the name of and on behalf of the Offeror or its affiliates as the case may be) and Tarkett and its affiliates and/or its broker(s) (acting as agent in the name of and on behalf of Tarkett or its affiliates as the case may be) may, before or after the date of the Draft Offer Document, directly or indirectly, buy or take the necessary steps to buy Shares outside of the Offer (the Offeror's intentions in this respect are described in section 2.7 of the Draft Offer Document). Such purchases may take place on the market or through off-market transactions at the Offer Price. To the extent that information about such purchases and such provisions is made public in France, it would also be made public through a press release or any other method that would allow Tarkett's US shareholders to be informed and on Tarkett's website (www.tarkett.com). No purchases outside of the Offer shall take place by or on behalf of the Offeror, Tarkett or their respective affiliates in the United States of America. The affiliates of the financial advisors of the Offeror and of Tarkett may continue ordinary trading in Tarkett securities, which may include purchases or certain steps to purchase such securities.

The Draft Offer Document and the Draft Response Document have not been filed or examined by any market authority (federal or state) or any other regulatory authority in the United States of America, and none of those authorities has commented on the accuracy or adequacy of the information contained in the Draft Offer Document and the Draft Response Document. Any statement to the contrary would be unlawful and could constitute a criminal offence.

2. REASONED OPINION OF THE COMPANY'S SUPERVISORY BOARD

The supervisory board of Tarkett is currently composed of:

- Mr. Eric La Bonnardière (chairman of the supervisory board);
- Mr. Didier Deconinck (vice-chairman of the supervisory board);
- Mr. Julien Deconinck;
- Mr. Nicolas Deconinck;
- Mrs. Françoise Leroy*;
- Mr. Didier Michaud-Daniel*;
- Mrs. Sabine Roux de Bézieux*;
- Mrs. Agnès Touraine; et
- Mrs. Véronique Laury.

**Independent members according to the independence criteria of the Afep-Medef Code.*

Mr. Bernard-André Deconinck is an observer (*censeur*) on the Company's supervisory board.

In accordance with the provisions of Article 261-1, III of the AMF's general regulation, the supervisory board, at its meeting of March 31, 2021, upon recommendation of the nomination, compensation and governance committee, decided to set up an *ad hoc* committee composed of:

- Mrs. Françoise Leroy (chairwoman of the *ad hoc* committee);
- Mr. Didier Michaud-Daniel;
- Mrs. Sabine Roux de Bézieux.

At the same meeting of March 31, 2021, upon recommendation of the *ad hoc* committee, the supervisory board appointed, in accordance with article 261-1, I, 1°, 2° and 4° and II of the AMF's general regulation, Finexsi, represented by Mr. Olivier Péronnet and Mr. Olivier Courau, as independent expert in charge of issuing a report on the financial terms of the Offer.

At its meeting of April 23, 2021, the members of the supervisory board:

- noted the main characteristics of the draft Offer;

- noted that (i) Mr. Didier Michaud-Daniel intended, as a precaution, to abstain from participating in the work and deliberations of the *ad hoc* committee going forward due to the selection by the Deconinck family of Wendel as a minority financial partner, Wendel being a significant shareholder of Bureau Veritas, of which he is the chief executive officer (a situation likely, in his view, to give rise to an appearance of conflict of interest even if his independent judgment is not affected) and, consequently, (ii) the *ad hoc* committee will continue its mission without the participation of Mr. Michaud-Daniel who is abstaining, while remaining composed of its three original members; and

- upon recommendation of the *ad hoc* committee, positively welcomed, in principle, the draft Offer, and approved the draft press release that could be published upon announcement of the draft Offer, as of April 23, 2021, after the close of trading.

In accordance with the provisions of article 231-19 of the AMF's general regulation, the members of the Company's supervisory board met on May 20, 2021, under the chairmanship of Mr. Eric La Bonnardière, chairman of the supervisory board, in order to review the draft Offer and to issue a reasoned opinion on the interest and consequences of the draft Offer for the Company, its shareholders and its employees. All the members of the supervisory board were present in person or by videoconference.

Prior to the meeting, the members of the supervisory board were provided with:

- the Draft Offer Document filed by the Offeror with the AMF on April 26, 2021, including the context and the reasons for the Offer, the intentions of the Offeror, the characteristics of the Offer and the elements for assessing the Offer Price;
- the draft reasoned opinion prepared by the *ad hoc* committee in accordance with article 261-1, III of the AMF's general regulation;
- the report of Finexsi, the independent expert; and
- the Draft Response Document of the Company prepared in accordance with article 231-19 of the AMF's general regulation.

The supervisory board of the Company, at the said meeting of May 20, 2021, has therefore issued the following reasoned opinion by the unanimity of its members, including the independent members who participate in the work of the *ad hoc* committee, the other members of the Supervisory Board agreeing with the opinion of the *ad hoc* committee:

"[…] ***Work of the independent expert***

At its meeting of March 31, 2021, upon recommendation of the ad hoc committee, the Company's Supervisory Board appointed Finexsi, represented by Messrs. Olivier Péronnet and Olivier Courau, as independent expert in accordance with the provisions of Article 261-1, I, 1°, 2° and 4° and II of the AMF's general regulation, in charge of issuing a report on the financial terms of the Offer. The process and the basis for the appointment of the independent expert will be explained by the ad hoc committee during the presentation of its work.

The Chairman indicates that the ad hoc committee has had several exchanges with the independent expert and followed up his work.

Finexsi, represented by Messrs. Olivier Péronnet and Olivier Courau, summarizes the conclusions of its work to the Supervisory Board:

"We consider the DCF approach as the most appropriate to estimate the intrinsic value of Tarkett shares. Based on management's business plan and our sensitivity analyses, this criterion results in a range of values per share between €14.4 and €17.2, with a central value of €16.2. The Offer price of €20 per Tarkett share represents a premium of +23.3% compared to this central value. On this basis, the Offer price provides "full value" without having to bear the risk of executing this ambitious business plan in terms of profitability in an uncertain and volatile market context.

In addition, the liquidity and the free float's turnover of Tarkett shares are at sufficient levels to retain the share price as a principal reference. The Offer price represents a premium of +25.8% compared to the Spot price before the announcement of the Offer, and of +44% on the basis of the 60-day VWAP.

Moreover, the DCF valuation range is corroborated by the result of the trading comparables' method implemented as a secondary criterion and by the analysts' price targets, also presented as a secondary criterion, the upper bound corresponds to the HSBC price target, which nonetheless stopped covering Tarkett shares since March 2021.

As for the comparable transactions method, which is presented for indicative purposes only, the range that results from its application, is considered to be a "low value" insofar as the average multiple used over the last five years applies to the non-normative profitability levels observed in 2019 and 2020. In this respect, it should be emphasized that this method does not take into account the Company's development prospects and in particular the improvement in profitability expected in the business plan.

The examination of the related agreements that could have a significant influence on the assessment of the Offer, as presented in the draft Information Memorandum, namely (i) the Investment Agreement and its annexes, including the terms and conditions for the financing of the Offer and the refinancing of the existing debt, (ii) the Shareholders' Agreement, (iii) the compensation mechanism for certain managers and (iv) the liquidity mechanism, did not reveal any provision that could, in our opinion, call into question the fairness of the Offer from a financial point of view.

Accordingly, we believe that the Offer price of €20 per Tarkett share is fair from a financial point of view for Tarkett shareholders.

This conclusion also applies to the indemnity provided for the mandatory squeeze-out, which is equal to the Offer price, i.e. €20 per share."

Work and recommendation of the ad hoc committee

Ms. Françoise Leroy, in her capacity as chair of the ad hoc committee, then reports on its mission and briefly summarizes the work accomplished in this context:

Process for appointing the independent expert

Two firms were identified as being able to meet the criteria of competence required by the applicable regulations.

On March 1, 2021, the prospective members of the ad hoc committee met with representatives of the two firms approached, including Finexsi. The ad hoc committee carried out an in-depth review of the profile and experience of these firms, as well as the transactions they may have conducted with the Company that could affect their independence.

Following this review, during the first formal meeting of the ad hoc committee on March 31, 2021, which followed its appointment by the Supervisory Board, Finexsi was selected by the committee because of its recent experience in comparable and complex transactions, its reputation and the absence of any conflict of interest.

Finexsi has confirmed not to be in a conflict of interest situation and that it has sufficient material resources and the necessary availability to carry out its mission in the contemplated timetable. In view of the above, the ad hoc committee decided to recommend the appointment of Finexsi to the Supervisory Board, which ratified this proposal on March 31, 2021.

Work of the ad hoc committee and interactions with the independent expert

- *As from the establishment of the ad hoc committee, the members of the ad hoc committee met 14 times between March 31, 2021 and May 20, 2021 for the purpose of their mission, including 13 times in the presence of the independent expert, as detailed below. Given the health constraints related to the Covid-19 pandemic, almost all the meetings of the ad hoc committee and the exchanges of its members with the various people involved took place by telephone or videoconference,*

- *Weekly follow-up meetings were set up, at the occasion of which the legal and financial advisers of the Offeror, of the Company and of the ad hoc committee kept the members of the ad hoc committee informed, in the presence of the independent expert, of the progress of the draft Offer, and more particularly of the evolutions of the contemplated timetable, of the discussions relating to the draft agreements between the various parties (including the project of refinancing of the Group) and the evolution of the stock market activity. On each occasion, the ad hoc committee ensured that the independent expert was provided with all the information needed to date to carry out its mission and that it was able to carry out its work under satisfactory conditions,*

- *On April 2, 2021, the Company's business plan was presented to the independent expert, in the presence of the members of the ad hoc committee, who were also able to discuss for the first time valuation issues with the independent expert;*

- *On April 16, 2021, the members of the ad hoc committee attended a meeting during which (i) their legal advisor presented and explained certain legal aspects of the proposed Offer and (ii) the independent expert updated the members of the ad hoc committee on his valuation work. On this occasion, the ad hoc committee and the independent expert exchanged in particular on the preliminary analyses relating to the valuation methods used by the financial advisors of the Offeror for the valuation of the Company;*

- *On April 20, 2021, the members of the ad hoc committee, with the participation of the independent expert and their legal advisor, attended a meeting to present the envisaged terms and conditions of the financing of the proposed Offer and the refinancing of the Group by the management of the Company and the financial and legal advisors of the Offeror, during which the members of the ad hoc committee had the opportunity to ask questions on the reasons, the terms, the consequences and the possible alternatives of the envisaged refinancing of the Group and to request precise information with respect to the allocation of the resulting financing and refinancing costs between the Company and the Offeror;*

- *On April 21, 2021, the members of the ad hoc committee, with the participation of their legal advisor, attended a meeting to present the elements of assessment of the valuation of the Company by the financial advisors of the Offeror, during which they had in particular the opportunity to ask questions and to discuss the methods and assumptions of valuation retained. On this occasion, the ad hoc committee noted that in the current state of its work, the independent expert had not identified any elements calling into question the valuation presented by the Offeror's financial advisers;*

- *On April 22, 2021, the members of the ad hoc committee were individually informed of the investment offer made by Wendel and of the price envisaged for the draft Offer and received, in response to their questions, additional information regarding the allocation of financing and refinancing costs between the Offeror and the Company;*

- *On that date of April 22, the members of the ad hoc committee had received and reviewed various documents relating to the proposed Offer, including a draft offer document from the Offeror as well as presentations prepared by the Offeror's financial advisors on the terms and costs of the Group's refinancing, a comparative presentation of the financial terms of recent Term Loan B issues on the market and elements of the Company's valuation. Finally, they had been able to consult an opinion issued by the bank Rothschild & Co for the use of the members of the ad hoc committee on the favourable nature of the financial conditions obtained in the context of the envisaged refinancing of the Group in with respect to the market;*

- *On April 23, 2021, the members of the ad hoc committee met with their legal advisor and the independent expert in order to (i) review in detail the financial terms and conditions of the draft Offer and discuss its potential consequences for the Group and (ii) decide on the recommendation to be made to the Supervisory Board regarding the welcome of the draft Offer, the recommendation regarding the authorization of related-party agreements in connection with the draft Offer pursuant to Article L. 225-86 of the French Commercial Code and the review of a draft press release. The members of the ad hoc committee unanimously decided to propose to the Supervisory Board to positively welcome the draft Offer proposed by the Offeror. As a reminder, the draft Offer was announced on April 23, 2021, after closing of the stock exchange;*

- *On April 30, 2021, the members of the ad hoc committee met with the independent expert to be updated in detail on the expert's valuation work;*

- *On May 4, 2021, the members of the ad hoc committee, with the participation of their legal advisor and the independent expert, attended a meeting with representatives of the Offeror and Wendel, during which they were able to discuss Wendel's motivations and intentions as a minority financial partner of the Deconinck family, as well as their vision of the future of the Group. In particular, they noted that Wendel supported the continuation of the current management team of Tarkett and the pursuit of the company's strategic orientations;*

- *On May 6, 2021, the members of the ad hoc committee, with the participation of their legal advisor and the independent expert, attended a meeting with the respective legal advisors of the management team and of the Offeror, during which they received a detailed presentation of the plan of investment and profit-sharing of the main executives of the Group in the capital of the Offeror (in the form of the subscription of ordinary shares known as "pari passu" and preference shares known as "ratchet", and free allotments of ordinary and preference shares known as "ratchet"), during which the members of the ad hoc committee received, among other things, confirmation that these investments were made at a market price consistent with the price of the Offer. During this same meeting, liquidity agreements proposed by the Offeror in the context of the draft Offer to the beneficiaries of free allocations of shares of the Company, as long as these shares will not have been delivered at the end of the Offer or will be subject to retention obligations until a date subsequent to the end of the Offer were presented to the members of the ad hoc committee;*

- *On May 6, 2021, a letter was sent by the management company Tweedy, Browne Company LLC, a significant minority shareholder of the Company, to the independent members of the Supervisory Board (corresponding in fact to the members of the ad hoc committee). This letter, of which the Chair of the ad hoc committee acknowledged receipt on May 8, 2021, contained observations claiming an insufficient Offer price and the lack of relevance of the stock market price as a reference for the value of the Company in view of, in particular, according to them (i) a lack of liquidity of the Tarkett share on the stock market, (ii) certain analysts' notes concerning the Offer price and (iii) Tarkett's potential to generate EBIT on the basis of a "normative" EBIT calculated by the minority shareholder;*

- *On May 9, 2021, the ad hoc committee met in the presence of its legal advisor and the independent expert to review the arguments raised in the letter received from the minority shareholder mentioned above;*

- *On May 17, 2021, the ad hoc committee met in the presence of its legal advisor and the independent expert. The independent expert presented to the ad hoc committee the preliminary conclusions of its report and exchanged with the members of the ad hoc committee on its work as well as the answers given to the observations of the minority shareholder mentioned above. The independent expert specified, in particular, that, subject to the finalization of its work, its preliminary report concluded to the fairness of the Offer. The ad hoc committee then prepared on this basis its recommendations to the Supervisory Board with respect to its reasoned opinion on the Offer;*

- *On May 20, 2021, the ad hoc committee held a meeting prior to the Supervisory Board meeting in charge of issuing its reasoned opinion on the Offer with the participation of the independent expert. During this meeting, the ad hoc committee (i) reviewed the final report of the independent expert, (ii) finalized its recommendations to the Supervisory Board with respect to its opinion on the Offer (iii) reviewed the latest version of the draft note in response of the Company as well as a draft press release to be published by the Company at the time of the filing of the said note in response and (iv) ensured once again that the independent expert was provided with all the information needed to carry out its mission and that it was able to carry out its work under satisfactory conditions;*

- *The ad hoc committee also ensured that the business plan of the Company presented to the independent expert (i) was the latest business plan prepared by the Management Board and communicated to the Supervisory Board and that it therefore reflected, at the time of the Offer, the best possible estimate of the Company's forecasts and (ii) that there* *were no other relevant forward-looking data. Finally, the ad hoc committee ensured that the Company's financial communication (in particular, the 2021 outlook and medium-term objectives confirmed to the market on April 23, 2021 at the time of the publication of the 2021 Q1 turnover) was consistent with the outlook set out in the business plan;*

- *The ad hoc committee has noted that, except for the above-mentioned letter, no question or reflexion from shareholders has been addressed to the ad hoc committee or to the independent expert, including via the AMF;*

Conclusions and recommendations of the ad hoc committee

- *The ad hoc committee has noted the elements resulting from the intentions and objectives declared by the Offeror in its draft offer document;*

- *It reviewed the interests of the Offer for the Company, for the shareholders and for the employees and considered that the Offer was in line with the interests of the Company, its employees and its shareholders. Consequently, following its meeting of May 20, 2021, it recommends to the Supervisory Board to resolve accordingly, it being recalled that Mr. Didier Michaud-Daniel has abstained from participating in the debates and deliberations of the ad hoc committee since April 23, 2021 (including this recommendation);*

- *It is specified that due to the holding shares obligations of the members of the Supervisory Board provided in the articles of association, the members of the ad hoc committee intend not to tender their Tarkett shares to the Offer.*

Reasoned opinion of the Supervisory Board

- *The Supervisory Board notes the work of the ad hoc committee and its recommendations on the Offer as well as the conclusions of the independent expert.*

- *With regard to the interest of the Offer for the Company, the Supervisory Board notes that:*

  - *the Deconinck family has been a shareholder of the Company since its origins, when Sommer Allibert SA and Tarkett AG merged in 1997. Since then, it has accompanied the company through all the stages of its development, including its latest IPO in 2013. The members of the Deconinck family, acting in concert with the Offeror through SID and with the Investor, currently hold, directly and indirectly, a total of 55.41% of the capital and 54.74% of the voting rights;*

  - *the Offeror is controlled by SID and co-owned with the Investor (a wholly-owned subsidiary of Wendel SE) as a long-term minority financial partner, which has notably undertaken, under the terms of a shareholders' agreement with the SID, to hold its shares in the capital of the Offeror for a period of five years;*

  - *the Deconinck family wishes to "strengthen its control" over the Company through the Offeror, which intends "with the financial support provided by the Investor and with the help of the Company's current management team, intends to pursue the main strategies being implemented by the Company and SID and to support the Company's development",*

  - *the Offeror also intends, in the context of the proposed transaction, to set up in favour of certain directors and managers of the Company an investment and incentive plan providing in particular for (i) an investment in ordinary shares and so-called "ratchet" performance shares at the level of the Offeror* *"conferring on their holders a portion of the capital gain realized" in the event of a subsequent IPO or transfer of control, and (ii) the free allocation of such ordinary and performance shares;*

- *the refinancing of most of the Group's indebtedness in the context of the draft Offer presents financial advantages for the Group and an equitable allocation of the related costs between the Offeror and the Company (taking into account, in particular, the commitment of the Offeror to the Company to bear a share of the costs to which the Group would be exposed as a result of the refinancing, up to an amount of 5.95 million euros depending on the final amount of such costs), which enabled the Supervisory Board, at its meeting of April 23, 2021, to consider that the refinancing agreements concerned were in the interest of the Company and to authorize their conclusion, and*
- *the Offeror does not intend to merge the Offeror with the Company.*

- *With regard to the interest of the Offer for the shareholders, in financial terms, the Supervisory Board notes that:*
  - *the offered price of 20 euros per share represents a premium of +25.8% compared to the last closing price before the announcement of the Offer and of +44% based on the average closing price weighted by the daily volumes of the last 60 trading days preceding the announcement of the Offer;*
  - *the discounted cash flow (DCF) valuation approach, considered to be the most appropriate by the independent expert to estimate the intrinsic value of the Tarkett share, leads, on the basis of the Company's business plan and the expert's sensitivity analyses, to a central value per share of €16.2, i.e. a premium of +23.3% compared to this value, the contribution to the Offer thus allowing to capture the full value of the Company without having to bear the risk of executing a business plan considered ambitious in terms of profitability in an uncertain and volatile market context;*
  - *the independent expert noted that the offered price of 20 euros showed a premium in relation to all the valuation criteria that it retained as main criteria and that this price was fair, from a financial point of view, for the shareholders of the Company who would decide to tender their shares to the Offer. The ad hoc committee agrees with the conclusions of the independent expert that the financial terms offered in the Offer are fair;*
  - *the main observations made by Tweedy, Browne Company LLC on May 6, 2021 as to the Offer price have been the subject of detailed responses in section 9 of the independent expert's report, which indicates in particular that (i) the liquidity and turnover of the free float are at sufficient levels to retain the stock market price as a relevant valuation reference (with, for example, a turnover of the free float of 69.2% over the 12 months preceding the announcement of the Offer) (ii) the pre-announcement price targets of two analysts who had made mixed judgments on the Offer price were respectively €17.1 and €18 per Tarkett share (the Offer price showing respectively premiums of +17.0% and +11.0% on these price targets) and (iii) the application of the "normative" EBIT multiple valuation method proposed by Tweedy, Browne Company LLC should in fact result in a value per Tarkett share of €16.94, significantly lower than the Offer price;*
  - *the Offer allows each shareholder of the Company to transfer immediately, if they so wish, their shareholding whatever the number of shares they holds and thus to benefit from a greater liquidity than that offered by the market prior to the announcement of the Offer, the ad hoc committee drawing the*

shareholders' attention to the lesser liquidity which could exist on the market after the Offer in the absence of a squeeze-out;

- *with regard to dividends, the Offeror, which is already the Company's majority shareholder, has indicated that "[i]n the next twelve months, the Offeror intends to maintain a dividend policy in line with that adopted in 2020 and 2021, i.e., not to make any dividend payments".*

- *With regard to the interest of the Offer for the employees, the Supervisory Board notes that:*
  - *the Offeror indicates that the contemplated transaction " forms part of a plan in which the Company's business activities and development are to continue" and that the Offer "should not in itself result in any particular impact on the Company's workforce, wage policy or human resource management policy" it being noted, however, that (i) certain functions "specifically related to the listing" could be affected in the event of a squeeze-out and (ii) the Offeror has indicated that in the event of a squeeze-out the Company would be transformed into a simplified joint stock company managed by a president, which would result in the disappearance of the Supervisory Board on which the employees currently have the right to appoint a representative;*
  - *the Offeror will propose to the beneficiaries of free Tarkett shares during the vesting period and to the holders of Tarkett shares during the holding period to enter into liquidity agreements with the Offeror allowing them to transfer their shares at a price determined according to a formula consistent with the price of the Offer (in the form of call and put options exercisable in case of lack of liquidity of the market of the share or of delisting), it being specified that in the event of implementation of the squeeze-out, the shares subject to this liquidity mechanism will be assimilated to the shares held by the Offeror in accordance with article L. 233-9 I, 4° of the French Commercial Code and will therefore not be covered by the said squeeze-out, and*
  - *the "FCPE" (company investment funds) set up in favour of the Group's employees will have the possibility, upon decision of its supervisory board, to contribute the Tarkett shares it holds to the Offer.*
- *The Supervisory Board notes that the Offeror intends to implement a squeeze-out of the Tarkett shares at the end of the Offer if the shares of the Company not tendered to the Offer do not represent more than 10% of the capital and voting rights of the Company.*

In view of the elements submitted and in particular (i) the objectives and intentions expressed by the Offeror, (ii) the valuation elements prepared by the presenting institutions Rothschild Martin Maurel, BNP Paribas and Crédit Agricole Corporate and Investment Bank, (iii) the conclusions of the report of the independent expert on the financial conditions of the Offer, including its answers to the written observations received from a minority shareholder concerning the Offer price, (iv) the conclusions of the review work of the ad hoc committee, (vi) the draft press release submitted to the Supervisory Board and (vi) the elements set out above, the Supervisory Board, after deliberation, unanimously by its members present or represented (including the independent members who participate in the work of the ad hoc committee, the other members of the Supervisory Board agreeing with the opinion of the ad hoc committee) considers that the Offer is in line with the interests of the Company, its shareholders and its employees and decides:

- *to issue, in the light of the work, conclusions and recommendations of the ad hoc committee, a favorable opinion on the proposed Offer, which may be followed by a* *squeeze-out of the Company's shares if the conditions for such squeeze-out are met, as presented to it,*

- *accordingly, to recommend to the Company's shareholders to tender their shares to the Offer,*
- *to acknowledge, as necessary, the fact that, since the treasury shares held by the Company are not covered by the Offer, the Company will not tender them to the Offer, […]"*

3. INTENTIONS OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY

In accordance with article 17 of the Company's articles of association and article 2.9 of the internal regulations of the supervisory board of the Company, each member of the supervisory board is required to hold at least 1,000 registered shares of the Company.

The members of the Company's supervisory board who attended the meeting at which the supervisory board issued its reasoned opinion reproduced in section 2 stated their intentions as follows:

Name	Position	Number of Shares held at the date of the reasoned opinion	Intention
Mr. Eric La Bonnardière	Chairman of the supervisory board	17,971	Contribution of 16,971 Shares[15]
Mr. Didier Deconinck	Vice-chairman of the supervisory board	1,036	Contribution of 36 Shares[15]
Mr. Julien Deconinck	Member of the supervisory board	1,000	No contribution of his Shares[15]
Mr. Nicolas Deconinck	Member of the supervisory board	5,437	Contribution of 4,437 Shares[15]
Mrs. Françoise Leroy	Member of the supervisory board	1,035	No contribution of her Shares to the Offer[15]
Mr. Didier Michaud-Daniel	Member of the supervisory board	1,000	No contribution of his shares to the Offer[15]
Mrs. Sabine Roux de Bézieux	Member of the supervisory board	1,035	No contribution of her Shares to the Offer[15]

[15] Given the obligation to hold Shares set out in the articles of association.

Name	Position	Number of Shares held at the date of the reasoned opinion	Intention
Mrs. Agnès Touraine	Member of the supervisory board	1,129	Contribution of 129 Shares[15]
Mrs. Véronique Laury	Member of the supervisory board	0	N/A

4. INTENTIONS OF THE COMPANY WITH REGARD TO THE TREASURY SHARES

As at the date of this Draft Response Document, the Company holds 392,427 of its own Shares.

The supervisory board at its meeting of May 20, 2021 acknowledged that the 392,427 treasury Shares held by the Company are not covered by the Offer and acknowledged, as the case may be, that the Company will not tender them to the Offer.

A part of these Shares will be used for the implementation of the 2018-2021 LTIP and as such will be covered by the Offer and may be tendered to the Offer (as detailed in section 1.2.5 of the Draft Response Document).

5. AGREEMENTS THAT MAY MATERIALLY AFFECT THE ASSESSMENT OF THE OFFER OR ITS OUTCOME

Subject to the various agreements mentioned in this section 5, the Company is not aware of any other agreement and is not party to any other agreement related to the Offer or that could have a material effect on the assessment of the Offer or its outcome.

5.1 Investment Agreement

The main terms of the Investment Agreement are described in section 1.3.1 of the Draft Offer Document and described below. The Investment Agreement was formed on April 23, 2021, between the Offeror, SID and the Investor.

Transfer of Shares held by SID to the Offeror

The Investment Agreement provides for SID to contribute all of its stake in the Company, in kind, to the Offeror at its net carrying amount (the "**SID Contribution**"). The contribution, which was paid for with 398,276,047 newly issued ordinary shares in the Offeror, took place on 23 April 2021.

Transfer of securities in the Offeror to the Investor and shareholder loan

In accordance with the Investment Agreement:

(i) SID has transferred 1 ordinary share in the Offeror to the Investor and then 17,982,145 other ordinary shares in the Offeror for an amount equal to €30,000,000; and

(ii) to finance part of the Offer (with the rest of the funding consisting of the Bank Financing described below), the Investor has granted the Offeror a shareholder loan in a maximum amount of €250,000,000 (the "**Shareholder Loan**"). The intention is for the Shareholder

Loan to be converted into equity when the Offer is completed or, as the case may be, after the Offeror has carried out a squeeze-out. The final drawn amount of the Shareholder Loan and therefore of the subsequent capital increase and the Investor's stake in the Offeror's equity will depend on the number of Shares acquired by the Offeror through the Offer and through the squeeze-out as the case may be.

Start of the Offer

The Investment Agreement contains provisions regarding:

(i) the filing of the Offer by the Offeror with the AMF on behalf of the Concert;
(ii) an undertaking by each member of the Concert to facilitate the completion of the Offer, to take no action that may hinder the Offer and to co-operate with the independent appraiser;
(iii) the financing of the Offer;
(iv) insofar as is necessary, an undertaking by the Investor to take all necessary steps to obtain approvals from the competent antitrust authorities at the earliest opportunity;
(v) an undertaking regarding co-operation by the Parties with respect to the Offer.

Financing of the Offer

To partially finance the Offeror's purchase of Shares through the Offer, the Offeror has also entered into a facility agreement under English law entitled "Senior Facilities Agreement" (the "**Senior Facilities Agreement**"), involving BNP Paribas, Crédit Agricole Corporate and Investment Bank and Société Générale as arrangers, to which BNP Paribas, Crédit Agricole Corporate and Investment Bank and Société Générale have acceded on April 26, 2021 as guarantors of the Offer, under which the lenders will provide two credit facilities in a total principal amount of €1,300,000,000 (the "**Bank Financing**"), which will also be intended to refinance the majority of the Group's existing debt and to fund the Group's general requirements (as described in section 5.5 of the Draft Response Document).

Undertakings regarding the Group

The Investment Agreement provides for an undertaking by SID (i) to ensure, insofar that it is able to do so, that the Company's business activities are managed normally until the Offer closes and (ii) to ensure, insofar that it is able to do so, that no Reserved Decision (as defined below) is taken without the Investor's agreement.

Other undertakings

The Investment Agreement also contains provisions regarding:

(i) incentives for certain key executives and employees to be put in place by the Offeror, which are described in greater detail in section 1.3.3 of the Draft Offer Document and in section 5.3 of the Draft Response Document;
(ii) the creation of a liquidity mechanism for holders of Currently Vesting Free Shares and Free Shares Under Retention in the event that a squeeze-out is implemented or of a lack of liquidity of the Tarkett security, as described in greater detail in section 1.3.4 of the Draft Offer Document and in section 1.2.5.2 of the Draft Response Document.

5.2 Shareholders' Agreement

The members of the Concert formed a Shareholders' Agreement on April 23, 2021, governing relations between SID and the Investor regarding the Offeror and the subsidiaries it controls (including the Company) for a period of 15 years, the main terms of which are described in section 1.3.2 of the Draft Offer Document and summarized below. The Shareholders' Agreement will come into force on the settlement date of the Offer or of the squeeze-out as the case may be.

(a) Governance

(i) Governance of the Offeror

Supervisory Board:

Composition of the Supervisory Board: the Supervisory Board would consist of six (6) to nine (9) members, including (i) five (5) members proposed by SID, and (ii) one (1) or two (2) member(s) appointed by the Investor provided that the Investor holds more than 10% or 20% respectively of the Offeror's voting rights after the Offer, (iii) one (1) qualified person appointed by the Investor provided that the Investor holds more than 10% of the Offeror's voting rights and (iv) one (1) qualified person appointed by SID.

Each party to the Shareholders' Agreement may appoint up to two observers (*censeurs*), subject, in the Investor's case, to its owning more than 5% of the Offeror's voting rights.

Decisions of the Supervisory Board: the Supervisory Board would take decisions on a simple majority basis and the Management Board would have to obtain prior authorisation from the Supervisory Board for certain decisions currently provided for in the internal rules of Tarkett's Supervisory Board.

In addition, certain extraordinary decisions, regarding both the Offeror and the Company or its subsidiaries and relating in particular to material investments, the use of debt above a certain threshold, acquisitions above certain thresholds, changes to the group's activities, the entering into of agreements between related parties and amendments to the articles of association that may affect the Investor ("**Reserved Decisions**") could only be taken on a simple majority basis including votes in favour from at least one (1) representative of the Investor provided that the Investor holds more than 10% of the Offeror's voting rights.

Management Board: the Management Board would consist of the CEO and as the case may be one or more several deputy CEOs.

The Management Board's members would be appointed and dismissed on the basis of decisions by the Offeror's Supervisory Board taken on a simple majority basis, it being stipulated that as regards the appointment of the CEO (except the first CEO), the Investor has the right to oppose the appointment of a candidate to the role of CEO from among the candidates selected.

Shareholders' general meetings: ordinary decisions would be taken on a simple majority basis and extraordinary decisions (including decisions giving rise to a change to the articles of association) would be taken on a qualified majority basis, corresponding to two thirds of voting rights.

(ii) Governance of the Company

As described in section 1.2.2 of the Draft Offer Document, the Company's governance is likely to change after the Offer closes in order to reflect the Company's new ownership structure, it being stipulated that SID would remain the majority shareholder.

Governance in the event of a squeeze-out: if a squeeze-out is implemented in relation to the Company's shares following the Offer, the Company would be converted into a simplified joint-stock corporation (*société par actions simplifiée*) led by the Offeror's CEO, namely Mr. Fabrice Barthélemy.

Governance if the Company's Shares were to remain listed: if the Company's Shares were to remain listed, the Company would retain a dual governance structure consisting of a Management Board and a Supervisory Board, it being stipulated that (i) a majority of the Supervisory Board members would be appointed on the basis of SID's proposals, (ii) if the Investor owns more than 10% of the Offeror's voting rights, a Supervisory Board member would be appointed on the basis of the Investor's proposal and (iii) at least a third of the Supervisory Board members would be independent according to the provisions of the Afep-Medef code applicable to controlled companies. The composition of the Management Board would remain unchanged. It is intended that the Supervisory Board members appointed on the basis of proposals by SID and the Investor will undertake to vote in accordance with decisions that may be taken by the Offeror's Supervisory Board.

(b) Transfers of securities and exit clauses

The Shareholder's Agreement contains the following main provisions regarding the transfer of securities in the Offeror and exit clauses:

(i) the Investor may not transfer its securities in the Offeror for five (5) years from the time the Shareholder's Agreement comes into force (the "**Lock-Up Period**");

(ii) securities may be transferred freely between affiliates as usual in certain circumstances;

(iii) at the end of the Lock-Up Period, the Investor may transfer its securities in the Offeror subject to SID having a right of first refusal;

(iv) SID has a drag-along right allowing it to force the transfer to a third party of all securities held by the Investor subject to certain conditions;

(v) if a plan is adopted for SID to sell securities in the Offeror, the Investor will have a total and/or proportional tag-along right depending on the number of securities sold;

(vi) exit arrangements for the Investor, including the ability of the Investor, after a certain time, to carry out a competitive process to sell the securities in the Offeror held by the Investor and/or request an initial public offering.

(vii) a standard anti-dilution right (subject as the case may be to issues of securities as part of employee incentive mechanisms).

5.3 Investment and performance share plans involving the Offeror and the Company

The members of the Concert have agreed as part of the Investment Agreement to implement, after the Offer, an investment and performance share plan involving the Offeror (the "**Plan**") for certain executives and senior managers of the Company (the "**Managers**"). The main terms of the Plan are described in section 1.3.3 of the Draft Offer Document and described below.

The Plan would comprise:

(i) an investment by the Managers in the ordinary shares of the Offeror, on a pari passu basis with the other shareholders, paid for with all or part of the proceeds from the Shares tendered to the Offer;

(ii) an investment by certain Managers in "*ratchet*" preferred shares of the Offeror that would entitle their holders to a portion of the capital gain realised in the event of an Exit (as defined below);

(iii) awards of ordinary and "*ratchet*" free shares in the Offeror to the Managers.

The shares will be subscribed at market value, determined by an appraiser as the case may be.

The value of the "*ratchet*" performance shares will depend on the overall investment multiple arising in the event of an Exit.

The Exit cases provided for by the Plan would be (i) an initial public offering of the Offeror's shares, (ii) the Investor's sale of its stake and (iii) an event after which SID would no longer control the Offeror. The Managers would benefit from a total tag-along right in the event of an Exit. In the event that SID transfers all of its securities in the Offeror, SID has in the same circumstances a drag-along right allowing it to force the Managers to sell their securities

Aside from the Exit cases, the Managers would benefit from partial liquidity in portions of one-third of the ordinary shares they hold in the sixth, seventh and eighth years of their investment. From the eighth anniversary, the Offeror will also have the right to buy all securities held by the Managers.

In an Exit case, the Managers would not benefit from any mechanism allowing them to obtain a guaranteed sale price. There is no contractual mechanism that could (i) be analysed as additional consideration, (ii) render the Offer price per share inappropriate or jeopardise the equal treatment of minority shareholders or (iii) give rise to a guaranteed sale price clause for the benefit of the Managers.

5.4 Liquidity Mechanism

Under the Investment Agreement, the members of the Concert have agreed to set up, after the Offer closing date, the Liquidity Mechanism as described in Section 1.2.5.2 of the Draft Response Document.

5.5 Refinancing Agreements

In the context of the Offer, it is contemplated that the Company will proceed with the refinancing of the majority of the Group's existing debt (the "**Refinancing**"), in particular through the conclusion of the Revolving Tranche (as such term is defined below).

This Refinancing will result in:

- the conclusion, by the Company, of an intra-group loan agreement (the "**Intragroup Loan Agreement**") between the Company as borrower and the Offeror as lender, under the terms of which the Offeror would make available to the Company, on one or more occasions, sums that would result from one or more drawings by the Offeror from Tranche B (as defined below), in the form of a term loan for a maximum principal amount of €500,000,000 (amount that may be adjusted subject to the agreement of the relevant parties), with a 7-year maturity(the "**Intragroup Loan**"). The Intragroup Loan will be used primarily to refinance the so-called "*Schuldschein*" loans for an amount of approximately €552 millions;

- the accession, by way of deed of accession, by the Company, to the Senior Facilities Agreement (as defined in section 5.2 of the Draft Response Document) under the terms of which the lenders shall make available, inter alia, (i) to the Offeror, a term loan of a maximum principal amount of €950,000,000, with a 7-year maturity (the "**Tranche B**") and make available (ii) to the Offeror and to all members of the Group, subject to their accession, a revolving credit facility in a total principal amount of €350,000,000, with a maturity of 6 years and 6 months (the "**Revolving Tranche**"), the purpose of which is in particular to finance the Group's general needs and which will enable the refinancing of the revolving credit facility to which the Company is currently party; and

- the accession, by way of a deed of accession by the Company, to a subordination agreement under English law governing the rights of creditors under the Senior Facilities Agreement (the "**Subordination Agreement**").

The main financial terms of the Intragroup Loan reflect those of Tranche B, i.e. a margin between 2.25% and 3.25% (depending on the level of the Offeror's holding in the Company following the closing of the Offer as well as on the level of the leverage ratio and subject to an adjustment mechanism in accordance with certain environmental, social and governance criteria and to a successful syndication in the market).

The Company intends to accede to the Senior Facilities Agreement as a borrower under the Revolving Tranche but also as a guarantor. In this capacity, it will guarantee its obligations and those of its subsidiaries and will guarantee the commitments of the Offeror, up to the amount of the sums that would have been made available to it by the Offeror (via the Intragroup Loan or otherwise) (the "**Guarantee**").

It is also contemplated that the Company will enter into the following security agreements to guarantee the payment obligations of the Company and/or its direct or indirect subsidiaries, as the case may be, under the Senior Facilities Agreement:

(i) pledges on the securities of the main subsidiaries held by the Company;

(ii) pledges of intra-group receivables covering all intra-group receivables held by the Company against the main subsidiaries, it being specified that the intra-group loans entered into between the Company and its main subsidiaries may be used at any time and without reservation by the companies party to these intra-group loans until, if applicable, the existence of an ongoing event of default and/or a default that has given rise to a notice of acceleration, which would result in the enforcement of these pledges; and

(iii) the Company may also be party to the pledge of intra-group receivables relating to the Intragroup Loan Agreement that the Offeror will grant under the Senior Facilities Agreement (the « **Security Documents** »).

In connection with the Refinancing, the Offeror has undertaken to the Company, in a separate letter, to bear a share of the costs to which the Group would be exposed as a result of the Refinancing, up to an amount of €5.95 million depending on the final amount of such costs (the "**Commitment Letter**" and, together with the Intragroup Loan Agreement, the deed of accession to the Senior Facilities Agreement (including the grant of the Guarantee) and the deed of accession to the Subordination Agreement, the "**Refinancing Agreements**").

The Refinancing Agreements were approved by the Company's supervisory board at its meeting of April 23, 2021, upon recommendation of the *ad hoc* committee, in particular pursuant to article L. 225-86 of the French Commercial Code. Their financial terms and conditions and their interest for the Company and its shareholders are detailed in the publication on related-party agreements made by the Company pursuant to Articles L.22-10-30 and R.22-10-19 of the French Commercial Code[16].

6. ELEMENTS LIKELY TO HAVE AN INFLUENCE IN THE EVENT OF A TENDER OFFER

6.1 Information on the shareholder structure and share capital

As of the date of the Draft Response Document, the Company's share capital totals €327,751,405, divided into 65,550,281 Shares with par value of €5 euros each.

To the Company's knowledge, as of the date of the Draft Response Document, the Company's capital and voting rights are allocated as follows: [17]

Shareholder	**Number of Shares**	**% of capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**
Offeror	35,911,615	54.78%	35,911,615	54.12%
Deconinck family and related companies	407,844	0.62%	412,844	0.62%
Sub-total persons acting in Concert with the Offeror (including the Concert)	*36,319,459*	*55.41%*	*36,324,459*	*54.74%*
Tweedy, Browne Company LLC	4,383,712	6.69%	4,383,712	6.61%

[16] This publication is available on the Company's website (https://www.tarkett.com/en/content/corporate-documents)

[17] Based on a total of 66,358,345 theoretical voting rights as of April 30, 2021 as reported on the Company's website, taking into account the loss of double voting rights resulting from the SID Contribution. In accordance with Article 223-11 of the AMF's general regulation, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights.

Treasury shares	373,002	0.57%	373,002	0.56%
Free float	24,474,108	37.34%	25,277,172	38.09%
Total	**65,550,281**	**100%**	**66,358,345**	**100%**

6.2 Statutory restrictions on the exercise of voting rights and the transfer of Shares, or provisions in agreements brought to the attention of the Company pursuant to Article L. 233-11 of the French Commercial Code

6.2.1 Statutory restrictions on the exercise of voting rights or on transfers of Shares

Threshold crossing disclosures requirement

The legal obligations set forth in Article L. 233-7 of the French Commercial Code are applicable.

In addition, article 7 of the Company's articles of association provides for an additional disclosure requirement for any individual or legal entity, acting alone or in concert, who directly or indirectly holds or ceases to hold 1% or more of the Company's share capital or voting rights, or any multiple of this percentage.

Transfer of Shares

There is no provision in the Company's articles of association restricting the transfer of Shares of the Company.

6.2.2 Provision in agreements providing for preferential conditions for the sale or acquisition of Shares and relating to at least 0.5% of the Company's capital or voting rights

By letters dated April 29, 2021, the Company was informed by SID and Tarkett Participation of the conclusion of the Shareholders' Agreement, constituting an action in concert regarding the Company. The conclusion of the Shareholders' Agreement was also the subject of a notice published by the AMF on May 3, 2021, under number 221C0935, pursuant to Article L. 233-11 of the French Commercial Code. The main provisions of the Shareholders' Agreement are described in the said notice and reminded in Article 5.2 of the Draft Response Document.

6.3 Direct and indirect shareholdings in the Company's capital that have been the subject of a threshold crossing disclosure or a declaration of a transaction on securities

As of the date of the Draft Response Document and to the Company’s knowledge, the share capital is allocated as indicated in section 6.1 above.

Since January 1, 2021, the Company has received the following threshold crossing disclosures from members of the Concert, in accordance with Article L. 233-7 of the French Commercial Code:

- SID declared that it has crossed downward, on April 23, 2021, the 5%, 10%, 15%, 20%, 25%, 30%, 1/3 and 50% legal thresholds of the Company's capital and voting rights. This disclosure was the subject of a notice published by the AMF on May 3, 2021, under number 221C0935; and

- The Concert, composed of SID, the Investor and the Offeror, and members of the Deconinck family, declared that it has crossed upward, on April 23, 2021, the 5%, 10%, 15%, 20%, 25%, 30%, 1/3 and 50% legal thresholds of the Company's capital and voting rights. This disclosure was the subject of a notice published by the AMF on May 3, 2021, under number 221C0935. On this occasion, the Concert also stated its intentions for the next six months in accordance with Article L.233-7, VII of the French Commercial Code. The Offeror's intentions for the next twelve months are set out in section 1.2 of the Draft Offer Document.

Over the same period, the Company has also received the following threshold crossing disclosures in accordance with Article L. 233-7 of the French Commercial Code:

- Global Alpha Capital Management Ltd declared that, on March 24, 2021, it has crossed upward the 1% threshold (provided in the articles of association) of the Company's capital and voting rights;

- Tweedy, Browne Company LLC declared that, on March 26, 2021, it has crossed downward the 5% threshold (provided in the articles of association) of the Company's voting rights (after having declared that it has crossed downward the 9% and 8% thresholds (provided in the articles of association) of the share capital, respectively on March 18, 2021 and March 23, 2021). This disclosure was the subject of a notice published by the AMF on March 30, 2021, under number 221C06669;

- Norges Bank declared that, on March 29, 2021, it has crossed downward the 2% threshold (provided in the articles of association) of the Company's capital;

- Tweedy, Browne Company LLC declared that, on March 31, 2021, it has crossed downward the 7% threshold (provided in the articles of association) of the Company's capital;

- Janus Henderson Corporation declared that it no longer holds any securities in the Company since April 27, 2021;

- *Caisse des dépôts et consignations* declared that, on April 28, 2021, it has crossed downward (indirectly through CDC Croissance) successively the 2% and 1% thresholds (provided in the articles of association) of the Company's capital and the 1% threshold (provided in the articles of association) of the Company's voting rights;

- BlackRock declared that, on May 10, 2021, it has crossed upward the 1% threshold (provided in the articles of association) of the Company's voting rights (after having declared several crossings of the 1% threshold (provided in the articles of association) of the Company's capital, either upward or downward, between March 1, 2021 and May 10, 2021);

- UBS Asset Management - O'Connor declared that, on May 12, 2021, it has crossed upward the 1% threshold (provided in the articles of association) of the Company's capital and voting rights; and

- Citigroup Inc. declared that, on May 14, 2021, it has crossed upward the 1% threshold (provided in the articles of association) of the Company's capital.

Finally, it should be noted that, since April 26, 2021, several declarations of purchases and sales made during a tender offer have been the subject of notices published by the AMF pursuant to Article 231-46 of the AMF's general regulation.

6.4 List of holders of any Tarkett securities with special controlling rights and description of them

Article 8 of the Company's articles of association states that a double voting right is attached to all fully paid shares held continuously in registered form by the same holder for a minimum period of two (2) years.

This article specifies that in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premiums, this double voting right is granted to the newly issued shares allocated free of charge to a shareholder in relation to his or her existing shares that already carry double voting rights.

Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

6.5 Control mechanisms in a possible employee share ownership plan when control rights are not exercised by employees

As of the date of the Draft Response Document, 11,761 Shares, representing 0.01% of the Company's share capital and theoretical voting rights[18], are held by the employee savings mutual fund (*FCPE*) "*Tarkett Actionnariat*" set up for the benefit of Group employees

The FCPE is managed by a supervisory board, which is composed on a parity basis and is expected to meet shortly to decide on the contribution of the Shares held by the FCPE to the Offer.

6.6 Agreements between shareholders of which the Company is aware that may result in restrictions on the transfer of Shares or the exercise of voting rights

With the exception of (i) the agreements described in Section 5 "*Agreements likely to have an influence on the assessment or the outcome of the Offer*" of this Draft Response Document and in Section 1. 3 "*Agreements that may materially affect the assessment of the Offer or its outcome*" of the Draft Offer Document, namely the Investment Agreement, the Shareholders' Agreement, the investment and performance share Plans at the level of the Offeror and of the Company, (ii) the agreements described in Section 6.2.2 "*Provision in agreements providing for preferential conditions for the sale or acquisition of Shares and relating to at least 0.5% of the Company's capital or voting rights*" of this Draft Response Document and (iii) the liquidity agreements as described in Section 1.2.5.2 "*Liquidity Mechanism*" of the Draft Response Document, the Company is not aware to date of any agreement in force that could result in restrictions on the transfer of shares and the exercise of voting rights in the Company.

[18] Based on information as of April 30, 2021 published on the Company's website in compliance with Article 223-16 of the AMF's general regulation.

6.7 <u>Rules applicable to the appointment and replacement of members of the Management Board and to the amendment of the Company's articles of association</u>

6.7.1 Appointment and replacement of members of the Management Board

Under the terms of Article 11 of the Company’s articles of association, the Company is managed by a Management Board composed of at least two (2) and at most five (5) members.

If a seat is vacant, the Supervisory Board must fill the vacancy within two months. Failing this, any interested party may ask the President of the Commercial Court, ruling in summary proceedings, to make a provisional appointment; the person thus appointed may be replaced at any time by the Supervisory Board. Members of the Management Board must be natural persons. They are appointed by the Supervisory Board and may be dismissed either by the ordinary general meeting of shareholders or by the Supervisory Board. In the absence of cause (*juste motif*), their dismissal may give rise to damages. Removal from office as a member of the Management Board does not have the effect of terminating the employment contract that the concerned person has entered into with the Company.

In accordance with Article 12 of the Company's articles of association, members of the Management Board are appointed for a three-year term of office, except in the event of appointment to replace a vacant seat, in which case the duties of the member appointed by the Supervisory Board as replacement will expire at the end of the period remaining until the Management Board is renewed.

Members of the Management Board are always eligible for re-election. All members of the Management Board are deemed to have resigned at the end of the general meeting called to approve the accounts for the year in which they reach the age of 65.

The Supervisory Board determines the method and amount of remuneration for each member of the Management Board in the appointment decision. Each member of the Company's Management Board must comply with the regulations in force concerning the limitation of multiple offices. They may not hold office as chief executive officer, member of the management board or sole chief executive officer, nor may they hold more than one office as director or as member of the Supervisory Board in listed companies outside the Group. Each member of the Management Board must seek the opinion of the Supervisory Board before accepting a new corporate office in a listed company over which the Company does not directly or indirectly exercise control.

6.7.2 Amendment of Tarkett’s articles of association

In accordance with Article 25 of the Company's articles of association, ordinary and extraordinary shareholders' meetings vote in accordance with their respective quorum and majority conditions set out by the provisions governing them respectively, and exercise the powers assigned to them by the law.

Consequently, pursuant to Article L.225-96 of the French Commercial Code, the extraordinary general meeting alone is empowered to amend all provisions of the articles of association.

Article 4 of the Company's articles of association provides, however, that the registered office may be transferred to any other location in the *département* of Hauts-de-Seine or in an adjacent *département* by simple decision of the Supervisory Board, subject to ratification of such decision by the next ordinary general meeting of shareholders, and, everywhere else, by virtue of a resolution of the extraordinary general meeting of shareholders.

6.8 Management Board's powers, in particular to issue or buy back shares

Within the limits of the Company's corporate purpose and subject to any powers expressly reserved by law to the Supervisory Board and general meetings of shareholders and subject to key decisions requiring the prior authorization of the Supervisory Board set forth in Article 16 of the Company's articles of association, the Management Board is vested with the broadest powers vis-à-vis third parties to act in all circumstances on behalf of the Company.

In this respect, in accordance with the provisions of Article L.225-68 of the French Commercial Code, guarantees, endorsements and other securities (*cautions, avals et garanties*) may only be granted by the Management Board after authorization by the Supervisory Board.

In its relationships with third parties, the Company is bound by the decisions of the Management Board even when these do not fall within the corporate purpose, unless the Company proves that the third party knew that the decision went beyond this purpose or that the third party could not have been unaware of that fact in light of the circumstances.

In addition to the legal powers granted to it by law and the Company's articles of association, the Management Board is granted the authorizations and delegations listed below.

Nature of the authorization or delegation granted	Date of the general meeting and relevant resolution	Maximum nominal amount or percentage of share capital or number of shares authorized	Duration	Use during the year
Authorization to be given to the Management Board to trade in the Company's shares	April 30, 2021 (15th resolution)	10% of existing shares	October 30, 2022 (18 months)	None
Authorization to be given to the Management Board to allocate free shares to employees and/or certain company officers of the Company	April 30, 2021 (17th resolution)	1% of existing shares	Shareholders' Meeting to approve the financial statements for the year ending 31 December 2021	None
Delegation of authority to be granted to the Management Board to increase the share capital by	April 30, 2021 (16th resolution)	50 million euros	June 30, 2022 (26 months)	None

Nature of the authorization or delegation granted	Date of the general meeting and relevant resolution	Maximum nominal amount or percentage of share capital or number of shares authorized	Duration	Use during the year
incorporation of premiums, reserves, or otherwise				
Delegation of authority to be granted to the Management Board to reduce the share capital through cancellation of treasury shares held by the Company	April 30, 2021 (18th resolution)	10% of existing shares	June 30, 2022 (26 months)	None

6.9 Material agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company

Certain of the Company's financing agreements contain an early repayment clause in the event of a change of control of the Company[19]. However, neither these contracts nor any other material agreement entered into by the Company should be terminated as a result of the completion of the Offer, which will not result in a change of control of the Company insofar as the Company is already, at the date of filing of the Draft Offer Document, and will remain controlled by the Deconinck family (through SID).

It is reminded that, in any event, the main financing agreements in force, in particular the so-called "*Schuldschein*" loans and the revolving credit agreement, will be refinanced in the context of the Offer, as indicated in section 5.5 of the Draft Response Document.

6.10 Agreements providing for indemnities for members of the Management Board, officers or employees of the Company, if they resign or are dismissed without real and serious grounds or if their employment is terminated as a result of a tender offer

As President of the Management Board, Mr. Fabrice Barthélemy has benefitted from a forced departure clause since 14 January 2019. This forced departure severance payment, which is subject to the performance criteria set out below, equates to two years of the gross fixed and variable remuneration received by Mr. Fabrice Barthélemy in the 12 months prior to his forced departure from his office as President of the Management Board.

[19] The agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company are specified in Sections 4.3.4 "*Revolving Syndicated Multi-Currency Credit Facility*" and 4.3.5 "*German law private placements (Schuldscheins)*" of the Company's 2020 universal registration document.

It is subject to a performance criterion, measured on the basis of the level of achievement of the annual objectives set by the supervisory board, on proposal by the nomination, compensation and governance committee, which serve to calculate the variable remuneration.

It is equivalent to the average performance achieved by Mr. Fabrice Barthélemy over the 3 calendar years preceding his departure. If the departure occurs within three calendar years of his appointment, performance is measured on the basis of the level of achievement of the annual objective used to calculate the variable component of his remuneration as President of the Management Board (i.e., from his appointment on 14 January 2019).

The forced departure payment is subject to a performance level of between 50% and 100% so that if the performance level is less than 50%, no payment is due, and if the performance level is equal to 100% or above, the payment is due in full. It is calculated strictly in proportion to the performance level amount (For example: if the performance level is 90%, the forced departure payment due equates to 90% of the amount). This severance is due, subject to the achievement of the performance criteria, in the event of forced departure of the corporate officer, including, in particular, because of a change of control or a disagreement as to strategy, on the initiative of the supervisory board, regardless of whether the officer's term was terminated early or not renewed. No forced departure payment is due if Mr. Fabrice Barthélemy has committed gross misconduct (defined as wrongdoing of an extremely serious nature preventing any continuation of the corporate office) or serious misconduct (defined as wrongdoing of an extremely serious nature committed by an officer with the intention of harming the Company) or has the possibility of claiming his pension rights in the near future. Should Mr. Fabrice Barthélemy be eligible for both the forced departure severance payment and the non-compete payment, the total amount that he would receive is capped to two years of the gross fixed and variable remuneration received in the 12 months prior to his forced departure from his office as President of the Management Board.

7. REPORT OF THE INDEPENDENT EXPERT PURSUANT TO ARTICLE 261-1 OF THE AMF'S GENERAL REGULATION

In accordance with Article 261-1, I, 1°, 2° and 4° and II of the AMF's general regulation, Finexsi, represented by Messrs. Olivier Péronnet and Olivier Courau, has been appointed as independent expert by the Company's supervisory board on March 31, 2021 in order to issue a report on the financial terms of the Offer and the possible squeeze-out.

This report, dated May 20, 2021, is reproduced in its entirety below and forms an integral part of this Draft Response Document:

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Free translation of the original report entitled "Rapport de l'expert indépendant - Attestation d'équité" dated on May 20, 2021. In case of discrepancies in translation or interpretation between English and French versions, only the French version shall prevail.

FAIRNESS OPINION

Simplified Tender Offer initiated by TARKETT PARTICIPATION for the shares of TARKETT

20 May 2021

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Context of the Offer

The TARKETT[1] GROUP (hereinafter "**TARKETT**", the "**Group**", or the "**Company**") is a French company specialising in the design, manufacture and marketing of flooring for the commercial and residential markets. TARKETT is the result of the 1972 merger of the French companies SOMMER[2] and ALLIBERT[3]. In 1997, the SOMMER-ALLIBERT Group merged with the Swedish company TARKETT AG, thereby forming the TARKETT SOMMER AG Group, renamed TARKETT in 2003. Bernard DECONINCK directed the group from 1973 to 2006. The members of the DECONINCK family are the heirs of the founders and the Group's historical shareholders. The latter are majority Group shareholders and control it through the holding company *SOCIÉTE INVESTISSEMENT DECONINCK*[4] (hereinafter "**SID**" or the "**Historical Shareholder**").

TARKETT has been listed on the EURONEXT regulated market since 21 November 2013, and on compartment B since 1 February 2020.

The DECONINCK family, wishing to further the Group's development strategy and transformation while strengthening its control, has decided to associate itself, after a competitive process, with an investor having industrial expertise and that shares its long-term vision.

On 23 April 2021, the Historical Shareholder, holding 50.68% of the Company's share capital, announced its intention to launch, through an acquisition holding company, TARKETT PARTICIPATION SAS[5] (hereinafter "**TARKETT PARTICIPATION**" or the "**Initiator**"), and acting in concert with TRIEF CORPORATION[6] SA (hereinafter the "**Investor**"), a Simplified Tender Offer for the TARKETT shares, at the price of €20 per share (hereinafter the "**Offer**" or the "**STO**" or the "**Operation**").

TARKETT PARTICIPATION was incorporated for the purposes of this Operation, and the shares are held in the amount of:

- 95.49% of the capital by SID; and
- 4.51% of the capital by TRIEF CORPORATION SA. The latter may then hold up to approximately 30% of the Initiator's capital at the end of the Offer.

It is specified that the Offer covers all TARKETT shares not directly or indirectly held by TARKETT PARTICIPATION, and all shares that may be submitted before the closing of the Offer as part of free share allocation plans (LTIP 2018-2021), i.e. a maximum total number of 29,480,199 TARKETT shares targeted by the Offer. The Initiator also intends to apply to the Financial Markets Authority (hereinafter the "**AMF**") relative to the implementation, if the regulatory conditions are met, of a mandatory squeeze-out procedure[7] (hereinafter "**SO**") for the Company's shares. It should also be noted that the Initiator's filing of the Offer is mandatory pursuant to article L. 433-3, I of the Monetary and Financial Code and article 234-2 of the AMF General Regulation, as a result of the SID contribution and the joint venture between SID and the Initiator.

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1 *The TARKETT company is listed with the Nanterre Trade and Companies Register under the number Nanterre TCR 352 849 327, and its registered office is at Tour Initiale – 1, Terrasse Bellini at Paris La Défense Cedex (92919).*

2 *Founded by Alfred SOMMER in 1880.*

3 *Founded by Joseph ALLIBERT IN 1886.*

4 *The SOCIÉTÉ INVESTISSEMENT DECONINCK is a simplified joint stock company listed with the Nanterre Trade and Companies Register under number Nanterre TCR 421 199 274, its registered office is at Tour Initiale – 1, Terrasse Bellini at Paris La Défense Cedex (92919).*

5 *TARKETT PARTICIPATION SAS is listed with the Nanterre Trade and Companies Register under the number Nanterre TCR 898 347 877 and has its registered office at Tour Initiale – 1, Terrasse Bellini at Paris La Défense Cedex (92919).*

6 *A public liability company under Luxembourg law, a wholly-owned subsidiary of WENDEL SE, that holds the WENDEL equity interests in unlisted companies through regulated investment funds. It is registered with the Luxembourg trade and companies register under number B50162 and has its registered office at 5 rue Pierre d'Aspelt, L-1142 Luxembourg.*

7 *This procedure could be implemented if and only if the minority shareholders do not represent more than 10% of the Company's capital and voting rights after the Offer.*

In this context, FINEXSI was appointed by the TARKETT Supervisory Board meeting on 31 March 2021 on the advice of the *ad hoc* committee (hereinafter the "***Ad hoc* Committee**") made up of independent members (Mrs. Françoise LEROY, *Ad hoc* Committee Chairwoman, Mrs. Sabine ROUX DE BEZIEUX, and Mr. Didier MICHAUD-DANIEL[8]), as an independent expert in order to give an opinion on the financial conditions of the Offer and its fairness for the TARKETT shareholders. This appointment was made on the basis of article 261-1, I, 1°, 2° and 4° and II of the AMF General Regulation.

To fulfil our mission, we used the public documents and information provided to us by TARKETT and its advisers, as well as ROTHSCHILD MARTIN MAUREL, CREDIT AGRICOLE CORPORATE INVESTMENT BANK (hereinafter "**CA-CIB**"), BNP PARIBAS and SOCIÉTÉ GÉNÉRALE as the banks presenting the Offer (hereinafter the "**Presenting Banks**"). These documents were considered to be accurate and exhaustive, but were not subject to a specific audit. We did not attempt to validate the employed historical and forecast data, but only checked the reasonableness and consistency thereof. This mission did not include an audit of the financial statements, contracts, litigation or any other documents provided to us.

This report presents our work and conclusions, according to the plan indicated above. It includes in particular our analysis of the remarks made by the minority shareholder TWEEDY BROWNE COMPANY LLC (see §9) in its letter to the Company's *Ad Hoc* Committee.

We would like to point out that this report, which has been prepared in accordance with French regulations, does not give any right, under any other law or regulation, even if the Offer is open to shareholders residing in other countries and in particular in the United States.

[8] *As indicated in the draft response note, the Supervisory Board took note, during its meeting on 23 April 2021, of the withdrawal for reasons of prudence of Mr. MICHAUD-DANIEL from the work and discussions of the ad hoc committee. This decision is justified by the concern not to create an appearance of conflict of interest following the selection of WENDEL as a financial partner by the DECONINCK family, WENDEL being also a significant shareholder of BUREAU VERITAS, of which Mr. MICHAUD-DANIEL is Managing Director.*

1. Companies involved in the Operation

1.1. Presentation of the initiating company

TARKETT PARTICIPATION is a French simplified joint stock company, the registered office of which is at Tour Initiale 1, Terrasse Bellini, 92919 Paris La Défense Cedex, listed with the Nanterre Trade and Companies Register under number 898 347 877.

Its share capital is equal to €398,277,047 consisting of 398,277,047 shares each with a par value of €1, fully subscribed and fully paid up, and all of the same class.

On 23 April 2021, SID transferred by way of contribution in kind all of its TARKETT shares to TARKETT PARTICIPATION. That same day, SID sold to the Investor one TARKETT PARTICIPATION common share for a purchase price determined by transparency on the basis of the Offer price and the Investor proceeded to acquire 17,982,145 additional TARKETT PARTICIPATION common shares for a total amount of €30 million also determined by transparency with the Offer price in accordance with the provisions of the Investment Agreement. Following these operations and as stated above, SID holds 95.49% of the TARKETT PARTICIPATION capital and voting rights, while the Investor holds 4.51%.

1.2. Presentation of the company subject to the Offer

A company resulting from the 1972 merger of the French companies SOMMER and ALLIBERT, TARKETT is a French public limited company with an executive board. It is the parent company of the eponymous group. With nearly 12,300 employees in 30 countries in 2020 and marketing its products in more than 100 countries, the TARKETT Group is positioned as a world leader in the flooring market.

TARKETT is listed with the Nanterre Trade and Companies Register under the number 352 849 327. Its registered office is at Tour Initiale – 1, Terrasse Bellini, Paris La Défense Cedex (92919).

On 31 March 2021, the TARKETT share capital is equal to €327,751,405 and consists of 65,550,281 shares with a par value of €5[9]. As indicated above, the TARKETT shares were listed on Euronext Paris compartment A on 21 November 2013 (ISIN code FR00004188670), then transferred to compartment B on 1 February 2020.

According to the draft offer document in response (hereinafter the "**Draft Offer Document in Response**"), the distribution of the TARKETT capital and voting rights is the following on that date:

[9] *These figures are unchanged as of 30 April 2021.*

Table 1 – Shareholding as of the filing of the Draft Offer Document in Response

Shareholding details	As of the filing of the Draft Offer Document in Response			
	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights
Société Investissement Deconinck (SID)	35,911,615	54.78 %	35,911,615	54.12 %
Deconinck Family and related companies	407,844	0.62 %	412,844	0.62 %
Tweedy Browne Company LLC.	4,383,712	6.69 %	4,383,712	6.61 %
Public	24,474,108	37.34 %	25,277,172	38.09 %
Treasury shares held by the Company and controlled companies	373,002	0.57 %	373,002	0.56 %
Total	**65,550,281**	**100.0 %**	**66,358,345**	**100.0 %**

Sources: Draft Offer Document in Response, FINEXSI analyses

We would like to specify that treasury shares or self-controlled shares are deprived of exercisable voting rights[10].

In addition to the transfer of SID's TARKETT shares to TARKETT PARTICIPATION described above, we specify that TWEEDY BROWNE COMPANY sold part the TARKETT shares that it held[11] on 26 March 2021. The balance of its shareholding represents 6.69% of the share capital and 6.61% of the theoretical voting rights of the Company as of the date of the filing of the Draft Offer Document in Response.

Since 2011, the Company has also set up free share allocation plans based on the achievement of previously set performance objectives (LTIP[12]). On the date of the Draft Offer Document in Response, 1,058,792 shares may still be acquired: (i) 249,377 shares from the 2018-2021 LTIP, (ii) 334,125 shares from the 2019-2022 LTIP, and (iii) 475,200 shares from the 2020-2023 LTIP[13].

The shares that may be granted under the 2019-2022 and 2020-2023 LTIP plans may not be added to the Offer (their vesting date being after the closing of the Offer). However, with regards to the performance targets, 125,647 free shares of the 2018-2021 LTIP plan could be added to the Offer, given their definitive vesting on 1 July 2021 (following the meeting of the Compensation, Appointments and Governance Committee as of 18 May 2021, which approved the decision of the Executive Board to bring forward the vesting date from 1 August to 1 July 2021 for the concerned beneficiaries).

2. Declaration of independence

The FINEXSI firm and its partners:

- Are independent within the meaning of articles 261-1 et seq. of the AMF General Regulation and are therefore in a position to draft the declaration of independence indicated in article 261-4 of the said General Regulation, and are not in any of the cases of conflict of interest identified in article 1 of AMF Instruction 2006-08;
- Have the necessary on-going human and material resources needed to perform their mission, as well as sufficient insurance or financial resources to cover the possible risks associated with this mission;

[11] *In accordance with the notice of the 5% threshold crossing of the voting rights of the Company. The closing price of TARKETT shares on 26 March 2021 was €13.48.*
[12] *LTIP: long-term incentive plan;*
[13] *Based on the acquisition of 100% of the shares initially attributed.*

- Are members of the *Association Professionnelle des Experts Indépendants* (APEI), an association recognised by the AMF pursuant to articles 263-1 et seq. of its General Regulation.

The FINEXSI firm certifies the absence of any past, present or future link known to it with the persons concerned by the Offer and their advisers, that could affect its independence and the objectivity of its judgement in the context of this mission.

3. Due diligence performed

The due diligence performed by FINEXSI in the context of this mission (details in the Appendices) notably includes, in accordance with the provisions of the aforesaid AMF General Regulation and its application instruction n°2006-08 amended on 10 February 2020 relating to independent appraisals, as well as AMF recommendation 2006-15 also amended on 10 February 2020:

- Detailed knowledge of the envisaged Offer, its provisions and the specific context in which it is made;
- Examination of the financing provisions of the Offer and of the refinancing of the existing financial debt;
- Determination and implementation of a multi-criteria valuation approach for TARKETT, that includes:
    - Analysis of the risks and opportunities identified for TARKETT and that could affect its valuation, the summary of which is presented in the form of a SWOT matrix;
    - Analysis of public information including review of analyst notes;
    - Analysis of the evolution of the share price (liquidity and volatility) over a relevant period;
    - Reasoned choice of criteria (excluded/retained);
    - Review of historical financial performance;
    - Analysis of the Group's financial statements and business plan with the Operational Management, including the identification of key assumptions considered and the assessment of their relevance;
    - Identification of stock market comparables and transactions, as well as the use of the information pertaining to them;
    - Analysis of the dividend distribution policy;
    - Sensitivity tests on the considered structural assumptions.
- On these bases, an examination of the price positioning of the STO, and of the SO if applicable, relative to the results of the various valuation criteria;
- Critical analysis of the Offer valuation report prepared by the Presenting Banks;
- Analysis of agreements and related operations likely to have a significant impact on the Offer price in accordance with sub-paragraphs 2 and 4 of article 261-1 I of the aforesaid General Regulation;

- Progressive reporting on our work to the *Ad hoc* Committee, which we kept informed of any difficulties and with which working meetings were held;

- Preparation of a report, the conclusion of which is presented in the form of a fairness certificate, intended for the TARKETT Supervisory Board.

The FINEXSI mission does not include an audit of the financial statements, contracts, litigation and any other document possibly provided to it.

In the context of our mission, we reviewed a set of accounting and financial information (financial statements, press releases, etc.) published by the Company relative to the last few financial years.

We performed due diligence on the supplied legal documentation, strictly limited to and solely for the purpose of gathering information relevant to our mission.

On several occasions, we met with the Company's management and notably with Messrs Fabrice BARTHÉLÉMY, Executive Board Chairman, and Raphaël BAUER, Administrative and Financial Director, and with the Company's advisers, in order to understand both the context of the Offer and the current financial situation, as well as the resulting business outlook and financial forecasts. These exchanges notably involved:

- The context and provisions of the Operation;

- The TARKETT business, its evolution and development prospects in the medium and long term.

We assessed the economic assumptions on which the forecast data underlying the TARKETT business plan is based, in order to implement an approach intended to update these flows.

For the analogue valuation methods (multiples of comparable listed companies and multiples of comparable transactions), we examined the public information available from our financial databases.

Finally, we reviewed the work of the Presenting Banks, ROTHSCHILD MARTIN MAUREL, CA-CIB, BNP PARIBAS and SOCIÉTÉ GÉNÉRALE as presented in the Offer price assessment report and summarized in the draft Information Memorandum. In this context, we held several discussions with representatives of the Presenting Banks.

An independent review was carried out by Mr. Lucas ROBIN, a Partner of the firm, who did not work on the valuation report.

4. Presentation of the TARKETT activities and economic environment

4.1. Presentation of the TARKETT company

4.1.1. History reminder

Figure 1 – History of the TARKETT company

TARKETT : Repositioning on the floor covering business 1997 - 2001	TARKETT : Geographic expansion Products diversification 2002 - 2005	TARKETT : External growth Shareholder base diversification 2006 - 2010	TARKETT : Dynamic external growth Initial Public Offering 2011 - 2015	TARKETT : Innovation, circular economy and sustainable growth *« Change to Win »* 2016 - 2022
➢ **1997 : Foundation of the Group** through the merger of the companies SOMMER ALLIBERT S.A (founded in 1972 from the merger of SOMMER (1880) and ALLIBERT (1886)) and TARKETT AG. ➢ **1997 – 2001 : Repositioning on the floor covering business** through the selling of its other activities, including the automotive equipment business (2001).	➢ **2002 : Partnership with the Serbian company** SINTELON AD (eventually absorbed in 2009), which strenghtened the business in Eastern Europe (still recovering from the Russian crisis in 1998). ➢ **2003 : The Company was renamed TARKETT.** ➢ **2004-2005 : Entering in the « Sports » segment** by taking a minority interest in the Canadian company FIELDTURF. ➢ **2005** : Acquisition of JOHNSONITE.	➢ **2006 : Delisting from the Frankfurt stock exchange** of its subsidiary TARKETT AG. ➢ **2007 : Indirect acquisition of approximately 50% of the Company's shares** by investment funds managed by KOHLBERG KRAVIS ROBERTS & CO. L.P. ("KKR"), alongside with the Deconinck Family. ➢ **2007** : Acquisition of DEFARGO. ➢ **2008** : Acquisition of BEYNON SPORTS SURFACES. ➢ **2009** : Acquisition of FADEMAC, ATLAS, and ASPEN. ➢ **2010** : Acquisition of CENTIVA, EASYTURF, MET, POLIGRAS, RHINOFLOOR.	➢ **Acceleration of the external growth strategy of the Group** which helped it become leader of the sports floor covering business. ▪ **2011** : Acquisition of MARTY AA SPORTS. ▪ **2012** : Acquisition of the TANDUS group in the United States of America. ▪ **2013** : Acquisition of the DESSO Group, GAMRAT, and RENNER SPORTS. ▪ **2015** : Acquisition of CALIFORNIA TRACK. ➢ **2013 : Initial Public Offering on the Paris stock exchange.**	➢ **2016 : Integration of the companies formerly bought** and KKR permanently exited the Company's capital. ➢ **2018** : Acquisition of LEXMARK CARPET MILLS in the USA. ➢ **2019 : Launch of the « Change to Win » strategic plan** for the 2019-2022 period. ▪ Sustainable growth ▪ Customer-centered approach ▪ Circulary economy ▪ Cost reduction ➢ **2021 : Simplified tender offer** initiated by the SOCIÉTÉ INVESTISSEMENT DECONINCK (SID) and WENDEL, associated within an acquisition holding.

Source: Universal Registration Document (hereafter "**URD**") 2020, FINEXSI analyses

The TARKETT Group is the result of the 1972 merger of the French companies SOMMER[14] and ALLIBERT[15]. In 1997, the SOMMER-ALLIBERT Group merged with the Swedish company TARKETT AG, thereby forming the TARKETT SOMMER AG GROUP. In 2003, the TARKETT Sommer AG Group was renamed TARKETT.

In the early 1970's, then specialised in plastics processing, the TARKETT Group operated through five main divisions: housing, handling, automotive, packaging for cosmetics and flooring.

Starting with his appointment as Group Chairman and CEO in 1973, Bernard DECONINCK progressively implemented a strategy intended firstly to redirect the Group's activity towards the SOMMER historical core business of flooring, and secondly to extend and reinforce this same activity's geographical coverage.

To this end, the Group made strategic acquisitions in Europe and the United States ((BALAMUNDI (Belgium, 1978), AZROCK (United States, 1991), NAFCO (United States, 1994), DOMCO (Canada, 1994)), thereby making TARKETT a key player in the flooring industry. By 1997, the Group's international net revenue accounted for nearly 73% of its total sales.

[14] *Founded by Alfred SOMMER in 1880.*
[15] *Founded by Joseph ALLIBERT IN* 1886.

From 1997 to 2001, the Group reorganised and definitively refocused its activity on flooring production. The Group notably sold part of its automotive equipment business[16] and its housing division[17].

To strengthen its international position and pursue its external growth strategy, the Group set up a partnership in 2002 with the Serbian company SINTELON AD, before absorbing it in 2009. This operation also enabled the Group to penetrate the Russian market at a time when Russia was suffering from a lack of attractiveness following the 1998 crisis[18]. Despite the region's instability, the ambition of TARKETT was to benefit from the local enthusiasm for vinyl floors in particular.

In 2004, aware of the opportunities linked to the growing popularity of the sports sector, TARKETT undertook to develop its offer or the "Sports" segment, notably by initially acquiring a minority stake in the Canadian company FIELDTURF, a specialist in sports fields and artificial turf, and then taking control of it the following year.

In 2005, TARKETT continued its expansionist policy with the acquisition of the American company JOHNSONITE.

In 2006, TARKETT withdrew from the Frankfurt Stock Exchange its subsidiary TARKETT AG.

The DECONINCK family, the TARKETT historical and majority shareholder, sought to benefit from the strategic and financial support of the investment fund KOHLBERG KRAVIS ROBERTS & CO. L.P. (hereinafter "**KKR**"), in order to pursue the Group's external growth strategy.

In 2007, KKR indirectly acquired approximately 50% of the Group's capital, sharing the ownership of TARKETT with the DECONINCK family.

From 2007 to 2015, and in line with its strategy to become the leading specialist in commercial flooring and sports surfaces, the Group maintained its external growth momentum. The TARKETT Group has been adding nearly one company per year to its perimeter, thereby strengthening its position in the flooring market and notably in commercial carpeting as of 2012: DEFARGO (Canada, 2007), BEYON SPORTS SURFACES (United States, 2008), FADEMAC (Brazil, 2009), ATLAS TRACKS (United States, 2009), ASPEN in the form of a joint venture (Turkey, 2009), CENTIVA (United States, 2010), EASYTURF (United States, 2010), MET (Germany), POLIGRAS (Spain, 2010), RHINOFLOOR (United Kingdom, 2010), MARTY AA SPORTS (France, 2011), TANDUS (United States, 2012), DESSO (Netherlands, 2014), GAMRAT (Poland, 2014), RENNER SPORTS (United States, 2014) and CALIFORNIA TRACK (United States, 2015).

On 21 November 2013, TARKETT was listed on the Paris Stock Exchange (B compartment since 1 February 2020), that enabled KKR to sell a significant portion of its stake while retaining 21.5% of the Company's capital. As on 31 December 2013, the capital remained 50.10% owned by the SOCIÉTÉ INVESTISSEMENT DECONINCK.

In 2016, KKR permanently exited from the TARKETT capital.

Two years later, and in line with its stated ambition to become the global reference for commercial flooring and sports surfaces, the Group acquired LEXMARK CARPET MILLS, a specialist in showroom, hotel and domestic carpets in North America, thereby demonstrating its commitment to developing its offer for hotels in this region.

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16 *Dashboards, signposting, interior trim, etc.*

17 *Bathroom cabinets, plastic furniture, etc.*

18 *Financial crisis characterized by a sharp devaluation of the rouble and a default on Russian debt, resulting from an economic crisis.*

4.1.2. Shareholding and organisational structure

Evolution of the TARKETT shareholding

Until 2006, the DECONINCK family was the sole shareholder of SOCIÉTÉ INVESTISSEMENT FAMILIALE ("**SIF**"), the Company's controlling holding company. After the death of Bernard DECONINCK, it decided to indirectly open approximately 50% of the Group's capital to KKR, in order to benefit from its strategic and financial support.

After the 2013 IPO, the SIF became the SOCIÉTÉ INVESTISSEMENT DECONINCK, that held 50.10% of the TARKETT Group, with only 21.5% still held by KKR.

The listing not only enabled TARKETT to perpetuate the Group's strategy, thus benefiting from access to international capital markets, it also enabled KKR to sell more than half of its stake in the Group's capital.

In 2016, KKR finalized its withdrawal from the TARKETT capital through two private investments during the year (5.8% of the capital in April and then 5.5% in July), followed by a sale of the remainder, i.e. 10.21% of the capital. As on 31 December 2016, the proportion of free-float capital was 49.19%, with SID holding 50.18% of the Group's capital.

Long-term incentive plans ("**LTIP**") over 3 years consisting of the allocation of free shares for the management teams have been set up by the Group since 2011, subject to performance conditions and the beneficiary's presence over the duration of the plan. The cash equivalent of these shares can be obtained in cash up to and including the 2014-2017 plan. Since the 2018-2021 plan, the internal performance conditions have been supplemented by a stock market performance indicator, the Total Shareholder Return ("**TSR**")[19].

There are securities with double voting rights, granted since 22 November 2015 to fully paid-up shares held continuously in registered form by the same holder for at least two years.

As on 31 December 2020, 51.26% of the capital belonged to the DECONINCK family group (consisting of SID as well as the DECONINCK family and related companies), 48.16% of the capital was considered to be free-floating, while 0.58% consisted of treasury shares. The DECONINCK family group held 67.05% of the voting rights.

The distribution of the capital and theoretical voting rights exercisable by the TARKETT Group is summarised as follows on 31 December 2020:

Table 2 – TARKETT shareholding details as of 31 December 2020

Shareholding details as of 12/31/2020	December 31, 2020		
	Number of shares	% of capital	% of exercisable voting rights
Société Investissement Deconinck (SID)	33,222,659	50.68 %	66.65 %
Deconinck Family and related companies	379,734	0.58 %	0.40 %
Public	25,721,662	39.24 %	27.27 %
Tweedy Browne Company LLC.	5,845,064	8.92 %	5.68 %
Treasury shares held by the Company and controlled companies	381,162	0.58 %	-
Total	**65,550,281**	**100.0 %**	**100.0 %**

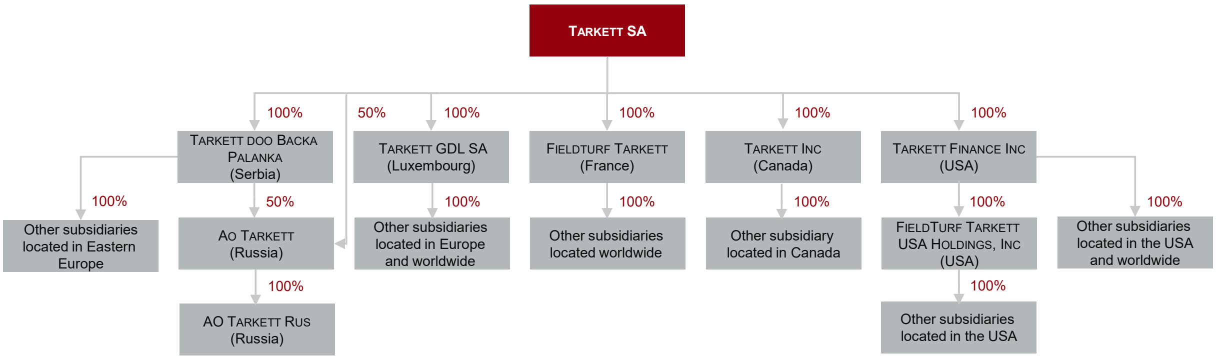
Sources: 2020 URD, FINEXSI analyses

[19] *External performance criterion compared to the SBF120 TSR and to that of an international panel of comparable groups (i.e. MOHAWK INDUSTRIES INC., WIENERBERGER SA, IMERYS SA, FORBO HOLDING AG, VICAT SA, POLYPIPE GROUP PLC, INTERFACE INC., UPONOR OYJ, VICTORIA PLC, BALTA GROUP NV, ARMSTRONG FLOORING INC.). Source: Company*

TARKETT group organisational chart

The legal structure underpinning the TARKETT operations by country is presented below.

Figure 2 – TARKETT group organisational chart



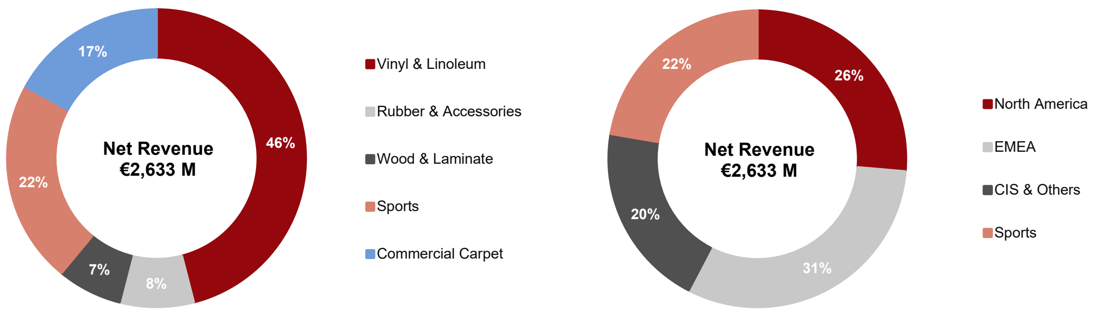
Source: 2020 URD

4.2. Presentation of the TARKETT activities

TARKETT is a specialist in flooring for professional, residential and sports use. The Group offers a diversified range of reliable and durable coverings to insulate against noise or to provide thermal resistance. The Group is present throughout the value chain (design, manufacture and installation) of the offer for sports surfaces. In 2020, TARKETT was the world's 3rd largest flooring supplier, operating in over 100 countries.

The Group focuses its sales on two business segments, namely (i) "*Flooring*" and (ii) "*Sports surfaces*". Its "*Flooring*" offer is divided into three geographical segments, while the "*Sports Surfaces*" offer is analysed as a single global segment.

Figure 3 – Net revenue distribution as on 31 December 2020



Source: Company, 2020 URD

The Group generates 45% of its net revenue in North America and 35% in Europe, the Middle East and Africa (hereinafter "**EMEA**"), including the "*Sports Surfaces"* segment. The rest of its net revenue is generated in the Commonwealth of Independent States[20] (hereinafter "**CIS**"), in Asia Pacific (APAC) and in Latin America (LATAM), areas where the "*Sports Surfaces*" offer is not available. As such, of the 22% of the Group's total net revenue generated by the "*Sports Surfaces*" range, North America accounts for 83%, and the EMEA for 17%.

[20] *Intergovernmental organisation that in 2020 includes Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan. The use of this term in this report refers only to the geographical area represented by these countries.*

In 2020, only 20% of the Group's net revenue was generated by the sale of coverings for new buildings. As such, the Group's activity primarily focuses on renovation or replacement of worn-out coverings.

TARKETT employs more than 12,000 people in 38 countries and has 33 industrial sites.

The Group's clientele is also diversified, as no single customer accounts for more than 5% of total net revenue. Most of the Group's customers are commercial users, representing 70% of sales, with the remainder going to the residential segment.

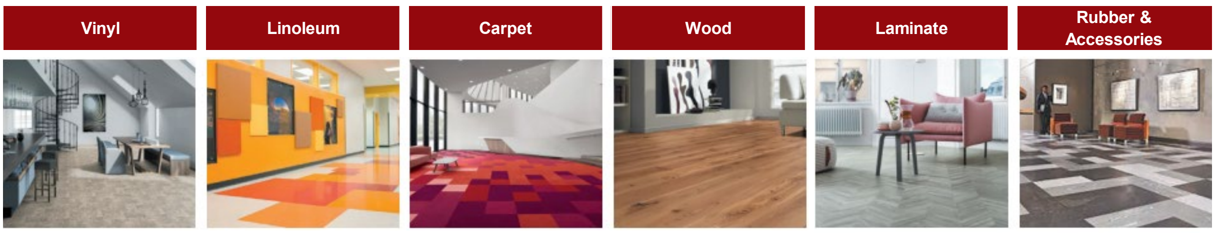
The activities of the "*Flooring*" segment, that account for 78% of the Group's total net revenue, are based on four main product offerings that are distinguished by the use of different materials:

- ***Flexible flooring (46% of the net revenue)*** consists of vinyl or linoleum flooring for commercial and private customers. TARKETT is positioned as the world's leading supplier of vinyl flooring;
- ***Commercial carpets (17% of the net revenue)*** are offered to commercial users, for corporate offices and hospitality. This segment is growing strongly thanks to the acquisitions of DESSO in 2014 and LEXMARK CARPET MILLS in 2018;
- ***Parquet and laminate flooring (7% of the net revenue)*** is mainly used in residential renovation, and occasionally for retail, office and sports hall projects;
- ***Rubber flooring and accessories (8% of the net revenue)*** are mainly destined for the North American commercial market, notably in the health and education sectors, or for factories and sports halls. The offer includes vinyl skirting boards, stair edges, tactile paving stones, etc.

Finally, within the "*Sports Surfaces*" segment, that represents 22% of the total net revenue in 2020, the Group offers high quality artificial turf thanks to its FIELDTURF patented technology as well as athletic tracks, a product for which TARKETT is the leading supplier in North America.

4.2.1. The "Flooring" business (78% of 2020 net revenue)

Figure 4 – Illustrations of product uses in commercial and residential sectors



Source: Company

The "*Flooring*" business, deployed in all TARKETT operational countries, consists of a wide range of products with a varied choice of materials, including vinyl coverings, linoleum, parquet, laminate coverings, commercial carpets and rubber coverings. Certain artificial turf products are also available for landscaping, especially in the southern United States.

This activity is aimed at various targeted segments, including health (hospitals, specialised institutions for the elderly, etc.), education (nurseries, schools), offices, shops, hotels and residential (apartments and detached homes). In 2020, two-thirds of the net revenue involved commercial projects and 80% in connection with the renovation of existing floors.

In EMEA (31% of "Flooring" net revenue)

The Group is the world's leading manufacturer of vinyl flooring and the second largest seller of commercial carpeting in the EMEA region, which is the main market for TARKETT.

In 2019, the Group achieved +0.2% growth in this region, including +0.9% in organic terms (compared to +5.5% growth, including +0.7% organic across all segments), partly thanks to sustained sales in the Scandinavian countries during the first nine months of the year (organic sales growth of +1.5%) and in France in the second half of the year. However, this business increase was partly offset by a decrease of projects in Germany, as well as in the United Kingdom, as a result of the Brexit.

In 2020, TARKETT generated a net revenue of €823.6 million in this zone, a decline of -9.5% compared to 2019. The commercial carpeting segment was particularly affected in the uncertain health environment, especially due to the restrictions applied to the office segment. However, the Group managed to generate a more sustained business level in the residential segment and in vinyl products for commercial use, notably in the second half of the year.

In North America (27% of "Flooring" net revenue)

North America is the second largest market for TARKETT in the "*Flooring*" segment. The United States account for most of the net revenue in this zone. In 2019, sales in the North America segment declined by -6.9% in organic terms compared to 2018. The integration of LEXMARK, an American company acquired in 2018, did not offset the decline seen in the commercial carpet segment, that had already declined in the previous two years, due to the difficulties, both industrial and sectoral, experienced by TARKETT in 2018. Sales of commercial resilient flooring and accessories remained dynamic.

In 2020, TARKETT generated a net revenue of €694.5 million in this segment, down -15.9% compared to 2019. While business remained steady in the first half of the year, it declined sharply over the remainder of the year, notably due to the restrictive measures implemented by governments in order to combat the Covid-19 pandemic. Although the residential segment was more resilient, it did not fully offset the business decline of the commercial segments, notably offices and hotels.

In CIS, APAC and Latin America (20% of "Flooring" net revenue)

The Group chose to consolidate this segment as a result of the similar characteristics of these regions, notably in terms of market growth rates, products sold and distribution channels available to local customers. In 2019 and 2020, Asia Pacific and Latin America accounted for less than 10% of Group sales and adjusted EBITDA.

In 2018, the sales growth in Brazil in the vinyl tile segment enabled the Group to record strong organic growth in Latin America. For their part, sales grew moderately in the APAC zone. On the other hand, the Group's sales are faced with the reduced purchasing power of Russian households due to an unfavourable trend of the rouble and an uncertain climate due to the recession experienced in the country in 2015 and 2016. TARKETT also faces price pressure in Eastern Europe due to increased competition.

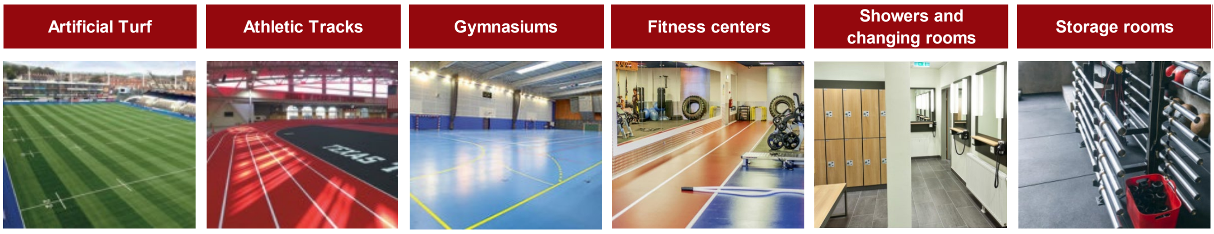
In 2019, the zone posted growth of +1.2% compared to 2018, notably thanks to a recovery of sales in the CIS in the second half of the year.

The Covid-19 crisis weighed on the Group's performance in 2020, which posted a net revenue of €527.9 million in the CIS-APAC-Latin America segment, a decline of -10.1% compared to 2019.

However, this decrease is mainly due to a negative exchange rate effect (depreciation of Eastern European currencies against the euro).

4.2.2. The "*Sports surfaces"* business (22% of the 2020 net revenue)

Figure 5 – Illustrations of product uses in commercial and residential sectors



Source: Company

The Group's offer in this segment consists of artificial turf, athletics tracks, and flooring for indoor sports areas, for local communities or educational institutions (universities, schools). Installation services are included in the sports surface offer, which is only available in North America and Europe.

The Group's artificial turf is the best-selling product in the segment. It is certified by the *FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION* ("**FIFA**") and the INTERNATIONAL RUGBY BOARD ("**IRB**"), making it suitable for use in high-level sporting events. However, most of the sales are to educational bodies (schools, universities) for their sports facilities and to local communities.

The Group is the leading manufacturer of athletics tracks in North America, which is the world's largest market for this offer.

The Group capitalises on the know-how of the "*Flooring*" segment in order develop sports surfaces, notably with the installation of vinyl, wood or linoleum flooring for indoor sports activities such as basketball, dance, martial arts, etc.

The Group generated net revenue of €586.9 million in the "Sports Surfaces" segment in 2020, down -12.1% compared to 2019. This decline is due to the postponement or even cancellation of certain projects in the second half of the year in North America, as well as to a decrease of artificial turf orders, thus putting an end to the increase seen in this segment over the last two years.

4.3. Characteristics of the TARKETT operating environment

4.3.1. The market for flooring and sports surfaces

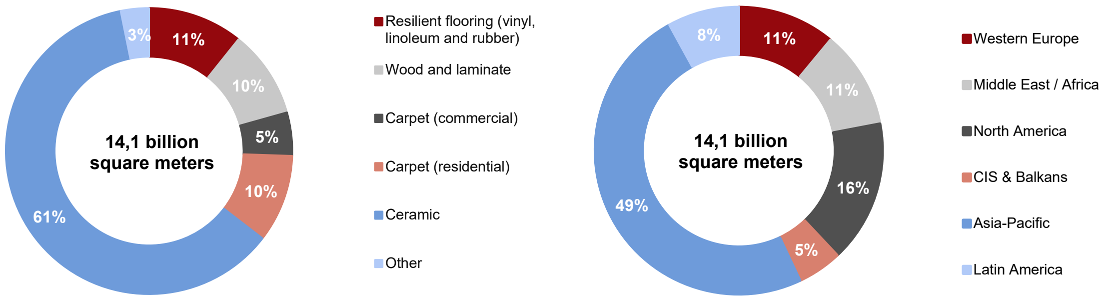
Characteristics of the flooring and sports surfaces market

The flooring market consists of four product segments, namely (i) carpets and rugs, (ii) parquet flooring, (iii) resilient flooring such as linoleum and vinyl, and (iv) ceramic tiles.

In 2019, 26% of global flooring demand was addressed by the product categories offered by TARKETT. Specifically, 11% of the volumes sold worldwide in 2019 corresponded to flexible flooring, 10% to parquet and laminate flooring, and 5% to commercial carpeting. However, 61% of the demand was for ceramics and 10% for residential carpeting, products not offered by the Group (cf.

Figure 6). The worldwide market was therefore estimated in 2019 at 14.1 billion m² of flooring sold, excluding specialised floors.

Figure 6 – Estimated 2019 worldwide flooring sales volumes by product category and geographical zone



Source: 2020 URD, FINEXSI analyses

This market is characterized by strong competition, that in recent years has resulted in a desire on the part of manufacturers to stand out by offering premium products and innovation efforts, which explains price increases. This market is highly internationalized, with about a third of production intended for export. The actors in this market either specialise in a single material, or they market various types of products, as is the case of TARKETT.

According to the Central Agency for Social Security Institutions (hereinafter "**ACOSS**"[21]), the number of companies producing parquet, carpets and rugs decreased in France by -11% between 2011 and 2018. Three companies dominate the production of resilient floor coverings in France: FORBO, GERFLOR and TARKETT.

As mentioned above, this market is aimed at both individuals and professionals, for construction projects or maintenance / renovation projects. The growth segments after the 2008-2009 economic crisis and the resulting decline of the construction industry in France are decoration and commercial flooring (industry, service sector). However, business declined sharply from 2009 to 2015 due to a crisis in the construction business linked to higher prices for raw materials and stronger competition. Starting in 2015, manufacturers reworked their offerings and services in order to provide consumers with higher added value products, which contributed to a revival of this industry's growth until 2018.

The flooring business is subject to strong seasonality, with activity peaks generally in the summer.

In the sports surfaces market, demand is driven mainly by the need to renovate existing facilities. The market is more fragmented, with many small actors.

Impact of the Covid-19 crisis on the market

The flooring market was severely affected by the Covid-19 crisis in 2020, with business levels in France between 40% and 60% lower than in a "normal" year during the confinement period. In France, carpet and rug manufacturers experienced a 12.0% decrease of production volume over the full year, mainly due to delays in production and construction.

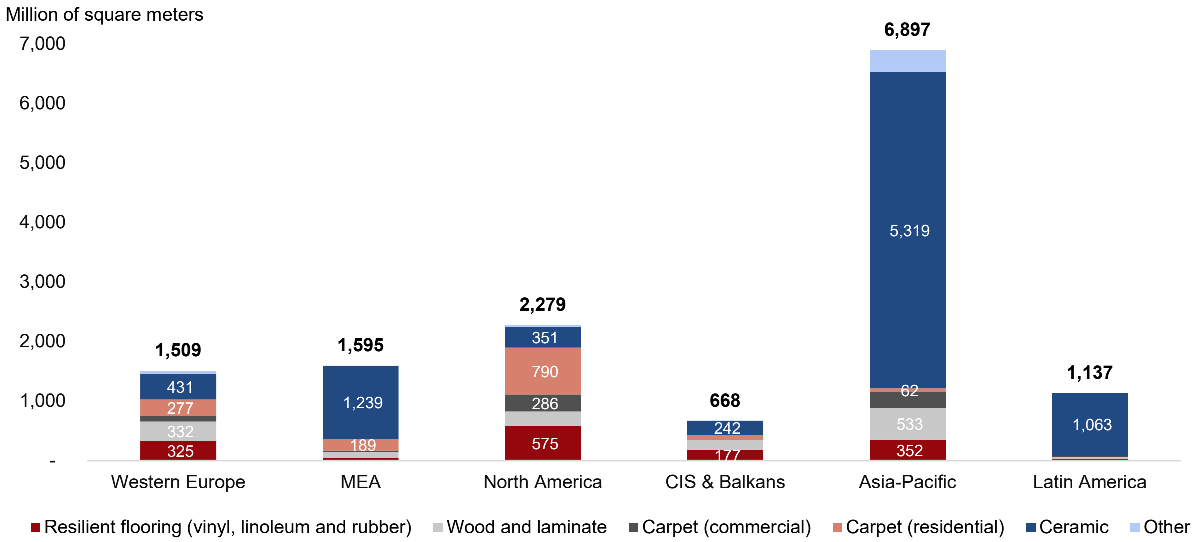
The rather low global volumes of the parquet industry led to a move towards less expensive coverings than parquet, for example. The post-crisis recovery is more dynamic in the flooring maintenance and renovation segment than in purchases for new construction. In the future, the strengthening of hygiene measures may be favourable to manufacturers of laminate or PVC floors, that are considered to be more hygienic, to the detriment of carpets and rugs.

[21] *ACOSS is a public administrative institution under the joint supervision of the Ministry of Social Affairs and the Ministry of Finance.*

Geographical disparities

The flooring types preferred by consumers differ across the world's regions, for cultural, climatic or regulatory reasons. However, there are convergences when the demand originates with hotel chains or large companies where the codes are often generalised internationally.

Figure 7 – Estimated flooring sales volumes by geographical zone and product category in 2019



Source: 2020 URD, FINEXSI analyses

- The flooring demand in the Asia-Pacific zone accounts for 49% of global demand. This zone is characterized by the preponderance of ceramic floors, representing 77% of flooring purchases in volume terms, notably thanks to the many local suppliers and the adaptation of this material to the climate within this zone. The ageing of the Chinese population, which requires the construction of specialised care facilities, and the size of the country's residential stock mean that China is a fast-growing market.
- The North American market accounts for 16% of global demand, with almost half of purchases involving commercial and residential carpeting in 2019. Demand for coverings decreased between 2006 and 2011 due to a decline of new building construction activity. However, this activity has resumed since 2012. High-end vinyl tiles are increasingly in demand in both the residential and commercial segments, accounting for a quarter of the volume demand in 2019.
- Western Europe accounted for 11% of global flooring demand in 2019. Within this lower growth market, there is no particularly dominant segment. Indeed, while Northern European countries mostly buy parquet floors, British consumers prefer to invest in carpet, while ceramics represent a large share of flooring purchases in Southern Europe.
- The Middle East and Africa also account for 11% of global demand, with a marked preference for ceramic tiles, notably in view of the local climate (78% of demand by volume in 2019). The easy maintenance of this material and its good resistance to thermal shocks make it a product in high demand, although its installation is more demanding than other types of flooring.
- Latin America accounts for 8% of global demand, mainly in the ceramic tile segment that accounted for 94% of the region's flooring sales volume in 2019.

- Russia and other CIS countries account for 5% of global demand, with more than a quarter of this demand involving flexible flooring. Ceramic tiles account for 36% of the region's flooring purchases. For historical reasons, flooring sales in this zone are primarily in the residential segment. Indeed, after the 1991 dissolution of the Soviet Union, the majority of households became homeowners. According to the Russian state statistics agency ROSSTAT, two-thirds of the surfaces in this segment require renovation.
- Considered by TARKETT as a segment in their own right, sports services are mainly used in North America, Western Europe and Asia Pacific. The artificial turf segment, that declined in Europe until 2013, has returned to growth, at levels exceeding the GDP growth of the regions in which TARKETT operates. This segment is growing in the United States due to the need to renovate existing facilities, as well as in response to water consumption restrictions imposed in some states that are affecting the maintenance of traditional sports pitches.

Categories of actors in the flooring market

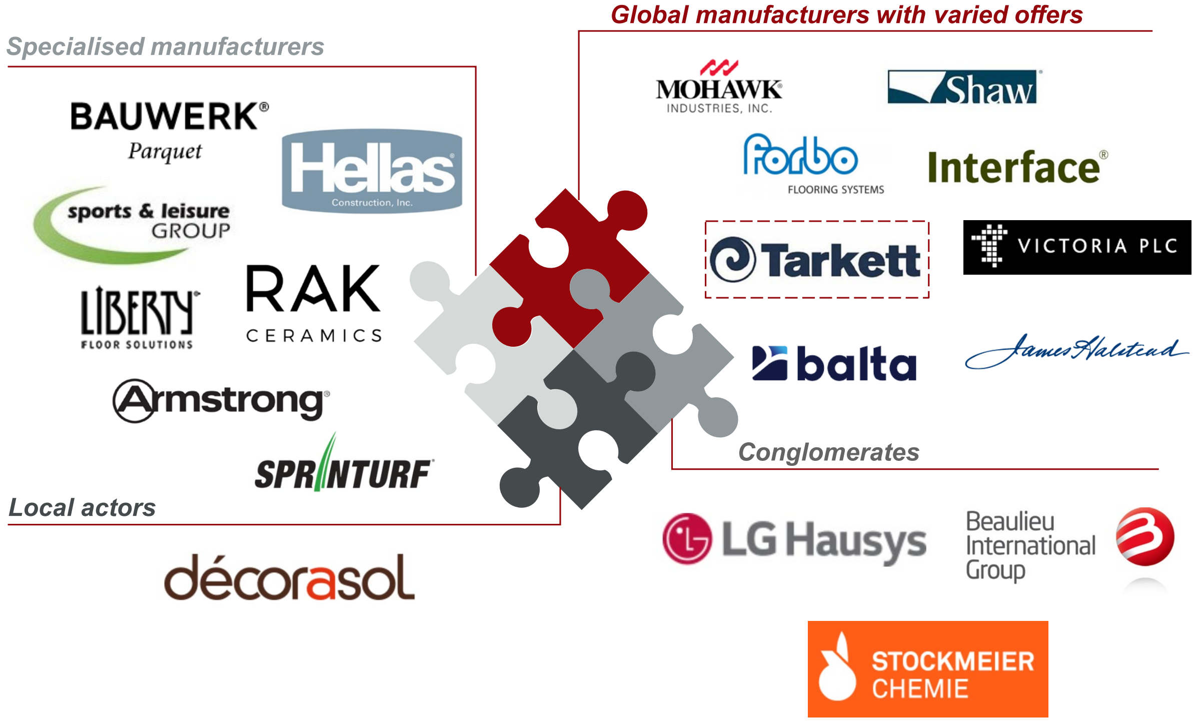
In a concentrated market environment, TARKETT faces competition mainly from large actors. Global manufacturers with a variety of flooring offers (e.g. GERFLOR) are faced with conglomerates (e.g. LG HAUSYS), brands specialising in a single type of flooring as well as local retailers, who benefit from a certain proximity to their customers.

This diversity of actors is only increasing competition and therefore intensifying the pressure on prices. Our focus below will be on various types of participants:

- ***"Global manufacturers with varied offers"***: large companies operating on several continents, with a wide range of flooring in different colours, designs and materials. TARKETT is present in this category, alongside MOHAWK INDUSTRIES INC., INTERFACE INC., FORBO HOLDING AG, GERFLOR, JAMES HALSTEAD PLC, and VICTORIA PLC. These flooring groups are increasingly diversifying their primary activity with, for example, worktops for kitchens and bathrooms for MOHAWK INDUSTRIES or wall coverings for GERFLOR, but this complementary offer remains marginal compared to their core business. Their offer is aimed at both professional and private customers.
- ***"Specialised manufacturers"****:* companies that base their offer on a single product type, characterized by its main material or its use. The Swiss company BAUWERK PARKETT specialises in parquet flooring, while ARMSTRONG FLOORING is expanding its resilient flooring offer after spinning off its wood flooring division. In the "sports surfaces" segment, many companies only market artificial turf, such as SPORT LEISURE GROUP (with its subsidiary LIMONTA) or HELLAS CONSTRUCTION.
- ***"Conglomerates"***: companies with separate Business Units. The segment includes the Korean company LG HAUSYS that offers flexible flooring as well as PVC windows, automotive coverings, wallpapers and furniture coverings. The STOCKMEIER group offers polyurethane sports surfaces and chemical components. For the MONDO group, sales are based on sports surfaces, floors, balls and toys.
- ***"Local actors"***: opposite the large groups are local specialists in interior flooring, that offer their own products (notably for ceramics).

The companies in this sector also differ in terms of the target clientele, i.e. professional or private users. The offer intended for individuals concerns both interior flooring (carpets, floors, laminates, tiles, etc.) and artificial turf offers for outdoor use. The offers for professionals focus more on commercial, public or industrial uses and provide a response to differing requirements in terms of technical properties depending on the field in question.

Figure 8 — Summary of the categories of actors in the floor and surface covering market

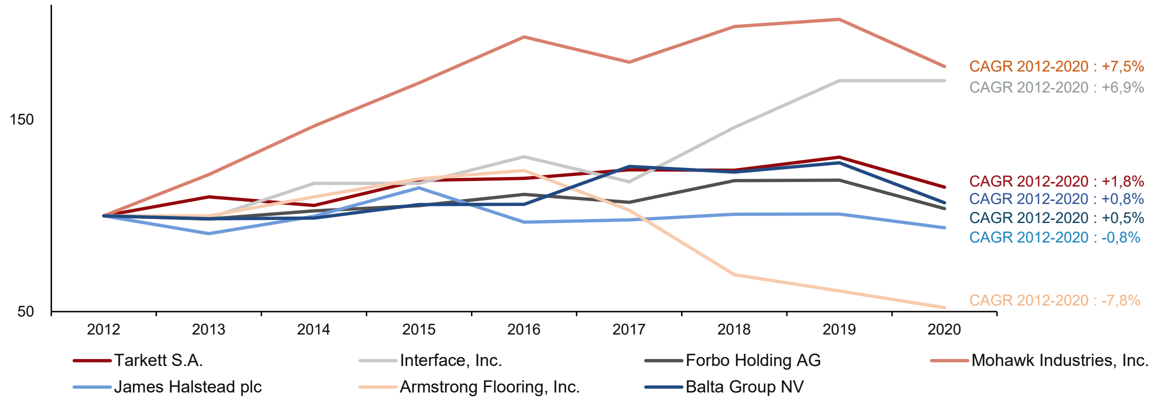


Source: FINEXSI analyses

The Figure 9 illustrates the net revenue evolution of certain flooring manufacturers that are competing with TARKETT (details provided in part 7.2.5). The average annual growth over the 2012-2020 period is between +0.5% and +2% for TARKETT, BALTA GROUP, and FORBO HOLDING AG. Some groups such as MOHAWK INDUSTRIES and INTERFACE posted stronger growth over this period (respectively +7.5% and +6.9% of annual average growth). With regards to MOHAWK INDUSTRIES, this can be explained by several acquisitions per year over this period, which have enabled this group to strengthen its positions in European ceramics, the LVT and laminate markets in North America and Europe (acquisitions of MARAZZI and PERGO in 2013, IVC GROUP, KAI GROUP and XTRATHERM in 2015, EMILGROUP in 2017, etc.)

On the contrary, the net revenue of ARMSTRONG FLOORING fell by approximately -7.8% over the period on an average annual basis, due to the sale of the Wood division (ARMSTRONG WOOD PRODUCTS INC.) to AMERICAN INDUSTRIAL PARTNERS, LCC (AIP) at the end of 2018, because of the lack of profitability of this division compared to its core business, vinyl resilient flooring. On a like-for-like basis, the average annual growth rate of the ARMSTRONG FLOORING net revenue between 2014 and 2020 is -3.3%.

Figure 9 — Evolution of the net revenue of the main TARKETT competitors (base 100 in 2012)



Source: CAPITAL IQ, FINEXSI analyses

4.3.2. TARKETT in the flooring and sports surfaces market

Positioning of TARKETT in the value chain of the flooring and sports surfaces market

The Group controls a large part of its value chain, with a strong investment in the development of its production capacities since 2012, in order to meet growing demand while reducing its manufacturing costs.

However, for its supplies of raw materials, the Group relies on external suppliers with which it has long-term relationships. Its long-term relationships with these suppliers provide it with favourable purchasing conditions while enabling it to adapt its supply choices to the specific characteristics of the various geographical zones of establishment. The Group is also attempting to reduce its procurement costs through external growth operations, as well as by working with the suppliers of acquired companies.

In 2020, the products resulting from oil processing used by the Group to make its vinyl coverings, namely PVC and plasticizers, accounted for more than 50% of its raw materials expenditures, the cost of which is partly linked to the price of crude oil (Brent). For the aforesaid materials as well as for the raw materials used to manufacture commercial carpeting (nylon and polypropylene), the Group centralises its purchases worldwide. However, TARKETT favours the purchase of local wood for its parquet and laminate flooring, in order to minimise the particularly high transport costs of this material, that represents 8% of the costs allocated to raw materials in 2020. The Group also invests in other materials such as rubber, fibreglass, melamine, linseed oil, jute and cork.

The Group's main suppliers are either local suppliers or major actors in the chemical industry, such as BASF, INOVYN, EASTMAN, etc.

For the distribution of its products, the Group relies on stores specialising in building materials and DIY, for both the sale and installation of flooring, mainly for the consumer segment.

TARKETT has developed a *"push and pull"* strategy for the distribution of these coverings. The "*push*" component is based on agreements with wholesalers and DIY stores, enabling them to obtain the Group's products and offer them to their customers. The second "pull" component involves having influencers recommend the TARKETT products of wholesalers to their clientele, thereby enabling these wholesalers to move their stock. In the current context, TARKETT intends to develop its online sales capacities by digitizing its offer and improving the customer experience, with the ultimate aim of best 12% of its sales through this distribution channel, while recalling that the volume and weight of the products limit the use of online services.

The commercial carpet offer is an exception in distribution terms, as the Group has no intermediary for sales and directly addresses the customer.

TARKETT geographical positioning

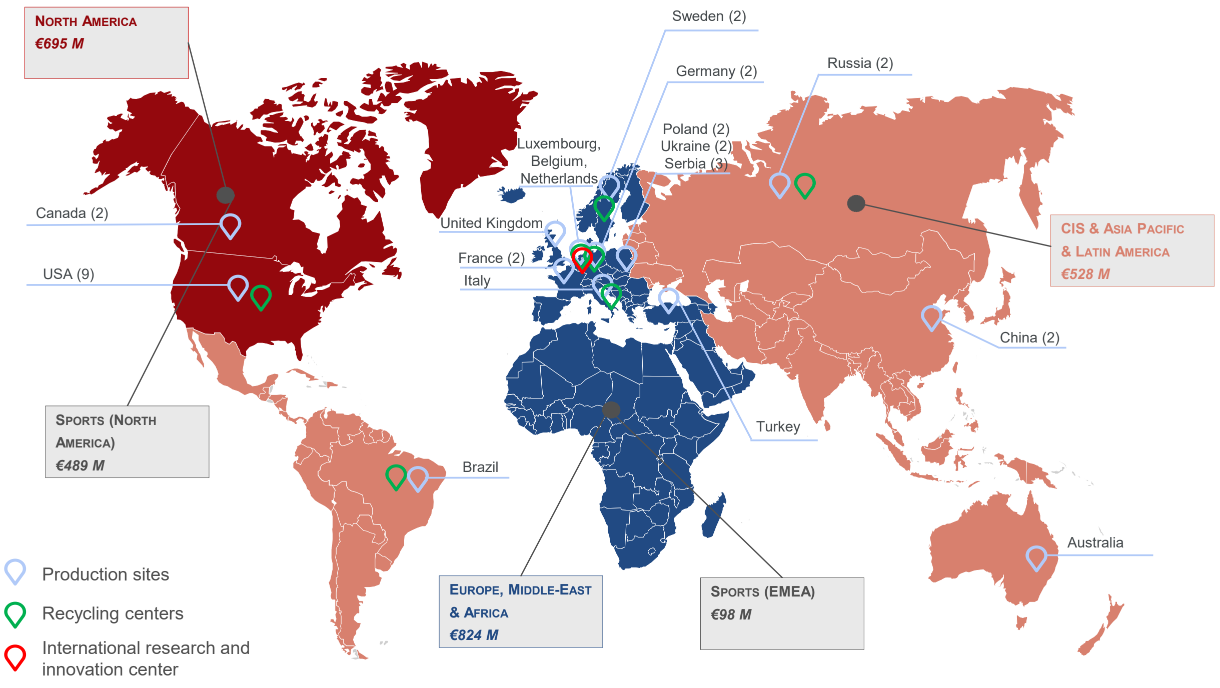
The Group has an international geographical footprint, which is reflected both in the geography of its net revenue and in the location of its research and production centres. Indeed, the group has 24 research and development laboratories (including an international research and innovation centre in Luxembourg), 9 recycling centres and 33 production sites, respectively in 15 and 18 countries.

In line with its sustainable development commitment, the Group has 8 recycling centres, equally distributed in Europe, the United States and Brazil.

This global geographic position enables TARKETT to reduce the risk associated with local construction and renovation market cycles.

Historically established in Europe, the EMEA region remains the geographic area in which TARKETT will achieve most of its flooring sales in 2020 (excluding the "Sports Surfaces" segment"). Including this last segment, the North American region represents the leading market for TARKETT, with 45% of its sales in 2020.

Figure 10 — Geographical positioning of the TARKETT BUSINESS



Source: Company, FINEXSI analyses

In line with its objective to be the worldwide leader in commercial and sports flooring, TARKETT has strengthened its positioning in certain countries over the years through a dynamic external growth strategy with numerous acquisitions, as recalled in §4.1.1.

Group innovation policy

The Group's growth must be considered in view of the innovation and research efforts of its 24 R&D centres. This innovation is essential to meet the technical needs of commercial customers, for example given the hygiene or insulation criteria within the medical and hospital sector, or performance criteria in the sports facilities segment.

In 2020, research and development expenses represented approximately 1.0% of the Group's net revenue, or €25 million. By comparison, MOHAWK INDUSTRIES also devoted about 1% of its 2020 net revenue to the development of new products, its sales personnel and its marketing efforts. Approximately 20% of the TARKETT R&D budget is dedicated to external research (Group "open innovation" policy). As such, TARKETT is partnering with research centres (ENVIRONMENT PROTECTION ENCOURAGEMENT AGENCY in Germany) and universities (ENS Cachan, Ecole des Mines de Paris in France) in order to develop its innovation capacity. Each year, the Group files between 10 and 15 new patents on its products and on the technologies used to produce them.

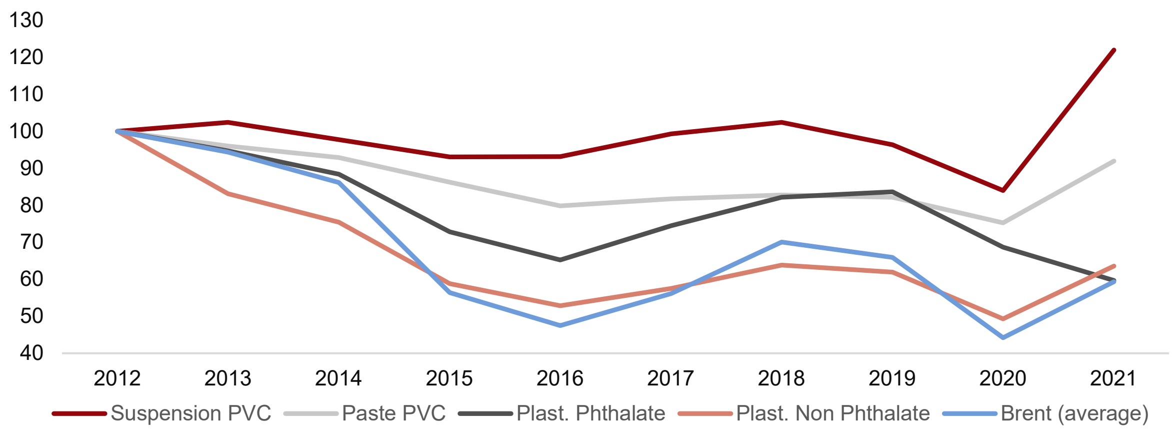
4.3.3. Market outlook for flooring and TARKETT

There is a strong correlation between the flooring market and the construction and renovation activity. Due to the Covid-19 crisis, the risk of price pressure from central purchasing agencies and PW&CE professionals has increased.

To meet the demand, companies are proposing innovations, notably in terms of hygiene and the environment. Carpet sales, that accounted for 17% of the Group net revenue in 2020, are expected to suffer more from the current health crisis, due to the propensity of this floor covering to accumulate dust and be difficult to clean when compared to other coverings.

The profitability of companies in this market is also highly dependent on price changes for raw materials, notably oil, since plastic flooring is derived from this resource and is therefore strongly correlated with changing oil prices (cf. Figure 11). Since the last quarter of 2020, the higher oil price per barrel has required the sector's companies to implement compensatory strategies, including the need to increase the selling prices of their products. Indeed, the price of Brent crude oil rose from $37.86 on 1 October 2020 to $69.55 on 1 March 2021. In the current context, the groups are having to determine an acceptable increase of sale prices for a clientele whose purchasing power has suffered from the economic repercussions of the health crisis. In April 2021, TARKETT announced that this increase of raw material costs coupled with higher transport costs could have a negative gross impact on the Group's 2021 adjusted EBITDA of almost €100 million.

Figure 11 – Evolution of the price of Brent crude oil and of the raw materials used by TARKETT, base 100 from 2012 to 2021



Source: CAPITAL IQ, Company, FINEXSI analyses

TARKETT is anticipating higher demand in the North American healthcare segment in the coming years, albeit in a generally uncertain climate. The demand for sports coverings is not expected to grow in 2021 due to the deferral or cancellation of sports competitions and restrictions on training, thereby slowing the growth momentum seen in this segment over several years. The market for artificial turf in the coming years, due to the need to replace ageing pitches and the desire to reduce water consumption required for the watering of traditional turf.

TARKETT medium-term outlook and objectives

In its "*Change To Win*" strategic plan for the 2019-2022 period announced to the market at the Investor Day on 19 June 2019, TARKETT focuses on the circular economy with a target of 30% recycled materials in its raw material purchasing volume in 2030, whereas this figure is still at 10% in 2019. The Group is also targeting a 30% reduction of its greenhouse gas emissions by 2030, compared to 2020.

As part of this plan, the Group also wishes to reduce its costs by at least €120 million by 2022. To reach this objective, TARKETT plans to close 4 industrial sites, reorganise its production, and accelerate the automation of this production in line with the "*World Class Manufacturing*" programme. The Group is targeting structural savings of €30 million per year in 2021 and 2022.

Finally, the Group aims to maintain its organic growth above GDP growth in North America, Europe and the CIS, in order to achieve an adjusted EBITDA margin of at least 12% in 2022 (after application of the IFRS 16 standard) and to keep its "Net Debt to Adjusted EBITDA" ratio between 1.6x and 2.6x of the adjusted EBITDA at the end of 2021 and 2022.

The Group also intends to reduce its offer as part of the current cost reduction policy, with the aim of reducing its product portfolio by 30%. In the EMEA zone, supply was already reduced by -13% in 2020.

4.4. SWOT analysis

The Group's strengths and weaknesses, as well as its threats and opportunities within its markets, are summarized in the following below:

Figure 12 – Company SWOT analysis

Strengths

- Diversified product mix with several types of floor coverings (including sports surfaces)

- Geographic diversification : international deployment well-balanced between the various regions (North America, EMEA, CIS, etc.)

- Ability to integrate value-creating companies acquired through external growth operations

Weaknesses

- Absence of the dynamic, higher value-added ceramics market, which may explain a lower profitability than that of some comparables

- The Company is subject to the volatility of the EUR/USD and USD/RUB exchange rates and to the volatility of raw material costs correlated to oil (Brent)

- Business seasonality with working capital requirement peaks to be financed in April and May

- Lack of critical size in the American markets

- Difficulties in implementing price increases in certain regions (in EMEA, etc.)

Opportunities

- Fragmented market allowing a potential consolidation

- Faster than expected market rebound after the Covid-19 crisis (Sports in the US, offices, hotels, Pacific Asia, etc.)

- Repositioning on higher-growth products (LVT) and higher value-added products (accessories and rubber, etc.)

- Acceleration of sustainable development (transition to eco-design, circular economy, etc.)

Threats

- Strong competition from local or independent manufacturers, leading to price pressure in CIS and APAC (new entrants on low-cost products)

- Protectionist import policy and customs protection barriers (Brexit, China, US Section 232, etc.)

- New environmental recycling policy that may have an impact on the organization of the value chain

Source: Company, FINEXSI analyses

5. Financial analysis of TARKETT

Provided below, our financial analysis of TARKETT distinguishes between the performance of the period before the health crisis (2015 to 2019), and that of the crisis period, i.e. the 2020 financial year. Also included is an analysis of the Group's balance sheet structure and an analysis of cash flow generation.

5.1. Presentation of the Group's historical results for the 2015 - 2020 period

The consolidated financial statements summarized below for the financial years 2015 to 2020 have been certified without reservations by the TARKETT statutory auditors, namely KPMG and MAZARS.

5.1.1. Income statement for the 2015 - 2019 period (before IFRS 16)

The evolution of the aggregates of the TARKETT income statement before application of IFRS 16[22] is summarized below:

[22] *The income statement before IFRS 16 is presented for purposes of better consistency in the comparison of the various financial years.*

Table 3 – TARKETT income statement for the 2015 - 2019 period (before IFRS 16)

In €M	12 months (Before IFRS 16)				
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Net Revenue	**2,714.8**	**2,739.3**	**2,841.1**	**2,836.1**	**2,991.9**
% of growth	*n.a.*	*0.9%*	*3.7%*	*-0.2%*	*5.5%*
Cost of sales [(1)]	(2,045.4)	(1,996.4)	(2,138.1)	(2,183.7)	(2,321.7)
% of net revenue	*(75.3)%*	*(72.9)%*	*(75.3)%*	*(77.0)%*	*(77.6)%*
Gross profit	**669.4**	**742.9**	**703.0**	**652.4**	**670.2**
% of net revenue	*24.7 %*	*27.1 %*	*24.7 %*	*23.0 %*	*22.4 %*
Other operating income	40.1	13.0	30.1	13.2	23.8
Selling and distribution expenses [(1)]	(304.4)	(318.7)	(319.4)	(330.1)	(360.9)
Research and development	(34.8)	(37.3)	(36.4)	(36.0)	(32.8)
General and administrative expenses	(185.4)	(188.9)	(187.5)	(180.0)	(184.0)
IFRS 16 adjustment					(30.5)
Other operating expenses	(20.3)	(20.3)	(177.1)	(12.9)	(19.7)
D&A	125.5	123.1	122.3	121.5	158.2
EBITDA	**290.1**	**313.8**	**135.0**	**228.1**	**224.2**
% of net revenue	*10.7 %*	*11.5 %*	*4.8 %*	*8.0 %*	*7.5 %*
Adjusted EBITDA	**285.3**	**334.4**	**315.1**	**248.7**	**249.5**
% of net revenue	*10.5 %*	*12.2 %*	*11.1 %*	*8.8 %*	*8.3 %*
D&A	(123.9)	(120.7)	(118.8)	(117.5)	(158.2)
IFRS 16 adjustment					29.3
Adjusted EBIT	**161.4**	**213.7**	**196.3**	**131.3**	**120.6**
% of net revenue	*5.9 %*	*7.8 %*	*6.9 %*	*4.6 %*	*4.0 %*
Restructuring	*(9.0)*	*(5.0)*	*(2.1)*	*(11.2)*	*(19.7)*
Gains/Losses on asset sales/impairment	*26.6*	*(2.4)*	*(4.6)*	*(3.3)*	*2.2*
Business Combinations	*(10.9)*	*(4.6)*	*1.3*	*(5.1)*	*0.1*
Share-based payments	*(2.0)*	*(8.7)*	*(12.1)*	*(4.1)*	*(4.1)*
Other [(2)]	*(1.5)*	*(2.3)*	*(166.1)*	*(0.9)*	*(3.6)*
EBIT	**164.6**	**190.7**	**12.7**	**106.6**	**95.4**
% of net revenue	*6.1 %*	*7.0 %*	*0.4 %*	*3.8 %*	*3.2 %*
Financial income and expenses	(31.9)	(21.0)	(23.4)	(30.1)	(37.6)
Share of profit of equity accounted investees (net of income tax)	(0.3)	2.6	3.0	(7.9)	(4.0)
Profit before income tax	**132.4**	**172.3**	**(7.7)**	**68.6**	**53.8**
% of net revenue	*4.9 %*	*6.3 %*	*(0.3)%*	*2.4 %*	*1.8 %*
Total income tax	(48.9)	(53.0)	(30.3)	(18.5)	(14.2)
% of profit before income tax	*(36.9)%*	*(30.8)%*	*393.5 %*	*(27.0)%*	*(26.4)%*
Net profit for the period	**83.5**	**119.3**	**(38.0)**	**50.1**	**39.6**
% of net revenue	*3.1 %*	*4.4 %*	*(1.3)%*	*1.8 %*	*1.3 %*
Attributable to owners of Tarkett	83.3	118.6	(38.7)	49.3	39.6
Attributable to non-controlling interests	0.2	0.7	0.7	0.8	(0.0)

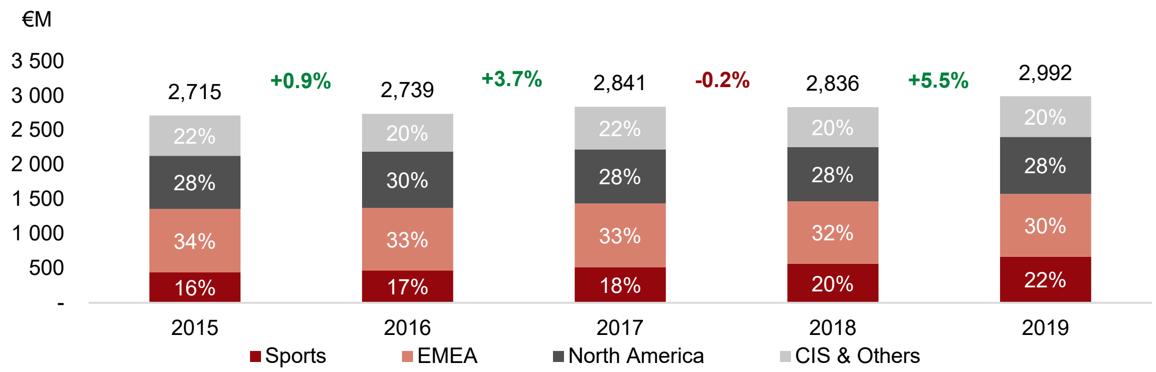
Source: Reference documents (RD) from 2015 to 2019, FINEXSI analyses

(1) These items include asset impairments.
(2) This item includes the €165 million adjustment posted after the 2017 decision of the French Competition Authority

- ## Net revenue:

The evolution of the Group's net revenue between 2015 and 2019 is presented below:

Figure 13 – Evolution and distribution of TARKETT 2015 - 2019 net revenue by segment



Source: Press releases from 2015 to 2019, FINEXSI ANALYSES

From 2015 to 2019, the net revenue experienced annual average growth of +2.5%, notably due to the acquisitions made by the Group over the period and thanks to the dynamism of the Sports segment, with the signing of major contracts (such as those for the CAMP NOU stadium coverings of FC Barcelona and ANFIELD OF FC LIVERPOOL in 2017). The Sport segment posted average annual growth of 11.1% over the period. Over the same period, the net revenue[23] in the EMEA segment, the primary contributing region (30% of the 2019 net revenue excluding sports surfaces), declined by -0.2% on an average annual basis, while it grew by +1.7% in North America (28% of the 2019 net revenue), and remained stable in CIS-Asia Pacific-Latin America (20% of the 2019 net revenue). The weighting of the net revenue has changed very little in five years.

The evolution of the net revenue in North America over the period was driven by strong demand for high-end rubber and vinyl flooring. Between 2015 and 2017, the segment's net revenue increased by +1.6%. However, the results were penalized by weak demand for commercial carpeting in the healthcare and office sectors, along with negative exchange effects (EUR/USD) in 2017 and 2018. While the 2018 integration of LEXMARK CARPET MILLS[24] enabled the TARKETT net revenue to increase by +5.4% in 2019, the Group nevertheless reported an organic decline of -6.9% in 2019. This decrease is mainly due to the lack of dynamism in the residential and carpet markets, to a performance of LEXMARK below expectations, and to the production difficulties experienced by TARKETT during the deployment of the ERP[25].

In the CIS countries and notably in Russia, though the product mix improved from 2016 to 2018, the decline of household purchasing power weighed on sales in 2018, that nevertheless improved in 2019. Changing exchange rates, notably of the Russian rouble and the Brazilian real, distorted the net revenue level over the period, forcing the Group to adjust its sale prices according to changes in terms of currencies but also prices for raw materials.

- **Adjusted EBITDA:**

The evolution of the Group's adjusted EBITDA[26] by segment between 2015 and 2019 is presented below:

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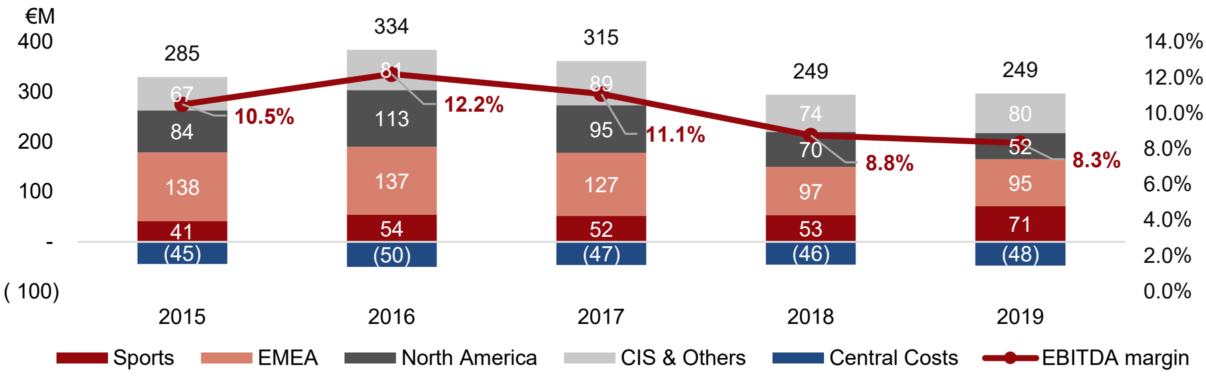
[23] *It should nevertheless be noted that the reclassification of some DESSO EUROPE sales is distorting some of the growth reported for certain regions in 2016.*
[24] *Company with a net revenue of approximately $120 million in 2017.*
[25] *"Enterprise Resource Planning", i.e. software used to manage a company's activities and processes.*
[26] *Calculated by adding gains and losses on asset disposals, provisions for impairment losses and reversals of provisions, costs of business combinations and legal restructuring, stock-based compensation and other exceptional operating items to the adjusted EBITDA.*

Figure 14 – Evolution and breakdown of the TARKETT 2015 - 2019 adjusted EBITDA before IFRS 16, by segment



Source: Press releases from 2015 to 2019, FINEXSI analyses

From 2015 to 2019, the Group's adjusted EBITDA decreased by -3.3% on an average annual basis, thereby leading to a lower EBITDA margin when coupled with an increase of the net revenue.

This decrease is mainly due to the performance in EMEA and North America. Indeed, the adjusted EBITDA of the EMEA segment fell by an average of -8.9% per year over this period. In this segment, currency fluctuations and marketing expenses weighed on the Group's margin rate, notably in 2017 and 2018. In addition, the unfavourable evolution of the pound sterling in 2017 and raw material prices in 2017 and 2018 are responsible for this lower profitability. The adjusted EBITDA margin is 10.4% in 2019 compared to 15.0% in 2015 in EMEA.

The adjusted EBITDA margin deteriorated in North America due to higher raw material costs, lower demand for commercial carpeting and under-performance of LEXMARK CARPET MILLS. Over the 2015-2019 period, the EBITDA of the North America zone fell by -11.5% per year, lowering the adjusted EBITDA margin to 6.2% in 2019 from 10.9% in 2015.

On the contrary, the EBITDA in the CIS, APAC and Latin America zone increased by +4.5% per year on average between 2015 and 2019, improving the EBITDA margin by +220 basis points to 13.6%. This is mainly due to sharp cost reductions in the CIS in 2016, improved productivity and higher sale prices in 2019.

Over this period, the adjusted EBITDA for the Sport segment grew by an annual average of 14.4%, with the margin increasing from 9.4% to 10.6% of the net revenue. This growth was notably driven by productivity gains achieved as part of the "*Change to Win*" plan (details provided below) and cost reductions, including the closure of a Spanish plant in 2017.

- **Profit before tax and net profit:**

The evolution of the TARKETT pre-tax profit indicates strong variations over the analysed period. Beyond the heterogeneity of the Company's operating performance, notably between 2017 and 2019, exceptional costs were distorting factors over the period. Indeed, the 2017 financial year included negative pre-tax profit of -€7.7 million due to the payment of a fine of €165 million to the French Competition Authority. This penalty was applied to TARKETT because of practices considered to be anti-competitive within the French market, the earliest of which date back to 1990, including a price agreement on resilient flooring with its competitors FORBO and GERFLOR.

The Group's income tax expense decreased over the period from -36.9% to -26.4% of pre-tax profit from 2015 to 2019. Over the analysed period (excluding 2017 when the pre-tax profit was negative due to the above-mentioned fine), the annual tax charge represents on average 30.3% of the pre-tax profit.

For these reasons, the TARKETT net profit varies significantly over the period. After a low point in 2017 with a net profit of -€38.0 million due to the aforesaid fine, the net profit again became positive at €50.1 million in 2018. The net profit decreased by -21.0% in 2019 to €39.6 million or 1.3% of the net revenue, compared to 1.8% a year earlier (high point of 4.4% of the net revenue reached in 2016).

5.1.2. Income statement for the 2019 - 2020 period (after IFRS 16)

The Company's consolidated income statement for 2019 and 2020, and for the first half of 2019 and 2020 after application of IFRS 16, is presented below:

Table 4 – TARKETT income statement for the 2019 - 2020 period (after IFRS 16)

In €M	12 months (After IFRS 16)		6 months (After IFRS 16)	
	12/31/2019	12/31/2020	H1 2019	H1 2020
Net Revenue	**2,991.9**	**2,632.9**	**1,412.3**	**1,237.0**
% of growth	*5.5%*	*-12.0%*	*7.2%*	*-12.4%*
Cost of sales (1)	(2,321.7)	(2,054.1)	(1,084.9)	(983.5)
% of net revenue	*(77.6)%*	*(78.0)%*	*(76.8)%*	*(79.5)%*
Gross profit	**670.2**	**578.8**	**327.4**	**253.5**
% of net revenue	*22.4 %*	*22.0 %*	*23.2 %*	*20.5 %*
Other operating income	23.8	14.5	7.2	6.1
Selling and distribution expenses (1)	(360.9)	(325.2)	(178.5)	(191.3)
Research and development	(32.8)	(25.0)	(18.1)	(12.5)
General and administrative expenses	(184.0)	(176.9)	(93.3)	(89.1)
Other operating expenses	(19.7)	(18.8)	(11.6)	(10.1)
D&A	158.2	211.2	77.0	137.4
EBITDA	**254.7**	**260.2**	**110.1**	**93.8**
% of net revenue	*8.5 %*	*9.9 %*	*7.8 %*	*7.6 %*
Adjusted EBITDA	**280.0**	**277.9**	**126.7**	**106.3**
% of net revenue	*9.4 %*	*10.6 %*	*9.0 %*	*8.6 %*
D&A	(158.2)	(156.8)	(76.6)	(81.2)
Other	-	(1.7)	-	-
Adjusted EBIT	**121.8**	**119.4**	**50.0**	**25.1**
% of net revenue	*4.1 %*	*4.5 %*	*3.5 %*	*2.0 %*
Restructuring	*(19.7)*	*(14.5)*	*(13.3)*	*(10.9)*
Gains/Losses on asset sales/impairment	*2.2*	*(49.6)*	*(0.4)*	*(54.1)*
Business Combinations	*0.1*	*(2.4)*	*0.1*	*(0.4)*
Share-based payments	*(4.1)*	*(2.9)*	*(2.0)*	*(1.8)*
Other (2)	*(3.6)*	*(2.7)*	*(1.5)*	*(1.5)*
EBIT	**96.6**	**47.4**	**33.1**	**(43.6)**
% of net revenue	*3.2 %*	*1.8 %*	*2.3 %*	*(3.5)%*
Financial income and expenses	(38.8)	(33.7)	(19.7)	(16.7)
Share of profit of equity accounted investees (net of income tax)	(4.0)	(1.2)	(1.5)	(0.7)
Profit before income tax	**53.8**	**12.4**	**11.9**	**(61.0)**
% of net revenue	*1.8 %*	*0.5 %*	*0.8 %*	*(4.9)%*
Total income tax	(14.2)	(31.5)	(3.8)	(3.9)
% of profit before income tax	*(26.4)%*	*(254.3)%*	*(32.1)%*	*6.4 %*
Net profit for the period	**39.6**	**(19.1)**	**8.1**	**(64.9)**
% of net revenue	*1.3 %*	*(0.7)%*	*0.6 %*	*(5.2)%*
Attributable to owners of Tarkett	39.6	(19.1)	7.7	(64.9)
Attributable to non-controlling interests	(0.0)	0.0	0.4	0.0

Source: 2019 RD and 2020 URD, 2019 and 2020 half-yearly reports, FINEXSI ANALYSES

(1) These items include asset impairments.
(2) This item includes the €165 million adjustment posted after the 2017 decision of the French Competition Authority.

- **Net revenue:**

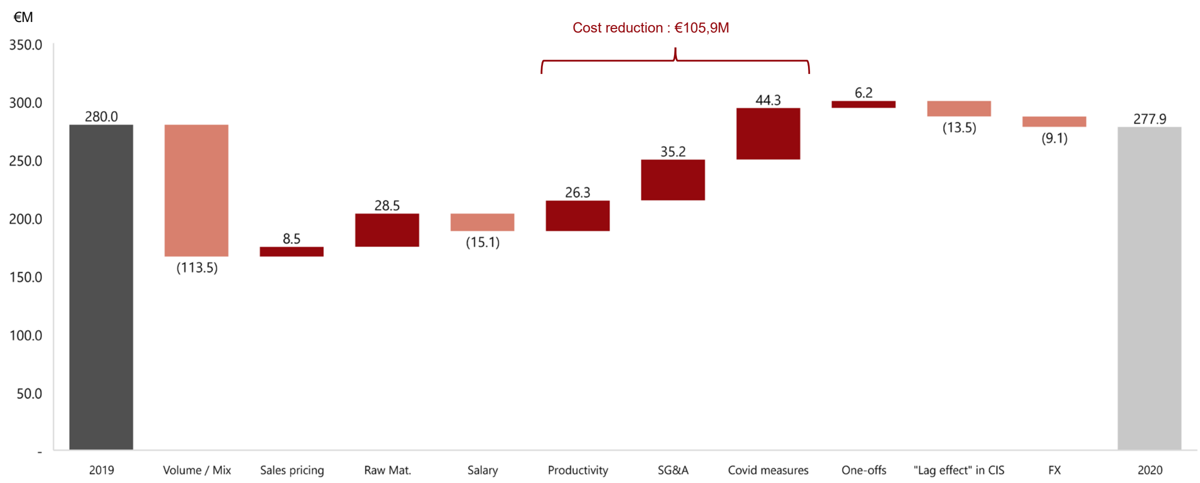
In 2020, the net revenue dropped by -12.0% year-on-year (including -9.5% organic), due to restrictions related to the Covid-19 health context as well as the impact of a cyberattack on 29 April 2020, that disrupted the Group's operations during the first weeks of May.

The TARKETT net revenue decreased by -12.4% in the first half of 2020 compared to the first half of 2019, due to operational difficulties in all areas (-16.7% in North America, -13.8% in EMEA, and -12.8% in CIS-APAC-Latin America). Despite an improvement in North America, the trend continued in the second half of the year.

For its part, the Sport segment showed some resilience in the first half of 2020, with the net revenue falling by -2.4%. This performance resulted from the continued authorisation in the United States to install sports surfaces during the first half of the year. However, activity in this segment, that usually peaks in the third quarter of the year, slowed considerably during this period due to the deferral or cancellation of projects. While sales of athletic tracks were higher than in 2019, artificial turf lost its momentum of previous years in this crisis environment.

- **Adjusted EBITDA:**

Figure 15 – Adjusted EBITDA evolution between 2019 and 2020 after IFRS 16



Source: 2020 URD, FINEXSI ANALYSES

The adjusted EBITDA is virtually stable between 2019 and 2020, resulting in an increase of the adjusted EBITDA margin (from 9.4% to 10.6% of the net revenue). This performance, despite the lower business volume, is explained by the cost reduction measures implemented by the Group as part of the "*Change to Win"* strategic plan. TARKETT has already initiated the closure of four production sites and one storage site, and accelerated the implementation of the "*World Class Manufacturing"* programme. As a result, the Group reduced its costs by €105.9 million during the 2020 financial year.

This cost reduction is explained by a decrease of overhead and administrative expenses of €35.2 million, productivity gains through optimisation of industrial equipment of €26.3 million, and the implementation of "Covid-19 anti-crisis measures" resulting in savings of €44.3 million (cf. Figure 15). These temporary measures implemented during the pandemic notably included (i) the introduction of short-time working measures in the second and third quarters in Europe and in North America, and (ii) the implementation of temporary wage cuts in the CIS – Latin America – Asia Pacific zone. Thus, 41.8%[27] of the cost savings over the period resulted from cyclical measures to combat the Covid-19 crisis, that are not intended to be continued in subsequent years.

In summary, this savings of €105.9 million, together with gains of €8.5 million from higher sale prices and the cyclical reduction of raw material purchasing and transport costs of €28.5 million enabled the Group to offset the unfavourable volume/mix effect of -€113.5 million (cf.

[27] *44.3/105.9.*

Figure 15). Exchange effects reduced the adjusted EBITDA by -€9.1 million, the *lag effect*[28] in the CIS by -€13.5 million and salary increases -by €15.1 million.

In addition, the favourable change of raw material prices in the second half of the year and the €14.8 million insurance compensation received as a result of the cyberattack in May also contributed to the improvement of the adjusted EBITDA margin.

- **Profit before tax and net profit:**

The pre-tax profit dropped by -76.9% between 2019 and 2020, from €53.8 million to €12.4 million, respectively representing 1.8% and 0.5% of the net revenue. In 2020, the pre-tax profit was mainly affected by the consequences of the pandemic, mostly on the hospitality segment, with an exercise penalised by impairment losses and asset disposals totalling €49.6 million.[29]

The tax level increased significantly in 2020 due to (i) the "BEAT Tax" and the "State Tax" in the United States, (ii) the impairment of deferred tax assets in France for €2.2 million related to the impact of the change of the deferred tax rate, and (iii) foreign exchange effects on CIS deferred tax assets. As such, the total tax amount increased from +€14.2 million in 2019 to €31.5 million in 2020.

The group share of net profit for the 2020 financial year is negative (-€19.1 million), whereas it was positive at €39.6 million in 2019.

5.1.3. 2021 first quarter income

The net revenue decline of -8.5% in the first quarter of 2021 is linked to operational difficulties in the commercial segment.

TARKETT considers that the second quarter of 2021 should be significantly better than the same quarter of 2020. For 2021, the Group expects a gradual recovery of commercial sales and sustained growth of residential sales throughout the year, all segments taken together. TARKETT considers that the North America segment could benefit from the public investment policy implemented in this region, that would help to boost sales in the commercial sector. The Group is also targeting sales growth above GDP in key regions such as North America in 2021 and 2022.

In the first quarter of 2021, the Group's adjusted EBITDA margin was 6.1% after applying IFRS 16, i.e. 80 basis points lower than the previous year, due to reduced sales, higher purchasing costs and shortages combined with delivery problems with some suppliers. However, the Group managed to achieve structural savings of €14.7 million in the first quarter, and expects to further increase sale prices so as to offset about 50% of the increases of raw material prices and transport costs in 2021. TARKETT has announced its ambition of more than €30 million of structural savings over the course of 2021, thereby offsetting the inflation of purchasing costs now estimated at around €100 million for 2021.

As such, TARKETT is revising its schedule and expects to reach its adjusted EBITDA margin target of 12% after IFRS 16 not in 2022 as indicated on 19 June 2019 when the "*Change to Win*" strategic plan was announced, but at the earliest in 2023. For 2021, the priorities are firstly to reduce the Group's costs, and secondly to increase sale prices.

[28] *Offset between currency fluctuations in the CIS region and the adjustments of sale prices made by the Group in the region so as to compensate for the exchange effect.*

[29] *Including -€17 million on cost price and -€36.1 million on commercial expenses.*

5.1.4. Balance sheet

The evolution of the TARKETT balance sheet over the 2015 - 2020 period is presented before IFRS 16 for the years ended between 31 December 2015 and 31 December 2018, and after IFRS 16 for the years ended between 31 December 2019 and 31 December 2020.

Table 5 – TARKETT consolidated balance sheet for the period 2015 - 2020 period

In €M	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Goodwill	538.4	550.4	510.5	662.0	650.6	613.2
Intangible assets	124.2	108.5	91.4	133.3	155.6	91.9
Property, plant and equipment	499.7	488.8	467.4	514.8	517.7	451.8
Rights of use	-	-	-	-	89.6	103.2
Other financial assets	28.7	34.9	31.7	24.1	21.7	17.6
Deferred tax assets	103.1	94.0	80.1	76.6	91.1	74.1
Inventories	376.5	396.3	404.2	449.3	417.5	354.9
Trade and other receivables	382.5	402.2	433.1	434.6	352.3	301.6
Cash and cash equivalents	67.9	93.1	114.7	95.7	137.7	328.6
Total assets	**2,121.0**	**2,168.2**	**2,133.1**	**2,390.4**	**2,433.8**	**2,337.0**
Equity attributable to equity holders of the parent	**834.8**	**932.9**	**778.4**	**804.6**	**834.2**	**770.3**
Non-controlling interests	1.9	2.3	2.2	2.4	-	-
Total equity	**836.7**	**935.2**	**780.6**	**807.0**	**834.2**	**770.3**
Other non-current liabilities	-	-	-	-	5.5	5.4
Trade payables and other operating liabilities	439.6	463.8	486.3	476.7	558.2	521.2
Employee benefits	145.5	154.1	135.4	129.8	136.7	135.1
Provisions and other liabilities	91.3	96.7	79.1	77.8	88.5	83.2
Financial liabilities	550.1	471.3	606.4	849.3	685.1	693.5
Lease liabilities	-	-	-	-	89.3	108.8
Other financial liabilities	9.9	8.5	7.5	14.1	9.8	10.8
Deferred tax liabilities	47.9	38.6	37.8	35.7	26.4	8.7
Total equity and liabilities	**2,121.0**	**2,168.2**	**2,133.1**	**2,390.4**	**2,433.8**	**2,337.0**
Working Capital Requirement	**319.4**	**334.7**	**351.0**	**407.2**	**211.6**	**135.3**
Net debt including IFRS 16 lease liabilities	**482.3**	**378.2**	**491.8**	**753.6**	**636.8**	**473.8**

Source: 2020 URD, 2015 to 2019 RD, FINEXSI analyses

- **Fixed assets:**

Intangible assets (€705.1 million on 31 December 2020) mainly involve the goodwill relating to acquisitions (€613.2 million on 31 December 2020) and other items, amounting to €91.9 million, corresponding mainly to computer licences, patents, trademarks and research and development costs[30].

In 2018, the LEXMARK CARPET MILLS and GRASSMAN[31] acquisitions resulted in goodwill recognition of €128.2 million and €7.8 million[32], respectively.

The €37.4 million decrease of goodwill in 2020 is mainly due to the weakening of the USD against the EUR. The past impairments on intangible and tangible assets are linked to the consequences of the health crisis on the business outlook. As a result of these impairment tests[33], in 2021 the Group recognised i) an impairment loss of €6.5 million on the North American segment's

[30] *According to the conditions defined by IAS 38.*

[31] *Company with a net revenue of approximately €10 million in 2017*

[32] *We note that in the following year, these values are respectively adjusted to amounts of €112.9 million and €3.9 million, mainly due to a fair value revaluation of the identified net assets.*

[33] *A restructuring of the Cash Generating Units (CGUs) in 2019 should be noted, with (i) the grouping of the "Laminate" CGU with the "Wood" CGU for the EMEA segment, due to the discontinuation of this segment's "Laminate" business, and with (ii) the grouping of the Commercial (excluding carpets) and TANDUS & CENTIVA CGUs into a "Commercial and Hotel" CGU, due to the pooling of the sales forces and support functions of these former CGUs.*

"Residential" CGU, (ii) an impairment loss of €9.9 million on the EMEA segment's "Wood" CGU, and (iii) an impairment loss of €36.1 million on intangible assets in the North American hotel market.

The Group's tangible fixed assets (€554.9 million on 31 December 2020) mainly consist of office and IT equipment, buildings, machinery and equipment, and printing cylinders. The book value of tangible fixed assets increased between 2017 and 2019 from €467.4 million to €517.7 million, due to investments to strengthen production capacities and improve the Group's productivity.

In addition, as part of the entry into force of IFRS 16 on 1 January 2019, the right of use recognised in respect of the 2019 and 2020 financial years respectively amounts to €100.7 million and €103.2 million.

Deferred tax liabilities mainly include goodwill allocated to fixed assets, while deferred tax assets consist mainly of tax loss carryforwards, mainly in Luxembourg (€12.3 million) and the United States (€3.3 million), as well as deferred taxes relating to employee benefits or other temporarily non-deductible items.

- **Working capital requirement (WCR):**

Table 6 – WCR over the 2015 - 2020 period

In €M	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Inventories	376.5	396.3	404.2	449.3	417.5	354.9
Trade receivables	322.0	343.4	356.2	350.5	258.5	214.6
Trade payables	(247.7)	(270.3)	(288.9)	(283.6)	(324.0)	(277.4)
Other receivables	60.5	58.8	76.9	84.1	93.8	87.0
Other liabilities	(191.9)	(193.5)	(197.4)	(193.1)	(234.2)	(243.8)
Accounting WCR	**319.4**	**334.7**	**351.0**	**407.2**	**211.6**	**135.3**
% of net revenue	*11.8%*	*12.2%*	*12.4%*	*14.4%*	*7.1%*	*5.1%*
Changes in WCR	**n.a.**	**(15.3)**	**(16.3)**	**(56.2)**	**195.6**	**76.3**
Adjustments		(1.9)	(20.7)	43.9	(5.2)	(11.8)
Adjusted changes in WCR	**n.a.**	**(17.2)**	**(37.0)**	**(12.3)**	**190.4**	**64.5**

Source: 2020 URD, 2015 to 2019 RD, FINEXSI analyses

The TARKETT business is subject to a certain degree of seasonality, with orders generally higher in the second and third quarters. The WCR is higher in the first half of the year, notably in April or May of each year, while its lowest point is reached at the end of the year. Demand in the "Sports surfaces" segment is notably strong between May and October, and mainly during the school holidays, as these periods are conducive to work in the education sector. The extreme climates of certain regions of the world and the resulting difficulties on construction sites also conditioned the seasonality of the demand for flooring.

The TARKETT WCR increased between 2015 and 2018 by an average of +8.4% per year, from €319.4 million to €407.2 million. This increase is partly due to the increase of inventory level over this period in relation to the activity growth, at an average rate of +6.1% per year.

The Group's WCR decreased by €195.6 million between 2018 and 2019, thanks to a €46.2 million decrease of the inventory level and mainly due to the set-up, on 18 June 2019, of a non-recourse factoring line for some of its European and Australian subsidiaries, and a non-recourse trade receivables securitization line for some US subsidiaries. On 31 December 2019, TARKETT was utilising its non-recourse factoring and securitization lines for €126.3 million, and €131.0 million on 31 December 2020.

The Covid-19 crisis amplified the decline of WCR in the 2020 financial year due to the exceptional reduction of inventories. In 2020, the WCR represented 5.1% of the net revenue, i.e. 19 days of the net revenue, compared with 7.1% of the net revenue a year earlier, i.e. 26 days of the net revenue.

Over the analysed period, the accounting WCR represented an average of 10.5% of the net revenue, i.e. 38 days of the net revenue.

The Group also limited the increase of its inventories in the first quarter of 2021, and thus the increase of its working capital requirements. The amount of trade receivables assigned through factoring decreased by 7.2% compared to the end of 2020, amounting to €124.3 million at the end of March 2021.

- **Financial structure:**

Over the analysed period, shareholders' equity was at its lowest on 31 December 2020 at €770.3 million, while noting that since 2019, the Group has had no more minority interests.

The details of the TARKETT consolidated net financial debt over the 2015 to 2020 financial years are presented below:

Table 7 – Net financial debt over the 2015 - 2020 period

In €M	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Bank loan	541.1	156.5	3.2	241.6	60.8	75.9
Private placements	-	303.6	591.3	595.5	612.1	606.3
Other loans	0.2	0.4	0.3	1.1	1.8	1.3
Bank overdrafts	4.0	6.1	8.1	7.8	7.2	6.8
Finance leases	4.9	4.7	3.6	3.3	3.3	3.3
Interest bearing loans and borrowings	**550.2**	**471.3**	**606.5**	**849.3**	**685.2**	**693.6**
Cash and cash equivalents	*(67.9)*	*(93.1)*	*(114.7)*	*(95.7)*	*(137.7)*	*(328.6)*
Net financial debt before application of IFRS 16	**482.3**	**378.2**	**491.8**	**753.6**	**547.5**	**365.0**
% of equity (Group share)	*57.8 %*	*40.5 %*	*63.2 %*	*93.7 %*	*65.6 %*	*47.4 %*
Lease liabilities	-	-	-	-	89.3	108.8
Net financial debt	**482.3**	**378.2**	**491.8**	**753.6**	**636.8**	**473.8**
% of equity (Group share)	*57.8 %*	*40.5 %*	*63.2 %*	*93.7 %*	*76.3 %*	*61.5 %*

Source: 2020 URD, 2015 to 2019 RD, FINEXSI analyses

- The composition of the company's financial debt has changed throughout the last six years, firstly with the repayment of its bank loans and secondly the subscription of private investments under German law ("*Schuldschein*") of €303.6 million[34] in 2016, €252.5 million and $50 million (USD) in 2017, and €144.0 million and $26.5 million (USD) in 2019.
- The Group's cash-generating operational activity has made it possible to significantly increase the level of available cash.
- As such, the Group remained in a net debt position over the analysed period but its accounting *Gearing*[35] decreased slightly (47.4% in 2020 compared to 57.8% in 2015).

[34] *Noting that the Company refinanced €156.1 million of the 2016 Schuldschein in 2019, the remaining amount being of €147.5 million (with a fixed interest rate) at the end of December 2019.*

[35] *Before IFRS 16 net financial debt / shareholders' equity (Group share).*

Table 8 – Details of TARKETT loans and borrowings as on 31 December 2020

In €M	Currency of draw-down	Interest rate	Total	Maturity and schedule: 12 months or less until 12/31/2021	2 years until 12/31/2022	3 to 5 years until 12/31/2025	More than 5 years
Bank loans	RMB	5,22%-5,70%	5.9	3.6	1.6	0.7	-
Bank loans	EUR	0%	70.0	70.0	-	-	-
Bank loans			**75.9**	**73.6**	**1.6**	**0.7**	**-**
Private placements Europe	EUR	1,15%-1,722%	544.0	56.5	102.0	334.5	51.0
Private placements Europe	USD	1,79%-1,82%	62.3	-	40.7	21.6	-
Other loans	EUR	1.17%	1.3	-	1.3	-	-
Bank overdrafts			6.8	6.8	-	-	-
Finance leases			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings			**693.6**	**137.7**	**146.4**	**358.4**	**51.1**
Lease liabilities			108.8	23.0	18.3	39.9	27.6
Interest bearing loans and borrowings			**802.4**	**160.7**	**164.7**	**398.3**	**78.7**

Source: 2020 URD

On 31 December 2020, interest-bearing borrowings and debts amounted to €693.6 million. For the record, these borrowings consist of:

- A *Schuldschein* private investment of €144.0 million and $26.5 million (USD) signed in June 2019 and maturing in June 2026 for €51.0 million, in June 2025 for €45.0 million and in June 2024 for the remainder;
- A *Schuldschein* private investment of €252.5 million and $50.0 million (USD) signed in April 2017 and maturing in April 2024 for €150.5 million and April 2022 for the remainder;
- A *Schuldschein* private investment of €147.5 million signed in June 2016 and maturing in June 2023 for €91.0 million and in June 2021 for €56.5 million;
- A €70.0 million loan guaranteed by the French State (PGE) subscribed in May 2020 for a period of one year, with a possible extension from one to five years.

On the same date, the Group also has a renewable syndicated loan (RCF[36]) for a total amount of €700 million at variable rates. This credit line was obtained in May 2019 for 5 years, with the possibility of extending it for one or two years more since May 2020. The Group obtained a second RCF in May 2020 in order to deal with the consequences of the Covid-19 crisis, for an amount of €175 million usable over one year and possibly extended by two six-month periods. At the end of 2020, no drawdown had been made on either of these two credit lines.

At the end of the first quarter of 2021, TARKETT has a post-IFRS 16 net debt of €536.8 million (an increase of +13.2% compared to 31 December 2020, taking into account the low point of WCR reached at the date and the Group activity's usual seasonality), representing approximately 2.0x the adjusted EBITDA for the last twelve months. At the end of March 2020, this ratio was 2.7.

At the end of March 2021, the Group reasserts its objectives from the "*Change to Win*" strategic plan and its commitment to meeting them despite the uncertain context. The Group therefore expects to have a net debt level at the end of the year representing between 1.6x and 2.6x of post-IFRS 16 adjusted EBITDA.

5.1.5. Cash flow

The evolution of the TARKETT cash flow statement since 2015 is summarized below:

[36] *Revolving Credit Facility*

Table 9 – TARKETT cash flow statement over the 2015 - 2020 period

In €M	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Operating cash flow before working capital changes	**262.7**	**314.5**	**128.1**	**218.5**	**258.2**	**248.5**
Changes in working capital	**8.7**	**(17.2)**	**(37.0)**	**(12.3)**	**190.4**	**64.5**
Net interest paid	(22.7)	(15.3)	(11.3)	(17.2)	(22.7)	(17.4)
Net income taxes paid	(32.9)	(41.1)	(37.8)	(25.3)	(30.5)	(25.1)
Other operating items	0.7	(2.1)	(1.0)	(0.7)	(11.2)	(6.4)
Net cash flows from operating activities	**216.5**	**238.8**	**41.0**	**163.0**	**384.3**	**264.1**
Acquisition of subsidiaries net of cash acquired	(2.3)	(0.1)	(0.4)	(231.9)	(2.5)	-
Acquisitions of intangible assets and property, plant and equipment	(80.6)	(91.9)	(111.1)	(128.2)	(124.6)	(74.1)
Proceeds from sale of property, plant and equipment	36.2	0.7	4.5	1.5	3.7	5.2
Effect of changes in the scope of consolidation	0.4	(0.4)	-	-	-	-
Net cash flows from investing activities	**(46.3)**	**(91.7)**	**(107.0)**	**(358.6)**	**(123.4)**	**(68.9)**
Acquisition of NCI without a change in control	(8.0)	(4.2)	(8.3)	-	(5.5)	-
Proceeds from loans and borrowings[(1)]	510.5	491.0	362.0	230.4	155.0	76.1
Repayment of loans and borrowings[(1)]	(719.0)	(567.3)	(224.3)	(9.8)	(325.6)	(45.9)
Repayment of lease liabilities	0.2	(0.1)	(0.1)	(0.4)	(31.9)	(31.7)
Acquisitions/disposals of treasury shares	-	(9.1)	-	(5.3)	(4.1)	0.4
Dividends	(24.1)	(33.0)	(38.4)	(37.9)	(7.4)	-
Net cash flows from financing activities	**(240.4)**	**(122.7)**	**90.9**	**177.0**	**(219.5)**	**(1.2)**
Net increase / (decrease) in cash and cash equivalents	**(70.2)**	**24.4**	**24.9**	**(18.6)**	**41.4**	**194.0**
Cash and cash equivalents, beginning of period	**135.1**	**67.9**	**93.1**	**114.7**	**95.7**	**137.7**
Effect of exchange rate fluctuations on cash held	3.0	0.8	(3.3)	(0.4)	0.6	(3.1)
Cash and cash equivalents, end of period	**67.9**	**93.1**	**114.7**	**95.7**	**137.7**	**328.6**

Source: 2020 URD, 2015 to 2019 RD, FINEXSI analyses

[(1)] Offsetting of loan subscriptions and repayments for €328 million in 2019 not shown in the 2019 financial statements.

- **Operating cash flows**

Over the 2015 - 2020 period, the operating cash flows reflect the changes seen in pre-tax income (cf. §5.1.1) and in the WCR (cf. Table 6).

These flows reached a low point in 2017 at €41.0 million, due to the aforementioned fine from the French Competition Authority. Between 2018 and 2020, the operating cash flow increased by +62.0%, despite the -81.9% decrease of pre-tax income over this period. This growth is mainly due to the application of IFRS 16[37] and the positive WCR change in 2019 and 2020, notably thanks to the positive effect of the factoring set up in June 2019.

- **Cash flows from investments**

From 2015 to 2018, cash flows from investments increased significantly in connection with two major acquisitions for the Group, namely GRASSMAN in January and LEXMARK CARPET MILLS in September 2018, as well as the increase of capital investments.

Indeed, the Group increased its fixed asset investments notably in 2018 and 2019 in connection with measures to improve production and IT tools, plant production capacity (through the acquisition of new machines or production lines) and to facilitate the roll-out of the ERP (cf. note 25) within the Group. Recent investments mainly focused on increasing production capacity in the EMEA for high-end vinyl products, given that demand has been growing faster than the overall demand for flooring in recent years, as well as increasing wood production capacity in Russia. Finally, in 2020, the Group significantly reduced its investments in response to the Covid-19 crisis.

[37] *With the recognition of depreciation of rights of use, leading to an increase of depreciation and impairment losses of +73.7%.*

- **Cash flows from financing**

Over the analysed period, the cash flows from financing activities varied due to changes of the Company's debt structure.

- **Change of cash and cash equivalents**

In 2020, the Group adapted its cash management to the health crisis by reducing its investments and thus suspending its external growth policy, in order to arrive at cash and cash equivalents of €328.6 million, a level well above what could have been achieved over the analysed period.

6. TARKETT Company valuation

In accordance with the provisions of article 262-1 of the AMF's General Regulation, we have performed a multi-criteria valuation of TARKETT as provided below.

6.1. Valuation methods set aside

Our work led us to set aside the following methods:

6.1.1. Consolidated net book value

The net book value is generally not considered to be representative of the company's intrinsic value. It does not consider growth and profitability prospects, nor any capital gains on assets.

For information, the TARKETT consolidated net book value on 31 December 2020 is equal to €770.3 million, or a value per share of €11.8[38].

6.1.2. Revalued net book value

The revalued net book value method consists of adjusting the net accounting assets for unrealised gains or losses identified in assets, liabilities or off-balance sheet commitments. This method, often used to value companies in certain sectors (holding companies, real estate companies) is notably suitable for companies with main assets having a value on a market that is independent of their inclusion in an operating process, which is not the case of TARKETT.

6.1.3. Yield method (dividend capitalisation)

This method, that involves discounting future dividends, is dependent on the Company's adopted distribution policy and has the bias of better valuing companies with the highest distribution rates, without considering the medium-term impact of trade-offs between distribution, self-financing and investment. For these reasons, it does not seem appropriate in this context. It should be noted that the Company did not distribute dividends for the 2019 and 2020 financial years.

6.2. Adopted valuation methods

We selected a multi-criteria approach that primarily includes the following references and valuation methods:

- Analysis of the TARKETT share price;
- Intrinsic discounted cash flow method ("**DCF**").

Secondarily, we used the following methods:

- Analogue method based on stock market comparables;
- Analysis of price targets of financial analysts.

Solely for illustrative purposes, we used the following method:

[38] *Based on a diluted number of shares of 65,283,043 (cf. §6.3.1).*

- Analogue method based on comparable transactions.

6.3. TARKETT reference data

6.3.1. Retained number of reference shares

As on 31 December 2020, 65,550,281 shares have been issued[39]. The treasury shares as of the filing of the Draft Offer Document in Response (373,002 shares) have been deducted from this number. There are also shares that may be delivered before the closing of the Offer due to the final acquisition of the free shares granted by the Company under the 2018-2021 LTIP, i.e. 125,647 free shares that would be covered by the Offer and that have also been considered in the number of shares (assumption of a 50% allocation, the allocation of shares being based on performance criteria). As the performance conditions of the other Plans have not been met yet, we have not taken into account the potential dilutive effect of these performance shares.

On these bases, the number of diluted shares determined as on 31 December 2020 is 65,302,926 shares.

Table 10 – Retained number of diluted shares

	12/31/2020
Number of shares comprising the share capital	65,550,281
Adjustment of treasury shares	(373,002)
Consideration of dilutive instruments	125,647
Shares from long-term incentive plan	*125,647*
Implied number of diluted shares	**65,302,926**

Sources: 2020 URD, operation notes and FINEXSI analyses

6.3.2. Bridge from enterprise value to equity value

Some of the valuation methods described above (DCF, analogue methods of stock market comparables or comparable transactions) first determine an enterprise value from which net financial debt is deducted (or to which net cash is added) and other adjustments are made in order to arrive at the equity value.

We examined the cash position and other balance sheet items and included them in the valuation when they were considered as commitments that could be disbursed), and therefore as debt equivalents or potential future cash receipts. Based on the financial statements as on 31 December 2020, the following elements are therefore considered when transitioning from the TARKETT (Table 11) enterprise value to its equity value.

39 *Number unchanged as on 31 March 2021.*

Table 11 – Transition from enterprise value to equity value on 31 December 2020 before IFRS 16

In €M	12/31/2020
European revolving credit facilities	-
Other bank loans (RMB)	(5.9)
Other bank loans (EUR)	(70.0)
Sous total emprunts bancaires	*(75.9)*
Private placements Europe (EUR)	(544.0)
Private placements Europe (USD)	(62.3)
Other loans	(1.3)
Bank overdraft	(6.8)
Finance leases (IAS 17)	(3.3)
Interest bearing loans and borrowings	**(693.6)**
Current cash	295.5
Interest bearing accounts	28.0
Certificates of deposit or risk-free investments	5.1
Cash and cash equivalents	**328.6**
Net financial debt	**(365.0)**
Other financial assets	17.6
Deferred tax assets	74.2
Employee benefits	(135.1)
Provisions for liabilities and charges (only for analogical methods)	(62.0)
Deferred tax liabilities	(8.7)
Adjustments of the WCR	(136.3)
Factoring contracts	(121.5)
Other adjustments	12.4
Finexsi adjustments	**(359.3)**
Bridge from enterprise value to equity value - cash / (debt)	**(724.3)**

Sources: 2020 URD, Company, FINEXSI ANALYSES

The net financial debt (excluding IFRS 16 rental debt, equal to €108.8 million) stood at €365 million on 31 December 2020. We made the following main adjustments:

- Other financial assets totalling €17.6 million, consisting mainly of a security deposit for the asbestos risk considered as recoverable, and accounted for using the equity method namely three joint ventures (LAMINATE PARK GMBH & CO KG, ALLSPORTS CONSTRUCTION AND MAINTENANCE Ltd and F.E.D. INC);
- Deferred tax assets notably relating to tax loss carryforwards, employee benefits and provisions, for €74.2 million;
- Provisions for pensions in the amount of -€135.1 million;
- It is important to note that the provisions for contingencies and losses after taxes[40] were only retained for the analogue methods insofar as they are already considered in the flows of the TARKETT business plan prepared by the management;
- Deferred tax liabilities in the amount of -€8.7 million;
- WCR seasonality adjustment in the amount of -€136.3 million, considering the particularly low point on 31 December 2020 and the WCR peaks to be financed, notably in April and May;
- The factoring contract signed by TARKETT represents a financing resource for the Group. On 18 June 2019, the Company signed a non-recourse factoring line for certain of its European and Australian subsidiaries and a non-recourse securitization line for certain American subsidiaries. We revalued the nominal amount by taking the average of the

40 *Based on a tax rate of 25.5%.*

receivables assigned in cash i.e. net of the guarantee withholding for the 2020 financial year, in the amount of -€121.5 million;

- The other adjustments mentioned above for €12.5 million notably include:
    - The other financial liabilities and notably an earn-out payment on the German company MORTON EXTRUSIONS TECHNIK;
    - The frozen cash in Morocco for €1 million;
    - Other non-current liabilities amounting to €5.4 million, mainly relating to a long-term maintenance contract for the sports surfaces business; and
    - The present value of consumable tax loss carryforwards beyond the explicit horizon of the management's business plan and that have been recorded in several European countries (Italy, Germany, France, Spain, United Kingdom, etc.), while specifying that the allocation of the deficit stocks in Luxembourg is reflected in the employed normative corporate tax rate (cf. §6.4.2) for the DCF model. However, the present value of non-activated tax loss carryforwards in Luxembourg over the explicit horizon of the business plan and beyond is taken into account in the bridge between enterprise value and equity value, for the analogical methods. We consider that this assumption is favourable to minority shareholders.

6.4. Implementation of the TARKETT valuation

6.4.1. Analysis of the TARKETT share price (primary basis)

The share price is an instrument for measuring the price of the Company's freely traded shares, subject to sufficient levels of free float and liquidity.

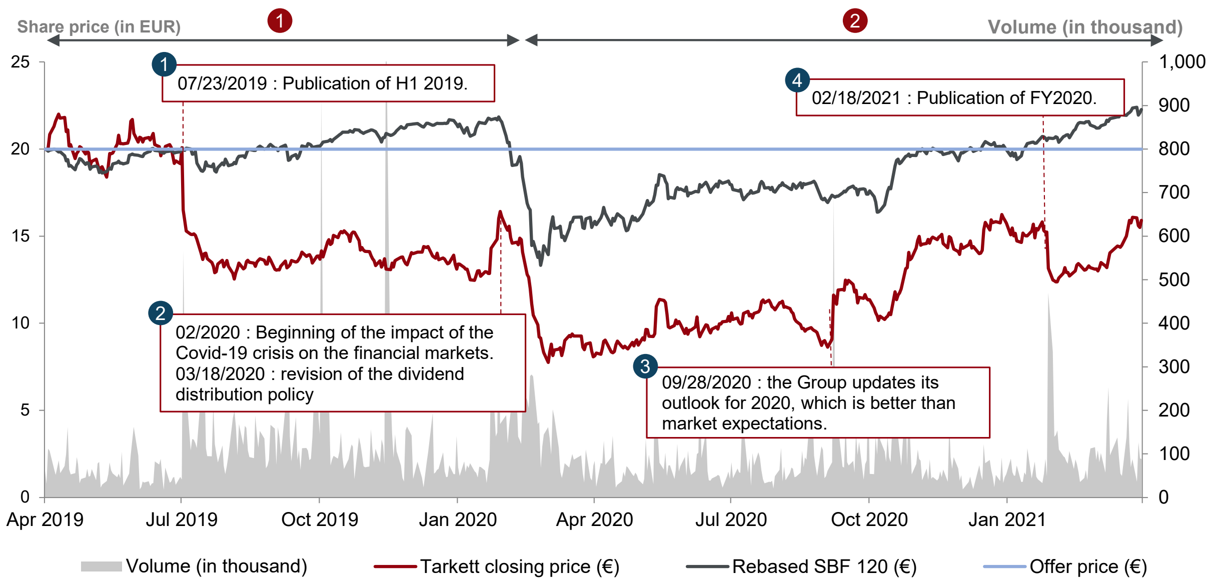
The shares comprising the TARKETT capital are listed in compartment B of the EURONEXT Paris regulated market (ISIN code: FR0004188670 – TKTT). We remind you that the IPO for TARKETT shares was on 21 November 2013 on compartment A of this market, with listing on this compartment until 31 January 2020, before being transferred to compartment B on 1 February 2020.

We analysed the stock market price of the security before it was impacted by the Offer announcement, i.e. until the close on 22 April 2021, the day before the price was suspended. Indeed, the DECONINCK family, the TARKETT controlling shareholder, supported by WENDEL, announced its project for a Simplified Public Purchase Offer on the TARKETT shares on Friday 23 April 2021 after the market closing.

Evolution of the TARKETT share price

The TARKETT share price changed as follows over a two-year period (from 22 April 2019 to 22 April 2021):

Figure 16 – Evolution of the TARKETT share price over two years until 22 April 2021



Sources: CAPITAL IQ, Finexsi analyses

We distinguish two phases of price change over the analysed period. The first phase corresponds to the period before the impact of the Covid-19 crisis on the financial markets, and runs from the end of April 2019 to mid-February 2020. The second phase runs from mid-February 2020 to 22 April 2021, and considers the impact of the health crisis and subsequent recovery:

1. Over a 10-month period prior to the Covid-19 crisis-related plunge of the financial markets, the TARKETT share price ranged from a high of €22.0 on 2 May 2019 to a low of €12.5 on 27 August 2019, one month after the release of the results for the first half of 2019 ***(n°1)***. Indeed, the 23 July 2019 communication reported on the difficulties encountered in the second quarter of the year, which notably resulted in organic net revenue declines of -3.4% and -3.1% respectively for the half-year in the North America and CIS-APAC-Latin America segments. Although the net revenue for the half-year increased by +7.2%, thanks to positive perimeter and exchange rate effects as well as the performance of the Sport segment, the drop of the adjusted EBITDA margin (to 7.9% of the net revenue before IFRS 16) and the management statement on the unfavourable business outlook led to a -37.5% drop of the TARKETT share price in the session that followed the announcement.

   Since then, and until the release of the 2019 annual results, the share price moved without any real trend. Then, between 13 and 20 February 2020, the TARKETT share price rose by +27.7%, following the publication of the 2019 annual results reporting a significant generation of Free Cash Flow over the year (amounting to €231 million). From this publication, and until the Offer announcement, the TARKETT share price never reached the €16.4 level of 20 February 2020.

   Thus, over this first period, the TARKETT share price fell by -17.9%, while the SBF 120 index rose by +8.3%.

2. The onset of the Covid-19 crisis ***(n°2)*** lead to a sharp decline of the share price, that reached its lowest price of €7.7 on 23 March 2020, falling -52.8% from the €16.4 price on 20 February 2020. Since this low point, and until the Offer announcement, the share price has risen by +105.3% in keeping with the Company's announcements:

- The announcement of obtaining a Revolving Credit Facility ("**RCF**") of €175 million with a one-year maturity and a one-year loan (extendable from 1 to 5 years) guaranteed by the

French State (PGE) of €70 million on 26 May 2020, resulted in a +7% increase of the share price;

- On 28 September 2020, TARKETT announced that it anticipates 2020 annual results above expectations given current business levels and the pace of cost reductions since the beginning of the third quarter of 2020. This led to a significant increase of the share price, i.e. +27.9% ***(n°3)***;
- The 28 October 2020 announcement of the results for the third quarter of 2020, with the Group confirming its targets for the year, led to a share price increase of +35%. For the first time since the March 2020 decline of financial markets, the share price reached the pre-crisis levels of around €14;
- Finally, the publication of the 2020 annual results and the impact of the pandemic on the 2021 and medium-term outlooks were unfavourably received by the market, with the share price falling by -18.8% over the next three sessions ***(n°4)***;

The analysis of the evolution of the TARKETT share price over this period, beyond the macroeconomic disturbances, is indicative of its very high volatility (cf. below).

The DECONINCK family, with the support of WENDEL, announced the launch of a Simplified Public Purchase Offer for TARKETT shares at a price of €20 per share on 23 April 2021 after market close. The price before the Offer announcement (at the close on 22 April 2021) was €15.9. After the Offer announcement, the TARKETT share price adjusted to the Offer Price.

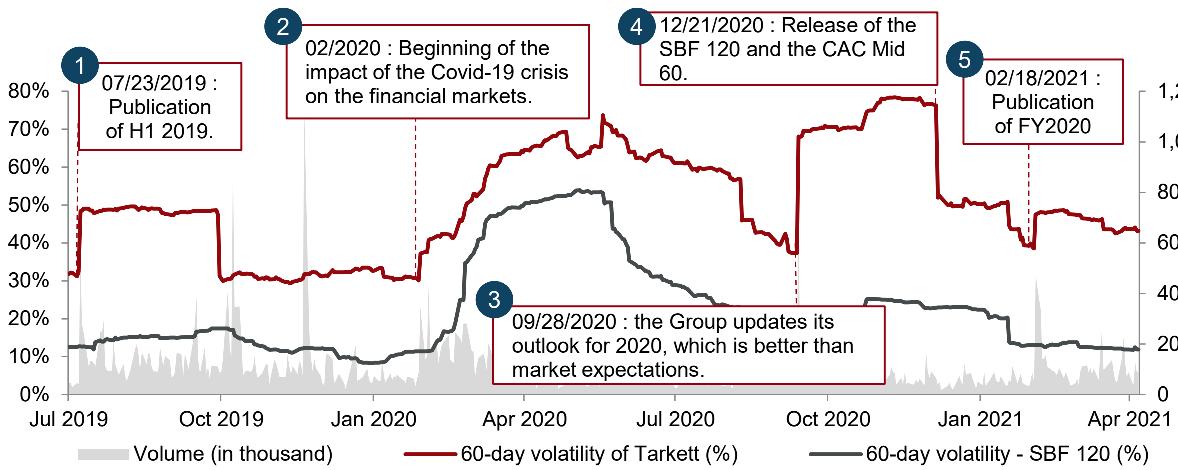
Analysis of the volatility of TARKETT shares

A share's volatility measures the level of uncertainty regarding its profitability on the stock market. It is therefore used as the basis for measuring the risk of a financial asset.

Given the TARKETT stock market performance over the last two years and notably the sensitivity of the share price to the publication of the Company's results, it seems relevant to observe the evolution of the volatility of the share on the stock market over this period.

The historical volatility (60 days) calculated on the daily returns of TARKETT shares over the last 20 months compared to the SBF 120 index, is presented below.

Figure 17 – Analysis of the 60-day volatility of TARKETT shares compared to the SBF 120 until 22 April 2021



Source: CAPITAL IQ, FINEXSI analyses

In addition to the higher volatility due to the health crisis, the volatility was consistently higher than that of the market over the analysed period, reaching an average of 51.2% compared with 22.1% for the SBF 120.

Analysis of the liquidity of TARKETT SHARES

Before the Offer announcement, the volume weighted average prices (hereinafter referred to as "**VWAP**"), the traded volumes of the share and the resulting rotation rates are the following over a twenty-four-month period:

Table 12 – Analysis of volume-weighted average prices up to 22 April 2021

Volume-weighted average trading prices	in €/share	Premium / (discount) induced by the offer price of €20	Exchanged volumes (in K)		Exchanged capital (en K)		% of capital		% of free float	
			Average	Aggregate	Average	Aggregate	Exchanged volume	Capital turnover	Exchanged volume	Free float turnover
Spot (04/22/2021)	15.90	+26 %	88	88	1,390	1,390	0.1 %	0.1 %	0.3 %	0.3 %
1-month VWAP	14.49	+38 %	109	2,283	1,575	33,084	0.2 %	3.5 %	0.3 %	7.1 %
60-day VWAP	13.89	+44 %	99	5,744	1,376	79,792	0.2 %	8.8 %	0.3 %	17.9 %
3-month VWAP	13.96	+43 %	96	6,045	1,340	84,390	0.1 %	9.3 %	0.3 %	18.8 %
6-month VWAP	13.60	+47 %	89	11,246	1,213	152,897	0.1 %	17.2 %	0.3 %	35.0 %
12-month VWAP	11.94	+68 %	87	22,256	1,038	265,711	0.1 %	34.1 %	0.3 %	69.2 %
24-month VWAP	13.28	+51 %	103	52,563	1,363	697,798	0.2 %	80.6 %	0.3 %	163.1 %
12-month highest (01/19/2021)	16.25	+23 %								
12-month lowest (04/23/2020)	8.13	+146 %								
24-month highest (05/02/2019)	22.00	(9)%								
24-month lowest (03/23/2020)	7.75	+158 %								

Sources: CAPITAL IQ, FINEXSI analyses

Over the last 12 months (before 22 April 2021), a volume of 22.3 million TARKETT shares were traded (or approximately 87 thousand shares per trading day). Over the same period, the capital rotation was 34.1% and the floating capital rotation was 69.2%.

Over 24 months of observation, the volume of traded shares amounted to 52.6 million (i.e. approximately 103,000 shares per trading day). Over the same period, the capital rotation was 80.6% and the floating capital rotation was 163.1%.

The liquidity and rotation of the free float are at levels sufficient to use the stock market price as a relevant valuation reference.

Over the 12 months preceding the Offer announcement date, the TARKETT share price fluctuated between a high on 19 January 2021 at €16.3 and a low on 23 April 2020 at €8.1. Based on the closing price before the Offer announcement (22 April 2021) and the 60-day VWAP, the Offer price represents a premium of +26% and +44% respectively. An analysis of the VWAP over the last twelve months shows premiums of between +38% and +68%.

6.4.2. Discounting of cash flow forecasts (primary basis)

Considering the financial elements observed over the last few years and the Company's business plan, as well as elements of the economic and competitive context, the value of TARKETT was determined using the DCF method that is based on anticipated free cash flows, before taking financial elements into account. This valuation approach results in the determination of an enterprise value, and then an equity value after deduction of net financial debt and other balance sheet items not reflected in the operating flows.

This method involves determining a company's intrinsic value by discounting the cash flows derived from its business plan at a rate that reflects the market's profitability requirement relative to the company, while considering an exit value over the horizon of this plan.

This method makes it possible to recognise the value attributable to the Company's development prospects. In the context of the Operation, we believe that it is appropriate to the TARKETT situation.

Analysis of the management's business plan

We performed our work on the basis of management's 2021-2026 business plan. This was presented to and approved by the Company's Supervisory Board on 31 March 2021.

This business plan combines a "top down" approach, notably for macroeconomic assumptions (raw material prices correlated to the Brent price, exchange rate parities, etc.) and a "bottom-up" approach established between the management and the heads of each division.

This "standalone" business plan does not include any significant external growth operations, but only small recurring "bolt-on" acquisitions, notably in the North American Sports sector.

The business plan reflects the management's ambitions to simplify the organisation and notably the turnaround and reorganisation of the North American segment into three BUs (Commercial, Hospitality and Residential). This business plan also underpins the change of affiliation of the APAC region[41] as well as the acceleration of efforts and innovations related to sustainable development and the circular economy (notably on recycling and LVT stiffening projects).

North America and the EMEA account for 70% of the net revenue growth expected over the explicit horizon of the plan. This performance is explained by a return to growth in the commercial segment, market share gains in hotels, offices and on the commercial carpets segment, as well as price increases, notably in 2021 and 2022, in order to offset raw material inflation and unfavourable exchange rate effects in some regions, notably North America and Eastern Europe.

However, the assumptions of rebounding volumes after the Covid-19 crisis remain heterogeneous depending on the segment.

The business plan is also a continuation of the transformation already initiated by the Group, that should generate further cost savings in order to improve operational performance and notably to generate higher profitability. It incorporates the management's ambitions to reduce costs between 2021 and 2026, notably through:

- The 2019 - 2022 "*Change To Win*" strategic plan presented above that incorporates plans to improve productivity and the industrial footprint thanks to:
    - The "World Class Manufacturing" programme and the automation of certain industrial processes, including packaging, quality control, and warehousing;
    - The restructuring and closure of 4 production sites;
    - Consolidation of the production of higher growth products in first-rate plants;
    - Simplification of the product flows and reduction of logistics costs.

  This plan also includes general and administrative cost reductions until 2022, mainly in North America and the EMEA, and a reorganisation of certain Corporate functions.
- Additional cost savings beyond 2023 in connection with an improvement of the productivity and industrial footprint improvements through the "*Lean Management*" and "*World Class Manufacturing"* programmes. We wish to point out the ambitious pace of these cost savings integrated into the flows of the business plan beyond 2022, insofar as they mainly concern the optimisation of the industrial tool and not reductions of general and administrative costs.

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[41] *Now with the CIS and LATAM.*

Thus, the completion of these cost reductions should be a true catalyst for increasing the Company's EBITDA margin.

The main structuring assumptions of this business plan are the following:

- A net revenue in volume comparable to that of 2019 by 2022 – 2023, excluding the Sports segment[42]. With regards to the currency effects and changes in sales prices, the Group's net revenue would not reach in value the 2019 level until 2026. As a result of the health crisis, the net revenue in 2021 should be on a level comparable to that of 2020 before growing annually at an average rate of +2.4% until 2026;
- An average annual growth rate of adjusted EBITDA before IFRS 16 of around +8.5% between 2021 and 2026. As indicated above, the adjusted EBITDA margin (before IFRS 16) would be equal to 11.1%[43] of the net revenue in 2026;
- Capital expenditures (hereinafter "**CAPEX**") representing an annual average of 3.4% of the net revenue over the explicit timeframe of the business plan, the majority of which corresponds to recurring investments in maintenance of the Group's machines. The other investments concern development CAPEX, R&D (new flooring products, ease of installation, recycling, etc.) as well as implementation costs related to the expected savings plans. These CAPEX support the Group's business level as well as the expected growth;
- A corporate tax model integrating, amongst other things, the savings related to consumption of the significant tax loss carryforwards in Luxembourg, withholding taxes on dividend payments in Russia, the CVAE in France, tax credits and management fees in the US, etc. Tax represents on average 30% of EBIT before interest over the explicit horizon of the business plan;
- An improvement of the WCR as of 2022 with a WCR representing around 15% of the net revenue over the horizon of the plan;
- Other cash costs such as restructuring costs or investments in connection with small and non-representative "bolt-on"[44] acquisitions in the North American Sport segment.

We believe the business plan to be balanced, despite a realisation risk should the business resumption be postponed. Furthermore, the achievement of the forecasts is notably dependent on the macroeconomic assumptions made by management, and notably on the evolution of the price of a barrel of oil (Brent[45]) as well as the exchange rate parities (EUR (€) / RUB (₽) and EUR (€) / USD ($)). Sensitivity analyses of these macroeconomic assumptions are presented below.

Determination of cash flows

IFRS 16 standard

The management's business plan incorporates the effect of the application of the IFRS 16 standard, meaning that rental expenses are not taken into account when determining the adjusted EBITDA. Therefore, as part of implementing the DCF model, we have reintegrated the expected rental flows over the period in order to better grasp the Group's cash generation, while specifying that the

[42] *The Sports segment, which is mainly based in the United States, would decline in 2021, and gradually recover from 2022 onwards only.*
[43] *12.2% after IFRS 16.*
[44] *These small acquisitions are almost similar to recurring CAPEX.*
[45] *It should be noted that petroleum-based products represent slightly more than half of the Group's raw materials purchases in 2020 (PVC, plasticizers, etc.).*

associated IFRS 16 debt has not been considered in our calculation of the adjusted net financial debt (§6.3.2).

Normative flow

Given the expected duration of the business plan and the Company's operational characteristics, we have not extended its explicit horizon.

The main assumptions used in the terminal value are the following:

- The +2% infinite growth rate used to determine the normative flow was determined with reference to IMF forecasts[46] of real GDP[47] growth neutralised by inflation effects and weighted by the respective contribution of each region to the Group's total net revenue. We would specify that the employed rate is voluntarist insofar it is higher than the TARKETT average annual organic growth rate of +0.7% observed over the 2008 - 2020 period;
- The normative flow was prepared on the basis of an adjusted EBITDA margin before application of the IFRS 16 norm in line with the expected 11.1% level in 2026;
- Depreciation and amortisation were set at the CAPEX level;
- The normative tax rate was modelled, based on the weighting of tax rates by region to EBIT i.e. before considering the financial structure. A normative tax rate of 30% notably reflecting the allocation of tax loss carryforwards in Luxembourg has been retained indefinitely;
- The normative WCR change represents 15% of the net revenue variation;
- CAPEX are kept stable compared to those expected in 2026, representing approximately 3.3% of net revenue;
- Restructuring costs, "bolt-on" acquisitions and other costs[48] were also retained in the terminal flow (at their level reached at the end of the business plan).

It should be noted that annual savings of approximately €1 million are taken into account in the business plan flows in connection with the hypothesis of delisting of the TARKETT share, which is favourable to the value.

Discounting rate

We used the Company's weighted average cost of capital[49] in order to discount the future cash flows. This rate was estimated at 9.5%[50] based on the following elements:

- A risk-free rate of (0.18)% corresponding to the average rate of the 10-year TEC OAT (1-year average calculated on 31/03/2021 – Source: BANQUE DE FRANCE);
- An equity market risk premium of 8.95% (1-year average of the ASSOCIÉS EN FINANCE risk premium on 31/03/2021);
- A deleveraged Company beta of 1.14 (corresponding to the TARKETT 1-year average beta) prior to the Offer announcement, i.e. as on 22 April 2021;

46 *Source: IMF Database October 2020.*
47 *Gross Domestic Product*
48 *Notably the costs to cover the replacement scheme for the current LTIP programme for the people who will not be added to the management package scheme.*
49 *The rate was calculated directly at the Company level.*
50 *It should be noted that the discount rates used by financial analysts following the TARKETT share are very heterogeneous, with discount rates ranging from 6.8% to 11.2%.*

- A total pre-tax debt cost of 2.2%[51], which is the weighted average cost of debt calculated from the effective borrowing rates of the Company's various existing funding sources;
- Gearing of 62% determined on the basis of the net debt/equity ratio as shown in our DCF model;
- A normative tax rate of 30% reflecting the Group's geographical diversity.

It should be noted that the update of the market parameters (risk-free rate, equity market risk premium and the Company's deleveraged beta) after the Offer announcement is not likely to call into question the employed discount rate.

Valuation results and sensitivity analyses

The sensitivities of the TARKETT value per share to a combined change of (i) the discount rate (from -0.25 points to +0.25 points) and the perpetual growth rate (from -0.25 points to +0.25 points) and (ii) the discount rate (from -0.25 points to +0.25 points) and the normative adjusted EBITDA margin (-0.25 points to +0.25 points), are presented below.

Figure 18 – Sensitivity analysis to a combined change of the perpetual growth rate and discount rate

		Discount rate (%)				
		9.00%	**9.25%**	**9.50%**	**9.75%**	**10.00%**
Perpetual growth rate (%)	*2.5%*	19.52	18.41	17.37	16.40	15.50
	2.3%	18.81	17.76	**16.77**	15.86	15.00
	2.0%	18.15	**17.15**	**16.22**	**15.34**	14.53
	1.8%	17.53	16.58	**15.70**	14.87	14.09
	1.5%	16.96	16.06	15.21	14.42	13.67

Source: FINEXSI analyses

Figure 19 – Sensitivity analysis to a combined change of the discount rate and normative adjusted EBITDA margin

		Discount rate (%)				
		9.00%	**9.25%**	**9.50%**	**9.75%**	**10.00%**
Normative adjusted EBITDA margin before IFRS 16 (%)	*11.6%*	19.60	18.53	17.54	16.61	15.74
	11.4%	18.87	17.84	**16.88**	15.98	15.13
	11.1%	18.15	**17.15**	**16.22**	**15.34**	14.53
	10.9%	17.42	16.46	**15.56**	14.71	13.92
	10.6%	16.70	15.77	14.90	14.08	13.32

Source: FINEXSI analyses

The use of this approach provides a value per share between €15.34 and €17.15 with a central value of €16.22.

Analyses of macroeconomic sensitivities

Moreover, as indicated above, the Company's aggregates are particularly sensitive to the volatility of the price per barrel of Brent crude oil, insofar as oil-derived products represent slightly more than

[51] *Including upfront commissions, commitment commissions, FX fees and ancillary costs amortised in accordance with accounting rules.*

half of the Group's raw material purchases in 2020 (PVC, plasticizers, etc.), and to the volatility of exchange rates (EUR/USD and EUR/RUB)[52].

We therefore simulated scenarios consistent with the market expectations of the consensus of these three macroeconomic indicators. This sensitivity analysis extends the range of values presented above.

On these bases, after these various sensitivity analyses, we will retain a range of TARKETT values per share between €14.41 and €17.15, with a central value of €16.22. The Offer price represents a premium of +23.3% compared to this last value.

6.4.3. Stock market comparables method (secondary)

The stock market comparables method involves determining a company's value by applying multiples, observed on a sample of other listed companies in the same business sector and with aggregates deemed relevant.

The various listed companies operating in the flooring market differ in terms of geographical positioning, product mix (including the manufacturing of higher value-added flooring such as ceramics), size, end-use (commercial or residential) or operational profile (growth, profitability and capital intensity).

We are presenting the stock market comparables method on a secondary basis since there is no company that is fully comparable to TARKETT. However, we have identified seven listed companies involved in the production and marketing of flooring that have a similar business to TARKETT, with diversified product mixes (several types of flooring), intended for a predominantly commercial clientele and a global geographical presence.

The seven identified companies are the following:

- **MOHAWK INDUSTRIES** is an American group specialising in the design, manufacture and marketing of flooring for commercial and residential use. This group operates mainly (i) in the United States (58% of 2020 net revenue), (ii) in Europe (26% of the net revenue), (iii) in the rest of the world, namely mainly in Russia, Brazil and Mexico (16% of the net revenue). The group divides its offer into 3 segments: (i) *"Flooring North America"* (38% of 2020 net revenue), (ii) *"Flooring Rest of World"* (26% of the net revenue), and (iii) *"Global Ceramic"* (36% of the net revenue). The company has vertically integrated its production and offers a wide product range, including vinyl flooring (notably LVT), wood and laminate flooring, ceramics as well as carpets and rugs. As on 31 December 2020, MOHAWK INDUSTRIES had a net revenue of $9.6 billion (approximately €7.8 billion) for EBIT of $636.0 million (approximately €520.7 million) representing an EBIT margin of 6.7%;
- **INTERFACE, INC.** is an American company that designs, manufactures and markets flooring, in particular carpet tiles and resilient flooring (including LVT and rubber flooring). The INTERFACE offer is aimed at both commercial (including sports facilities) and residential customers. INTERFACE has 3,742 employees on 3 January 2021 and operates primarily in (i) the Americas (54% of 2020 net revenue), (ii) Europe (32% of net revenue) and (iii) Asia Pacific (14% of net revenue). As on 3 January 2021, INTERFACE has achieved a net revenue of $1.1 billion (approximately €903.1 million) for an EBIT of -$39.3 million

[52] *Indeed, 45% of 2020 sales are in North America. For these reasons, the Group is exposed to exchange rate fluctuations of the US dollar (USD) against the euro (EUR). Similarly, with 10% of 2020 sales made in Russia, the Group is exposed to exchange rate fluctuations of the Russian rouble (RUB) against the euro (EUR).*

(approximately -€32.2 million). For information in 2019, INTERFACE achieved an EBIT margin of 9.7% thanks to EBIT of $130.9 million and a net revenue of $1.3 billion;

- **FORBO HOLDING AG** is a Swiss company with two operating divisions, (i) FORBO FLOORING SYSTEMS (68% of 2020 net revenue), that specialises in the design, manufacture and production of flooring and adhesives for the construction industry, and FORBO MOVEMENT SYSTEMS (32% of the net revenue), that specialises in the manufacture of conveyor belts and power transmission belts for industry. FORBO HOLDING operates across 27 countries for its "Flooring" division (with 15 plants in 7 countries) and in 32 countries for its "Movement Systems" division. Its offer is notably marketed (i) in Europe (65% of the net revenue), (ii) in the Americas (20% of the net revenue) and (ii) in Asia-Pacific and Africa (15% of the net revenue). The company works with commercial and residential customers, mainly with linoleum flooring but also with LVT, carpet tiles and technical floors. In 2020, FORBO is the world leader in linoleum with a market share of approximately 70% with this material. As on 31 December 2020, FORBO HOLDING had nearly 5,300 employees (including 2,947 in the "Flooring" division) and generated a net revenue of CHF 1.1 billion (approximately €1.0 billion) and EBIT of CHF 137 million (approximately €126.5 million), representing an EBIT margin of 12.3%;

- **VICTORIA PLC** is a UK company specialising in the design, manufacture and distribution of carpets, ceramic tiles, resilient floors (including LVT), artificial turf and accessories related to the flooring business. For its financial year ending 28 March 2020, VICTORIA generated (i) 45% of its net revenue on the *"UK & Europe Soft Flooring"* segment, (ii) 39% of its net revenue on the *"UK & Europe Ceramic Tiles"* segment and (iii) 16% of its net revenue on the *"Australia"* segment. The Group therefore only operates in Europe (mainly in the United Kingdom) and Australia, with approximately 3,400 employees in more than 20 locations in these regions. Its offer is intended for commercial and residential customers. As on 28 March 2020, VICTORIA PLC had a net revenue of £621.5 million (approximately €695.8 million) and adjusted EBIT of £77.1 million (approximately €86.3 million), representing an EBIT margin of 12.4%;

- **JAMES HALSTEAD PLC** is a UK company that provides resilient flooring and carpet tiles primarily for the commercial market (healthcare, education, office, sports, and retail), but also for residential use. JAMES HALSTEAD operates mainly in (i) Europe (44% of Group net revenue in 2020), (ii) the United Kingdom (33% of net revenue), (iii) Asia Pacific (14% of net revenue), and (iv) the rest of the world (9% of net revenue). As on 30 June 2020, JAMES HALSTEAD had a net revenue of £238.6 million (approximately €263.4 million) and EBIT of £44.1 million (approximately €48.7 MILLION), representing an EBIT margin of 18.5%;

- **BALTA GROUP NV** is a Belgian group that offers textile flooring (carpet tiles) and rugs. Its offer is divided into 4 segments, namely (i) commercial flooring (34% of 2020 net revenue), (ii) residential flooring (30% of net revenue), (iii) carpets (33% of net revenue) and (iv) non-woven technical solutions for various applications (3% of net revenue). The Group markets its products in 136 countries, notably in (i) Europe (62% of 2020 net revenue), (ii) North America (32% of net revenue), and (iii) in other countries (6% of net revenue). As on 31 December 2020, the group, that has nearly 4,000 employees, had a net revenue of €561.8 million and adjusted EBIT of €28.0 million, representing an EBIT margin of 5.0%;

- **ARMSTRONG FLOORING INC** is an American group that offers resilient flooring used in building construction (25% of 2020 net revenue) and renovation (75% of net revenue). The Group operates mainly in North America (85% of net revenue) in a commercial (40% of net revenue) and residential (45% of net revenue) market, as well as in the Pacific zone (15%

of net revenue) only in a commercial market. In 2018, the Group spun off its "*Wood Flooring*" division in order to refocus solely on its "*Resilient Flooring*" division offering a product range consisting of vinyl flooring, due to the strong growth potential of the latter division. As on 31 December 2020, the group employed 1,552 people, including 1,267 in the United States. ARMSTRONG FLOORING INC generates net revenue of $584.8 million (approximately €478.8 million) and EBIT of -$61.7 million (approximately €50.5 million), representing an EBIT margin of -10.6%. The company's net revenue has declined by -19.6% since 2018, while EBIT was also negative in the 2019, 2018 and 2017 financial years.

The last four identified companies were not considered for the following reasons:

- Although the size in terms of market capitalisation of VICTORIA PLC and part of its product mix are similar to TARKETT, VICTORIA PLC differs with regard to the share of ceramics in its net revenue, i.e. approximately 40% of its sales in 2020. This activity is more capital intensive and has a higher added value (approximately >17% EBITDA margin compared to 9.4% for TARKETT before IFRS 16). In addition, the share price of VICTORIA PLC has grown strongly since the November 2020 announcement that it had secured £175 million of funding from KOCH EQUITY DEVELOPMENT, following which the group expects to double its EBITDA with an EBITDA acquisition target of an additional £100 million;

- JAMES HALSTEAD PLC is an actor specialising in resilient flooring with an adjusted EBITDA margin profile well above the industry average (approximately >20% compared to 9.4% for TARKETT before IFRS 16). Its positive cash position reflects a different financial structure than that of TARKETT. In addition, analyst monitoring is also limited for this stock;

- BALTA GROUP NV is specialised in rugs and carpets mainly in Europe. Its product mix is not as diversified as that of TARKETT, and its market capitalisation is below €100 million (i.e. approximately 10x smaller than that of TARKETT). The stock is also monitored by only one analyst who reports forecasts only until 2022;

- ARMSTRONG FLOORING INC offers a wide range of resilient plastic flooring. However, the Group's recent difficulties (negative EBITDA since 2017) and its smaller size (market capitalisation below €100 million) do not make it a relevant comparable for TARKETT. Moreover, the stock is not monitored by any analysts.

Thus, the selected sample is limited to the three companies, MOHAWK INDUSTRIES INC, FORBO HOLDING AG and INTERFACE INC, that are considered to be the most comparable to TARKETT for the reasons mentioned above. The net revenue growth and EBIT margin outlooks expected through 2023 by the analysts monitoring the companies in our sample of comparables are presented below. The differences in capital intensity between TARKETT and the sample companies (as well as IFRS 16) prompted us to use EBIT multiples, that are considered more relevant than the EBITDA multiples.

Figure 20 – Consensus expectations for net revenue growth and EBIT margins for the panel of comparables

Peers	Country	Net Revenue (€M)	Net Revenue Growth (%)			EBIT margin (%)		
			2021e	2022e	2023e	2021e	2022e	2023e
Tarkett S.A.	France	2,633	2.2 %	3.5 %	2.5 %	4.4 %	5.4 %	6.2 %
Mohawk Industries, Inc.	Etats-Unis	7,809	9.6 %	3.2 %	4.6 %	11.0 %	11.6 %	12.4 %
Interface, Inc.	Etats-Unis	903	1.5 %	4.5 %	1.1 %	9.3 %	10.1 %	10.0 %
Forbo Holding AG	Suisse	1,033	7.2 %	3.4 %	2.5 %	12.8 %	13.5 %	13.7 %
Average			**6.1 %**	**3.7 %**	**2.7 %**	**11.0 %**	**11.7 %**	**12.1 %**

Source: CAPITAL IQ, FINEXSI analyses

We note that the consensus view of TARKETT is mostly in line with that of the selected comparables in terms of net revenue growth from 2022. On the other hand, the EBIT margin level expected by the consensus for the TARKETT share is significantly lower than for the comparables, while specifying that historically, the product mix and end-use serve to explain the profitability differences. Indeed, the world leader MOHAWK INDUSTRIES INC also markets higher added value ceramic tiles, the products of INTERFACE INC are less fragmented with a predominance of higher added value carpeting for offices, and FORBO HOLDING AG focuses mainly on linoleum flooring for commercial applications.

As the impact of the Covid-19 health crisis on the 2021 financial year will be significant for the sector and in order to grasp a more normative value, we have retained the 2022e and 2023e EBIT multiples.

Moreover, having chosen EBIT as the most relevant aggregate, this method is not affected by the application of IFRS 16. As a result, IFRS 16 debt has not been included in the adjusted net financial debt calculations presented above (cf. §6.3.2).

The EBIT multiples of our sample of comparable companies are presented below:

Figure 21 – Multiples observed on the comparable companies in the sample

Peers	Country	Net revenue (€M)	EV (€M)**	EBIT margin			xEBIT*		
				2021e	2022e	2023e	2021e	2022e	2023e
Mohawk Industries, Inc.	USA	7,809	13,989	11.0 %	11.6 %	12.4 %	12.2x	11.2x	10.0x
Interface, Inc.	USA	903	1,166	9.3 %	10.1 %	10.0 %	11.2x	9.9x	9.8x
Forbo Holding AG	Switzerland	1,033	2,383	12.8 %	13.5 %	13.7 %	15.5x	14.3x	13.7x
Average				**11.0 %**	**11.7 %**	**12.1 %**	**13.0x**	**11.8x**	**11.2x**

Source: CAPITAL IQ, FINEXSI analyses

*Multiples induced by (i) an Enterprise Value calculated on the basis of the three-month VWAP on 22 April 2021 and an average number of shares over three months.

** Enterprise value calculated on the basis of the three-month VWAP at 22 April 2021.

Applying the average 2022[53] and 2023 multiples to the corresponding adjusted EBIT results in a range of values between €14.46 and €18.17 per TARKETT share after considering the adjusted net financial debt to which we add the present value of the tax loss carryforwards not activated in Luxembourg[54] and after considering the number of diluted shares as presented above (cf. §6.3).

[53] *For information, we note that the application of the average 2021 multiple to the corresponding adjusted EBIT results in a value per TARKETT share of €7.86 after considering the adjusted net financial debt and the number of diluted shares (cf. §6.3). We do not consider this level to be representative of a normative level of business and profitability given the Covid-19 crisis.*

[54] *We recall that this charge is reflected in the normative tax rate used in the business plan flows, with regard to our DCF modelling.*

The Offer price represents premiums of +38.3% and +10.1% relative to the lower and upper limits of this range.

It should be noted that this approach is used on a secondary basis in view of the limitations outlined above.

Furthermore, the evolution of the share prices of the stock market comparables since the Offer announcement does not call into question the multiples that have been used.

6.4.4. Analysis of price targets of analysts (secondary basis)

Analysing the price objectives of financial analysts does not constitute a valuation method in and of itself, but rather a summary of opinions. This reference involves determining a company's value on the basis of the price targets of the analysts who are covering the stock. TARKETT is currently monitored by eight financial analysts (CM-CIC, EXANE BNP PARIBAS, JEFFERIES, KEPLER-CHEUVREUX, ODDO BHF, SOCIÉTÉ GÉNÉRALE, BARCLAYS, and ALPHA VALUE).

It should also be noted that two analysts have recently stopped monitoring TARKETT, namely HSBC (last rating on 23 February 2021 after the publication of the 2020 annual results) and BRYAN GARNIER (last rating on 14 September 2020).

Also, the financial analysts monitoring the TARKETT share price communicate in a more or less detailed manner on the Company's operational forecasts and the ones used in their valuation work. Moreover, given that the Company does not provide long-term quantified forecasts, there are some differences between the forecasts of analysts and those of the Company, which may cause distortions in the valuation levels based on these forecasts. For these reasons, the analysis of the price targets of analysts is presented on a secondary basis.

We have based our analysis on the price targets of financial analysts monitoring TARKETT, published before the Offer announcement.

The most recent publications identified by analysts monitoring TARKETT prior to 22 April 2021 are provided below:

Table 13 – Analysis of the price targets of analysts before the Offer announcement

Date	Analyst	Target price		Recommendation
02/21/2021	AlphaValue	€	17.1	Buy
02/19/2021	CM-CIC	€	16.5	Neutral
02/22/2021	Exane BNP Paribas	€	15.0	Outperform
02/23/2021	HSBC	€	22.0	Buy
04/13/2021	Jefferies	€	12.6	Underperform
03/05/2021	Kepler-Cheuvreux	€	14.5	Hold
03/19/2021	Oddo BHF	€	20.0	Outperform
02/25/2021	Société Générale	€	13.0	Hold
04/06/2021	Barclays	€	18.0	Outperform
Average		**€**	**16.5**	

Sources: CAPITAL IQ, analyst notes and FINEXSI analysis

The price targets are thus set in a wide range between €12.6 and €22.0 with an average value of €16.5 per TARKETT share. The overall consensus is "neutral" or "buy". The Offer Price of €20 per TARKETT share represents a premium of +21.0% over the average price targets.

The value of the HSBC analyst's price target (€22.0) is notably explained by the employed valuation method, i.e. the application of multiples of EBITDA, EBITA and net income of stock market comparables to the TARKETT financial aggregates. Indeed, the differences of capital intensity and profitability profiles between TARKETT and its comparables make the EBITDA and EBITA aggregates somewhat irrelevant in the context of the Company's valuation by this approach, and may lead to an overvaluation.

For information purposes, after the Offer announcement, most analysts adjusted their price targets to the Offer price. Only JEFFERIES and ALPHA VALUE maintained theirs[55].

We have noted the main comments of the following analysts in their most recent notes published after the Offer announcement. It should be noted that the majority of analysts monitoring TARKETT consider the Offer price to be quite fair in the current economic context:

- EXANE BNP PARIBAS: *"The offer seems fair to us considering the context of muted earnings recovery due to input cost inflation and protracted recovery in commercial end markets.";*

- KEPLER-CHEVREUX: "*We think the implied multiples (6x adj. EBITDA, 11x adj. EBIT, and 14x adj. P/E 2022E looks fair in light of TARKETT's sales (a subdued recovery of commercial end markets) and unprecedented margin headwinds". […] "We recommend shareholders to accept the all-cash offer at EUR20 per share.";*

- ODDO BHF: *"In our opinion, this simplified takeover bid is a good opportunity for minority shareholders in a less favourable CT context. The chosen price corresponds to our OC, i.e. €20. It reflects a premium of 38.5% over the average of the last 20 days and 28.5% compared to the last closing price. On this basis, the valuation is close to 7x EBITDA 2021e and 5.5x 2022e versus 7x for historical references and 13.6x EBIT 2022e versus 13x for historical references.";*

- CM-CIC: *"In the current context, the price of €20 is attractive. If we look ahead to our 2023 forecast, it is much less so. In the end, we consider it relatively balanced and are adjusting our target to it.";*

The following two analysts consider that the Offer price is reasonable given the current uncertain environment but that it would not fully reflect the long-term growth potential of the Group's business:

- ALPHAVALUE: "*We find this is a reasonable offer looking at the state of the economy and the competitive environment the company operates in. Based on the long-term potential of the company, however, the offer is 'cheap' and reflects a strategic-financial decision of the buying parties to get full ownership of a cyclical company during a time of economic bust.";*

- BARCLAYS: *"The offer values TARKETT 6.1x EV/EBITDA 2022E (17% discount to the company's average EV/EBITDA since listing). Valuation is rather cheap and the timing opportunistic, but in view of the challenging trading conditions for the next 12 months (shape of end-markets and raw materials inflation), we believe further re-rating would have required more time. Competing offers cannot be ruled out but are rather unlikely, in our view, as the DECONINCK family controls the process (67% of voting rights)."*

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55 *The average of the price targets of analysts is thus €18.5 per share after the announcement.*

6.4.5. Comparable transaction method (for information purposes)

The comparable transactions method is based on an analysis of the multiples generated by total or partial acquisitions of listed or unlisted companies in the business sector of the entity being valued. The use of this approach is limited by the difficulty of obtaining complete information on the targets and terms of the transactions.

Differences between the target companies and TARKETT in terms of profitability, size, and product mix create distortions within the sample, which therefore limits the relevance of the method. It should also be noted that half of the generated multiples may also include a control premium as well as the estimated value of the synergies for the buyer, which is not the case in the context of this Operation insofar as, on the one hand, there is no change of control and, on the other hand, no synergy is expected.

It is also worth noting that these multiples are being applied to 2019 and 2020 aggregates prior to the IFRS 16 application for consistency purposes, as most of the selected transactions occurred before 2019 and the entry into force of this standard. As a result, IFRS 16 debt has not been included in the adjusted net financial debt calculations presented above (cf. §6.3.2). This method also does not consider the development prospects and notably the profitability improvement expected by the Group. For these reasons, this method is presented only for illustrative purposes.

Over the last six years, we have selected four transactions from amongst the ones identified and presented in the Appendices:

- The sale of 9.97% of the VICTORIA PLC share capital by INVESCO ASSET to KOCH EQUITY DEVELOPMENT, LLC announced in October 2020. The listed target company, VICTORIA PLC, presented above (see §6.4.3), is a company operating in the United Kingdom, Europe and Australia in the following segments: (i) "*UK & Europe Soft Flooring*", (ii) "*UK & Europe Ceramic*", (iii) "*Australia*". As a reminder, as on 28 March 2020, VICTORIA had a net revenue of £621.5 million (approximately €695.8 million) and adjusted EBIT of £77.1 million (approximately €86.3 million), representing an EBIT margin of 12.4%;

- The sale by SMALLCAP DANMARK A/S of 19% of EGETAEPPER A/S to MEDF HOLDING A/S followed by a Public Tender by MEDF HOLDING A/S to hold a total of 32.26% of EGETAEPPER, announced in November 2018. EGETAEPPER, an unlisted Danish company, specialises in the design and production of fitted carpets, carpet tiles and rugs. Its offer is aimed at the hotel, office, retail, cultural, educational and health sectors. As on 30 April 2018, EGETAEPPER A/S had a net revenue of DKK 1,157 million (approximately €155.3 million) and EBIT of DKK 79 million (approximately €10.6 million), representing an EBIT margin of 6.8%;

- The purchase of 100% of the NORA SYSTEMS GMBH shares by INTERFACE INC, announced in June 2018. The German company NORA SYSTEMS, develops and produces rubber flooring for various markets such as healthcare, education, industry, retail and transport. Its positioning includes an offer of durable, resistant and hygienic flooring and, at the time of the acquisition, it was considered to be the leader in its segment. At the time, the company was majority-owned by INTERMEDIATE CAPITAL GROUP and employed 1,100 people worldwide. As on 31 December 2017, NORA SYSTEMS had a net revenue of €229.1 million and EBIT of €23.2 million, representing an EBIT margin of 10.1%;

- The disposal of GODFREY HIRST AUSTRALIA PTY LTD by the MCKENDRICK family to MOHAWK INDUSTRIES, INC, announced in November 2017. GODFREY HIRST AUSTRALIA PTY LTD is an Australian company specialising in the manufacture and sale of tufted carpet in Australia. As on 30 June 2017, GODFREY HIRST AUSTRALIA had a net revenue of

$439.6 million (AUD) (approximately €295.8 million) and its EBIT was $95.4 million (approximately €64.2 million) representing an EBIT margin of 21.7%.

As indicated in the Appendices, although the transaction between GERFLOR SAS and COBEPA and CREDIT MUTUEL EQUITY was identified as comparable, it could not be retained for lack of financial information[56] (unavailable EBIT).

The sample of comparable transactions and the characteristics of these transactions are presented below:

Table 14 – Presentation of comparable transactions over the last six years

Closing date	Target	Listed / Not listed	Country	Buyer	% acquired	EV (€M)	xEBIT
11/16/2020	Victoria plc	Listed	United Kingdom	Koch Equity Development	10%	996	12.0x
03/08/2019	Egetaepper a/s	Not listed	Denmark	MEDF Holding A/S	32%	96	9.1x
08/07/2018	nora systems GmbH	Not listed	Germany	Interface, Inc.	100%	385	16.6x
07/02/2018	Godfrey Hirst Australia Pty	Not listed	Australia	Mohawk Industries	100%	396	12.5x
Average							**12.5x**

Sources: CAPITAL IQ, MERGERMARKET, EPSILON, press releases of targets and FINEXSI analyses

We note that the average EBIT multiple (12.5x) (mainly derived from transactions where the targets are not listed on the stock exchange) is in line with the average 2021 EBIT multiple determined using the stock market comparables method (cf. §6.4.3).

Applying the average multiple to the adjusted EBIT published in 2019 and 2020 by TARKETT before IFRS 16 and considering the adjusted net financial debt presented above (see §6.3.2), to which we add the present value of the tax loss carryforwards not activated in Luxembourg[57], the value per TARKETT share is in a range between €12.41 and €12.91 per share. The Offer price represents premiums of +61.2% and +54.9% respectively relative to the lower and upper limits of this range.

[56] *We note, however, that the EBITDA multiple resulting from the transaction is 10.7x. We were unable to use an EBIT multiple due to lack of available information.*

[57] *We recall that this charge is reflected in the normative tax rate used in the business plan flows, with regard to our DCF modelling.*

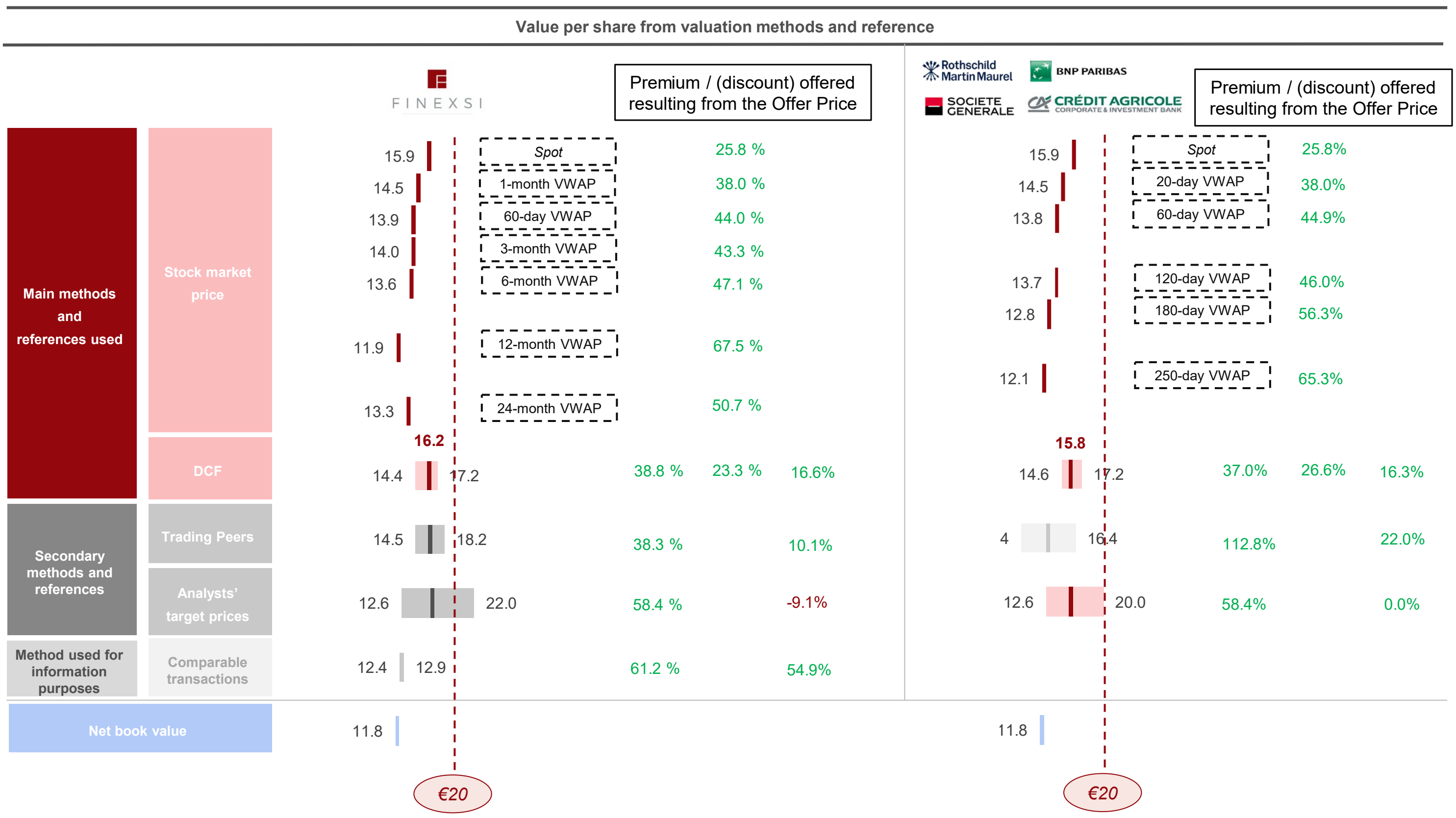
7. Analysis of assessment elements of the price established by the Presenting Banks

The Presenting Banks, ROTHSCHILD MARTIN MAUREL, CA-CIB, BNP PARIBAS and SOCIÉTÉ GÉNÉRALE, prepared the assessment elements for the Offer terms provided in section 3 of the draft Information Memorandum.

We analysed these elements and met with the representatives of the Presenting Banks in charge of the valuation in order to discuss the valuation methods and selected references, and obtained their valuation report.

The results of our respective efforts are summarized below:

Figure 22 – Comparison of the valuation work of FINEXSI and of the Presenting Banks



Source: Information Memorandum and Finexsi analyses

7.1. Valuation methods and references

For the TARKETT valuation, the Presenting Banks used the following methods and references: primarily, (i) analysis of the stock price, (ii) analysts' price targets and (iii) discounted free cash flows, and for information purposes, (iv) stock market comparables, in the absence of a listed company directly comparable to TARKETT.

As stated above, we considered all of the methods and references used by the Presenting Banks, with the only difference that we are presenting the price targets of analysts and the stock market comparables as secondary information. Moreover, unlike the Presenting Banks that excluded the comparable transactions method, we included it for its illustrative value.

Like us, the Presenting Banks set aside the net book value, net asset value and dividend discounting methods.

7.2. Implementation of the various valuation methods

7.2.1. Reference data

Adjustments and transition from enterprise value to equity value

The Presenting Banks adopted a transition from enterprise value to equity value in the total amount of -€659.5 million for the DCF on 30 June 2021 estimated from the net debt position on 31 December 2020 and the management cash flow forecasts for the first half of 2021.

For the stock market comparables, the Presenting Banks adopted a transition of -€589.7 million on 31 December 2020 due to the absence of balance sheet forecasts for the stock market comparables on 30 June 2021.

For consistency, FINEXSI based itself on the elements of the consolidated financial statements as on 31 December 2020 for all methods and adopted an amount of -€662.3 million for the DCF and -€669.3[58] million for the analogue methods (insofar as provisions for contingencies and losses are considered in the business plan flows).

The main differences regarding the adopted amounts as on 31 December 2020 are presented below:

- FINEXSI uses the amount of €17.6 million corresponding to all other financial assets, and mainly to a security deposit for the asbestos risk, then to investments and companies accounted for by the equity method, while the Presenting Banks use the amount of €0.5 million;

- FINEXSI includes deferred tax liabilities, other non-current debts, an earn-out payment, and a frozen cash amount, which is not the case for the Presenting Banks;

- FINEXSI uses the present value of non-activated tax loss carryforwards in Luxembourg which amounts to approximatively €55 million over the business plan horizon and beyond;

- Regarding the factoring contracts, FINEXSI revalued the normative amount using the average monthly receivables sold in cash (i.e. net of the guarantee withholding for the 2020 financial year), i.e. an amount of €121.5 million, while the Presenting Banks used the full amount of the receivables sold on 31 December 2020, i.e. €133.8 million;

- Given the seasonal nature of the WCR and notably the low point seen at the end of 2020 compared with the WCR peaks to be financed in April and May, FINEXSI restated the cash and cash equivalents in the amount of -€136.3 million[59]. However, since the Presenting Banks used their transition to the end of June 2021 (except for the stock market comparables method), they did not restate this effect.

Adopted number of shares

The number of shares used by FINEXSI amounts to 65,302,926 shares. This amount corresponds to the total number of shares outstanding as of the date of the Draft Offer Document in Response

58 Including the present value of non-activated tax loss carryforwards in Luxembourg.

59 The adjustment corresponds to the difference between the average monthly WCR (plus the factoring guarantee withholding) and the low point at the end of 2020.

(65,550,281 shares), less the 373,002 treasury shares as of that date, plus the 125,647 free shares that may be allocated to the beneficiaries under the 2018 – 2021 LTIP plan and that would be covered by the Offer.

The Presenting Banks used an amount of 65,283,043 shares, i.e. the total number of shares after considering the 2018 - 2021 LTIP free allocation plan expiring on 1 July 2021. This amount corresponds to the total number of shares outstanding as on 31 March 2021 (65,550,281 shares), less the 392,427 treasury shares, plus the 125,189 free shares that may be allocated to the beneficiaries before the closing of the Offer under the 2018 - 2021 LTIP plan (assumption of a 50% allocation, as the allocation of the shares is based on performance criteria).

7.2.2. Share price analysis

The share price analysis used by the Presenting Banks elicits no particular comment on our part.

It should be noted that the Presenting Banks refer to the TARKETT share price over a period of 20 trading days, 60 days, 120 days, 180 days and 250 trading days before the Offer. FINEXSI provides an analysis of the TARKETT volume-weighted average prices over the 1 month, 3 months, 6 months and 12 months preceding the Offer. FINEXSI performed an analysis of the share price over a period of two years before the Offer, compared to one year for the Presenting Banks. FINEXSI also analyses the volatility and liquidity of the TARKETT share before the Offer announcement.

7.2.3. Analysis of the target prices of analysts

The analysis of the target prices of the analysts used by the Presenting Banks elicits no particular remark on our part.

It should be noted that unlike FINEXSI, the Presenting Banks exclude HSBC's last publication dated 23 February 2021, due to the fact that the Bank stopped monitoring the TARKETT share price on that date, given the departure of the analyst in charge of the file. The Presenting Banks refer to an ALPHA VALUE rating that is more recent than that of FINEXSI with a slightly lower price target (€16.7 compared to €17.1 for FINEXSI).

For these reasons, the average price target chosen by the Presenting Banks is €15.8 versus €16.5 for FINEXSI.

7.2.4. Updating of the cash flow forecasts

Business plan analysis

The Presenting Banks and FINEXSI use the management 2021 - 2026 business plan presented and approved by the TARKETT Supervisory Board.

The operating flows used by the Presenting Banks in the DCF model do not elicit any comments from us.

Terminal value analysis

The Presenting Banks use a perpetual growth rate of +1.5%, corresponding to the average of GDP long-term real growth rates (2050 real growth rate – source IHS MARKIT) of the main regions in which the Company operates (Europe, United States and Russia), weighted according to the net revenue generated in 2020 in the EMEA, North America and Eastern Europe regions. FINEXSI performs the same analysis (source: IMF), while considering the average GDP long-term real growth rates of all of the regions in which the Company operates, and assuming a perpetual growth rate of +2.0%.

The Presenting Banks and FINEXSI assume an adjusted EBITDA margin before IFRS 16 of 11.1%, in line with the adjusted EBITDA margin in 2026.

The Presenting Banks use a normative investment rate of 3.4% of the net revenue, corresponding to the average expected over the explicit horizon of the business plan. FINEXSI uses a CAPEX level representing 3.3% of the normative net revenue.

The normative WCR change[60] used by the Presenting Banks and FINEXSI represents 15% of the net revenue growth, in line with the achievements of the last four years of the business plan.

The tax rate used by the Presenting Banks is 30%, in line with the business plan assumption and FINEXSI.

In the terminal value, the Presenting Banks and FINEXSI both include the other operating costs corresponding mainly to recurring restructuring expenses and small "bolt-on" acquisitions in North America in the Sport sector.

Analysis of the calculation of the Weighted Average Cost of Capital (WACC)

The Presenting Banks used a weighted average cost of capital calculated by geographic region of 9.5%, similar to that of FINEXSI, calculated with a consolidated approach. The main identified differences that compensate for each other are simply methodological and do not elicit any particular comments from us.

Analysis of sensitivities and results

In addition to the usual sensitivity analyses, FINEXSI also assesses the Company's value based on the price of a barrel of oil (Brent) as well as exchange rates (EUR/USD and EUR/RUB) over the business plan horizon, given its sensitivity to these parameters. This analysis was not used by the Presenting Banks.

The aforesaid differences are unlikely to generate a significant valuation difference between the value obtained by the Presenting Banks (range of values between €14.6 and €17.2 with a central value of €15.8) and FINEXSI (range of values between €14.4 and €17.2 with a central value of €16.2).

7.2.5. Stock market comparables method

The Presenting Banks and FINEXSI use the same limited sample of three stock market comparables.

Like FINEXSI, the Presenting Banks used EBIT multiples as the reference multiple, given the differences of capital intensity within the sample. On the other hand, the Presenting Banks applied the 2021 and 2022 average multiples of the stock market comparables to the TARKETT 2021 and 2022 adjusted EBIT, unlike FINEXSI, that used the average 2022 and 2023 EBIT multiples of its sample, applying them to the 2022 and 2023 adjusted EBIT. FINEXSI considers that the 2021 adjusted EBIT level is not representative of a level of normative activity.

The Presenting Banks and FINEXSI used a transition from the enterprise value to the equity value as on 31 December 2020 in the context of this analogue method. We remind you that FINEXSI

[60] *Taking factoring programmes into account.*

considers the provisions for contingencies and losses as well as the present value of tax loss carryforwards not activated in Luxembourg in these adjustments, unlike the Presenting Banks.

These primary differences explain the discrepancies brought to light by this method. Indeed, the Presenting Banks use values per share between €9.4 and €16.4, while the range of values published by FINEXSI is between €14.5 and €18.2.

7.2.6. Comparable transaction method

The Presenting Banks did not use this method, given that the identified transaction targets had a positioning and/or financial profile that is far from that of TARKETT, and in some cases included synergies, which is not the case in this Offer. FINEXSI nevertheless used this method only for illustrative purposes.

FINEXSI used an average multiple of 12.5x and applied it to the TARKETT 2019 and 2020 adjusted EBIT, resulting in a value per share between €12.4 and €12.9 per share.

8. Analysis of agreements related to the Offer

We examined the agreements that could have a significant influence on the Offer's valuation, as presented in the draft information memorandum to which reference should be made, in order to assess whether these agreements contain financial characteristics that could call into question the fairness of the Offer.

Under the terms of the Investment Agreement, as well as the draft Shareholders' Agreement, the draft Liquidity Mechanism and the draft Management Package appended to it, and in the context of the Offer, the performance of all of the following operations is planned.

We also recall that the Investment Agreement anticipates a formal commitment by the SID (i) to ensure that the Company is managed in the ordinary course of business until the closing of the Offer, and (ii) to ensure, within the limits of its powers, that no reserved decision (as this term is defined in the information memorandum) is taken without the Investor's consent.

8.1. Investment Agreement

Signed on 23rd April 2021, the Investment Agreement contractually unites TARKETT PARTICIPATION, the SID, and TRIEF CORPORATION SA. The Investment Agreement provides for the latter two to invest to become shareholders of TARKETT PARTICIPATION.

We remind you that SOCIÉTÉ INVESTISSEMENT DECONINCK (SID) is the Company's majority and controlling shareholder. SID made a contribution in kind to TARKETT PARTICIPATION of the TARKETT shares that it holds, i.e. 33,222,659 shares (50.68% of its capital), according to the terms and conditions presented below.

TARKETT PARTICIPATION, set up by SID for the purposes of the Offer, is a French simplified joint stock company (SAS) with share capital of €398,277,047 consisting of 398,277,047 shares each with a par value of €1, fully subscribed and fully paid up and all of the same class.

The purpose of TARKETT PARTICIPATION, both in France and abroad, is:

- The acquisition, subscription, holding, acquisition of direct or indirect interests in all commercial, industrial, financial, securities and real estate companies and businesses, whether through the creation of new companies or the acquisition of existing companies, contributions, mergers, spin-offs or joint ventures, or through the leasing of assets;
- All services and advice, notably in administrative, financial, accounting, commercial, IT or management matters, for the benefit of the company's direct and indirect subsidiaries or any other companies in which it holds a stake, and participation in the management of these subsidiaries;
- And generally, all operations, whether financial, commercial, industrial, civil, real estate or movable, that may be directly or indirectly related to the above corporate purpose and to any similar or related purposes, as well as those likely to directly or indirectly promote the purpose pursued by the company, its expansion, its development or its corporate assets.

8.1.1. Preliminary operations

The following are the successive stages of the operation:

- On 23 April 2021, SID transferred all of its TARKETT shares to TARKETT PARTICIPATION by way of a contribution in kind, on the basis on their net book value as it is accounted in SID's financial statements for the year ended on 31 December 2020, *i.e.* €11.8 per TARKETT share (*i.e.* €398,276,047). As such, the double voting rights enjoyed by certain contributed shares were lost. This has no impact as this is a reclassification and a constituent contribution.

- That same day, SID sold to the Investor (TRIEF CORPORATION SA) one TARKETT PARTICIPATION common share for a purchase price determined on the basis of the Offer price. The Investor proceeded to acquire 17,982,145 additional TARKETT PARTICIPATION common shares on 26 April 2021 for a total amount of €30 million also determined by transparency with the Offer price (i.e. approximately €1.67 per TARKETT PARTICIPATIONS share), in accordance with the provisions of the Investment Agreement. Following these operations, SID holds 95.49% of the TARKETT PARTICIPATION capital and voting rights, while the Investor holds 4.51%.
- In order to finance part of the Offer, the Investor has provided the Initiator with a shareholder loan of up to €250 million (hereinafter the "**Shareholder Loan"**)[61]. We specify that the latter will be used for no purpose other than to finance the acquisition of TARKETT shares in connection with the STO including costs of the transaction or mandatory squeeze-out and always in accordance with the allocation rules.

8.1.2. Financing of the Offer and refinancing of existing debt

We specify that the Initiator's acquisition of all shares covered[62] by the Offer represents, based on the Offer price, a maximum amount of €589,603,980 (excluding miscellaneous costs and commissions).

This amount will be financed by the Shareholder Loan of up to €250 million, as well as by a credit agreement under English law entitled "*Senior Facilities Agreement*" concluded on 23 April 2021 between BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK and SOCIETE GENERALE acting as arrangers. On 26 April 2021, BNP PARIBAS, CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK and SOCIETE GENERALE adhered to this credit agreement, acting as guarantors of the Offer. It is contemplated that TARKETT will accede to the credit agreement. Under the credit agreement terms, the lenders will make available two credit facilities for a maximum total amount in principle of €1,300 million (hereinafter the "**Bank Financing**"), that will also be used to refinance part of the Group's debt and to finance the Group's general needs : (i) a term loan (hereinafter "**Term Loan B**") for a maximum amount of €950 million and (ii) a renewable credit facility (hereinafter "**Revolving Credit Facility**") for an amount of €350 million with respective maturities of 7 years and 6 years and 6 months. The latter is notably intended to finance the Group's general needs and to refinance any term loan in which the Company is currently a party, excepting the Term Loan B.

We specify that the Bank Financing and notably Term Loan B will require the set-up of an intra-group loan agreement between TARKETT PARTICIPATION and TARKETT. As such, TARKETT PARTICIPATION will make available to TARKETT, on one or more occasions, sums resulting from one more drawdown(s) by TARKETT PARTICIPATION on Term Loan B for a maximum principal amount of

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[61] The latter is intended to be capitalised at the end of the Offer, or, as relevant, at the end of the implementation by the Initiator of a mandatory squeeze-out procedure. The final drawdown amount of the Shareholder Loan and therefore of the subsequent capital increase and the level of the Investor's participation in the Initiator's capital will depend on the number of shares acquired by the Initiator as part of the Offer and, if relevant, the mandatory squeeze-out. Furthermore, it does not bear interest.

[62] As indicated in the draft Offer Document in Response, the Offer relates to a maximum total number of 29,480,199 shares corresponding to all shares not directly or indirectly held by the Initiator, alone or in concert, that have already been issued, with the exception of the treasury shares held by the Company, as well as all shares likely to be delivered before the closing of the Offer as a result of the final vesting of the shares allocated free of charge by the Company in the context of the 2018-2021 LTIP.

€500 million with a maturity of 7 years. This amount will mainly be used to refinance the existing *Schuldschein* loans for an amount of approximately €552 million, with the balance to be refinanced in cash.

The main financial terms of the intra-group loan agreement reflect those of Term Loan B, namely a margin between 2.25% and 3.25% (depending on the percentage of TARKETT capital held by TARKETT PARTICIPATION after the Operation, the financial leverage[63], and subject to an adjustment mechanism based on certain environmental, social and good governance criteria and a successful syndication in the market). For the latter point, we specify that the effective rate will be subject to the Company's ability to syndicate the loans, thus enabling the banks to have a certain flexibility to increase the margin (within a maximum of 1%).

Although the cost of this Bank Financing is higher than that of the *Schuldschein* loans and, moreover, of the weighted average cost of the Group's debt as on 31 December 2020, the rates negotiated as part of this financing appear to be lower than recent and comparable financing exercises, notably those of GERFLOR in March 2020 and 2021. Moreover, these new funding sources seem to have clear advantages in the current context. Indeed, Term Loan B is more flexible than the existing *Schuldschein*, which guarantees the Group's access to a means of financing subject to a very limited bank covenant[64], while providing easier access to a more liquid market in order to finance external growth operations or investments.

It should also be noted that the factoring programmes set up in June 2019 reduced the Group's need to use the RCF giving access to €700 million of financing. Thus, the new Revolving Credit Facility appears to be better suited to the Group's general and operational needs (seasonal WCR variations to be covered), as well as to recurring investments ("bolt-on" acquisitions mentioned in the business plan (cf. §7.2.4)).

We further note that the €250 million Shareholder Loan must be repaid (i) in cash to the Investor for the amount possibly unused at the end of the Offer, and, for the balance, (ii) via a capital increase by way of set-off of claims subscribed by the Investor in exchange for TARKETT PARTICIPATION common shares. It should be noted that the Shareholder Loan can only be used for the purchase of TARKETT shares under the STO (and, if applicable, the mandatory squeeze-out), or for the payment of the related transaction costs.

Finally, we note that each party has borne its transaction costs. Regarding the financing costs, it should be noted that the Initiator has undertaken to bear a share of the financing costs of certain loans, up to a maximum of €5.95 million.

We point out that we did not consider the amount of costs incurred by TARKETT in our valuation work, which is favourable to the Company value.

8.2. Shareholders' Agreement

The Shareholders' Agreement of 23 April 2021 governs the relationship between SID and the Investor on the level of TARKETT PARTICIPATION and the subsidiaries that it controls (including the Company) for a period of 15 years from the Offer settlement date or, if applicable, the mandatory squeeze-out.

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63 *Post-Operation net financial debt / EBITDA.*

64 *Term Loan B would only be tested if the RCF were to be drawn down to at least 40%, a scenario not currently envisaged by the management. Even if the RCF were to be drawn down to the said percentage, the bank covenant would be based on a leverage ratio of 5.8x, which gives the Company some flexibility.*

The main provisions defined in the information memorandum, that do not elicit any particular comment from us, are set out below:

8.2.1. Governance

On the level of TARKETT PARTICIPATION

Supervisory Board:

It would be composed of six to nine members, including (i) five members appointed on the proposal of SID, and (ii) one or two members appointed by the Investor, provided that the Investor holds more than 10% or 20% of the TARKETT PARTICIPATION voting rights, respectively, at the end of the Offer, (iii) one qualified person appointed by the Investor, provided that the Investor holds more than 10% of the Initiator's voting rights, and (iv) one qualified person appointed by SID.

Each party to the Shareholders' Agreement may appoint up to 2 non-voting members, provided that the Investor holds more than 5% of the TARKETT PARTICIPATION voting rights.

Decisions of the Supervisory Board would require a simple majority and the Executive Board would have to obtain the prior approval of the Supervisory Board for a number of decisions that are currently indicated in the internal regulations of the TARKETT Supervisory Board.

It is further specified that certain decisions of an extraordinary nature, both on the level of the Initiator and of the Company or its subsidiaries, notably relating to significant investments, recourse to debt above a certain threshold, the completion of an acquisition of a certain size, modification of the group's activities, the signing of agreements between related parties or modification of the articles of association that could affect the Investor, could only be taken by a simple majority including the positive vote of at least one representative of the Investor, provided the latter holds more than 10% of the Initiator's voting rights.

The Executive Board would be composed of the Chairman and, if necessary, one or more deputy managing directors. The Executive Board members would be appointed and dismissed by a simple majority decision of the Initiator's Supervisory Board, while specifying that with respect to the appointment of the Chairman (except for the first Chairman), the Investor has the right to oppose the appointment of a candidate for the position of Chairman from amongst the selected candidates.

Being the decisions reserved to the general meeting of shareholders, ordinary decisions would be taken by a simple majority and extraordinary decisions (including decisions resulting in an amendment to the articles of association) would be taken by a qualified majority, corresponding to two-thirds of the voting rights.

On the level of TARKETT

The Company's governance will have to change after the closing of the Offer in order to reflect its new shareholding structure, while specifying that SID will continue to have a majority.

In case of mandatory squeeze-out:

The Company would be transformed into a simplified joint stock company (SAS) managed by the Initiator's Chairman, Mr. Fabrice BARTHELEMY.

If the TARKETT shares remain listed:

The Company would maintain dual governance with an Executive Board and a Supervisory Board, while specifying that (i) a majority of the Supervisory Board members would be appointed on the proposal of SID, (ii) if the Investor holds more than 10% of the Initiator's voting rights, one Supervisory Board member would be appointed on the proposal of the Investor and (iii) at least one third of the Supervisory Board members would be independent in accordance with the provisions of the AFEP-MEDEF Code applicable to controlled companies.

The composition of the Executive Board would remain unchanged.

The Supervisory Board members appointed on the proposal of SID and of the Investor undertake to vote in accordance with the decision taken, as relevant, on the level of the TARKETT PARTICIPATION Supervisory Board.

8.2.2. Transfers of securities and exit clauses

The Shareholders' Agreement contains the following main provisions regarding the transfer of TARKETT PARTICIPATION shares and exit clauses:

- The Investor may not transfer its TARKETT PARTICIPATION shares for a period of five years from the entry into force of the Shareholders' Agreement;
- Certain cases of customary free transfers between affiliates are indicated;
- At the end of these five years, the Investor may transfer its TARKETT PARTICIPATION shares, subject to a right of first offer for the benefit of SID;
- SID benefits from a drag-along obligation enabling it to force the transfer to a third party of all securities held by the Investor under certain conditions;
- In case of a proposed transfer of TARKETT PARTICIPATION shares by SID, the Investor will benefit from a total and/or proportional tag-along right depending on the number of transferred shares;
- The exit procedures for the Investor, with the Investor being able after a certain period of time to implement a competitive process for the sale of the TARKETT PARTICIPATION shares held by the Investor and/or to request the implementation of an IPO;
- A customary anti-dilution right (subject to the issuance of shares in the context of employee profit-sharing schemes, if any).

It is important to specify that these non-financial elements of the Shareholders' Agreement are not likely to have an impact on the assessment of the Offer price.

8.3. Remuneration mechanism for directors

As part of the STO initiated by TARKETT PARTICIPATION on the Company, two groups of directors, the first one (hereinafter "**Tier 1**") comprising between 20 and 30 "Top directors" including Mr. Fabrice BARTHELEMY, Chairman of the Company's Executive Board, and the second one (hereinafter "**Tier 2**") comprising between 50 and 60 other directors, will take part in a plan for investment and allocation of performance shares in the capital of the acquisition structure alongside the Investor.

8.3.1. Presentation of the selected mechanism

It should be noted that the mechanism includes no in-kind contribution. The directors in question will reinvest all or part of the proceeds from the sale of the shares sold in connection with the Offer at €20 per TARKETT share.

The investment opportunity offered to directors is based on the following mechanism:

- An investment by the Tier 1 and Tier 2 directors in TARKETT PARTICIPATION common shares, *pari passu* with the other shareholders, financed by the re-contribution of all or part of the proceeds from the sale of the shares contributed to the Offer.

  Each TARKETT PARTICIPATION common share gives the right to one vote.

- An allocation of free "ratchet" performance shares for Tier 1 and Tier 2 directors, as well as the possibility, in proportions to be determined, to invest in paid "ratchet" performance shares of TARKETT PARTICIPATION (cf. characteristics of the "ratchet" shares below).

  Similarly, a voting right will be attached to each "ratchet" performance share. The financial rights of the performance shares will depend on the project multiple, with the understanding that these performance shares will not give right to any financial return if a project multiple greater than 1 is not reached.

  These "ratchet" performance shares will also be valued by an expert valuator.

  In practice:

  - The allocation of TARKETT PARTICIPATION free "ratchet" performance shares to the directors will be voted in the general meeting of TARKETT PARTICIPATION shareholders on the realisation date.

    Their final allocation will be subject to vesting periods in stages: 25% of the free "ratchet" performance shares will be issued and definitively allocated each year subject to a presence condition. These free "ratchet" performance shares will not be subject to a retention period, except for the first tranche[65] which will be subject to a one-year retention period;

  - In addition to the grant of free "ratchet" performance shares, the directors will be able, in proportions to be determined, to subscribe to paid "ratchet" performance shares, financed by themselves without any support or guarantee from TARKETT PARTICIPATION, SID or the Investor.

- A free allocation of ordinary shares for Tier 1 and Tier 2 directors.

The free "ratchet" performance shares and the free common shares will not give right to more than 10% of the financial right of the securities[66].

[65] *Special modalities will also be foreseen for tax French non-residents.*

[66] *We recall that the financial rights of the performance shares will depend on the project multiple, with the understanding that no retrocession will be due if a project multiple higher than 1 is not reached.*

8.3.2. Exit cases

In case of an exit, the "ratchet" performance shares will be converted into TARKETT PARTICIPATION common shares according to a formula that does not elicit comment on our part, thus diluting all TARKETT PARTICIPATION shareholders, *pari passu*.

The "ratchet" performance shares will be valued by an independent expert on the basis of their fair market value, based on the multiple of the total investment in case of exit. The anticipated exit cases would be:

- TARKETT PARTICIPATION IPO. Unless otherwise requested by subscribing banks or market regulators, the directors will have the right to sell their securities in the same proportions and under the same conditions as the Investor.

  The directors undertake to (i) agree to be subject to the lock-up commitments as expressed in the legal documentation, (ii) vote in favour of any resolution necessary for the implementation of the IPO and (iii) more generally, to enter into any agreement, contract or customary commitment providing for the rights and obligations of the directors in connection with the IPO.

  All performance shares will be valued immediately before the IPO on the basis of its price and converted into common shares, with the project multiple being calculated by extrapolation considering that 100% of the TARKETT PARTICIPATION shares have been sold on the IPO date at the same price as the IPO;

- The Investor's sale of its interest; and
- An event after which SID would no longer control TARKETT PARTICIPATION.

The directors would benefit from a total joint exit right ("tag-along right") in case of exit. As such, the transfer will occur at the same price and under the same conditions as indicated in the said transfer.

The reinvestment of the directors exercising their "tag-along right" in the context of this exit will be discussed in good faith, in accordance with market practice applicable at the time. In case of a transfer by SID of all of its shares in the Initiator, SID benefits under the same circumstances from a forced exit right ("drag-along right") allowing it to force the managers to sell their shares. The transfer will occur at the same price and under the same terms and conditions as envisaged for the transfer in question. If the consideration is not constituted in cash or securities listed on a regulated market in Europe or the United States, the directors will have the right to request a cash acquisition of their TARKETT PARTICIPATION shares (at a price determined by an independent expert, if necessary).

8.3.3. Liquidity

The directors would benefit from partial liquidity outside of the one-third exit cases in the 6th, 7th and 8th years of their investment, involving the common shares held by them. As of the 8th anniversary, TARKETT PARTICIPATION will also have the right to buy back all of the shares held by the directors.

The price of each share will be equal to the sum of: (i) 70% of the value resulting from the application of the EBITDA multiple induced by the Offer price (i.e. 8.1x) to the TARKETT group consolidated EBITDA over the 12 sliding months preceding the transfer date N, less the net financial debt calculated at the end of the month preceding the transfer date N, and (ii) 30% of the value resulting from the application of the EBITDA multiple induced by the Offer price (i.e. 8.1x) to the TARKETT group consolidated EBITDA over the 12 sliding months subsequent to the transfer date, less the net financial debt calculated at the end of the month preceding the first anniversary of the transfer date.

8.3.4. Summary

In summary, the examination of the Management Term Sheet defining the financial remuneration framework of these investments seems to us to be in line with the purpose of the Operation, i.e. that the directors will be shareholders of the acquisition structure and as such will bear their shareholder risk.

The performance shares and the free performance shares organise the distribution of the total capital gain amongst the TARKETT PARTICIPATION shareholders in case of exit from the capital, by tranches, according to the multiple of the total investment recorded in case of exit. This capital gain will be calculated by an independent expert on the basis of the fair market value of the only underlying asset of TARKETT PARTICIPATION, namely the TARKETT shares. The holders of these performance shares are therefore indirectly associated with the risk of achieving the TARKETT forecasts. The “tag-along right” and “drag-along right” clauses of the remuneration mechanism ensure that in case of exit, the directors will be able to dispose of their TARKETT PARTICIPATION shares under the same conditions as the Investor.

Thus, in case of an exit, the directors would not benefit from any mechanism enabling them to obtain a guaranteed sale price. It is specified that no contractual mechanism is likely to (i) be analysed as a price supplement, (ii) call into question the relevance of the Offer price per share or the equal treatment of minority shareholders, or (iii) bring to light a guaranteed sale price clause for the benefit of the directors.

Under these circumstances, the provisions of the director compensation mechanism are not, in our opinion, such as to call into question the fairness of the Offer from a financial point of view.

8.4. Liquidity mechanism

Pursuant to the Investment Agreement, TARKETT PARTICIPATION and the Investor have agreed to set up, after the Offer closing date, a liquidity mechanism for the benefit of holders of free shares in the process of vesting and of unavailable free shares.

Indeed, after the closing of the Offer, certain TARKETT directors and employees (i) are likely to obtain TARKETT performance shares in the process of vesting or (ii) hold TARKETT performance shares that are unavailable because they are subject to a retention period.

The shares in question that will not be brought to the Offer are:

- The free shares of the 2019-2022 and 2020-2023 LTIP plans in the process of vesting, i.e. 334,215 and 475,200 shares respectively, for a total of 809,415 shares;
- The free shares held by certain beneficiaries but unavailable, because of the provisions of article L. 225-197-1 II of the Commercial Code correspond to a maximum number of 16,169 shares (following the meeting of the Compensation, Appointments and Governance Committee on 18 May 2021, which approved the lifting of this retention requirement for concerned persons other than members of the Executive Board);

- The eligible shares for the benefit of the provisions of article 200 A of the French General Tax Code ("**FGTC**"), but unavailable pending the expiry of the tax holding period provided for in a of A of 1 ter of article 150-0 D of the FGTC, correspond to a maximum number of 35,000 shares.

This liquidity mechanism takes the form of cross-promises, i.e. a promise to sell (“**Call Option**”) granted by the Initiator for the benefit of the relevant holders of TARKETT shares, exercisable as from the availability date[67], followed by a promise to buy (“**Put Option**”) granted by the holders of the relevant TARKETT shares for the benefit of the Initiator, exercisable as of the end of the exercise period of the promise to sell (and in the absence of its exercise).

The Put and Call Options may be exercised if a liquidity shortage is observed, corresponding to the cases where (i) the mandatory squeeze-out would be effective, or if (ii) the average volume of TARKETT shares traded per day during the last 20 trading days would be less than 0.05% of the TARKETT share capital, based on the information published by EURONEXT Paris.

In summary, the Put Option exercise price[68] will correspond to the application of the EBITDA multiple induced by the Offer price (i.e. 8.1x) to the TARKETT group consolidated EBITDA over the 12 sliding months preceding the availability date, less the net financial debt calculated at the end of the month preceding the availability date.

The Call Option exercise price will correspond to the aforesaid exercise price, with nevertheless a floor price set at 80% of the Offer price (i.e. a floor price of €16). It will therefore not be possible for the Initiator to acquire shares below this floor price if the Call Option is exercised. It is however specified that the exercise price of the Put Option will correspond to the aforesaid exercise price without application of any floor, so that in the absence of exercise of the Call Option by the Initiator (which retains the possibility of exercising it or not), the beneficiaries do not benefit from any guarantee of the price at which they will be able to sell their free shares.

We specify that in case of implementation of the mandatory squeeze-out, the shares subject to the liquidity mechanisms described above will be assimilated to the shares held by the Initiator and will not be covered by the mandatory squeeze-out.

All of the liquidity mechanisms described above are not likely to confer particular advantages on certain shareholders and only respond to a liquidity constraint that may arise, while recalling that the shares in question are not covered by the Offer or the mandatory squeeze-out, if applicable. In addition, they expose their beneficiaries to both a value increase opportunity linked to the growth of the Company’s operating aggregates, and a downward risk should the Company’s performance be less than estimated.

[67] *The availability date will be the day on which the shares subject to the liquidity mechanism become transferable as a result of the expiry of the vesting period, or, as the case may be, the fiscal holding period or legal retention period.*

[68] *On the date of the draft information memorandum, the exercise price would be equal to the Offer price.*

9. Assessment of the remarks of the minority shareholder TWEEDY BROWNE COMPANY LLC

In the context of our assignement, the Company has forwarded to us a letter addressed to it and to its *Ad Hoc* Committee, from TWEEDY BROWNE COMPANY LLC[69] (hereinafter "**TWEEDY BROWNE**") concerning the assessment of the Offer price.

In this letter, TWEEDY BROWNE considers that the TARKETT PARTICIPATION Offer for TARKETT shares at €20 per share is not sufficient and concludes that the price should be higher than €27.65 per TARKETT share.

We have examined and analyzed the information contained in this letter and summarized hereafter our assessments, some of which have already been developed in various parts of this report.

Regarding the liquidity of TARKETT shares

TWEEDY BROWNE considers that TARKETT'S shares are not liquid, which is why the assessment of the Offer price in relation to recent trading average price does not seem relevant to him.

As indicated in our report (see §7.2.2), over the last 12 months (prior to the announcement of the Offer, i.e. at the closing of April 22, 2021), the volume of TARKETT shares traded is 22.3 million shares (i.e. approximately 87 thousand shares per day of quotation). Over the same period, the capital's turnover was 34.1% and the free float's turnover was 69.2%.

On this basis, the liquidity and the free float's turnover are at sufficient levels to use the share price as a relevant valuation reference. It should also be noted that the reference to the share price is usual in this type of transaction.

With regards to the analysts' notes mentioned

TWEEDY BROWNE mentions the fact that financial analysts' price targets are a "*deeply flawed*" method of assessing the true value of a company[70]. However, TWEEDY BROWNE refers to two analysts' notes published after the announcement of the Offer to argue that the Offer is "*cheap*". Beyond this methodological contradiction, it seems more relevant to us to refer to all the notes published after the announcement (cf. §6.4.4), from which a majority of the analysts express a positive opinion on the proposed Offer.

We have analyzed the analysts' notes published after the announcement of the Offer. The analysts consider that the Offer is rather an interesting opportunity for the minority shareholders with however heterogeneous opinions within the sample. The majority considers that the proposed price is fair and coherent in the current context (EXANE BNP PARIBAS, KEPLER CHEUVREUX, ODDO BHF, CM-CIC, etc.). However, a minority considers that the Offer price is less generous with regard to the long-term growth potential of the business, such as BAADER EUROPE (ALPHA VALUE) and BARCLAYS.

Even though BAADER EUROPE (ALPHA VALUE) and BARCLAYS consider respectively that: "*the offer is cheap*" or that "*the valuation is rather cheap*", their price targets were respectively €17.1[71] and €18

[69] Second largest shareholder of TARKETT (with 7.6% of the capital and 4.82% of the voting rights on 31 March 2021), as it is specified that Tweedy Browne sold 857,323 TARKETT shares on 26 March 2021, representing 1.31% of the Company's share capital.

[70] TWEEDY BROWNE refers to the fact that price targets are set on one-year horizons and therefore do not reflect the long-term intrinsic value of the Company.

[71] ALPHA VALUE note dated February 21, 2021. We specify that the Presenting Banks mention a note from ALPHA VALUE dated April 21, 2021 with a price target of 16.7€ per TARKETT share. We do not have this note.

per TARKETT share before announcement. The Offer price provides premiums of +17.0% and +11.0% respectively on these price targets.

It should also be noted that ALPHA VALUE uses a NAV (Net Asset Value) as a valuation method, based on an EBITDA[72] multiple. As far as BARCLAYS is concerned, the analyst corroborates its DCF with the trading comparables' method based on EBITDA and PER[73] multiples.
Given the differences in capital intensity within the sample, the resulting EBITDA margins and the differences in financial structure, these aggregates (EBITDA and net income) do not appear to us to be relevant for the purposes of evaluating the Company.

With regards to EBIT 2021 and trading comparables

TWEEDY BROWNE rightly mentions that the expected EBIT in 2021 is not normative[74]. In fact, the impact of the Covid-19 health crisis on 2021 year will be significant in the sector.

Thus, in order to capture a more normative value, we have retained the 2022e and 2023e EBIT multiples as part of the trading comparables method.

In addition, TWEEDY BROWNE attempts to assess TARKETT'S value per share by reference to management's EBITDA margin target of 12% applied to the Company's 2020 revenues. It then adjusts for depreciation and amortization for that same year and estimates a "normative" EBIT for the Company of €159.2 million. This approach therefore mixes forecasts and actual figures, which is questionable from a methodological point of view.

TWEEDY Browne then applies an EBIT 2021 multiple of 14.2x derived from the presentation of the Offer price. We also find this questionable insofar as, given the use of a "normative" EBIT, it would be appropriate to use the EBIT multiple that is "closest" to the achievement of this 12% EBITDA margin objective, namely a 2023 multiple. This multiple is 11.2x in our valuation work. The application of this multiple would, by definition, result in an enterprise value significantly lower than the one mentioned by TWEEDY BROWNE, which amounts to €2,261 million.

Thus, TWEEDY BROWNE restates the net debt (€365 million) only with provisions for pensions (€91.4 million) to obtain an equity value of €1,804 million. TWEEDY BROWNE omits a number of adjustments (seasonality of WCR, factoring, etc. as discussed in §6.3.2), which has the effect of overstating the value obtained.

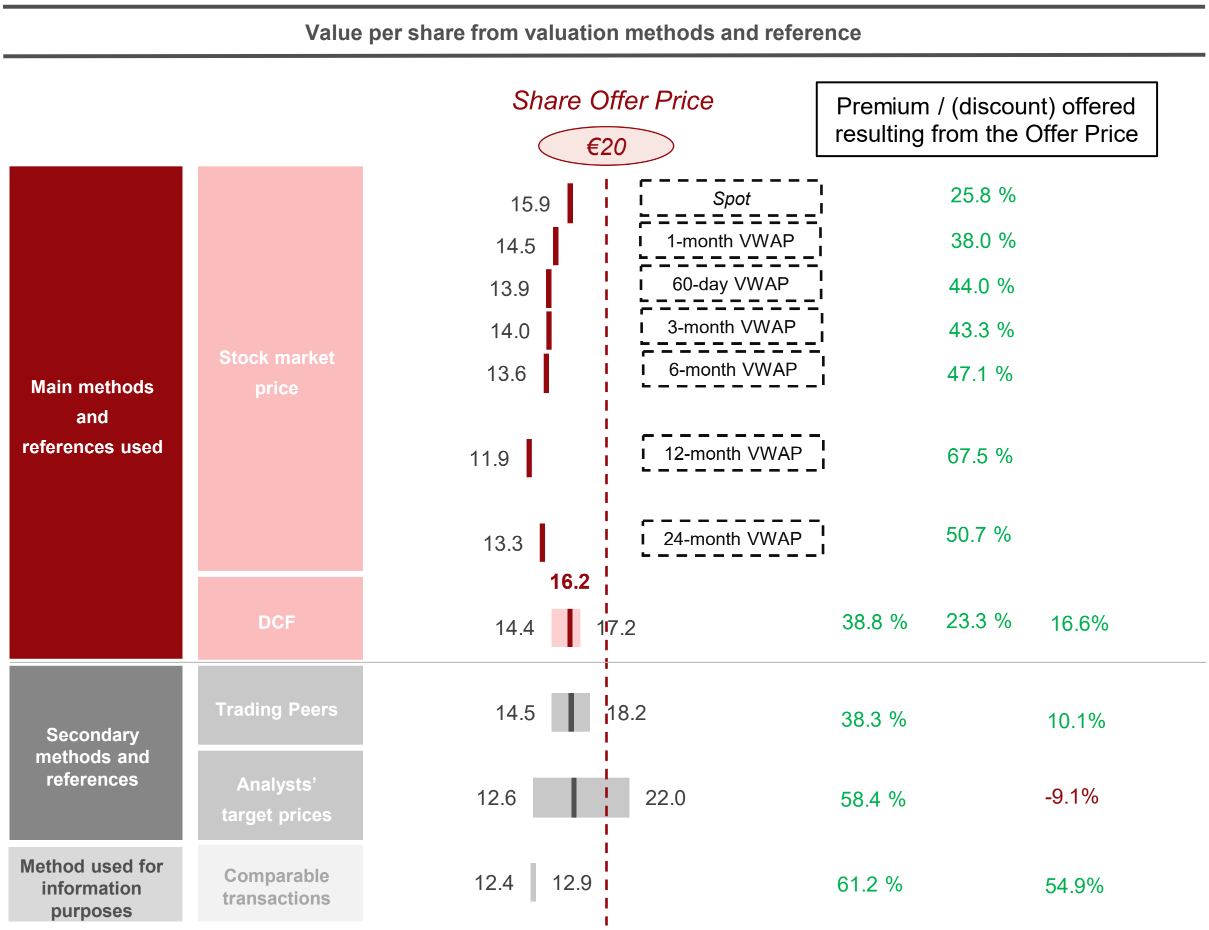
Thus, if we apply the 2023 EBIT multiple derived from our sample of trading comparables (11.2x) to the "normative" EBIT calculated by TWEEDY BROWNE (€159.2 million) and take into account the adjusted net financial debt of €669 million[75] presented in our work, the value per TARKETT share would be €16.94, close to the central value derived from our DCF (€16.22) and significantly lower than the Offer price.

[72] *EBITDA : Earning Before Interest Taxes and Amortization.*
[73] *PER : Price Earning Ratio*
[74] *Furthermore, we specify that the EBIT expected by management over the explicit horizon of the business plan reflects the ambitious cost reduction policy and is consistent with the Group's historical performance.*
[75] *Including the present value of non-activated tax losses carried forward in Luxembourg.*

10. Summary of our valuation work and assessment of the fairness opinion of the Offer price

10.1. Summary of our valuation work

Figure 23 – Summary of our valuation work on TARKETT share



Source: FINEXSI analyses

10.2. Conclusion

We consider the DCF approach as the most appropriate to estimate the intrinsic value of TARKETT shares. Based on management's business plan and our sensitivity analyses, this criterion results in a range of value per share between €14.4 and €17.2, with a central value of €16.2. The Offer price of €20 per TARKETT share represents a premium of +23.3% compared to this central value. On this basis, the Offer price provides "full value" without having to bear the risk of executing this ambitious business plan in terms of profitability in an uncertain and volatile market context.

In addition, the liquidity and the the free float's turnover of TARKETT shares are at sufficient levels to retain the share price as a principal reference. The Offer price represents a premium of +25.8% compared to the *Spot* price before the announcement of the Offer, and of +44% on the basis of the 60-day VWAP.

Moreover, the DCF valuation range is corroborated by the result of the trading comparables' method implemented as a secondary criterion and by the analysts' price targets, also presented as a secondary criterion, the upper bound corresponds to the price target of HSBC, which nonetheless stopped covering TARKETT shares since March 2021.

As for the comparable transactions method, which is presented for indicative purposes only, the range that results from its application, is considered to be a "low value" insofar as the average multiple used over the last five years applies to the non-normative profitability levels observed in 2019 and 2020. In this respect, it should be emphasized that this method does not take into account the Company's development prospects and in particular the improvement in profitability expected in the business plan.

The examination of the related agreements that could have a significant influence on the assessment of the Offer, as presented in the draft Information Memorandum, namely (i) the Investment Agreement and its annexes, including the terms and conditions for the financing of the Offer and the refinancing of the existing debt, (ii) the Shareholders' Agreement, (iii) the compensation mechanism for certain managers and (iv) the liquidity mechanism, did not reveal any provision that could, in our opinion, call into question the fairness of the Offer from a financial point of view.

Accordingly, we believe that the Offer price of €20 per TARKETT share is fair from a financial point of view for TARKETT shareholders.

This conclusion also applies to the indemnity provided for the mandatory squeeze-out, which is equal to the Offer price, *i.e*. €20 per share.

PJ: Appendices

11. Appendices

11.1. Presentation of comparable transactions not selected

Several transactions over the 2015 - 2021 period were identified, the majority of which involve unlisted targets. However, the heterogeneity of the operational performance of these targets compared to TARKETT in terms of size, product mix, geography, margin profile, or the lack of available financial information reduce the relevance of these transactions. It should also be noted that some of these transactions are too old and do not reflect the current market environment.

The following transactions were not selected:

- The sale by INTERMEDIATE CAPITAL GROUP (ICG) of GERFLOR to COBEPA and CREDIT MUTUEL EQUITY, was announced in January 2020. GERFLOR, a French company, specialises in the design, manufacture and marketing of flexible floor and wall coverings for the commercial and residential markets. The group had a net revenue of €939 million in 2018. In 2019, the group will generate approximately €1 billion in sales and €150 million in EBITDA. 70% of the Group's turnover is generated outside France (in more than 100 countries), thanks to its 12 plants, 26 subsidiaries and 4,000 employees.

Although GERFLOR is a direct competitor of TARKETT and this transaction is recent, it is not retained due to the lack of financial information available on the target (EBIT unavailable). It should be noted, however, that GERFLOR's growth and profitability are higher than those of TARKETT.

- The acquisition by ALPHA GROUP of LAMINAM from SYSTEM SPA in a Management Buyout was announced in April 2019. LAMINAM is a company that offers flooring, but also wall coverings (including exterior façades) and furniture coverings (kitchen worktops, tables, etc). In 2018, the net revenue of LAMINAM was €110 million for €26 million of EBITDA.

This transaction was not selected due to (i) the LAMINAM product mix that is too different from that of TARKETT (wall coverings), (ii) the change of control of the target, and (iii) the lack of available financial information (EBIT unavailable).

- The acquisition of the entire share capital of ARMSTRONG WOOD PRODUCTS INC. by AIP LLC from ARMSTRONG FLOORING was announced in November 2018. This former division of ARMSTRONG FLOORING, that accounted for 38.2% of its sales in 2017 (net revenue of $432.8 million as on 31 December 2017), offers wood flooring. A struggling segment, its EBIT was negative (-$56 million) at the end of the 2017 financial year.

This transaction was not selected because of (i) the different product mix from that of TARKETT (marketing of a single product type), (ii) this company's financial situation, i.e. in difficulty at the time of the transaction (negative EBIT for the previous year) and (iii) the change of control of the target.

- The acquisition by HIL LIMITED of the entire share capital of PARADOR GMBH from NORD HOLDING UNTERNEHMENSBETEILIGUNGSGESELLSCHAFT MBH was announced in July 2018. The German company PARADOR mainly specialises in flooring (wood, laminate, vinyl) as well as wall and ceiling coverings. In 2017, its net revenue was €142.3 million.

This transaction was not selected because of (i) the different product mix from that of TARKETT (wall and ceiling coverings), (ii) the much lower net revenue than that of TARKETT, (iii) the absence of available financial data (EBIT unavailable), and (iv) the change of control of the target.

- The acquisition by VICTORIA PLC of the entire share capital of CERAMICA SALONI S.A.U. from MOSAIQ GROUP, was announced in August 2018. The Italian company CERAMICA SALONI offers various ranges of ceramic, metallic, wood, stone, slate and marble flooring. Its 2017 net revenue was €106.3 million, for an adjusted EBIT of €11.8 million, corresponding to an adjusted EBIT margin of 11.1%.

Though CERAMICA SALONI was acquired by a TARKETT direct competitor, the differences in terms of product mix and, in particular, the fact that this company's offer is entirely focused on ceramics, do not make it comparable to this Operation. Indeed, this capital-intensive activity has a different margin profile. In addition, this is a transaction involving a much smaller company than TARKETT, with a change of control of the target.

- The acquisition by HEADLAM GROUP PLC of DOMUS TILES LIMITED from ALCUIN CAPITAL PARTNERS LLP was announced in December 2017. The British group DOMUS TILES offers a wide variety of flooring in different materials, such as wood, laminate, vinyl, ceramic, porcelain and natural stone. Its 2016 net revenue was £29.6 million (approximately €34.7 million).

This transaction was not selected due to (i) the product mix including ceramics, (ii) the much smaller size of the company than TARKETT, (iii) the change of control, (iv) the absence of reliable financial data available (EBIT unavailable).

- The acquisition by VICTORIA PLC of the Spanish company KERABEN GRUPO from TENSILE CAPITAL MANAGEMENT and the family BENAVENT was announced in November 2017. KERABEN only offers ceramic flooring. The net revenue of KERABEN GRUPO is €132.4 million, with an EBIT of €40 million, corresponding to an EBIT margin of 30.2%.

Although KERABEN GRUPO was acquired by a TARKETT direct competitor, the differences in terms of product mix and, in particular, the fact that this company's offer is entirely focused on ceramics, do not make it comparable to TARKETT. Indeed, this capital-intensive activity has a different margin profile. In addition, it is a transaction with a change of control of the target.

- The acquisition of DUNLOP FLOORING PTY. LTD. by VICTORIA PLC from PACIFIC BRANDS LIMITED was announced to the market in December 2016. The Australian company offers several types of flooring (carpets, floors, vinyl floors). As on 30 June 2016, its net revenue was $50.8 million (AUD) (approximately €34.0 million) and its EBIT was $4.9 million (AUD) (approximately €3.3 million), representing an EBIT margin of 9.6%.

Though the DUNLOP FLOORING product mix is close to that of TARKETT, this transaction is not comparable due to (i) the excessively small size of the target compared to TARKETT, (ii) the differences in geographical positioning (only Australia) and (iii) the change of control of DUNLOP FLOORING at the end of this transaction.

- The acquisition by LONE STAR FUNDS of BALTA INDUSTRIES N.V. from DOUGHTY HANSON & CO FUND IV and private investor FILIP BALCAEN was announced in June 2015. The Belgian group BALTA specialises in modular carpet tiles and rugs for commercial and residential use. In 2014, the Group employed 3,300 people and had a net revenue of €520 million.

Although BALTA is a TARKETT direct competitor, this transaction was not selected due to the lack of financial information available on the target (EBIT unavailable). It also includes a change of control of the target, which is not the case for TARKETT, and the transaction is too old.

Although older, we have noted for information purposes the two multiples resulting from transactions performed on the TARKETT capital over the last 15 years:

- The entry of the fund KOHLBERG KRAVIS ROBERTS ("KKR") for a 50% stake in the TARKETT capital, announced in October 2006, valuing the Company at €1,400 million and indicating an EBIT multiple of 12.4x.
- The TARKETT IPO, announced on 21 November 2013, with the Company being valued at €2.3 billion. The resulting multiple is 13.3x EBIT.

11.2. Presentation of FINEXSI and the mission

Presentation of FINEXSI EXPERT & CONSEIL FINANCIER

The activity of FINEXSI EXPERT & CONSEIL FINANCIER (FINEXSI) falls within the scope of the professions regulated by the *Ordre des Experts Comptables* and the *Compagnie Nationale des Commissaires aux Comptes*. It mainly includes the following activities:

- Statutory auditing;
- Acquisitions and disposals of companies;
- Contributions and mergers;
- Independent valuation and appraisal;
- Assistance in case of disputes.

To perform these missions, most of the staff members employed by the firm have a high level of experience and expertise in each of these specialities.

List of independent appraisals performed by FINEXSI over the last 18 months

Date	Target	Initiator	Presenting bank(s)	Operation	Advisory bank(s) [1]
sept.-19	Latecoere	Searchlight	JP Morgan, Natixis	Tender offer followed by a squeeze-out	Deutsche Bank
oct.-19	Groupe Flo	Bertrand	Rothschild, Portzamparc	Simplified tender offer followed by a squeeze-out	-
oct.-19	Altran	Capgemini	BNPP, Crédit Agricole CIB, HSBC, Lazard	Tender offer	Perella Weinberg Partners, Citigroup
mar.-20	April	Andromeda Investissements	Deutsche Bank, Lazard, Natixis	Public buyout offer followed by a squeeze-out	-
jul.-20	Antalis	KPP	Oddo BHF	Simplified tender offer	-
jul.-20	SoLocal Group	N/A	N/A	Capital increase reserved for creditors	Rothschild & Co
jul.-20	Technicolor	N/A	N/A	Capital increase without deletion of preferential subscription rights and capital increase reserved for certain creditors	Rothschild & Co
sept.-20	Devoteam	Castillon SAS	Crédit Agricole CIB	Tender offer (by the Founders)	-
oct.-20	Sodifrance	Sopra Steria	Bryan Garnier & Co	Simplified tender offer followed by a squeeze-out	
nov.-20	Bourbon	N/A	N/A	Capital increase reserved for creditors	Lazard
dec.-20	Europcar Mobility Group	N/A	N/A	Capital increase without deletion of preferential subscription rights and capital increase reserved for certain creditors	Rothschild & Co
jan.-21	Dalet	Dalet Holding	Alantra Capital Markets	Simplified tender offer	-
mar.-21	Vallourec	N/A	N/A	Proposed rights issue and capital increase reserved for certain creditors	Rothschild & Co

[1] : if different from the Presenting Bank(s)

Membership in a professional association recognised by the Financial Markets Authority (AMF)

FINEXSI EXPERT & CONSEIL FINANCIER is a member of the APEI (*Association Professionnelle des Experts Indépendants*), a professional association recognised by the AMF in application of article 263-1 of its General Regulation.

In addition, FINEXSI EXPERT & CONSEIL FINANCIER applies procedures intended to protect the firm's independence, avoid situations of conflict of interest and monitor the quality of the completed work and reports before they are issued for each mission.

Amount of compensation received

Our remuneration for this mission is equal to €240,000, excluding taxes, costs and disbursements.

Description of completed due diligences

The following detailed work programme was implemented:

1 - Familiarization with the operation and acceptance of the mission

2 - Risk identification and mission orientation

3 - Collection of information and data required for the mission: review of analysis notes on the sector, the Company's comparables and the comparable transactions

4 - Assessment of the specific context of the Operation:

- Discussions with the Company's management and the *Ad hoc Committee* in charge of supervising our work
- Discussions with the Company's financial and legal advisers

5 - Analysis of the operation and related legal documentation

6 - Familiarization with the Company's accounting and financial documentation;

7 - Implementation of a multi-criteria valuation approach for TARKETT that includes:

- Analysis of the risks and opportunities identified for TARKETT and that could affect its valuation, the summary of which is presented in the form of a SWOT matrix;
- Analysis of public information including review of analyst notes;
- Reasoned choice of criteria (excluded/retained);
- Analysis of the evolution of the share price (including analysis of liquidity, volatility);
- Review of the TARKETT historical financial performance including in the 2020R financial year;
- Analysis of the financial statements, budget and business plan with the operational management, including the identification of key assumptions considered and the assessment of their relevance;

- DCF modelling;
- Sensitivity tests on the considered structural assumptions;
- Identification of stock market and transaction comparables, as well as the use of the information pertaining to them;

8 - In order to assess the fairness of the Offer's financial terms, our work also included the following analyses:

- Analysis of the agreements and related transactions that could have a significant impact on the assessment of the Offer price;
- Meetings with the *Ad hoc Committee* in charge of overseeing the draft Offer;
- Analysis of letters from certain Group minority shareholders;
- Exchanges with the AMF as part of their investigation of the case.

9 - Obtaining of affirmation letters from the Company's representative

10 - Independent review

11 - Drafting of the report

Study calendar

19 March 2021	Launch meeting (with *Ad hoc* committee members, the Boards of the Company and the reference shareholder).
22 March 2021	Opening of the data room and review of the documentation related to the Operation.
24 March 2021	Participation in the weekly update on the Operation.
31 March 2021	Presentation of the business plan to the Supervisory Board and appointment of FINEXSI as independent expert.
2 April 2021	Presentation of the management's business plan to FINEXSI and first progress report to the *Ad hoc* committee.
7 April 2021	Participation in the weekly update on the Operation.
14 April 2021	Working meeting with the Presenting Banks on valuation issues.
14 April 2021	Participation in the weekly update on the Operation.
15 April 2021	Working meeting with the management on strategy, the business plan and adjustment of the net debt.
15 April 2021	Working meeting with the Presenting Banks on valuation issues.
16 April 2021	Second progress report with the *Ad hoc* committee.
19 April 2021	Working meeting with the Presenting Banks on valuation issues.
20 April 2021	Presentation of the Operation financing and the refinancing of the Group's existing debt.
21 April 2021	Working meeting with the management on strategy, the business plan and adjustment of the net debt.
21 April 2021	Participation in the weekly update on the Operation.
22 April 2021	Working meeting with the Presenting Banks.
23 April 2021	Working meeting with the *Ad hoc* committee and legal counsel on the draft Offer.
30 April 2021	Working meeting with the *Ad hoc* committee on the results of our valuation work.
4 May 2021	Presentation of the motivations of WENDEL, in the presence of representatives of the Initiator, the *Ad Hoc* committee and legal counsel.

6 May 2021	Presentation by the legal advisers of the related agreements, including the remuneration mechanism for directors and the liquidity mechanism.
9 May 2021	Working meeting with the *Ad hoc* committee and legal counsel to examine the arguments developed in the letter from a minority shareholder.
16 - 17 May 2021	Independent review of the report.
17 May 2021	Presentation to the *Ad hoc* committee and to the legal counsel of our report's preliminary conclusions.
20 May 2021	Final review with the *Ad hoc* committee in charge of giving its reasoned opinion before the Supervisory Board meeting.
20 May 2021	Receipt of the affirmation letters signed by TARKETT and TARKETT PARTICIPATION.
20 May 2021	Delivery of our fairness opinion.

List of main people met or contacted

TARKETT

- Mr. Fabrice BARTHELEMY, Chairman of the Executive Board;
- Mr. Raphaël BAUER, Financial Director;
- Mr. Nicolas RETAILLEAU, Director of Financial Control;
- Mr. Vincent MERY, M&A Director;
- Mrs. Audrey DAUVET, Legal Director;

Ad hoc committee

- Mrs. Françoise LEROY, Chairperson;
- Mrs. Sabine ROUX DE BEZIEUX, independent member;
- Mr. Didier MICHAUD-DANIEL[76], independent member;

The Presenting Banks

ROTHSCHILD MARTIN MAUREL

- Mr. Romain NOURTIER, Managing Director M&A;
- Mrs. Camille POCHAT, Managing Partner M&A;
- Mr. Pierre-Victor SAPONARO, Director M&A;
- Mr. Hugues MATHOT, Assistant Director M&A;
- Mr. Antoine DECAS, Associate M&A;
- Mr. Luc CHATIGNOUX, Analyst M&A;

SOCIÉTÉ GÉNÉRALE

- Mr. Gregory GOSSE, Managing Director M&A;
- Mr. Patrick PERREAULT, Managing Director M&A;
- Mr. Julien BENHAMOU, Director M&A;

[76] *As indicated in the draft response note, the Supervisory Board took note, during its meeting on 23 April 2021, of the prudent withdrawal of Mr. MICHAUD-DANIEL from the work and deliberations of the ad hoc committee. This decision is justified by the selection of WENDEL as a financial partner by the DECONINCK family, which is also a significant shareholder of the Company of which Mr. MICHAUD-DANIEL is the managing director (BUREAU VERITAS).*

BNP PARIBAS

- Mr. Olivier RINAUDO, Managing Director - Corporate Finance EMEA - Public M&A;
- Mrs. Virginie SCOTTO, Director M&A;

CA-CIB

- Mr. Bertrand PEYRELONGUE, Global Head of M&A;
- Mrs. Françoise POUJETOUX, Managing Director M&A;

DARROIS VILLEY MAILLOT BROCHIER, TARKETT ADVISER

- Mr. Olivier HUYGHUES DESPOINTES, Partner;
- Mr. Bertrand CARDI, Partner;
- Mr. Hugo DIENER, Partner;
- Mr. Hadrien BOURRELLIS, Barrister;
- Mrs. Catherine AMBOS, Barrister;

BREDIN PRAT, adviser of the DECONINCK FAMILY

- Mr. Olivier ASSANT, Partner;
- Mrs. Clémence FALLET, Partner;
- Mrs. Camille VEDRENNE, Barrister;
- Mrs. Léa FRANCIS, Barrister;
- Mr. Olivier BISHOP, Barrister.

Information sources used

The main information used as part of our mission was of several kinds:

Information provided by TARKETT and its advisers

- Financial document relating to the Operation;
- TARKETT Corporate, accounting and financial legal documentation;
- 2021-2026 business plan prepared by management and approved by the TARKETT Supervisory Board on 31 March 2021;
- PWC financial "*vendor assistance*" report dated 10 March 2021;
- Analyst notes before and after announcement of the Operation.

Market information

- TARKETT financial information on the 2015 to 2020 financial years and 1st quarter of 2021;

- TARKETT communication regarding the Operation (press releases, investor presentations, etc.);

- Stock market prices, stock market comparables, market consensus: CAPITAL IQ, MERGERMARKET, EPSILON, etc.;

- Market data (risk-free rate, risk premium, beta, etc…): CAPITAL IQ, ASSOCIÉS EN FINANCE, FMI, BANQUE DE FRANCE.

Personnel involved in performance of the mission

The signatories, Messrs Olivier COURAU (Partner) and Olivier PERONNET (Partner), were assisted by Mr. Thomas LIBS (Manager) and Mr. Arthur LANDES (Associate).

The independent review was carried out by Mr Lucas ROBIN, partner of the firm specialising in financial valuation, who did not participate in the valuation work.

He was appointed at the beginning of the assignment and kept informed of any points of attention or difficulties identified during the assignment until the report was issued. His role is to ensure compliance with the quality of the work and good practice in the field of valuation. His work consisted mainly of:

- Reviewing the engagement acceptance procedure and the assessment of the firm's independence;

- Reviewing the valuation work performed by the team and the conclusions drawn from this work;

- Reviewing the documents on which the opinion of the signatory partners is based and assessing the format and conclusion of the report.

Its work was formalised in writing and discussed with the signatory partners.

Engagement letter

Please refer to the French version of the report.

8. PROVISION OF COMPANY'S OTHER INFORMATION

Other information relating to the Company, in particular its legal, financial and accounting characteristics will be filed with the AMF no later than the day before the opening of the Offer. Pursuant to Article 231-28 of the AMF's general regulation, these information will be made available on Tarkett's website (www.tarkett.com) and on the AMF's website (www.amf-france.org) the day before the opening of the Offer and may be obtained free of charge at Tarkett's registered office, Tour Initiale - 1, Terrasse Bellini, 92919 Paris La Défense Cedex.

9. PERSONS RESPONSIBLE FOR THE DRAFT NOTE IN RESPONSE

"*In accordance with Article 231-19 of the AMF's general regulation, to the best of my knowledge, the information contained in this response document is true and accurate and contains no omission likely to alter the interpretation thereof.*"

Fabrice Barthélemy
President of Tarkett S.A.'s Management Board