

# Consolidated financial statements

as of June 2020

This interim financial report covers the half-year period ended on June 30, 2020 and has been prepared in accordance with Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 of the AMF General Regulation.

This document is a non-binding "free" translation from French in English as no legal value other than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Tarkett.

# 1 Summary interim consolidated financial statements

## Consolidated income statement

<i>(in millions of euros)</i>	Note	Jan.-June 2020	Jan.-June 2019
<b>Net revenue</b>		<b>1,237.0</b>	<b>1,412.3</b>
Cost of sales <sup>(1)</sup>		(983.5)	(1,084.9)
<b>Gross profit</b>		<b>253.5</b>	<b>327.4</b>
Other operating income		6.1	7.2
Selling and distribution expenses <sup>(1)</sup>		(191.3)	(178.5)
Research and development		(12.5)	(18.1)
General and administrative expenses		(89.1)	(93.3)
Other operating expenses		(10.1)	(11.6)
<b>Result from operating activities</b>	<b>(3)</b>	<b>(43.6)</b>	<b>33.1</b>
Financial income		0.7	0.7
Financial expenses		(17.5)	(20.4)
<b>Financial income and expense</b>	<b>(7)</b>	<b>(16.7)</b>	<b>(19.7)</b>
Share of profit of equity accounted investees (net of income tax)		(0.7)	(1.5)
<b>Profit before income tax</b>		<b>(61.0)</b>	<b>11.9</b>
Total income tax	(8)	(3.9)	(3.8)
<b>Profit from continuing operations</b>		<b>(64.9)</b>	<b>8.1</b>
<b>Net profit for the period</b>		<b>(64.9)</b>	<b>8.1</b>
Attributable to:			
Owners of Tarkett		(64.9)	7.7
Non-controlling interests		0.0	0.4
<b>Net profit for the period</b>		<b>(64.9)</b>	<b>8.1</b>
Earnings per share:			
Basic earnings per share excluding treasury shares <i>(in euros)</i>	(9)	(1.00)	0.12
Earnings per share after grant of performance shares <i>(in euros)</i>	(9)	(1.00)	0.12

(1) These items include asset impairment. See Note 3.1. and Note 5.3.

**Consolidated statement of comprehensive income**

<i>(in millions of euros)</i>	<b>Jan. - June 2020</b>	<b>Jan. - June 2019</b>
<b>Net profit for the period</b>	<b>(64.9)</b>	<b>8.1</b>
<b>Other comprehensive income (OCI)</b>		
Foreign currency translation differences for foreign operations	(9.8)	6.5
Changes in fair value of cash flow hedges	2.7	(0.9)
Income tax on other comprehensive income	(0.6)	0.3
<b>OCI to be reclassified to profit and loss in subsequent periods</b>	<b>(7.7)</b>	<b>5.9</b>
Defined benefit plan actuarial gain (losses)	(10.5)	(14.8)
Other comprehensive income (OCI)	-	-
Income tax on other comprehensive income	2.2	3.3
<b>OCI not to be reclassified to profit and loss in subsequent periods</b>	<b>(8.3)</b>	<b>(11.5)</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>(16.1)</b>	<b>(5.6)</b>
<b>Total comprehensive income for the period</b>	<b>(81.0)</b>	<b>2.5</b>
Attributable to:		
Owners of Tarkett	(81.0)	2.3
Non-controlling interests	(0.0)	0.2
<b>Total comprehensive income for the period</b>	<b>(81.0)</b>	<b>2.5</b>

## Consolidated statement of financial position

### Assets

<i>(in millions of euros)</i>	Note	June 30, 2020	December 31, 2019
Goodwill	(5)	651.2	650.6
Intangible assets	(5)	107.0	155.6
Property, plant and equipment	(5)	570.6	607.3
Other financial assets		20.9	21.7
Deferred tax assets		110.3	91.1
Other non-current assets		-	-
<b>Non-current assets</b>		<b>1,460.0</b>	<b>1,526.3</b>
Inventories		429.4	417.5
Trade receivables		313.9	258.5
Other receivables		88.9	93.8
Cash and cash equivalents	(7)	258.9	137.7
<b>Current assets</b>		<b>1,091.1</b>	<b>907.5</b>
<b>Total assets</b>		<b>2,551.2</b>	<b>2,433.8</b>

### Equity and liabilities

<i>(in millions of euros)</i>	Note	June 30, 2020	December 31, 2019
Share Capital	(9)	327.8	327.8
Share premium and reserves		167.4	167.4
Retained earnings		323.4	299.5
Net result for the period attributable to equity holders of the parent		(64.9)	39.6
<b>Equity attributable to equity holders of the parent</b>		<b>753.7</b>	<b>834.2</b>
Non-controlling interests		(0.0)	(0.0)
<b>Total equity</b>		<b>753.6</b>	<b>834.2</b>
Other financial liabilities, non-current		5.3	5.5
Interest-bearing loans	(7)	884.2	740.2
Other financial liabilities		0.3	0.3
Deferred tax liabilities		36.0	26.4
Employee benefits	(4)	146.7	136.7
Provisions and other non-current liabilities	(6)	41.4	40.5
<b>Non-current liabilities</b>		<b>1,114.0</b>	<b>949.7</b>
Trade payables		297.8	324.0
Total other liabilities		221.9	234.2
Interest-bearing loans and borrowings	(7)	102.6	34.2
Other financial assets		7.2	9.5
Provisions and other current liabilities	(6)	53.9	48.0
<b>Current liabilities</b>		<b>683.5</b>	<b>649.8</b>
<b>Total equity and liabilities</b>		<b>2,551.2</b>	<b>2,433.8</b>

## Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	Jan. - June 2020	Jan. - June 2019
<b>Cash flows from operating activities</b>			
Net profit before tax		(61.0)	11.9
Adjustments for:			
Depreciation, amortization and impairment		137.4	77.0
(Gain) loss on sale of fixed assets		(1.1)	(0.4)
Net finance costs		16.7	19.7
Change in provisions and other non-cash items		3.8	7.4
Share of profit of equity accounted investees (net of tax)		0.7	1.5
<b>Operating cash flow before working capital changes</b>		<b>96.4</b>	<b>117.1</b>
(Increase) / decrease in trade receivables		(57.4)	(20.1)
(Increase) / decrease in other receivables		(2.8)	(8.0)
(Increase) / decrease in inventory		(15.5)	(38.1)
Increase / (decrease) in trade payables		(16.5)	99.1
(Increase) / decrease in other liabilities		(9.9)	2.5
<b>Changes in working capital</b>		<b>(102.2)</b>	<b>35.4</b>
Net interest paid		(11.1)	(21.0)
Net income taxes paid		(4.1)	(11.6)
Miscellaneous		(4.9)	(4.6)
<b>Net cash (used in) / from operating activities</b>	<b>(3)</b>	<b>(25.9)</b>	<b>115.3</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries net of cash acquired	(2)	-	(2.3)
Acquisitions of intangible assets and property, plant and equipment	(5)	(35.6)	(58.0)
Proceeds from sale of property, plant and equipment	(5)	1.9	(0.5)
Effect of changes in the scope of consolidation		-	0.0
<b>Cash flows from investing activities</b>		<b>(33.7)</b>	<b>(60.8)</b>
<b>Net cash from / (used in) financing activities</b>			
Capital increase		-	-
Acquisition of NCI without a change in control		-	-
Proceeds from loans and borrowings		458.6	477.8
Repayment of loans and borrowings		(259.3)	(493.1)
Lease payments		(16.4)	(15.3)
Acquisitions of treasury shares		0.0	(0.0)
Dividends		-	0.0
<b>Net cash from / (used in) financing activities</b>		<b>182.9</b>	<b>(30.4)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>123.3</b>	<b>24.1</b>
Cash and cash equivalents, beginning of period		137.7	95.7
Effect of exchange rate fluctuations on cash held		(2.0)	0.1
<b>Cash and cash equivalents, end of period</b>		<b>258.9</b>	<b>119.9</b>

## Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Share Capital	Share premium and reserves	Translation reserves	Reserves	Total equity (Group share)	Non- controlling interests	Total equity
<b>January 1, 2019</b>	<b>318.6</b>	<b>145.8</b>	<b>(42.8)</b>	<b>378.7</b>	<b>800.3</b>	<b>2.4</b>	<b>802.7</b>
Net profit for the period	-	-	-	7.7	7.7	0.4	8.1
Other comprehensive income, net of income tax	-	-	6.7	(12.1)	(5.4)	(0.2)	(5.6)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6.7</b>	<b>(4.4)</b>	<b>2.3</b>	<b>0.2</b>	<b>2.5</b>
Dividends	-	-	-	(37.9)	(37.9)	-	(37.9)
Own shares (acquired) / sold	-	-	-	0.4	0.4	-	0.4
Share-based payments	-	-	-	1.6	1.6	-	1.6
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<b>June 30, 2019</b>	<b>318.6</b>	<b>145.8</b>	<b>(36.1)</b>	<b>338.4</b>	<b>766.7</b>	<b>2.6</b>	<b>769.3</b>
Capital increase	9.1	-	-	-	9.1	-	9.1
Share premium and reserves	-	21.5	-	-	21.5	-	21.5
Net profit for the period	-	-	-	31.9	31.9	(0.0)	31.9
Other comprehensive income, net of income tax	-	-	6.3	2.4	8.7	(0.2)	8.5
<b>Total comprehensive income for the period</b>	<b>9.1</b>	<b>21.5</b>	<b>6.3</b>	<b>34.3</b>	<b>71.2</b>	<b>(0.2)</b>	<b>71.0</b>
Dividends	-	-	-	(0.2)	(0.2)	-	(0.2)
Own shares (acquired) / sold	-	-	-	(0.8)	(0.8)	-	(0.8)
Share-based payments	-	-	-	(1.5)	(1.5)	-	(1.5)
Acquisition of NCI without a change in control	-	-	-	(3.2)	(3.2)	(2.3)	(5.5)
Miscellaneous	-	-	-	1.9	1.9	(0.1)	1.8
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.8)</b>	<b>(3.8)</b>	<b>(2.4)</b>	<b>(6.2)</b>
<b>December 31, 2019</b>	<b>327.8</b>	<b>167.4</b>	<b>(29.8)</b>	<b>368.9</b>	<b>834.2</b>	<b>(0.0)</b>	<b>834.2</b>
<b>January 1, 2020</b>	<b>327.8</b>	<b>167.4</b>	<b>(29.8)</b>	<b>368.9</b>	<b>834.2</b>	<b>(0.0)</b>	<b>834.2</b>
Net profit for the period	-	-	-	(64.9)	(64.9)	(0.0)	(64.9)
Other comprehensive income, net of income tax	-	-	(9.8)	(6.3)	(16.1)	-	(16.1)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(9.8)</b>	<b>(71.1)</b>	<b>(81.0)</b>	<b>(0.0)</b>	<b>(81.0)</b>
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	(0.3)	(0.3)	-	(0.3)
Share-based payments	-	-	-	2.1	2.1	-	2.1
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Miscellaneous	-	-	-	(1.4)	(1.4)	-	(1.4)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>
<b>June 30, 2020</b>	<b>327.8</b>	<b>167.4</b>	<b>(39.6)</b>	<b>298.2</b>	<b>753.7</b>	<b>(0.0)</b>	<b>753.6</b>

## 2 Notes to the consolidated financial statements

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## Note 1 > Basis of preparation

### 1.1 General information

Tarkett's summary consolidated financial statements for the six-month period ending June 30, 2020 reflect the financial condition of Tarkett and its subsidiaries (the "Group") as well as its interests in associates and joint ventures.

The Group is a leading global flooring and sports surfaces company, providing integrated solutions to professionals and end-users in the residential and commercial markets.

The Group completed its initial public offering on November 21, 2013.

The Group's registered office is located at 1 Terrasse Bellini - Tour Initiale - 92919 Paris La Défense, France.

The summary interim consolidated financial statements were authorized for issue by the Management Board on July 29, 2020.

### 1.2 Significant accounting principles

#### 1.2.1 Statement of compliance and applicable standard

The summary interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting." In accordance with IAS 34, the accompanying notes relate only to significant events for the six-month period ended June 30, 2020 and do not include all of the information required for complete annual financial statements. They should therefore be read in conjunction with the consolidated financial statements as at December 31, 2019.

#### a) Amendments, new standards, or revisions to existing standards and interpretations applied during the period

As of January 1, 2020, the Group applies the following amendments:

- > Amendments to IAS 1 and IAS 8: Definition of "material";
- > Amendment to references to the Conceptual Framework in IFRS Standards;
- > Amendments to IFRS 7 and IFRS 9: Interest rate benchmark reform.

None of these amendments, which are applicable as of January 1, 2020, has a significant impact as of June 30, 2020.

#### b) Early adoption of new standards or interpretations during the period

The Group has not implemented early application of any new standards or interpretations during the period.

#### c) New standards and interpretations not adopted

The following new published standards have not yet been applied by the Group:

##### > IFRS 17: Insurance Contracts

On May 18, 2017, the IASB published IFRS 17, "Insurance Contracts," on the recognition and valuation of insurance contracts, and which will replace IFRS 4. As the European Union has, to date, not adopted the standard, and in light of the IASB's decision to postpone by one year, the first application will be as of January 1, 2023.

### 1.3 Seasonality

The Group's business is significantly affected by seasonality. The first half of the year is structurally smaller than the second, due to weather conditions that are more favorable to the construction industry and exterior installations, as well as to the increased availability of certain buildings, such as schools and universities, for renovation.

Consequently, the operating results for the first half of 2020 are not necessarily indicative of results to be expected for the full year 2020.

It should be noted that the health crisis, which strongly impacted the Group's business, may change the seasonality effect on the current fiscal year.

### 1.4 Significant developments

#### > Operational performance affected by the Covid-19 crises

Tarkett was significantly affected by the Covid-19 pandemic. Sales during the first half of the year were penalized in all segments as the pandemic developed and lockdown measures were adopted in the various regions where the Group does business. The impacts of the crisis are described in the following notes: 3.3 (for operating data), 5.3 (for asset impairment), 7.2.1 and 7.2.3 for financing, and lastly note 8 (for taxes).

#### > Cyber-attack

On April 29, 2020, the Group was the victim of a cyber attack affecting a large portion of its operations.

The Group restored the functioning of its IT infrastructure and of its essential applications, resulting in a gradual return to normal over the course of May.

Ad hoc insurance policies were activated. As of June 30, 2020, no financial impact has been considered concerning the potential outcome of the insurance policy.

## Note 2 > Changes in the scope of consolidation

The Tarkett Group's scope of consolidation is as follows:

Number of companies	December 31, 2019	Mergers	Acquisitions	Liquidations	June 30, 2020
Fully consolidated companies	75	-	-	(2)	73
Equity-accounted companies	3	-	-	-	3
<b>Total</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>76</b>

### 2.1.1 Transactions completed in 2020

The principal transactions of the first half of the year were the following:

#### a) Acquisitions and creations

None.

#### b) Mergers

None.

#### c) Liquidations

Desso Ambiente Textil Handelsgesellschaft GmbH and Tarkett CZ Sro were liquidated in January 2020 and February 2020, respectively.

### 2.1.2 Transactions completed in 2019

#### a) Acquisitions

In June 2019, in Germany, Fieldturf Tarkett acquired the shares of Denus. The name of this entity is now Tarkett Sports GmbH.

Through its subsidiary Tarkett GDL, the Tarkett Group also acquired 40% of the shares of FED Inc. in July 2019, a U.S. company consolidated through the equity method.

In July 2019, Tarkett Argentina was formed in Argentina.

#### b) Mergers

In January 2019, Tandus Centiva Inc. and Tandus Centiva US LLC were merged into Tarkett USA Inc.

In December 2019, The Tennis & Track Company was merged into L.E.R. Inc.

#### c) Liquidations

Vinisin Kft and Desso Ltd were liquidated respectively in August 2019 and December 2019.

#### d) Other transactions

In May 2019, in the United States, through its subsidiary FieldTurf USA, Inc., Tarkett acquired the assets of Beyond The Turf.

In November 2019, the Group purchased the 30% of the shares held by Tarkett Aspen's minority shareholders. This transaction did not result in a change in the company's method of consolidation.

## Note 3 > Operating Data

### 3.1 Components of the income statement

**Adjusted EBITDA is a key indicator permitting the Group to measure its recurring operating performance.**

It is calculated by taking operating income before depreciation and amortization and removing the following revenues and expenses:

- > restructuring costs to improve the future profitability of the Group;
- > gains or losses on disposals of significant assets;
- > impairment and reversal of impairment based on Group impairment testing only;
- > costs related to business combinations and legal reorganizations, including legal fees, transactions costs, advisory fees and other adjustments;
- > expenses related to share-based payments, considered to be exceptional items; and
- > other one-off expenses considered exceptional by their nature.

(in millions of euros)

	Adjustments:						June 30, 2020 adjusted
	June 30, 2020	Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
<b>Net revenue</b>	<b>1,237.0</b>	-	-	-	-	-	<b>1,237.0</b>
Cost of sales	(983.5)	4.4	17.1	-	-	-	(961.9)
<b>Gross profit</b>	<b>253.5</b>	<b>4.4</b>	<b>17.1</b>	-	-	-	<b>275.0</b>
Selling and distribution expenses	(191.3)	2.2	37.3	-	-	0.3	(151.5)
Research and development	(12.5)	0.1	-	-	-	-	(12.4)
General and administrative expenses	(89.1)	4.2	-	0.4	1.8	1.2	(81.5)
Other operating income and expense	(4.1)	-	(0.3)	-	-	-	(4.5)
<b>Result from operating activities (EBIT)</b>	<b>(43.6)</b>	<b>10.9</b>	<b>54.1</b>	<b>0.4</b>	<b>1.8</b>	<b>1.5</b>	<b>25.1</b>
Depreciation and amortization	137.4	(1.6)	(54.4)	-	-	(0.2)	81.2
<b>EBITDA</b>	<b>93.8</b>	<b>9.3</b>	<b>(0.3)</b>	<b>0.4</b>	<b>1.8</b>	<b>1.4</b>	<b>106.3</b>

(in millions of euros)

	Adjustments:						June 30, 2019 adjusted
	June 30, 2019	Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
<b>Net revenue</b>	<b>1,412.3</b>	-	-	-	-	-	<b>1,412.3</b>
Cost of sales	(1,084.9)	7.4	-	(0.2)	-	0.5	(1,077.3)
<b>Gross profit</b>	<b>327.4</b>	<b>7.4</b>	-	<b>(0.2)</b>	-	<b>0.5</b>	<b>335.0</b>
Selling and distribution expenses	(178.5)	0.2	-	-	-	-	(178.3)
Research and development	(18.1)	0.3	-	-	-	-	(17.8)
General and administrative expenses	(93.3)	0.8	0.4	0.1	2.0	1.0	(89.1)
Other operating income and expense	(4.4)	4.6	-	-	-	-	0.2
<b>Result from operating activities (EBIT)</b>	<b>33.1</b>	<b>13.3</b>	<b>0.4</b>	<b>(0.1)</b>	<b>2.0</b>	<b>1.5</b>	<b>50.0</b>
Depreciation and amortization	77.0	-	(0.4)	-	-	-	76.6
<b>EBITDA</b>	<b>110.1</b>	<b>13.3</b>	-	<b>(0.1)</b>	<b>2.0</b>	<b>1.5</b>	<b>126.7</b>

## 3.2 Segment information

### By operating segment

<i>(in millions of euros)</i>	Flooring			Sports surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Jan.-June 2020						
<b>Net revenue</b>	<b>405.6</b>	<b>357.7</b>	<b>222.9</b>	<b>250.7</b>	<b>-</b>	<b>1,237.0</b>
<b>Gross profit</b>	<b>95.5</b>	<b>70.5</b>	<b>42.6</b>	<b>45.0</b>	<b>(0.0)</b>	<b>253.5</b>
<i>% of net sales</i>	<i>23.5%</i>	<i>19.7%</i>	<i>19.1%</i>	<i>17.9%</i>		<i>20.5%</i>
<b>Adjusted EBITDA</b>	<b>46.6</b>	<b>32.5</b>	<b>32.4</b>	<b>18.9</b>	<b>(24.1)</b>	<b>106.3</b>
<i>% of net sales</i>	<i>11.5%</i>	<i>9.1%</i>	<i>14.5%</i>	<i>7.6%</i>		<i>8.6%</i>
<b>Adjustments</b>	<b>(1.6)</b>	<b>(5.4)</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(5.0)</b>	<b>(12.5)</b>
<b>EBITDA</b>	<b>45.0</b>	<b>27.1</b>	<b>32.4</b>	<b>18.5</b>	<b>(29.1)</b>	<b>93.8</b>
<i>% of net sales</i>	<i>11.1%</i>	<i>7.6%</i>	<i>14.6%</i>	<i>7.4%</i>		<i>7.6%</i>
<b>EBIT</b>	<b>14.5</b>	<b>(60.7)</b>	<b>13.3</b>	<b>7.7</b>	<b>(18.3)</b>	<b>(43.6)</b>
<i>% of net sales</i>	<i>3.6%</i>	<i>-17.0%</i>	<i>6.0%</i>	<i>3.1%</i>		<i>-3.5%</i>
<b>Capital expenditures</b>	<b>13.7</b>	<b>7.2</b>	<b>5.5</b>	<b>5.9</b>	<b>3.4</b>	<b>35.6</b>

<i>(in millions of euros)</i>	Flooring			Sports surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Jan.-June 2019						
<b>Net revenue</b>	<b>470.5</b>	<b>429.2</b>	<b>255.7</b>	<b>257.0</b>	<b>-</b>	<b>1,412.3</b>
<b>Gross profit</b>	<b>127.4</b>	<b>106.8</b>	<b>46.1</b>	<b>47.2</b>	<b>(0.1)</b>	<b>327.4</b>
<i>% of net sales</i>	<i>27.1%</i>	<i>24.9%</i>	<i>18.0%</i>	<i>18.4%</i>		<i>23.2%</i>
<b>Adjusted EBITDA</b>	<b>55.9</b>	<b>41.4</b>	<b>32.5</b>	<b>18.1</b>	<b>(21.2)</b>	<b>126.7</b>
<i>% of net sales</i>	<i>11.9%</i>	<i>9.6%</i>	<i>12.7%</i>	<i>7.0%</i>		<i>9.0%</i>
<b>Adjustments</b>	<b>(2.1)</b>	<b>(10.7)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(3.6)</b>	<b>(16.6)</b>
<b>EBITDA</b>	<b>53.9</b>	<b>30.7</b>	<b>32.4</b>	<b>17.9</b>	<b>(24.8)</b>	<b>110.1</b>
<i>% of net sales</i>	<i>11.5%</i>	<i>7.2%</i>	<i>12.7%</i>	<i>7.0%</i>		<i>7.8%</i>
<b>EBIT</b>	<b>29.7</b>	<b>(5.8)</b>	<b>12.1</b>	<b>7.4</b>	<b>(10.4)</b>	<b>33.1</b>
<i>% of net sales</i>	<i>6.3%</i>	<i>-1.3%</i>	<i>4.8%</i>	<i>2.9%</i>		<i>2.3%</i>
<b>Capital expenditures</b>	<b>21.7</b>	<b>15.6</b>	<b>6.2</b>	<b>8.0</b>	<b>5.9</b>	<b>57.5</b>

**By product category**

<i>(in millions of euros)</i>	Jan.-June 2020		Jan.-June 2019	
	Revenue	%	Revenue	%
Vinyl & Linoleum	562.7	45%	645.7	46%
Commercial carpet	230.4	19%	290.3	21%
Wood and Laminate	91.8	7%	104.6	7%
Rubber & Accessories	101.4	8%	114.7	8%
Sport	250.7	20%	257.0	18%
<b>Total</b>	<b>1,237.0</b>	<b>100%</b>	<b>1,412.3</b>	<b>100%</b>

**3.3 Impact of the Covid-19 pandemic**

Business in the first half of the year was strongly and negatively affected by the health crisis and, to a lesser extent, by the cyber attack against the Group. The two events combined account for most of the decrease in sales over all segments and thus strongly impacted the operating result.

A set of drastic measures were taken to limit the loss of profits for all entities: (a) the Group activated the

governmental measures for which it is eligible (including the partial furlough), for €10.6 million, and (b) a specific action plan was implemented, generating €18.2 million in savings. The total savings generated of €29 million is allocated between gross profit, for €10 million, and general and administrative expenses and research and development expenses, for €19 million.

**3.4 Changes in working capital requirement**

As a result of seasonality effects, business is stronger during the second and third quarters of the year as compared with the first and last quarters. The result is an automatic increase in trade receivables and trade payables as of June 30, relating to second-quarter activity. Inventories are also generally higher at the end of June, in preparation for peak activity in the third quarter. The

Covid-19 health crisis attenuated that seasonality somewhat, with less sustained volumes than in the second quarters of prior years.

As of June 30, 2020, total receivables assigned pursuant to the Group's factoring program were €121.5 million (as compared with €138.7 million as of December 31, 2019).

### 3.5 Free cash-flow

Free cash flow is defined as the liquidity generated by operating activities after deducting investments other than acquisitions of subsidiaries and other changes in the scope of consolidation.

Free cash flow is calculated based on the items presented in the consolidated cash flow statement, and consists of the following items:

- > Operating cash flow before working capital changes;
- > Changes in working capital requirement;
- > (Net) interest paid;
- > (Net) income taxes paid;
- > Miscellaneous operating items paid;
- > Acquisitions of intangible assets and property, plant and equipment;
- > Proceeds from sale of property, plant and equipment; and
- > Payment of principal (lease payments).

#### Free cash-flow

<i>(in millions of euros)</i>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Operating cash flow before working capital changes (A)	96.4	117.1
Lease payments (A)	(16.4)	(15.3)
<b>TOTAL (A+B)</b>	<b>80.0</b>	<b>101.8</b>
Changes in working capital requirement <sup>(1)</sup>	(102.2)	35.4
Net interest paid	(11.1)	(21.0)
Net income taxes paid	(4.1)	(11.6)
Miscellaneous operating items paid	(4.9)	(4.6)
Acquisitions of intangible assets and property, plant and equipment	(35.6)	(58.0)
Proceeds from sale of property, plant and equipment	1.9	(0.5)
<b>Free cash flow</b>	<b>(75.9)</b>	<b>41.5</b>

*(1) including changes in receivables assigned in connection with the factoring program, which total €(16.7) million in 2020. For the first half of 2019, this amount was €(104.5) million.*

## Note 4 > Employee benefits

### Provisions for pensions and similar obligations

In accordance with the laws and practices of each country in which it operates, the Group participates in employee benefit plans providing retirement pensions, post-retirement health care, and retirement indemnities, the benefits of which depend on factors such as seniority, salary, and payments made to retirement or medical insurance plans.

Amounts recognized in respect of employee benefit obligations in the statement of financial position as of June 30, 2020 are generally determined by adjusting the opening statement of financial position for the current service cost, interest cost, and benefits paid as projected by the actuaries in 2019 for 2020. However, where material changes occur, such as significant changes in market conditions, provisions for retirement and similar benefits and the value of the plans are adjusted as of June 30, 2020 through the use of the sensitivity analyses.

### Assumptions

Accounting for actuarial values relies on long-term interest rates, predicted future increases in salaries, and inflation rates. The main assumptions are presented below:

	June 30, 2020		December 31, 2019	
	Pensions	Other benefit commitments	Pensions	Other benefit commitments
Discount rate	2,04%		2,17%	
Including:				
United States	2,80%	3,00%	3,20%	3,00%
Germany	0% / 0,30% / 0,75%		-0,30% / 0% / 0,75%	
Sweden	1,50%		1,75%	
United Kingdom	1,60%		2,00%	
Canada	2,90% / 3,00%		2,55%/2,90%	
Russia	6,50% / 7,50%		6,50%/7,50%	
Salary increases	2.35%		2,33%	
Inflation	2.19%		2,20%	

Discount rates are determined by reference to the yield on high-quality bonds. They are calculated on the basis of external indices commonly used as references:

- > United States: iBoxx \$ 15+ year AA;
- > Euro zone: iBoxx € Corporate AA 10+;
- > Sweden: bonds of Swedish companies;
- > United Kingdom: iBoxx £ 15+ year AA;
- > Canada: Canadian AA "Mercer Yield Curve Canada" bonds;
- > Russia: Russian government bonds.

**Change in net liabilities recognized in the balance sheet:**

<i>(in millions of euros)</i>	June 30, 2020			December 31, 2019		
	Pensions	Other benefit commitments	Total	Pensions	Other benefit commitments	Total
Balance sheet net liability / (asset) at beginning of year	135.0	1.8	136.7	128.0	1.8	129.8
Total expenses (income) recognized in income statement	3.7	0.0	3.7	12.0	0.0	12.1
Amounts recognized in OCI during the fiscal year	10.5	-	10.5	10.6	0.1	10.7
Effect of changes in the scope of consolidation	-	-	-	-	-	-
Employer contributions	(1.2)	-	(1.2)	(4.3)	(0.1)	(4.4)
Benefit payments from employer	(2.2)	(0.1)	(2.3)	(4.9)	(0.1)	(5.0)
Transfer	(0.4)	-	(0.4)	(6.5)	-	(6.5)
Exchange rate adjustments	(0.3)	0.0	(0.3)	-	0.0	0.0
<b>Balance sheet net liability (asset) at end of year</b>	<b>145.0</b>	<b>1.7</b>	<b>146.7</b>	<b>135.0</b>	<b>1.8</b>	<b>136.7</b>



## Note 5 > Intangible assets and property, plant and equipment

### 5.1 Goodwill

Tarkett values goodwill in accordance with revised IFRS 3, except with respect to acquisitions recorded prior to December 31, 2009, for which IFRS 3 2004 applied.

Negative goodwill is recorded immediately on the income statement.

Goodwill is allocated to cash-generating units and is not amortized, but is tested for impairment annually (see the accounting method described in Note 5.3) as well as when any event occurs that could cause a loss in value.

Goodwill is valued at cost minus impairment.

With respect to equity accounted companies, the carrying amount of their goodwill is included in the carrying amount of Tarkett's equity investment in the related company.

#### Changes in goodwill

<i>(in millions of euros)</i>	June 30, 2020	December 31, 2019
Opening carrying amount	650.6	662.0
New goodwill	-	1.7
Adjustment to initial purchase price allocation	-	(21.8)
Foreign exchange gain (loss)	0.7	8.7
<b>Closing carrying amount</b>	<b>651.2</b>	<b>650.6</b>

The change was primarily the result of the evolution of exchange rates between the euro and the U.S. dollar.

### 5.2 Tangible and intangible assets

Ongoing capital expenditures are defined as investments in tangible and intangible assets other than factory construction and acquisitions of companies or activities.

During the first half of 2020, in connection with its ongoing capital expenditures, the Group capitalized assets totaling €57.5 million (as of the first half 2019: €64.9 million).

Asset sales during the first half of 2020 totaled €1.9 million (first half of 2019: €0.4 million).

During the first half of 2020, depreciation, amortization, and impairment totaled €137 million (first half of 2019: €77 million), essentially due to impairment of assets recorded in the first half of 2020 (see Note 5.3).

The remaining variation in assets corresponds primarily to the impacts of foreign currency translation differences for €(4.2) million.

The allocation of the net value of tangible and intangible property is as follows:

<i>(in millions of euros)</i>	June 30, 2020	December 31, 2019
Research and development	3.2	4.1
Patents	9.3	9.6
Trademarks	26.0	27.7
Software licenses	34.8	22.8
Other intangible assets	28.0	69.1
Advance payments and fixed assets in progress	5.7	22.2
<b>Intangible assets</b>	<b>107.0</b>	<b>155.6</b>
Goods and real property	262.6	269.4
<i>of which right to use goods and real property</i>	74.8	73.7
Technical equipment and machinery	238.0	235.8
<i>of which right to use technical equipment and machinery</i>	17.0	15.9
Advance payments and fixed assets in progress	70.0	102.1
<b>Property, plant and equipment</b>	<b>570.6</b>	<b>607.3</b>

## Notes to the consolidated financial statements

The variations in gross value, depreciation and amortization break down as follows:

<b>Cost of acquisitions</b> (in millions of euros)	<b>December 31, 2019</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Change in scope</b>	<b>Transfer</b>	<b>Exchange rate adjustment (gain) / loss</b>	<b>June 30, 2020</b>
Research and development	17.7	-	-	-	(0.0)	(0.7)	17.0
Patents	142.8	0.1	-	-	-	0.3	143.2
Trademarks	57.6	0.0	-	-	0.0	(0.9)	56.8
Software licenses	150.1	3.1	(0.1)	-	19.8	(0.5)	172.3
Other intangible assets	84.6	0.1	-	-	-	0.1	84.8
Advance payments and fixed assets in progress	22.3	2.8	-	-	(19.6)	0.2	5.7
<b>Intangible assets</b>	<b>475.1</b>	<b>6.1</b>	<b>(0.1)</b>	<b>-</b>	<b>0.2</b>	<b>(1.5)</b>	<b>479.7</b>
Goods and real property	640.7	17.7	(3.4)	-	6.4	(3.4)	658.1
<i>of which right to use goods   and real property</i>	94.2	17.0	(1.1)	-	0.1	(0.8)	109.4
Technical equipment and machinery	1,445.5	13.5	(12.6)	-	44.2	(8.9)	1,481.7
<i>of which right to use technical   equipment and machinery</i>	28.9	7.0	(0.7)	-	(0.0)	(0.1)	35.1
Advance payments and fixed assets in progress	102.1	20.2	(0.3)	-	(50.5)	(1.5)	70.0
<b>Property, plant and equipment</b>	<b>2,188.3</b>	<b>51.4</b>	<b>(16.3)</b>	<b>-</b>	<b>0.2</b>	<b>(13.8)</b>	<b>2,209.8</b>

  

<b>Depreciation, amortization and impairment</b> (in millions of euros)	<b>December 31, 2019</b>	<b>Allowance</b>	<b>Reversal</b>	<b>Change in scope</b>	<b>Transfer</b>	<b>Exchange rate adjustment (gain) / loss</b>	<b>June 30, 2020</b>
Research and development	(13.6)	(0.8)	-	-	(0.0)	0.6	(13.9)
Patents	(133.1)	(0.4)	-	-	-	(0.2)	(133.8)
Trademarks	(29.9)	(1.7)	-	-	-	0.9	(30.7)
Software licenses	(127.2)	(10.6)	0.1	-	(0.1)	0.3	(137.5)
Other intangible assets	(15.6)	(41.7)	-	-	-	0.5	(56.8)
<b>Intangible assets</b>	<b>(319.5)</b>	<b>(55.3)</b>	<b>0.1</b>	<b>-</b>	<b>(0.1)</b>	<b>2.1</b>	<b>(372.7)</b>
Goods and real property	(371.3)	(29.0)	2.7	-	(0.0)	2.1	(395.5)
<i>of which right to use goods and   real property</i>	(20.5)	(15.0)	0.7	-	(0.1)	0.3	(34.6)
Technical equipment and machinery	(1,209.7)	(53.1)	12.3	-	(0.3)	7.1	(1,243.7)
<i>of which right to use technical   equipment and machinery</i>	(13.0)	(5.8)	0.6	-	(0.0)	0.1	(18.1)
<b>Property, plant and equipment</b>	<b>(1,581.0)</b>	<b>(82.0)</b>	<b>15.1</b>	<b>-</b>	<b>(0.3)</b>	<b>9.1</b>	<b>(1,639.2)</b>

## 5.3 Impairment

### Impairment testing

In connection with the Covid-19 pandemic, the Group conducted impairment testing on all of its cash-generating units ("CGUs").

Goodwill and other unamortized intangible assets are tested for impairment.

The books values of the Group's assets, other than financial assets and deferred tax assets, are examined to determine if there are indications of a loss in value. If so, the asset's recoverable value is estimated.

Recoverable value is the higher of the fair value less the cost of disposal and value in use.

Value in use is estimated using the discounted future cash flow method (excluding interest on borrowings and taxes) for each CGU.

### Cash generating units

For purposes of impairment testing, assets are tested at the level of the CGUs, which reflect the Group's geographic region structure and its product offerings. Goodwill is allocated to the CGUs.

### Impairment process

The Group analyzes future cash flows as shown in the most recent forecasts over a period of three years, corresponding to the best estimate of a complete business cycle. The forecasts were prepared taking into account variations affecting sale prices, volumes, and the cost of raw materials. Beyond three years, the Group determines a standard year by assuming the waning of the pandemic and a progressive return to 2019 activity levels by the end of 2021 or beginning of 2022, depending on the geographic zone and customer segments. The level of working capital and investments is determined based on historical data. The standard year is then projected in perpetuity using the Gordon Shapiro method.

Future cash flows are discounted at a rate corresponding to the Group's weighted average cost of capital (WACC), using a market risk premium, a specific sectoral risk premium, and a country risk premium.

The discount rate is an after-tax rate applied to after-tax cash flows. The following assumptions were used for 2020:

	Discount rate after taxes	Perpetuity growth rate
EMEA	8.50%	2.00%
North America	8.98%	2.00%
CIS	10.51%	4.00%
APAC	8.66%	2.00%
Latin America	10.63%	4.00%
Sports surfaces	8.98%	2.00%

### Operating assumptions

For each CGU, the operating assumptions that the Group deemed to be key are as follows:

- > evolution of the markets in which these CGUs are involved, on the basis of internal estimates, supported if possible by external forecasts on the concerned segments or products;
- > evolution of the Group in its various markets;
- > general hypothesis of stability of inflation balance (purchase prices stable, or if changes are considered, full offset by changes in selling prices to balance the impact on value);
- > continual implementation of productivity plans for the factories within these CGUs to improve profitability; and
- > EBITDA, resulting from the combination of factors listed above.

**Sensitivity analysis**

The analysis of sensitivity to changes in the key assumptions was carried out for three assumptions:

- > the discount rate (WACC);
- > the perpetual growth rate; and
- > EBITDA.

Changes of 50 basis points in the discount rate and growth rate are reasonably possible variations for the Group. Tarkett operates in a large number of countries, with a balance between three main areas (EMEA; North America; and CIS, APAC and Latin America). The Group believes that economic developments in these geographic areas can offset each other, as has been demonstrated in the past.

In 2020, the combination of an increase of 50 basis points in the discount rate and a decrease of 50 basis points in the growth rate would result in additional impairment of €47.4 million for the Commercial CGU of the North America reporting segment.

Furthermore, a decrease of 100 basis points in EBITDA, would result in additional impairment of €29.5 million for the Commercial CGU of the North America reporting segment.

**Impairment**

Impairment is recorded if the carrying amount of an asset or of a cash generating unit is greater than its recoverable value. Impairment is recorded in the income statement.

Impairment recorded for a CGU is allocated first to impairment of goodwill and then to the other assets.

Impairment recorded for goodwill cannot be reversed. Impairment recorded for another asset is reversed if there is a change in the assumptions used to determine recoverable value.

**Impairment testing**

In the first half of 2020, impairment was recorded as follows. In 2019, no impairment was recorded.

<i>(in millions of euros)</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
North America	(6.7)	-
EMEA	(9.9)	-
<b>Total</b>	<b>(16.6)</b>	<b>-</b>

The €(6.7) million impairment for the North America zone corresponds to the "Residential" CGU.

The €(9.9) million impairment for the EMEA zone corresponds to the "Wood" CGU.

Due to the Covid-19 crisis, the Group also reexamined the value of its tangible and intangible assets, in addition to the tests performed at the CGU level. Given the indications of impairment seen in the North American hospitality market, the Group recorded impairment of €(36.9) million on dedicated intangible assets.

## Note 6 > Provisions

### 6.1 Provisions

Changes in provisions can be analyzed as follows:

<i>(in millions of euros)</i>	<b>December 31, 2019</b>	<b>Allowance</b>	<b>Reversal</b>	<b>Change in scope</b>	<b>Transfer</b>	<b>Foreign exchange gain &amp; loss</b>	<b>June 30, 2020</b>
Product warranty provision	3.8	0.2	(0.4)	-	-	(0.0)	3.5
Restructuring provisions	(0.0)	-	-	-	-	(0.0)	(0.0)
Claims & litigation provisions	2.9	0.0	(0.2)	-	-	(0.1)	2.7
Other provisions	3.4	0.0	(0.0)	-	-	-	3.3
Provision for additional tax assessments	0.1	-	-	-	-	0.0	0.1
Financial provisions	30.3	1.7	(0.7)	-	0.3	0.1	31.7
<b>Total Provisions - Long-term</b>	<b>40.5</b>	<b>2.0</b>	<b>(1.3)</b>	<b>-</b>	<b>0.3</b>	<b>(0.0)</b>	<b>41.4</b>
Product warranty provision	14.1	0.5	(0.5)	-	-	0.0	14.1
Restructuring provisions	19.5	3.4	(3.5)	-	0.7	(0.0)	20.3
Claims & litigation provisions	14.1	2.7	(1.9)	-	4.5	(0.1)	19.3
Other provisions	0.2	-	(0.1)	-	-	(0.0)	0.2
<b>Total Provisions - Short-term</b>	<b>48.0</b>	<b>6.7</b>	<b>(5.9)</b>	<b>-</b>	<b>5.3</b>	<b>(0.1)</b>	<b>53.9</b>
<b>Total Provisions</b>	<b>88.4</b>	<b>8.7</b>	<b>(7.2)</b>	<b>-</b>	<b>5.5</b>	<b>(0.1)</b>	<b>95.3</b>

### 6.2 Potential liabilities

There were no significant changes in the guarantees granted by Tarkett to third parties in the first half of 2020.

#### Asbestos litigation

In the United States, the Group has been a defendant in lawsuits by third parties relating to personal injury from asbestos. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantees granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsel, considers to be sufficient.

## Note 7 > Financing and Financial Instruments

### 7.1 Financial income and expenses

<i>(in millions of euros)</i>	Jan.-June 2020	Jan.-June 2019
Interest income on loan assets & cash equivalents	0.7	0.6
Other financial income	0.0	0.1
<b>Total financial income</b>	<b>0.7</b>	<b>0.7</b>
Interest expenses on loans and overdrafts	(6.9)	(10.7)
Financial expenses on leases	(2.0)	(1.9)
Commission expenses on financial liabilities	(2.1)	(2.2)
Cost of loans and debt renegotiation	(0.4)	(0.7)
Financial expense on provisions for pensions	(2.0)	(2.5)
Foreign exchange gains and losses	(0.7)	-
Impairment on financial assets	-	-
Changes in value of interest rate derivative instruments to hedge debt	(2.7)	(2.3)
Other financial expenses	(0.7)	(0.1)
<b>Total financial expenses</b>	<b>(17.5)</b>	<b>(20.4)</b>
<b>Financial income and expense</b>	<b>(16.7)</b>	<b>(19.7)</b>

### 7.2 Net debt – interest-bearing loans and borrowings

#### 7.2.1 Net Debt

Net debt is defined as the sum of interest bearing loans and borrowings minus cash and cash equivalents. Interest-bearing loans and borrowings refer to any obligation for the repayment of funds received or raised that are subject to repayment terms and interest charges. They also include liabilities on finance leases.

<i>(in millions of euros)</i>	June 30, 2020		December 31, 2019	
	Long-term	Short-term	Long-term	Short-term
Bank loans	194.1	73.2	57.2	3.6
Private placements	555.8	56.5	612.1	-
Other loans	1.6	-	1.8	-
Bank overdrafts	-	5.2	-	7.2
Leases <sup>(1)</sup>	2.5	0.8	2.5	0.8
<b>Interest bearing loans and borrowings</b>	<b>754.0</b>	<b>135.7</b>	<b>673.6</b>	<b>11.6</b>
<b>Total interest bearing loans and borrowings</b>	<b>889.7</b>		<b>685.2</b>	
Cash and cash equivalents	(258.9)		(137.7)	
<b>Net debt before application of IFRS 16</b>	<b>630.8</b>		<b>547.5</b>	
Leases <sup>(2)</sup>	74.1	23.1	66.6	22.7
<b>Net debt</b>	<b>728.0</b>		<b>636.8</b>	

(1) Leases recorded under the former IAS 17 – Leases

(2) Leases recorded under the IFRS 16 (excluding leases previously recorded under IAS 17)

Due to the health crisis, in May 2020 Tarkett entered into a €175 million short-term revolving credit facility with a one-year maturity, which can be extended by six months at the Group's discretion, and then by another six months at the banks' discretion.

Tarkett also entered into a €70 million secured loan with the French government (prêt garanti par l'Etat, or "PGE") with an option to extend at its initiative for one to five additional years. This loan was recorded in current financial liabilities as of June 30, 2020.

In May 2020, Tarkett obtained a one-year extension from the lenders under its €700 million revolving credit facility, which was entered into in May 2019 for an initial term of five years. In addition, Tarkett obtained a waiver of the financial covenant regarding its net debt to EBITDA ratio as of June 30, 2020, and December 31, 2020.

As of June 30, 2020, Tarkett had used its non-recourse factoring and securitization lines in the amounts of €80.2 million and USD 33.0 million.

As of June 30, 2020, interest-bearing loans and borrowings consist principally of the following:

- > A "Schuldschein" for €144.0 million and USD 26.5 million entered into 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" for €252.5 million and USD 50 million entered into in April 2017 and maturing in April 2024 for €150.5 million and in April 2022 for the remainder;
- > A "Schuldschein" for €147.5 million entered into in June 2016 and maturing in June 2023 for €91.0 million and in June 2021 for €56.5 million;
- > The multi-currency revolving syndicated loan with a capacity of €700.0 million entered into in May 2019 for an initial term of five years, with two options to extend for an additional year, the first of which has been obtained, and had been drawn down in the amount of €190.7 million as of June 30, 2020;
- > The €70.0 million secured loan guaranteed by the French government (prêt garanti par l'Etat, or "PGE") entered into in May 2020.

## 7.2.2 Details of loans and borrowings

June 30, 2020 (in millions of euros)	Currency of draw- down	Interest rate	Total	12 months or less until 06/ 30/2021	2 years until 06/ 30/2022	3 to 5 years until 06/30/ 2025	More than 5 years
<b>Bank loans</b>							
Revolving Facilities Europe	USD	1,67%	160.7	-	-	160.7	-
Revolving Facilities Europe	EUR	0,6%	30.0	-	-	30.0	-
Other bank loans	RMB	5,22%-5,70%	6.6	3.2	1.5	1.9	-
Other bank loans	EUR	0.00%	70.0	70.0	-	-	-
<b>Sub-total bank loans</b>			<b>267.3</b>	<b>73.2</b>	<b>1.5</b>	<b>192.6</b>	<b>-</b>
Private Placement Europe	EUR	1,15%-1,722%	544.0	56.5	102.0	334.5	51.0
Private Placement Europe	USD	2,74%-1,86%	68.3	-	44.7	23.6	-
Financing backed by business receivables			-	-	-	-	-
Other loans	EUR	0,25% - 4,05%	1.6	-	0.9	0.7	-
Bank overdrafts			5.2	5.2	-	-	-
Leases <sup>(1)</sup>			3.3	0.8	0.8	1.6	0.1
<b>Interest bearing loans and borrowings</b>			<b>889.7</b>	<b>135.7</b>	<b>149.9</b>	<b>553.0</b>	<b>51.1</b>
Leases <sup>(2)</sup>			97.2	23.1	22.2	30.5	21.3
<b>Interest bearing loans and borrowings</b>			<b>986.9</b>	<b>158.8</b>	<b>172.1</b>	<b>583.6</b>	<b>72.4</b>

(1) Leases recorded under the former IAS 17 – Leases

(2) Leases recorded under the IFRS 16 (excluding leases previously recorded under IAS 17)

## Notes to the consolidated financial statements

December 31, 2019 (in millions of euros)	Currency of draw- down	Interest rate	Total	12 months or less until 12/31/2020	2 years until 12/31/2021	3 to 5 years until 12/31/2024	More than 5 years
<b>Bank loans</b>							
Revolving Facilities Europe	USD	2,49%	53.4	-	-	53.4	-
Other bank loans	RMB	5,22%-5,70%	7.4	3.6	1.6	2.2	-
<b>Sub-total bank loans</b>			<b>60.8</b>	<b>3.6</b>	<b>1.6</b>	<b>55.6</b>	<b>-</b>
Private Placement Europe	EUR	1,15%-1,722%	544.0	-	56.5	391.5	96.0
Private Placement Europe	USD	3,48%-3,57%	68.1	-	-	68.1	-
Financing backed by business receivables			-	-	-	-	-
Other loans	EUR	0,25%-4,05%	1.8	-	0.9	0.9	-
Bank overdrafts			7.2	7.2	-	-	-
Leases <sup>(1)</sup>			3.3	0.8	0.8	1.6	0.1
<b>Interest bearing loans and borrowings</b>			<b>685.2</b>	<b>11.6</b>	<b>59.8</b>	<b>517.7</b>	<b>96.1</b>
Leases <sup>(2)</sup>			89.3	22.7	26.7	28.8	11.1
<b>Interest bearing loans and borrowings</b>			<b>774.5</b>	<b>34.3</b>	<b>86.5</b>	<b>546.5</b>	<b>107.2</b>

(1) Leases recorded under the former IAS 17 – Leases

(2) Leases recorded under the IFRS 16 (excluding leases previously recorded under IAS 17)

### 7.2.3 Financial ratio covenants

The facilities mentioned above contain covenants binding on the borrower, including financial ratio covenants: the ratio of net debt to adjusted EBITDA excluding the impact of IFRS 16 may not exceed 3.0 as of December 31 of each year, and 3.5 as of June 30 of each year, with leeway of an additional 0.5 in the event of a significant acquisition.

As of June 30, 2020, the Group is in compliance with all of its banking covenants, including with respect to the ratio of net debt to adjusted EBITDA, as detailed below. However, in light of the uncertainties caused by the health crisis, Tarkett obtained a waiver of that covenant as of June 30, 2020, and December 31, 2020 with respect to its revolving syndicated loan.

Net debt / Adjusted EBITDA (in millions of euros)	June 30, 2020	December 31, 2019
Net debt <sup>(1)</sup>	630.8	547.5
Adjusted EBITDA for last 12 months <sup>(2)</sup>	228.5	249.5
<b>Ratio <sup>(3)</sup></b>	<b>2.8</b>	<b>2.2</b>

(1) Net debt excluding leases recorded under IFRS 16, but including 3.3 million euros related to finance leases (€3.3 million as of December 31, 2019).

(2) Adjusted EBITDA used to exclude the impact of applying IFRS 16, in accordance with the calculation methods provided for under the underlying financing agreement.

(3) Must be less than 3.0 as of December 31 and less than 3.5 as of June 30.



### 7.2.4 Fair value of financial assets and liabilities

The fair value of financial assets and liabilities remains at the same level as compared with December 31, 2019.

<b>June 30, 2020</b> <i>(in millions of euros)</i>	<b>Fair value category</b>	<b>Assets at amortized cost</b>	<b>Liabilities at amortized cost</b>	<b>Fair value through profit and loss</b>	<b>Fair value of hedging derivatives</b>	<b>Net carrying amount</b>	<b>Fair value</b>
Non current financial assets	Niveau 2	0.1	-	20.8	-	20.9	20.9
Other current financial assets	Niveau 2	-	-	-	2.7	2.7	2.7
Accounts receivable	Niveau 2	313.9	-	-	-	313.9	313.9
Cash and cash equivalents	Niveau 2	-	-	258.9	-	258.9	258.9
Interest-bearing loans and borrowings	Niveau 2	-	986.9	-	-	986.9	986.9
Other financial liabilities, non-current	Niveau 2	-	0.3	-	-	0.3	0.3
Other financial liabilities, current	Niveau 2	-	4.7	-	2.6	7.3	7.3
Accounts payable	Niveau 2	-	297.8	-	-	297.8	297.8

  

<b>December 31, 2019</b> <i>(in millions of euros)</i>	<b>Fair value category</b>	<b>Assets at amortized cost</b>	<b>Liabilities at amortized cost</b>	<b>Fair value through profit and loss</b>	<b>Fair value of hedging derivatives</b>	<b>Net carrying amount</b>	<b>Fair value</b>
Non current financial assets	Niveau 2	0.1	-	21.6	-	21.7	21.7
Other current financial assets	Niveau 2	-	-	-	3.4	3.4	3.4
Accounts receivable	Niveau 2	258.5	-	-	-	258.5	258.5
Cash and cash equivalents	Niveau 2	-	-	137.7	-	137.7	137.7
Interest-bearing loans and borrowings	Niveau 2	-	774.5	-	-	774.5	774.5
Other financial liabilities, non-current	Niveau 2	-	0.3	-	-	0.3	0.3
Other financial liabilities, current	Niveau 2	-	5.8	-	3.7	9.5	9.5
Accounts payable	Niveau 2	-	324.0	-	-	324.0	324.0

### 7.2.5 Financial risk management

The Group's financial risk (market risk, credit risk and liquidity risk) management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2019.

### 7.2.6 Financial instruments

During the first half of the year, the Group implemented derivative instruments to hedge certain components of its raw materials price.

Since these derivative instruments are categorized as cash flow hedges (CFH), changes in fair value related to the effective portion of the hedges are recognized within other comprehensive income. The result of the hedges will be recorded in profit and loss, symmetrically to the risk being hedged.

As of June 30, 2020, the fair value of these derivative instruments is not material.

## Note 8 > Income tax

### Income tax expense

The usability of the Group's deferred tax assets was analyzed as of June 30 in connection with the health crisis, generating an expense of €(4.1) million. This analysis is in line with the new cash flow projections used in the impairment tests.

Current and deferred income tax expense is set forth below:

<i>(in millions of euros)</i>	Jan.-June 2020	Jan.-June 2019
Current tax	(12.5)	(15.1)
Deferred tax	8.6	11.3
<b>Income tax</b>	<b>(3.9)</b>	<b>(3.8)</b>

Theoretical income taxes determined using the French corporate income tax rate of 32% for 2020 and 34.43% for 2019, can be reconciled as follows to the actual income tax charge:

<i>(in millions of euros)</i>	Jan.-June 2020	Jan.-June 2019
Pre-tax profit from continuing operations (a)	(61.0)	11.9
Profit from equity-accounted subsidiaries (b)	(0.7)	(1.5)
Pre-tax profit from fully consolidated activities (a-b)	(60.3)	13.4
Income tax at nominal French income tax rate	19.3	(4.6)
Effect of:		
- Taxation of foreign companies at different rates	(5.8)	2.3
- Exchange rate effects on non-monetary assets	(3.1)	2.6
- Changes in unrecognized deferred tax assets	(7.9)	0.8
- Permanent differences	(0.6)	(3.2)
- Taxes on dividends (Withholding at the source, 3% contribution)	-	0.1
- Other items	(5.8)	(1.8)
<b>Income tax expense recorded</b>	<b>(3.9)</b>	<b>(3.8)</b>
<b>Effective rate</b>	<b>-6.5%</b>	<b>28.2%</b>

### Taxation of foreign companies at different rates:

The main contributing countries are the United States, with a local tax rate of 21%, Russia, with a rate of 20%, Sweden, with a local rate of 21.40%, and Luxembourg, with a rate of 28.09%.

### Exchange rate effects on tax bases

The deferred income tax expense of €(3.1) million is due to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Recognition of this expense is required by IFRS, even if the revalued tax basis does not generate any tax obligation in the future.

### Changes in unrecognized deferred tax assets

The deferred income tax expense of €(7.9) million is due to the non-recognition of deferred taxes on losses carried forward. The principal contributing countries are France, for €(5.5) million, and the United Kingdom, for €(1.4) million.

### Other items

The expense of €(5.8) million is primarily due to provisions for taxes, the U.S. "BEAT tax," and tax corrections relating to the previous year.

## Note 9 > Equity and liabilities

### 9.1 Share capital

	June 30, 2020	December 31, 2019
Share capital (in euros)	327,751,405	327,751,405
Number of shares	65,550,281	65,550,281
Par value (in euros)	5.0	5.0

### 9.2 Earnings per share and dividends

	Jan.-June 2020			Jan.-June 2019		
	Average number of shares	Attributable net earnings	Earnings per share	Average number of shares	Attributable net earnings	Earnings per share
	(in thousands of shares)	(in millions of euros)	(in euros)	(in thousands of shares)	(in millions of euros)	(in euros)
<b>Total shares</b>	<b>65,550</b>			<b>63,723</b>		
Treasury shares	(534)			(309)		
<b>Total excluding treasury shares</b>	<b>65,016</b>	<b>(64.9)</b>	<b>(1.00)</b>	<b>63,414</b>	<b>7.7</b>	<b>0.12</b>
Share subscription options	-			-		
Group savings plan	-			-		
Performance shares	443			309		
<b>Total after grant of performance shares</b>	<b>65,459</b>	<b>(64.9)</b>	<b>(1.00)</b>	<b>63,723</b>	<b>7.7</b>	<b>0.12</b>

#### Earnings per share excluding treasury shares

Earnings per share excluding treasury shares as of June 30, 2020 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

#### Earnings per share after grant of performance shares

Earnings per share after grant of performance shares as of June 30, 2020 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and the weighted average number of potential shares to be issued (and after deduction of the weighted average number of treasury shares).

As the attributable net earnings is negative over the period, the performance shares in circulation lose their dilutive character as of June 30, 2020 and are therefore deducted from the calculation of the weighted average number of shares in circulation.

#### Dividends

On April 30, 2020, the General Shareholders' Meeting decided, in light of the health and economic situation relating to Covid-19, not to pay a dividend in 2020 in respect of 2019.

## Note 10 > Related parties

In accordance with IAS 24, "Related Party Disclosures," the Group has identified the following related parties:

- > The joint ventures;
- > The Group's principal shareholder, Société Investissement Deconinck ("SID");
- > The members of Tarkett's Management Board and Supervisory Board.

Transactions entered into during the period with the Group's joint ventures and principal shareholders are detailed below.

### 10.1 Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.

Transactions with related entities and jointly held entities are entered into on arm's length terms.

The Group's transactions with its joint ventures may be summarized as follows:

The Group has three joint ventures, including Laminate Park GmbH & Co KG in Germany, jointly controlled with the Sonae group.

<i>(in millions of euros)</i>	Jan.-June 2020	Jan.-June 2019
<b>Joint ventures</b>		
Sale of goods to Tarkett	-	11.7
Purchase of services from Tarkett	-	(0.4)
Loans from Tarkett	2.0	7.5

### 10.2 Principal shareholders

Société Investissement Deconinck holds 50.68% of Tarkett's share capital and as such controls and coordinates the Group's activities. In addition, the Groupe Familial Deconinck, composed of SID and the members of the Deconinck family, together holds 51.26% of the Company's share capital.

As of June 30, 2020, SID had invoiced a total of €150,000 under the Assistance Agreement.

As of June 30, 2020, Tarkett had invoiced a total of €27,500 to SID under the Service Agreement.

### 10.3 Members of the Management Board and Supervisory Board

None.

## Note 11 > Subsequent events

As of the date hereof, there are no subsequent events to report.

### 3 Statutory Auditors' Report on the Consolidated Financial Statements



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*Tarkett S.A.*

*Statutory Auditors' Review Report on the 2020 Half-yearly Financial Information*

For the period from 1st January 2020 to 30 June 2020  
Tarkett S.A.  
Tour Initiale - 1, Terrasse Bellini - 92919 Paris La Défense



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*This is a free translation into English of the statutory auditors' review report on the 2020 half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### **Tarkett S.A.**

Registered office: Tour Initiale - 1, Terrasse Bellini - 92919 Paris La Défense  
 Share capital: €.327 751 405

### **Statutory Auditors' Review Report on the 2020 Half-yearly Financial Information**

For the period from 1st January 2020 to 30 June 2020

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed interim Consolidated Financial Statements of Tarkett S.A., for the period from 1<sup>st</sup> January 2020 to 30 June 2020,
- the verification of the information presented in the half-yearly management report.

These condensed interim Consolidated Financial Statements are the responsibility of the Management Board on 29 July 2020 based on the information available at that date and in the evolving context of the Covid-19 pandemic and difficulties to assess incidence and future perspectives. Our role is to express a conclusion on these financial statements based on our review.

#### **I. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

**Tarkett S.A.**

*Statutory Auditors' Review Report on the 2020 Half-yearly Financial Information  
29 July 2020*

## II. Specific verification

We have also verified the information presented in the half-yearly management report dated 29 July 2020 on the condensed interim Consolidated Financial Statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim Consolidated Financial Statements.

Paris La Défense, on the 29 July 2020  
The Statutory Auditors,

KPMG Audit  
*Department of KPMG S.A.*

Mazars

Renaud Laggiard  
*Partner*

Anne-Laure Rousselou  
*Partner*

Design and production



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