

Consolidated financial statements

as of December 31, 2022

This document presents the consolidated financial statements of Tarkett as of December 31, 2022.

The statutory auditors' report appears on the page 57.

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 Consolidated Financial Statements as of December 31, 2022

Consolidated income statement

<i>(in millions of euros)</i>	Note	2022	2021
Net Revenue		3,358.9	2,792.1
Cost of sales		(2,753.8)	(2,241.5)
Gross profit		605.1	550.6
Other operating income		10.7	12.2
Selling and distribution expenses		(345.1)	(296.0)
Research and development		(25.5)	(23.1)
General and administrative expenses		(184.1)	(172.9)
Other operating expenses		(16.7)	(11.2)
Result from operating activities	(3)	44.4	59.6
Financial income		2.6	1.0
Financial expenses		(53.8)	(39.7)
Financial income and expenses	(7)	(51.3)	(38.8)
Share of profit of equity accounted investees (net of income tax)		(1.0)	5.3
Profit before income tax		(7.9)	26.1
Total income tax	(8)	(18.1)	(11.0)
Profit from continuing operations		(26.0)	15.1
Net profit for the period		(26.0)	15.1
Attributable to:			
Owners of Tarkett		(26.8)	15.1
Non-controlling interests		0.8	0.0
Net profit for the period		(26.0)	15.1
Earnings per share:			
Basic earnings per share (in euros)	(9)	(0.41)	0.23
Diluted earnings per share (in euros)	(9)	(0.41)	0.23

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Note	2022	2021
Net profit for the period		(26.0)	15.1
Other comprehensive income (OCI)		-	-
Foreign currency translation differences for foreign operations		27.4	34.1
Changes in fair value of cash flow hedge instruments	(7)	38.9	3.5
Income tax		(0.2)	(0.9)
OCI to be reclassified to profit and loss in subsequent periods		66.2	36.7
Defined benefit plan actuarial gain (losses)	(4)	24.1	18.9
Other items of comprehensive income		-	-
Income tax		(1.8)	(4.5)
OCI not to be reclassified to profit and loss in subsequent periods		22.4	14.5
Other comprehensive income, net of tax		88.5	51.1
Total comprehensive income for the period		62.5	66.2
Attributable to:		-	-
Owners of Tarkett		61.7	66.2
Non-controlling interests		0.8	-
Total comprehensive income for the period		62.5	66.2

Consolidated statement of financial position

Assets

<i>(in millions of euros)</i>	Note	Dec. 31, 2022	Dec. 31, 2021
Goodwill	(5)	679.2	647.9
Intangible assets	(5)	59.7	77.6
Property, plant and equipment	(5)	556.0	530.9
Other financial assets	(7)	49.0	19.3
Deferred tax assets	(8)	92.3	83.1
Other intangible assets		0.0	0.0
Total non-current assets		1,436.3	1,358.8
Inventories	(3)	537.6	471.7
Trade receivables	(3)	265.5	244.8
Other receivables	(3)	146.3	137.6
Cash and cash equivalents	(7)	220.8	205.4
Total current assets		1,170.1	1,059.5
Total assets		2,606.4	2,418.3

Equity and liabilities

<i>(in millions of euros)</i>	Note	Dec. 31, 2022	Dec. 31, 2021
Share capital	(9)	327.8	327.8
Share premium and reserves		167.4	167.4
Retained earnings		443.3	330.0
Net profit for the period attributable to equity holders of the parents		(26.8)	15.1
Equity attributable to equity holders of the parent		911.6	840.2
Non-controlling interests		1.4	(0.0)
Total equity		913.0	840.2
Other non-current liabilities		12.6	9.7
Financial liabilities	(7)	802.7	614.4
Other financial liabilities	(7)	2.3	0.2
Deferred tax liabilities	(8)	7.7	13.2
Employee benefits	(4)	85.7	117.3
Provisions and other non-current liabilities	(6)	34.2	35.0
Total non-current liabilities		945.2	789.8
Trade payables	(3)	344.2	403.8
Other operating liabilities	(3)	292.6	270.2
Financial liabilities and bank overdrafts	(7)	72.9	66.7
Other financial liabilities	(7)	5.3	6.1
Provisions and other current liabilities	(6)	33.1	41.5
Total current liabilities		748.1	788.4
Total equity and liabilities		2,606.4	2,418.3

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	2022	2021
Cash flows from operating activities			
Profit for the period before income tax		(7.9)	26.1
Adjustments for:			
Depreciation, amortization and impairment		151.9	149.1
(Gain) loss on sale of fixed assets	(3)	(0.3)	1.3
Net finance costs	(7)	51.3	39.1
Change in provisions and other non-cash items		(13.5)	(7.6)
Share of profit of equity accounted investees (net of tax)		1.0	(5.3)
Operating cash flow before working capital changes		182.6	202.8
(Increase) / Decrease in trade receivables		(14.9)	(18.4)
(Increase) / Decrease in other receivables		(2.9)	(21.4)
(Increase) / Decrease in inventories		(53.5)	(99.5)
Increase / (Decrease) in trade payables		(67.4)	117.7
Increase / (Decrease) in other payables		4.0	10.3
Changes in working capital		(134.7)	(11.2)
Net interest paid		(31.2)	(21.5)
Net income taxes paid		(24.0)	(26.3)
Other operating items		(11.8)	(26.1)
Net cash flows from operating activities		(19.1)	117.6
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	(4.0)	(2.6)
Acquisitions of intangible assets and property, plant and equipment	(5)	(96.7)	(72.8)
Proceeds from sale of property, plant and equipment	(5)	2.5	6.9
Effect of changes in the scope of consolidation		0.0	(0.0)
Net cash flows from investing activities		(98.1)	(68.4)
Cash flows from financing activities			
Capital increase		-	-
Acquisition of NCI without a change in control		(0.1)	-
Proceeds from loans and borrowings		179.4	518.3
Repayment of loans and borrowings		(14.2)	(664.6)
Repayment of lease liabilities		(35.1)	(32.2)
Acquisitions/disposals of treasury shares		(0.0)	0.2
Dividends	(9)	(0.0)	0.0
Net cash flows from financing activities		130.0	(178.4)
Net increase / (decrease) in cash and cash equivalents		12.7	(129.2)
Cash and cash equivalents, beginning of period		205.4	328.6
Effect of exchange rate fluctuations on cash held		2.5	6.0
Cash and cash equivalents, end of period	(7)	220.8	205.4

Consolidated statement of changes in equity

(in millions of euros)	Share Capital	Share premium and reserves	Translation reserves	Reserves	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of January 1, 2021	327.8	167.4	(73.5)	348.6	770.3	-	770.3
Capital increase	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the period	-	-	-	15.1	15.1	-	15.1
Other comprehensive income, net of tax	-	-	34.1	17.0	51.1	-	51.1
Total comprehensive income for the period	-	-	34.1	32.1	66.2	-	66.2
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	2.1	2.1	-	2.1
Share-based payments	-	-	-	1.4	1.4	-	1.4
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Other	-	-	-	0.2	0.2	-	0.2
Total transactions with shareholders	-	-	-	3.7	3.7	-	3.7
As of December 31, 2021	327.8	167.4	(39.4)	384.4	840.2	-	840.2
As of January 1, 2022	327.8	167.4	(39.4)	384.4	840.2	-	840.2
Capital increase	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Net profit for the period	-	-	-	(26.8)	(26.8)	0.8	(26.0)
Other comprehensive income, net of tax	-	-	27.4	61.1	88.5	(0.0)	88.5
Total comprehensive income for the period	-	-	27.4	34.3	61.7	0.8	62.5
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	-	-	-	-
Share-based payments	-	-	-	5.3	5.3	-	5.3
Acquisition of NCI without a change in control	-	-	-	(0.0)	(0.0)	0.6	0.6
Other ⁽¹⁾	-	-	-	4.4	4.4	-	4.4
Total transactions with shareholders	-	-	-	9.7	9.7	0.6	10.3
As of December 31, 2022	327.8	167.4	(12.0)	428.4	911.6	1.4	913.0

(1) Corresponds to the hyperinflation effect for 4.4 m€

2 Notes to the consolidated financial statements

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Note 1 > Basis of preparation

1.1 General information

Tarkett's Consolidated Financial Statements as of and for the year ended December 31, 2022, include the Company and its subsidiaries (the "Group"), as well as its interests in associates and joint ventures.

The Group is a leading global flooring company, providing a large range of flooring and sports surface solutions to business and residential end-users.

The Group completed its initial public offering on November 21, 2013, and is listed on Compartment B (Compartment A until January 31, 2020 and Compartment B since February 1, 2020) of Euronext Paris, ISIN code: FR0004188670 - Ticker Symbol: TKTT.

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

The Group's Consolidated Financial Statements as of and for the year ended December 31, 2022, were finalized by the Management Board on February 14, 2023, and reviewed by the Supervisory Board on February 15, 2023. They will be submitted for shareholder approval on April 21, 2023.

The Group's Consolidated Financial Statements are presented in millions of euros, to one decimal place. The sum of the rounded amounts may differ, albeit to an insignificant extent, from the reported total and subtotals in the tables.

1.2 Significant accounting principles

1.2.1 Statement of compliance and applicable standard

The Group's consolidated financial statements as of and for the year ended December 31, 2022 have been prepared in accordance with IFRS (*International Financial Reporting Standards*) as adopted by the European Union as of such date, which are available at https://ec.europa.eu/info/index_en. These standards have been applied consistently for the fiscal years presented.

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

The following published standards have been applied by the Group for the fiscal year:

- > **IFRS IC Decision relating to the IAS 7 standard** - Demand deposits subject to usage restriction via a contract with a third party.
- > **IFRS IC Decision relating to the IFRS 9/IFRS 16 standards** - Abandonment of rents by the lessor.

None of these interpretations applicable as of January 1, 2022, had a material impact as of December 31, 2022.

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

The Group has been applying the following amendments since January 1, 2022:

- > **IFRS 17** - Insurance contracts including amendments published on June 25, 2020 ;
- > **Amendment to IAS 1 and Practice Statement 2** - Information to be provided on accounting methods;
- > **Amendment to IAS 8** - Definition of accounting estimates;
- > **Amendment to IAS 12** - Deferred taxes linked to assets and liabilities stemming from a single transaction.

c) New standards and interpretations not adopted

The following new published standards are not applicable:

- > **Amendments to IAS 1**: classification of liabilities as current and non-current liabilities.
- > **Amendments to IFRS 16**: Rental liabilities relating to a leaseback.
- > **Amendments to IFRS 17** : Initial application of IFRS 17 and IFRS 9 - Comparative information.

1.2.2 Accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires it to make a number of estimates and assumptions that have an effect on the amounts recorded on its balance sheet and income statement.

These estimates and assumptions relate primarily to the following notes:

	Note
Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed	2
Impairment testing of assets	5.3
Accounting treatment of Financial Instruments	7.6
Provisions for employee benefits	4.1
Valuation of deferred tax assets	8.2
Determination of other provisions (warranties and disputes)	6

Management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and information deemed significant given the current environment. Actual results may differ significantly from these estimates.

The Group's consolidated financial statements have been prepared according to the principle of historical costs, with the exception of the following assets and liabilities which are recorded at their fair value: derivative instruments, investments held for transaction purposes, financial assets available for sale, pension plan assets and other elements when necessary. The carrying amount of assets and liabilities subject to fair value hedging has been adjusted in line with the changes in fair value attributable to the hedged risks.

1.3 Significant developments

> Geopolitical conflict

The war in Ukraine makes it difficult to assess the changes in demand in the Russian and Ukrainian markets.

In Russia, the decline in volumes (approximately -25% compared with 2021) was offset by increases in sale prices and a positive exchange rate effect linked to the appreciation of the rouble against the euro. Russia accounts for approximately 9% of the Group's overall turnover.

The Group continues to operate in this country in strict compliance with the international and local regulations but has frozen all significant new investments.

Ukraine accounts for just under 0.5% of the Group's overall turnover. Sales activities have gradually resumed, but the pace was much slower in 2022, and the production site located in the west of the country is currently able to maintain its activities. In view of the current conflict, a depreciation amounting to €7.3 million has been recorded for inventories and accounts receivable.

> IAS 29 - Hyperinflationary in Turkey

Cumulative inflation over three years in Turkey exceeded the 100% threshold on April 1, 2022, leading to the retroactive application of the IAS 29 standard on January 1, 2022. This involves re-evaluating non-monetary assets and liabilities (Intangible assets and property, plant and equipment, inventories and equity) taking inflation into account since their entry in the consolidated financial statements. The counterpart item to this re-evaluation on January 1, 2022 is recognized as equity.

The re-evaluations for the 2022 period are presented as financial results, generating a profit or loss on the net monetary position. The income statement is re-evaluated to reflect changes in the general purchasing power of its functional currency. In addition, income statement items are converted at the closing rate of the period concerned and not at the average rate for the period.

1.4 Accounting for climate risk

The Tarkett group has committed to a new environmental strategy for 2030. The objectives are as follows:

- > To reduce its greenhouse gas (GHG) emissions across its value chain (Scope 1, Scope 2 and Scope 3) by 30% by 2030 compared to 2019. This target is in line with the Paris Agreement to limit the global temperature increase to below 2°C. It was validated by the independent Science Based Target Initiative (SBTi) in December 2022 in the following terms: reduce total GHG emissions from Scope 1 and Scope 2 by 50% compared to 2019 and reduce GHG emissions from its value chain (Scope 3) linked to the production of raw materials and the end-of-life processing of its products by 27.5% compared to 2019;
- > triple the proportion of recycled raw materials from 10% (in 2018) to 30% (in 2030).

The Finance Department interacts regularly with the Sustainable Development Department to ensure that the commitments made by the Group are consistent with those reflected in the financial statements. The Group is exposed

to physical and transitional risks (regulatory, legal, market, etc.) related to climate change, such as the increasing frequency of severe weather events, the demand for new products with a very low environmental footprint, the introduction of a carbon tax, and the withdrawal from fossil fuels and plastics. The potential consequences of these risks are reviewed and updated every year and mitigation actions are decided and implemented proactively. Physical risks are mostly covered by property and casualty insurance policies and those related to expected regulatory changes have also been reviewed to the best of our knowledge. Tarkett considers that the evaluation of climatic risks is correctly taken into account and in coherence with its commitments in this matter. The integration of these elements did not have a significant impact on the Group's financial statements. In addition, Tarkett has received a "Leadership A-" rating from the CDP (Climate Change 2022) and a Gold score from the CSR assessment platform Ecovadis.

Note 2 > Changes in the scope of consolidation

2.1 Consolidation methods

2.1.1 Full consolidation

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

2.1.2 Equity method accounting for joint ventures and associates

A joint venture, for purposes of IFRS 11, is an arrangement in which the Group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interests in joint ventures are accounted for using the equity method and comprise principally the joint venture Allsports construction and maintenance Ltd.

They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the

consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

The accounting policies described hereafter have been applied to all the periods presented in the consolidated financial statements and have been uniformly applied by all Group entities acquired prior to December 31, 2022 (see Note 2.4).

2.2 Business combinations

Business combinations are accounted for using the acquisition method on the acquisition date - i.e. when control is transferred to the Group.

The Group measures *goodwill* at the acquisition date as:

- > the fair value of the consideration transferred; plus
- > the recognized amount of any non-controlling interests in the acquiree; plus
- > if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; minus
- > the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- > when the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. However, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Acquisition of Non-Controlling Interests (NCI) without a change in control

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- > at fair value; or
- > at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to *goodwill* and no gain or loss is recognized in profit or loss.

Share put options granted by the Group

If the Group undertakes to acquire non-controlling shareholders, the latter have the option to transfer their shares to the Group at a fixed term and for a given price, which may be settled in cash. The Group consolidates the entity as though the non-controlling interests had already been acquired. This position leads to recognizing a liability, recorded in "other liabilities," for the present value of the estimated exercise price of the put option, with any subsequent valuation changes being recorded in shareholders' equity.

As of December 31, 2022, all buyback options have been exercised.

2.3 Foreign currency translation

The functional currency of Tarkett and its subsidiaries located in the euro zone is the euro. Group entities operate on an autonomous basis and therefore the functional currency of entities operating outside the euro zone is generally their local currency.

The Group presents its financial statements in euros.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the foreign exchange rate as of the date of the transaction. Foreign exchange rate differences arising on these transactions are recognized either in the operating profit for operational transactions or in the financial result for financing transactions.

Certain transactions are covered by derivative instrument contracts: the accounting treatment of these transactions is described in note 7.6.

Non-monetary items are not revalued at the balance sheet date and are translated using the historical exchange rates, while monetary items are translated using the foreign exchange rates in effect on the balance sheet date.

Financial statements of foreign operations

On the balance sheet date, assets and liabilities of foreign operations are translated at the closing rate, and income and expenses are translated at the average exchange rate for the period.

Foreign currency differences are recognized in other comprehensive income (OCI) and presented in the translation reserve in equity.

Net investments in foreign operations

When a long-term loan in foreign currency is granted to a subsidiary, it may be deemed a net investment in a foreign company. Foreign exchange gains and losses relating to these long-term loans are then recognized in translation reserves in other comprehensive income.

2.4 Changes in the scope of consolidation

The Tarkett Group's scope of consolidation is as follows (see Note 13, which contains a list of consolidated companies):

Number of companies	Dec. 31, 2021	Mergers	Acquisitions and creations	Liquidations	Dec. 31, 2022
Fully consolidated companies	72	(1)	5	-	76
Equity-accounted consolidated companies	4	-	-	-	4
Total	76	(1)	5	-	80

2.4.1 Transactions completed in 2022

The year's main transactions are as follows:

a) Acquisitions and creations

Beynon Sports Surfaces, Inc acquired the company Zaino in January 2022 for an amount of USD 0.8 million. The company has been incorporated in Beynon.

Creation in January 2022 of Tarkett Sports Midwest Inc., a wholly owned subsidiary of Fieldturf Tarkett USA.

Creation in January 2022 of Midwest Specialty Contractors Inc., a wholly owned subsidiary of Fieldturf Tarkett USA.

In February 2022, Fieldturf Tarkett USA Holdings, Inc acquired 49.00% of the securities of Dynamic Base Construction, LLC, a fully consolidated American company.

Creation of the company Wildcat Enterprise for Textile Industries in the United Arab Emirates, wholly owned by the company Fieldturf Tarkett.

b) Mergers

The company Beynon Sports Surfaces directly absorbed the company Zaino after its acquisition in January 2022.

c) Liquidations

None.

2.4.2 Transactions completed in 2021

The year's main transactions are as follows:

a) Acquisitions

In April 2021, Tarkett GDL acquired 33.33% of Virtual Reality Empathy Platform Ltd., a British company consolidated through the equity method.

Tarkett Manufacturing Mexico, formed in July 2021, acquired Vinylasa from Loquetas and is wholly owned by Tarkett USA.

b) Mergers

None.

c) Liquidations

The company Desso Texture Tex BV was liquidated in January 2021.

2.5 Joint ventures

The Group holds interests in the following companies:

- > AllSports Constructions & Maintenance, a Scottish company.
- > FED Inc., based in the United States.
- > Laminate Park GmbH & Co KG, a German company jointly held with the Sonae Arauco Group.
- > Virtual Reality Empathy Platform Ltd, a British company.

Note 3 > Operating Data

3.1 Components of the income statement

3.1.1 Net revenue

As from January 1, 2018, IFRS 15, "Revenue from Contracts with Customers," replaces IAS 11, "Construction Contracts," and related interpretations.

The standard includes new rules for recording revenue and segmenting contracts into performance obligations.

In accordance with the standard, revenue from the sale of goods is recognized in profit or loss when the control inherent to service obligations has been transferred to the buyer, payment is likely, the associated costs and potential return of the merchandise can be reliably assessed, the Group is no longer involved in managing the merchandise, and the revenue from the merchandise can be reliably assessed. Revenue is recognized net of returns, rebates, commercial discounts, and bulk discounts.

The Group recognizes revenue using the five-step model set forth in the standard as a function of its two business sectors.

Flooring:

The contracts that the Group enters into relate to the supply of identifiable and distinct products constituting the principal performance obligation. No significant long-term contracts were identified. The Group acts in its own name and not as an intermediary. The general terms and conditions of sale provide for payment in under one year, and the Group does not offer variable financing that would necessitate segmented recording pursuant to IFRS 15. Tarkett does not sell extended warranties on its products; therefore, its warranty is not considered as a separate service and is recorded in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets."

For this business sector, in general, revenue is recorded at the time of delivery of the performance obligation. Taking into consideration the nature of the products and the general terms and conditions of sale, sales are usually recorded on the date on which the products leave the Group's warehouses, or upon delivery if Tarkett is responsible for transport.

Sports Surfaces:

The sports surfaces activity is composed of sales of products directly to distributors and the sale of installation contracts (including provision of the sports surfaces). The direct sale of products to distributors follows the same Group rules for recording revenue as those described for the flooring activity. With respect to installation contracts, the Group does not perform installations without also providing the sports surfaces; it therefore considers the supply of the products and the installation to be part of the same performance obligation. The general terms and conditions of sale do not offer variable financing or specific components of financing. Tarkett does not sell extended warranties on its installations; therefore, its warranty is not considered a separate service and is recorded in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets."

In this business segment, revenue from services rendered or from construction contracts is recognized in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. Revenue is recorded as the performance obligation are completed. The stage of completion is assessed by reference to surveys of work performed. The use of the percentage-of-completion method requires satisfaction of one of the three prior conditions provided for in IFRS 15 paragraph 35.

Pursuant to that paragraph of the standard, the Group recognizes revenue over time to the extent that it complies with two of the three following conditions referred to in the standard:

- the asset created by the Tarkett Group's performance does not have an alternative use to that provided for in the contract;
- the Group has an enforceable right to payment for performance completed to date.

Net sales comprise revenue from the sale of goods and services net of price reductions and taxes, and after elimination of intragroup sales.

3.1.2 Operating result

a) Grants

Grants relating to assets are deducted from the carrying amount of the property, plant and equipment that they financed. The grants are thus recognized as income over the lives of the assets by way of a reduced depreciation charge.

Grants are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

b) Expenses

Cost of sales

Cost of sales comprises the cost of manufactured products, the acquisition cost of purchased goods which have been sold, and the supply chain, logistic and freight costs.

Selling and distribution expenses

Selling and distribution expenses comprise the expenses of the marketing department and the sales force, as well as advertising expenses, distribution expenses, sales commissions and bad debts.

c) Other operating income and expenses

This category includes all operating income and expenses that cannot be directly attributed to business functions, including operating expense related to retirement commitments and costs with respect to certain disputes.

Research and development

Research and development costs are recognized as expenses when incurred, unless the criteria are met for them to be capitalized, as per Note 5.2.1.

General and administrative expenses

General and administrative expenses comprise the remuneration and overhead expenses associated with management and administrative personnel with the exception of amounts charged to other cost centres.

3.1.3 Adjusted EBITDA

Adjusted EBITDA is a key indicator for the Group, because it enables it to measure the performance of its current operations.

It is defined using the result from operating activities before depreciation and amortization and restating income and expenses as follows:

- > 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 due to their non-cash nature; and
- > other one-off expenses considered exceptional by their nature.

(in millions of euros)	Dec. 31, 2022	Of which adjustments:					Dec. 31, 2022 adjusted
		Restructuring	Gains/Losses on asset sales/ impairment	Business Combinations	Share-based payments	Other	
Net revenue	3,358.9	-	-	-	-	-	3,358.9
Cost of sales	(2,753.8)	15.9	2.0	-	-	-	(2,735.9)
Gross profit	605.1	15.9	2.0	-	-	-	623.0
Selling and distribution expenses	(345.1)	1.4	5.3	-	-	-	(338.4)
Research and development	(25.5)	0.0	-	-	-	-	(25.5)
General and administrative expenses	(184.1)	0.3	-	0.5	6.3	4.6	(172.3)
Other operating income and expenses	(6.0)	1.1	-	-	-	4.0	(1.0)
Result from operating activities (EBIT)	44.4	18.7	7.3	0.5	6.3	8.6	85.8
Depreciation and amortization	152.0	(2.2)	0.3	-	-	-	150.1
Other	(1.0)	-	-	-	-	-	(1.0)
EBITDA	195.4	16.5	7.7	0.5	6.3	8.6	234.9

(in millions of euros)	Dec. 31, 2021	Of which adjustments					Dec. 31, 2021 adjusted
		Restructuring	Gains/Losses on asset sales/ impairment	Business Combinations	Share-based payments	Other	
Net revenue	2,792.1	-	-	-	-	-	2,792.1
Cost of sales	(2,241.5)	6.5	-	-	-	-	(2,235.1)
Gross profit	550.6	6.5	-	-	-	-	557.0
Selling and distribution expenses	(296.0)	0.9	-	-	-	-	(295.1)
Research and development	(23.1)	-	-	-	-	-	(23.0)
General and administrative expenses	(172.9)	1.1	-	0.6	3.1	2.9	(165.2)
Other operating income and expenses	1.0	3.0	(1.9)	-	-	4.4	6.4
Result from operating activities (EBIT)	59.6	11.5	(1.9)	0.6	3.1	7.3	80.2
Depreciation and amortization	149.2	(0.1)	-	-	-	-	149.0
Other	(0.1)	-	-	-	-	-	(0.1)
EBITDA	208.6	11.4	(1.9)	0.6	3.1	7.3	229.0

3.2 Segment information

In accordance with IFRS 8, "Operating Segments," the Group's activities have been segmented based on the organization of its internal management structure and of its products.

As in 2021, the Group is organized in four segments:

- > Europe, Middle East and Africa ("EMEA");
- > North America;
- > Commonwealth of Independent States ("CIS"), Asia Pacific ("APAC") and Latin America; and
- > Sports surfaces.

Certain expenses are not allocated, including the expenses of headquarters and of the R&D Group.

Reminder on the organization of the CIS and Asia Pacific (APAC)/Latin America divisions

Reporting reviewed by the chief operating decision maker is organized by division, of which there are currently six: EMEA, North America, CIS, APAC, Latin America, and Sports Surfaces.

The CIS and APAC/Latin America Divisions have been combined to form the "CIS, APAC and Latin America" segment, for the following reasons:

- > The markets of the divisions had similar economic characteristics (similar growth trends in the relevant markets).
- > The products sold, manufacturing methods, types of clients, and distribution modes of the zones are similar.

In addition, the relatively small contribution of revenue and operating income from Asia-Pacific/Latin America (less than 10% of the Group's net revenue and adjusted EBITDA) highlighted that there was no need to present the division in a separate segment.

By operating segment

<i>(in millions of euros)</i>						
Dec. 31, 2022	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	912.3	923.7	652.8	870.2	-	3,358.9
Gross profit	196.7	149.8	110.6	147.8	0.1	605.1
% of net revenue	21.6%	16.2%	16.9%	17.0%		18.0%
Adjusted EBITDA	76.6	44.0	84.8	86.5	(57.0)	234.9
% of net revenue	8.4%	4.8%	13.0%	9.9%		7.0%
Of which adjustments	(2.8)	(11.8)	(14.8)	(0.8)	(9.4)	(39.5)
EBITDA	73.8	32.2	70.0	85.8	(66.4)	195.4
% of net revenue	8.1%	3.5%	10.7%	9.9%		5.8%
Result from operating activities (EBIT)	(13.4)	(46.3)	21.3	58.5	24.3	44.4
% of net revenue	-1.5%	-5.0%	3.3%	6.7%		1.3%
Ongoing capital expenditures	35.5	16.2	21.1	20.8	3.1	96.7

<i>(in millions of euros)</i>						
Dec. 31, 2021	Flooring			Sports Surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	888.5	727.2	588.6	587.7	-	2,792.1
Gross profit	211.0	137.1	110.8	90.7	1.0	550.6
% of net revenue	23.7%	18.9%	18.8%	15.4%		19.7%
Adjusted EBITDA	102.0	43.4	88.7	46.0	(51.0)	229.0
% of net revenue	11.5%	6.0%	15.1%	7.8%		8.2%
Of which adjustments	(7.9)	(6.5)	(0.3)	(0.5)	(5.2)	(20.4)
EBITDA	94.1	36.9	88.4	45.5	(56.2)	208.6
% of net revenue	10.6%	5.1%	15.0%	7.7%		7.5%
Result from operating activities (EBIT)	41.1	(35.4)	45.6	21.9	(13.6)	59.6
% of net revenue	4.6%	-4.9%	7.8%	3.7%		2.1%
Ongoing capital expenditures	27.8	13.1	14.3	11.3	6.3	72.8

Information on activity in France and in other significant countries

The Group's activity in France represented less than 10% of revenue in 2022 and in 2021.

Non-current assets in France, excluding the non-affected goodwill arising out of the merger between Tarkett and Sommer in the early 2000's, also represent less than 10% of the Group's total non-current assets in 2022 and in 2021.

Tarkett considers the threshold of 25% of revenues to be significant. Only the United States is above that threshold, with 49% of the Group's consolidated revenue in 2022 (43% in 2021).

The United States represents 47% of the Group's total non-current assets as of December 31, 2022 (47% as of December 31, 2021).

No single customer represents more than 10% of the Group's revenues. In 2022, the largest customer represented 3% of consolidated revenues (3% in 2021).

By product category

(in millions of euros)	Dec. 31, 2022		Dec. 31, 2021	
	Revenue	%	Revenue	%
Vinyl & Linoleum	1,485.4	44.2%	1,338.5	47.9%
Commercial carpet	526.8	15.7%	441.1	15.8%
Parquet & Laminate	204.7	6.1%	215.5	7.7%
Rubber & Accessories	271.9	8.1%	209.3	7.5%
Sport	870.2	25.9%	587.7	21.0%
Total	3,358.9	100%	2,792.1	100%

3.3 Other operating income and expenses

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Gains on disposal of fixed assets	0.3	-
Other operating income	10.4	12.2
Other operating income	10.7	12.2
Losses on disposal of fixed assets	-	(1.3)
Other operating expenses	(16.7)	(9.9)
Other operating expenses	(16.7)	(11.2)
Total other operating income and expenses	(6.0)	1.0

3.4 Impact of the increase in raw materials prices

Oil-based raw material prices and transportation costs rose sharply during the year. These increases combined with production disruptions and supply difficulties at several major suppliers resulted in significant additional costs of €268 million compared to 2021. The Group has implemented sale price increases amounting to €327 million enabling it to achieve a positive inflation balance over the year.

3.5 Changes in working capital requirement**3.5.1 Inventories**

Inventories are stated on a FIFO (first in, first out) basis, at the lower of manufacturing/acquisition costs and net realizable value. Manufacturing costs of self-produced inventories comprise all costs that are directly attributable and a systematic allocation of production overhead and depreciation of production facilities based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Raw materials and supplies	192.4	179.4
Work in progress	78.8	74.2
Finished goods	317.6	258.5
Samples	2.5	1.7
Displays	0.5	-
Consumables and spare parts	31.5	27.1
Total gross Value	623.2	540.9
Provision for inventory depreciation	(85.6)	(69.2)
Total net inventory	537.6	471.7

Detail of the provision for inventory depreciation

<i>(in millions of euros)</i>						
	Dec. 31, 2021	Allowance	Decrease	Foreign exchange gain & loss	Other	Dec. 31, 2022
Raw materials and supplies	(13.3)	(8.9)	3.7	(0.3)	(0.0)	(18.8)
Work in progress	(11.2)	(5.9)	6.1	(0.3)	(0.0)	(11.3)
Finished goods	(36.9)	(20.4)	11.8	(0.8)	(0.0)	(46.4)
Samples	(0.6)	(0.4)	0.3	(0.0)	-	(0.7)
Displays	-	-	-	-	-	-
Consumables and spare parts	(7.2)	(2.1)	0.9	0.0	-	(8.4)
Total provision for inventory depreciation	(69.2)	(37.7)	22.8	(1.3)	(0.1)	(85.6)

The rate of inventory provisions is applied in a similar way for the different periods.

Cost of raw materials was €1,519 million in 2022, as compared with €1,220 million in 2021.

3.5.2 Trade receivables

Trade receivables are stated at their invoiced nominal value converted at the closing rate, less any allowance for doubtful accounts.

The Group conducts a review of each of its customer receivables individually, taking into account the probability of default by the counterparty as well as the extent to which the receivables were hedged, and uses the simplified method provided for by IFRS 9 to provision the expected losses over the remaining maturity of the receivables.

Assignment of trade receivables

Certain of the Tarkett Group's subsidiaries have transferred trade receivables to specialized credit institutions without recourse, transferring nearly all of the risks and benefits attached to the transferred receivables.

Receivables transferred and having payment dates later than December 31, 2022, totalled €184.7 million and are no longer recorded on the Group's balance sheet. Receivables transferred as of December 31, 2021, totalled €179.0 million.

Provision for doubtful receivables

Where trade receivables are not covered by credit insurance, provisions to cover the risk of failing to collect trade receivables either in full or in part are recorded using the expected loss method (see Note 7.1).

Doubtful receivables are identified and provisioned as follows:

- > a statistical provision, based on the age of the outstanding receivables, is defined as follows:

Receivables, trade overdue (percentage of gross amount)	Impairment excluding Sport Division	Impairment for Sport Division
From 61 to 180 days	25%	0%
From 181 to 270 days	50%	0%
From 271 to 360 days	75%	0%
From 361 to 540 days	100%	40%
From 541 to 720 days	100%	75%
More than 720 days	100%	100%

- > an additional provision on a case-by-case basis based on an application of professional judgement

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	288.9	265.5
Total gross value	288.9	265.5
Provisions for doubtful receivables	(23.5)	(20.7)
Total net receivables	265.5	244.8

The change in the provision for doubtful receivables amounts to €(2.8) million and is mainly explained as follows:

- > €(10.4) million of allowance;
- > €7.5 million of reversals;
- > €0.1 million of foreign exchange effects.

Breakdown of unimpaired overdue receivables

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Receivables, trade overdue 0-180 days	37.0	28.4
Receivables, trade overdue 181-270 days	0.9	0.5
Receivables, trade overdue 271-360 days	0.3	0.4
Receivables, trade overdue > 360 days	0.3	0.1
Receivables, bankruptcy procedure/legal cases	0.9	0.6
Total unimpaired overdue Receivables	39.4	30.0

3.5.3 Other receivables

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Other receivables non-current	0.0	0.0
Prepaid expenses current	30.3	30.8
Income tax receivable current	33.3	25.7
VAT and other taxes	25.9	30.6
Other accounts receivable and other assets current	56.7	50.5
Other receivables current	146.3	137.6

3.5.4 Trade payables

Payables due more than a year in the future are discounted to net present value. Payables due more than a year in the future, including €10.3 million in deferred income are discounted to net present value.

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Trade payables	344.2	403.8
Trade notes payable	0.0	(0.0)
Trade payables	344.2	403.8

3.5.5 Other liabilities

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Liabilities related to employees	99.2	105.9
Current tax	38.2	23.5
VAT and other taxes	25.5	19.1
Sales rebates	41.8	46.3
Other liabilities	88.0	75.5
Other current liabilities	292.7	270.2

3.6 Free cash-flow

This indicator corresponds to the liquidity generated by operating activities after deduction of investments made, excluding acquisitions of subsidiaries and other changes in the scope of consolidation.

Free cash-flow is defined 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 operational items paid;
- > acquisitions of intangible assets and property, plant and equipment;
- > proceeds from sales of property, plant and equipment;
- > repayment of lease liabilities.

Free cash-flow

<i>(in millions of euros)</i>	2022	2021
Operating cash flow before working capital changes (A)	182.6	202.8
Repayment of principal (lease payments) (B)	(35.1)	(32.2)
Total (A+B)	147.5	170.5
Changes in working capital requirement	(134.7)	(11.2)
Net interest paid	(31.2)	(21.5)
Net income taxes paid	(24.0)	(26.3)
Miscellaneous operating items paid	(11.8)	(26.1)
Acquisitions of intangible assets and property, plant and equipment	(96.7)	(72.8)
Proceeds from sale of property, plant and equipment	2.5	6.9
Free cash flow	(148.3)	19.5

Changes in the working capital requirement stem mainly from the increase in inventories, which were at a historical low on December 31, 2021. They increased in volume terms due to growth activities and the need to restock inventories of raw materials and certain finished goods against a background of supply difficulties, and in value terms due to inflation.

Note 4 > Employee benefits

4.1 Retirement benefits

Within the Tarkett Group, various systems for providing for retirement benefits depending on the legal, economic and tax environment of each country exist. In accordance with the laws and uses applied in each country, the Group participates in pension, welfare, health and retirement benefit plans whose benefits are dependent on various factors such as length of service, salary and the contributions paid to institutions.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, based on services rendered by employees, are recognized as an expense in profit or loss as incurred.

Defined benefit plans

Defined benefit plans are post-employment benefit plans under which guarantee future benefits for employees, constituting a future obligation for the Group. The actuarial risk and investment risks are borne by the company. The defined benefit liability is calculated using the projected unit credit method and is discounted to its present value from which the amount of past service cost for the period may also be deducted.

The detailed actuarial calculation requires the use of actuarial hypotheses for demographic variables (mortality, employee turnover) and economic variables (future increases in salaries and medical costs, discount rate).

When defined benefit plans are totally or partially funded by contributions paid to a separate fund or insurance company, those entities' assets are measured at their fair value.

Their amount is then deducted from the obligation to define net liability disclosed in the Group's balance sheet.

The Group's obligation in respect of such arrangements is calculated by independent actuaries, in accordance with revised IAS 19, "Employee Benefits".

Description of plans

As of December 31, 2022, the Group's largest retirement plans were in the United States, Germany, Sweden, Canada, the United Kingdom, Belgium, and Russia. Those seven countries represent close to 95.8% of total commitments under the defined benefit plans.

In the United States and the United Kingdom, the Group's retirement plans have been closed to new participants and to the accrual of rights for several years. The Group's plans in Canada are now closed. These plans are pre-financed in accordance with local legislation. Additionally, the Group operates medical and life-insurance benefit plans for certain employees in the United States. These plans are not covered by financing assets and are now closed.

In Sweden, defined benefit retirement plans are mandatory for employees born prior to 1979 under the applicable collective bargaining agreement. Employees born after that date participate in the mandatory defined contribution plan.

In Germany, the Group offers a pension plan, service awards and early retirement.

The Group also offers lump-sum retirement payments as provided for by applicable legislation or collective bargaining agreements in certain countries, including Russia, France, and Italy.

The weighted average duration of the defined benefit obligation is 11.1 years.

Material Events

- > Germany: recognition of a past service cost of €0.74 million relating to the allocation of additional individual pension promises for 14 employees and the dismissal of 34 employees (following the plan begun in 2021).

Assumptions

The actuarial values recorded are based on long-term interest rates, forecast future salary increases and inflation rates. The main assumptions are presented below:

	Dec. 31, 2022		Dec. 31, 2021	
	Pensions	Other benefit obligations	Pensions	Other benefit obligations
Discount rate	4.70%		2.18%	
Including:				
United States	5.10%	5.10%	2.80%	2.80%
Germany	3.80%		1.00%	
Sweden	3.90%		1.90%	
United Kingdom	4.80%		1.70%	
Canada	5.30%		3.15%	
Belgium	3.80%		0.70%	
Russia	10.60%		8.40%	
Salary increases	3.10%		2.71%	
Inflation	2.42%		2.23%	

The discount rates are determined with reference to the rates of return on first-grade bonds. They are based on external indices which are commonly used as a reference:

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

Amounts recognized in the statement of financial position (in millions of euros)	Dec. 31, 2022			Dec. 31, 2021		
	Pensions	Other benefit obligations	Total	Pensions	Other benefit obligations	Total
Defined Benefit Obligations	166.2	1.2	167.4	217.6	1.3	219.0
Fair value on plan assets	(81.7)	-	(81.7)	(101.7)	-	(101.7)
Net liability booked in the statement of financial position	84.5	1.2	85.7	115.9	1.3	117.3

Pension obligations <i>(in millions of euros)</i>	Dec. 31, 2022			Dec. 31, 2021		
	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded in the balance sheet	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded in the balance sheet
As of January 1	217.6	(101.7)	115.9	227.3	(93.6)	133.7
Current service cost	2.0	-	2.0	2.9	-	2.9
Past service cost	0.4	-	0.4	(0.0)	-	(0.0)
(Gain)/loss on new retirement plans	-	-	-	-	-	-
Financial cost (effect of discount)	4.8	(2.5)	2.3	3.8	(2.0)	1.9
Update to other post-employment commitments	-	-	-	-	-	-
Administrative expenses and taxes (expenses paid)	(0.1)	1.1	1.0	(0.1)	0.9	0.8
Expense (income) for the period	7.1	(1.4)	5.7	6.6	(1.1)	5.5
Benefit payments from employer	(5.0)	-	(5.0)	(5.3)	-	(5.3)
Benefit payments from plan	(6.8)	6.8	-	(6.1)	6.1	-
Plan participants' contributions	0.1	(0.1)	-	0.1	(0.1)	-
Employer contributions	-	(5.1)	(5.1)	-	(3.7)	(3.7)
Changes in demographic assumptions	0.4	-	0.4	0.1	-	0.1
Changes in financial assumptions	(50.6)	-	(50.6)	(10.9)	-	(10.9)
Effect of experience adjustments	1.0	-	1.0	(2.1)	-	(2.1)
(Return) on plan assets (excluding interest income)	-	24.5	24.5	-	(6.0)	(6.0)
Total pension cost/(income) recognized in the OCI	(49.1)	24.5	(24.6)	(12.8)	(6.0)	(18.8)
Transfer ⁽¹⁾	-	(1.6)	(1.6)	-	3.4	3.4
Changes in scope	-	-	-	0.5	-	0.5
Foreign exchange differences	2.3	(3.1)	(0.8)	7.3	(6.7)	0.6
As of December 31	166.2	(81.7)	84.5	217.6	(101.7)	115.9

(1) As of December 31, 2022, Tarkett Ltd recorded a funding surplus on its pensions plan

Other benefit obligations (in millions of euros)	Dec. 31, 2022			Dec. 31, 2021		
	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded on in the balance sheet	Defined benefit obligations	Fair value of plan assets	Net liabilities recorded on in the balance sheet
As of January 1	1.3	-	1.3	1.4	-	1.4
Current service cost	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
(Gain)/loss on new retirement plans	-	-	-	-	-	-
Financial cost (effect of discount)	0.0	-	0.0	0.0	-	0.0
Update to other post- employment commitments	-	-	-	-	-	-
Administrative expenses and taxes (expenses paid)	-	-	-	-	-	-
Expense (income) for the period	0.0	-	0.0	0.0	-	0.0
Benefit payments from plan	-	-	-	-	-	-
Benefit payments from employer	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Plan participants' contributions	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-
Changes in demographic assumptions	0.0	-	0.0	0.0	-	0.0
Changes in financial assumptions	(0.2)	-	(0.2)	(0.0)	-	(0.0)
Effect of experience adjustments	(0.0)	-	(0.0)	(0.1)	-	(0.1)
(Return) on plan assets (excluding interest income)	-	-	-	-	-	-
Total pension cost/(income) recognized in the OCI	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Changes in scope	-	-	-	-	-	-
Foreign exchange differences	0.1	-	0.1	0.1	-	0.1
As of December 31	1.2	-	1.2	1.3	-	1.3

Allocation of plan assets by type of investment

	Dec. 31, 2022	Dec. 31, 2021
Shares	20.4%	27.3%
Bonds	62.1%	57.4%
Insurance contracts	15.7%	12.2%
Cash & cash equivalent (liquidity)	0.1%	0.4%
Real Estate	0.8%	2.8%

Sensitivity to discount rate assumptions

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Increase of 50 points		
Increase (Decrease) in defined benefit obligations	(8.9)	(13.8)
Decrease of 50 points		
Increase (Decrease) in defined benefit obligations	9.7	15.3

Sensitivity to inflation rate assumptions

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Increase of 50 points		
Increase (Decrease) in defined benefit obligations	5.3	5.1
Decrease of 50 points		
Increase (Decrease) in defined benefit obligations	(5.0)	(5.0)

Benefits to be paid in the next five years

Benefits to be paid in the next five years under retirement and similar plans are estimated as follows:

	Dec. 31, 2022	Dec. 31, 2021
2021	-	11.9
2022	11.9	11.1
2023	11.3	10.7
2024	11.1	11.1
2025	11.5	11.0
2026	11.1	-
TOTAL	56.9	55.8

4.2 Personnel costs and compensation of senior management**Personnel costs and headcount**

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Wages and salaries	(763.0)	(684.2)
Pension costs	(2.4)	(2.7)
Total Personnel costs	(765.4)	(686.9)
Employees (average number)	12,136	12,008

Key management personnel compensation

The key management personnel includes the members of the Executive Management Committee and the members of the Supervisory Board.

Key management personnel received the following compensation:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Short-term employee benefits	7.1	8.3
Retirement benefits	-	-
Other long-term benefits	-	-
Lump-sum retirement payments	-	0.3
Share-based payments ⁽¹⁾	1.2	0.9
Total	8.3	9.5

(1) includes the conversion of Tarkett Participation's common shares

Compensation of the Group's key management personnel includes salaries, attendance fees and non-cash benefits.

4.3 Share based payment transactions

The Group regularly implements share grant plans and other long-term benefits.

> Free share grants (IFRS 2)

The Group determines the fair value of equity instruments granted as part of share-based payments on the date on which the rights are granted. This fair value is recorded as expenses, offsetting equity over the vesting period. At the end of each fiscal year, the amount recognized as an expense is adjusted such that amount ultimately recognized is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date.

For the 2019 and 2020 LTIPs, ordinary shares will be granted to the beneficiaries at the end of a three-year vesting period. The grant will be subject to satisfying an economic performance condition (based on the Group's 3-year plan), the beneficiaries' continuous employment through the end of the vesting period, and a market performance condition. The 2020 LTIP is conditional on two CSR performance conditions.

The 2019 was settled in June 2022 and resulted in the granting of 138,245 shares.

	LTIP 2020
Grant date	July 30, 2020
End of the vesting period	August 1, 2023
Number of shares	379,288
Estimated value as of the plan's start date (in euros)	9.40
Estimate of number of shares to be delivered as of December 31, 2021	379,288
Form of settlement	Distribution of shares
2022 expenses (in millions of euros)	(1.4)
2021 expenses (in millions of euros)	(1.4)
2020 expenses (in millions of euros)	(0.6)

> Cash grants (IAS 19)

A new plan was implemented in 2022, for which the grants are in cash. In accordance with IAS 19, the Group spreads the expense for the 2021 and 2022 plans over the vesting period and records a liability such that the amount ultimately recorded corresponds to the amount to be paid to the beneficiaries. The grant is subject to continued employment and three performance conditions (value creation and two CSR criteria).

Members of the Management Board are not eligible for participation in these plans.

	LTIP 2021	LTIP 2022
Grant date	October 29, 2021	November 4, 2022
End of vesting period	June 30, 2024	July 31, 2025
Cash amount at grant date (in millions of euros)	2.7	3.4
Form of settlement	Cash settled	
2022 expenses (in millions of euros)	(0.7)	(0.2)
2021 expenses (in millions of euros)	(0.2)	-

Note 5 > Intangible assets and property, plant and equipment

5.1 Goodwill

For the measurement of goodwill, Tarkett applies IFRS 3 Revised (see Note 2.2), except for acquisitions accounted for before December 31, 2009, for which IFRS 3 (2004) was applied.

Negative goodwill is immediately recognized in profit.

Goodwill is allocated to cash-generating units and is not amortized, but is subject to impairment testing (see the accounting method described in Note 5.3) annually and

whenever an event occurs that could result in an impairment.

Goodwill is assessed at cost, minus cumulative impairments.

As far as associates are concerned, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Changes in goodwill

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Opening carrying amount	647.9	613.2
Goodwill on acquisitions during the period	2.8	1.4
Adjustment to initial purchase price allocation	1.1	0.3
Foreign exchange gain & loss	26.5	33.0
Other	0.9	-
Closing carrying amount	679.2	647.9

The variation over the period can be explained mainly by the acquisition of Dynamic Base Construction, LLC in February 2022 (see Note 2.4) which led to the recognition of *goodwill* amounting to €2.5 million, the acquisition of Zaino in January 2022, resulting in the recognition of *goodwill* amounting to €0.5 million and the impact of exchange rate effects on goodwill in US dollars. The adjustment of the initial recognition of *goodwill* concerns Tarkett Brasil Revestimentos.

5.1.1 Allocation of goodwill between the various CGUs

The 2022 CGUs are identical to the 2021 CGUs.

Tests were performed on each CGU individually before the mergers or combinations.

Allocation of goodwill between the various CGUs is as follows:

(in millions of euros)	Dec. 31, 2022		Dec. 31, 2021	
	Gross value	Net value	Gross value	Net value
Resilient and miscellaneous	71.5	70.9	69.7	69.1
Carpet	33.5	33.5	33.5	33.5
Wood	-	-	-	-
EMEA	105.0	104.4	103.2	102.6
Commercial and hospitality	395.3	378.3	373.2	356.2
Residential	-	-	-	-
North America	395.3	378.3	373.2	356.2
CIS	96.5	95.5	96.5	95.5
APAC	0.0	0.0	-	-
Latin America	0.0	0.0	0.0	0.0
CIS, APAC and Latin America	96.5	95.5	96.5	95.5
Athletic tracks	42.2	36.5	39.8	34.1
Synthetic grass & other	65.3	64.5	60.0	59.3
Sports Surfaces	107.5	101.0	99.8	93.4
Total goodwill	704.4	679.2	672.7	647.9

5.2 Intangible assets and property, plant and equipment

5.2.1 Intangible assets

Research and development

According to IAS 38, research and development costs are recognized as expenses when incurred, unless the criteria are met for them to be capitalized.

Patents

Patents obtained by the Group are stated at cost less accumulated amortization and impairment losses.

Capitalized costs for internally generated patents principally relate to the costs of legal counsel. Patents capitalized are amortized on a straight-line basis over the shorter of the length of the patent or estimated length of use.

Software licenses

Software licenses are stated at cost less accumulated amortization and impairment losses.

IFRS IC Decision concerning the costs of configuring and customizing software used in Software as a Service (SaaS) mode

An SaaS agreement gives the lessee access to software features hosted by the SaaS supplier through an Internet connection and for a specified term.

This type of agreement generally offers only a right of access to the software for the term of the agreement, and does not grant the lessee control over the software or the right to direct use of the software. As a result, these agreements are not considered intangible assets but rather services.

Configuration and customization costs may be incurred during the implementation phase, prior to the software's entry into service, and the IFRS IC decision specified the accounting treatment of such costs.

Amortization

Amortization of intangible assets is recorded on a straight-line basis from the date of their availability:

- > patents and trademarks: the shorter of the length of the patent or its length of use;
- > development costs: 3 - 6^{2/3} years;
- > computer software: 3-5 years.

5.2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Acquisition cost

Acquisition cost includes purchase cost or production cost plus the other costs incurred for bringing the items to their operating location and condition. The cost of a self-constructed asset includes the costs of raw materials and direct labor, the initially estimated cost of any obligation for

dismantling, removing and restoring the site on which the asset is located, and an appropriate allocation for directly attributable production overhead.

When an item of property, plant and equipment includes material components with different useful lives, each major component is accounted for separately.

Subsequent costs

Costs relating to replacements and improvements are capitalized and recorded as a separate asset if it is probable that the Group will derive economic advantages from the item, while general repairs, day to day servicing and maintenance are charged to expenses as incurred.

Depreciation

Depending on the economic use of the asset, straight-line depreciation is recorded over the following periods:

- > Buildings: 20-30 years;
- > Equipment and machinery: 6^{2/3} - 10 years;
- > Printing cylinders: 2 years;
- > Other equipment and furnishings: 3-5 years.

IFRS 16: Leases

The Group classifies a contract as a lease within the meaning of IFRS 16 if it gives the lessee the right to control the use of a given asset.

Measured by value, the Group's lease agreements primarily concern real property (offices, plants, and warehouses). In number, they principally concern cars and forklifts.

Among the key assumptions, the discount rate is determined for each asset based on the incremental borrowing rate on the effective date of the contract and corresponds to the interest rate that each entity of the Group would pay to borrow the amount necessary to acquire a similar asset, for a duration and in an economic environment similar to those of the lease, as well as the Group's external financing conditions.

The initial term of the lease corresponds to the period during which it cannot be terminated, plus, where applicable, renewal or termination options that the Group is reasonably certain it will exercise.

With respect to the depreciation of non-removable leasehold improvements, the Group decided to use the shorter of the following periods:

- the useful life of the leasehold improvement, as defined in "IAS 16 - Property, Plant and Equipment"; and
- the lease term of the related leased asset, in light of the legal limit on the use of the asset imposed by the lease agreement.

Improvements associated with leased real property are recorded outside the scope of application of IFRS 16.

> Types of lease agreements

• Goods and real property

The Group restates all leased land and buildings, whatever the term of the lease. Land and buildings leased for less than 12 months are thus also restated under IFRS 16 due to their material nature. This method is applied in the same manner throughout the Group for these two categories of assets.

The Group's principal commercial lease is the lease of premises for the Group's registered office, which was renewed in the second half of 2020 for a nine-year term that, under the contractual terms, is the most reasonably certain duration.

• "Materials and equipment" lease agreements

These agreements primarily include company cars and forklifts used in the Group's plants and warehouses. All

The net values of intangible and tangible assets can be broken down as follows:

company cars with lease terms of greater than 12 months are treated in accordance with IFRS 16.

• Non-capitalized lease agreements

- Short-term leases

Short-term leases have terms of one year or less. The Group's short-term leases consist primarily of short-term car leases.

- Low-value leases

Low value leases are those for which the value of the asset, if new, would be less than or equal to €5,000 or \$5,000. The Group's low value leases consist primarily of leases of small machines and office equipment.

Lease agreements recorded in right to use are depreciated over the terms of the lease in accordance with the method described above.

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Research and development	2.8	4.1
Patents	7.9	8.2
Trademarks	17.1	20.0
Software licenses	4.7	17.4
Other intangible assets	21.2	23.5
Advance payments and fixed assets in progress	6.1	4.5
Intangible assets	59.7	77.6
Goods and real property	246.6	245.6
<i>of which right to use goods and real property</i>	82.3	75.2
Technical equipment and machinery	239.8	241.2
<i>of which right to use technical equipment and machinery</i>	26.1	23.1
Advance payments and fixed assets in progress	69.6	44.1
Property, plant and equipment	556.0	530.9

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

Acquisition costs (in millions of euros)	Dec. 31, 2021	Acquisition	Disposal	Change in scope	Transfer	Foreign Exchange differences	Dec. 31, 2022
Research and development	21.0	0.5	-	-	(0.3)	(0.3)	20.9
Patents	142.6	-	(0.3)	-	-	8.4	150.7
Trademarks	57.8	-	(0.1)	-	0.0	1.4	59.2
Software licenses	181.0	0.7	(1.1)	0.0	2.8	4.3	187.9
Other intangible assets	84.4	0.1	(0.1)	-	0.1	4.7	89.2
Advance payments and fixed assets in progress	4.5	3.4	(0.0)	-	(1.8)	(0.0)	6.1
Intangible assets	491.4	4.8	(1.5)	0.0	0.8	18.5	514.0
Goods and real property	673.1	33.9	(18.8)	0.8	4.1	22.2	715.3
<i>of which right to use goods and real property</i>	<i>124.7</i>	<i>30.4</i>	<i>(17.8)</i>	<i>0.5</i>	<i>(0.3)</i>	<i>2.1</i>	<i>139.6</i>
Technical equipment and machinery	1,560.2	34.0	(29.2)	5.7	38.8	26.8	1,636.4
<i>of which right to use technical equipment and machinery</i>	<i>44.5</i>	<i>13.7</i>	<i>(6.8)</i>	<i>0.1</i>	<i>(0.6)</i>	<i>0.0</i>	<i>50.9</i>
Advance payments and fixed assets in progress	44.1	69.7	(0.1)	0.2	(44.8)	0.5	69.6
Property, plant and equipment	2,277.4	137.6	(48.2)	6.7	(1.9)	49.5	2,421.3

Cumulative depreciation, amortization, and impairment (in millions of euros)	Dec. 31, 2021	Acquisition	Disposal	Change in scope	Transfer	Foreign Exchange differences	Dec. 31, 2022
Research and development	(16.9)	(1.7)	-	-	0.2	0.3	(18.1)
Patents	(134.5)	(0.8)	0.3	-	-	(7.9)	(142.9)
Trademarks	(37.9)	(3.7)	0.1	-	-	(0.6)	(42.1)
Software licenses	(163.7)	(16.1)	1.0	(0.0)	(0.6)	(3.8)	(183.2)
Other intangible assets	(60.9)	(3.7)	0.0	-	(0.0)	(3.5)	(68.0)
Intangible assets	(413.8)	(26.0)	1.4	(0.0)	(0.4)	(15.4)	(454.3)
Goods and real property	(427.5)	(44.5)	16.4	(0.5)	0.6	(13.1)	(468.7)
<i>of which right to use goods and real property</i>	<i>(49.5)</i>	<i>(21.9)</i>	<i>15.3</i>	<i>(0.4)</i>	<i>0.4</i>	<i>(1.1)</i>	<i>(57.3)</i>
Technical equipment and machinery	(1,319.0)	(82.2)	28.4	(1.3)	0.7	(23.0)	(1,396.6)
<i>of which right to use technical equipment and machinery</i>	<i>(21.4)</i>	<i>(9.6)</i>	<i>5.8</i>	<i>(0.1)</i>	<i>0.4</i>	<i>0.0</i>	<i>(24.8)</i>
Property, plant and equipment	(1,746.5)	(126.7)	44.8	(1.8)	1.3	(36.1)	(1,865.3)

5.3 Impairment

5.3.1 Non-financial assets

Annual impairment testing

Goodwill and other intangible assets with indefinite useful lives are systematically tested for impairment once a year.

The carrying amounts of the Group's assets, other than financial and deferred tax assets and liabilities, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use.

Value in use is calculated by discounting estimated future cash flows for each cash-generating unit, excluding borrowing costs and tax.

Impact of IFRS 16 on annual impairment testing:

The Group is applying the following approach proposed by IFRS 16 standard:

- > rights of use are included in the basis of tested assets;
- > rental payments are taken into account in future cash flows;
- > the book value of the lease liability is deducted from that basis of assets and value in use.

Cash generating units

In carrying out impairment testing, assets are tested at the level of cash-generating units ("CGU") that reflect the segment organization of the Group and its products. For this purpose, goodwill was allocated over the cash-generating units.

Impairment process

The Group analyses future cash flows over a period of three years based on the most recent forecasts, corresponding to the best estimate of a full business cycle. The forecasts have been established taking into account variations affecting selling prices, volumes and raw material costs. Beyond four years, the Group determines a standard year calculated by extending the fourth year on the assumption of a stable revenue and margin, a need for working capital and investments determined on normative renewal based on historical observations. This standard year is then projected to infinity according to the Gordon Shapiro method.

Future cash flows are discounted to present value at a weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to each financing means.

The discount rate is an after-tax rate applied to after-tax cash flows. The following assumptions were used for 2022. The perpetual growth rate is different for the three regions in the CIS, APAC and Latin America segment:

	Discount rate after tax	Perpetual growth rate
EMEA	10.65%	3.00%
North America	10.65%	3.00%
CIS	17.26%	3.00%
APAC	11.15%	3.00%
Latin America	13.56%	3.00%
Sports Surfaces	10.65%	3.00%

Operating assumptions

For each CGU, operational assumptions that were considered key by the Group are as follows:

- > evolution of the markets in which these CGU 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 factories working on these CGU to improve profitability; and
- > EBITDA, resulting from the combination of factors listed above.

Sensitivity analysis

The sensitivity analysis was carried out on 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 2022, the combination of an increase in the discount rate by 50 base points and a decrease in the growth rate by the same amount would not require any additional impairment to be entered in the accounts.

In addition, a decrease of 100 basis points in EBITDA would not result in any additional impairment over the Group's CGUs.

Impairment losses

An impairment loss is recognized whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to the impairment of *goodwill* and then to other assets.

An impairment loss recorded in respect of *goodwill* cannot be reversed. An impairment recorded for another asset will be reversed if there is a change in the assumptions used to determine the recoverable value.

Impairment

In 2022, no impairment losses were recorded.

5.3.2 Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each balance sheet date to determine whether there is objective evidence that it is impaired.

For financial assets held for sale, a significant or prolonged decline in fair value as compared with cost results in recognition of impairment on the income statement.

Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarized below:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Less than 1 year	0.8	1.5
1 to 5 years	0.4	2.8
More than 5 years	-	0.0
Total future minimum lease payments	1.1	4.3

Impairment loss on an available-for-sale financial asset is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

5.4 Lease commitments

Lease commitments concern contracts that were not restated following the application of IFRS 16, namely, primarily:

- > contracts considered to be of low value pursuant to paragraph 5 of IFRS 16;
- > service agreements that do not meet the definition of a lease within the meaning of IFRS 16.

Minimum lease payments under operating leases are recorded as expenses on a straight-line basis over the term of the lease.

5.5 Impact of exemptions to IFRS 16

The Group applies the exemptions provided for under IFRS 16, Leases, keeping rental operating charges where the lease term as of the effective date is less than or equal to 12 months (excluding rented building and land) and rental charges where the value of the underlying asset is less than €5,000 or \$5,000.

Such rental charges totalled €(1.0) million and €(0.9) million, respectively, as of December 31, 2022.

(in millions of euros)	< or equal to 5 K€ / K\$	< or equal to 12 months	Total
Cost of sales	(0.8)	(0.7)	(1.5)
Selling and distribution expenses	(0.2)	(0.2)	(0.3)
Research and development expenses	-	-	-
General and administrative expenses	(0.0)	(0.2)	(0.2)
Other operating expenses	-	-	-
Impact on operating profit	(0.9)	(1.0)	(2.0)

Note 6 > Provisions

6.1 Provisions

Provisions come primarily from legal and tax risks, litigation and other risks.

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at

the balance sheet date. Provisions are reversed when they are no longer required.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data. In the event of risks relating to specific products, an additional provision may be recorded.

A provision for restructuring is recorded when the Group has approved a detailed and formal restructuring plan, and the restructuring has been either implemented or publicly announced. Future operating losses are not provisioned.

Change of provisions

(in millions of euros)	Dec. 31, 2021	Allowance	Decrease	Transfer	Foreign exchange gain & loss	Dec. 31, 2022
Product warranty provision	3.5	0.5	(0.4)	0.0	(0.0)	3.6
Restructuring provisions	1.4	-	(0.7)	(0.2)	(0.0)	0.4
Claims & litigation provisions	2.2	1.0	(1.9)	(0.2)	0.1	1.3
Other provisions	0.4	0.1	-	-	-	0.6
Provision for additional tax assessments	0.1	0.0	(0.0)	-	0.0	0.1
Financial provisions ⁽¹⁾	27.5	0.3	(1.6)	0.3	1.7	28.2
Total Provisions – long-term	35.0	2.0	(4.5)	(0.1)	1.8	34.2
Product warranty provision	11.7	1.7	(1.3)	(0.0)	0.6	12.8
Restructuring provisions	5.4	2.6	(6.0)	0.4	(0.0)	2.5
Claims & litigation provisions	20.4	5.4	(11.7)	0.2	0.5	14.7
Other provisions	3.9	0.6	(1.4)	-	0.0	3.1
Total Provisions – short-term	41.5	10.3	(20.3)	0.6	1.1	33.1
Total Provisions	76.5	12.3	(24.8)	0.5	2.9	67.4

(1) Variations in provisions for financial liabilities relate to the provision for asbestos litigation recorded by Domco Products Texas Inc.

(in millions of euros)	Dec. 31, 2020	Allowance	Decrease	Transfer	Foreign exchange gain & loss	Dec. 31, 2021
Product warranty provision	4.6	0.5	(1.7)	(0.0)	0.1	3.5
Restructuring provisions	1.6	-	(0.2)	-	0.0	1.4
Claims & litigation provisions	2.3	0.2	(2.2)	1.9	0.1	2.2
Other provisions	3.3	0.1	(0.2)	(2.7)	-	0.4
Provision for additional tax assessments	0.1	0.0	-	-	0.0	0.1
Financial provisions ⁽¹⁾	28.2	(0.5)	(2.4)	-	2.2	27.5
Total Provisions – long-term	40.1	0.3	(6.9)	(0.9)	2.4	35.0
Product warranty provision	9.7	3.9	(2.6)	0.0	0.8	11.7
Restructuring provisions	14.9	6.0	(9.4)	(6.2)	0.1	5.4
Claims & litigation provisions	17.6	18.5	(16.4)	(0.1)	0.8	20.4
Other provisions	0.8	0.5	(0.0)	2.7	0.0	3.9
Total Provisions – short-term	43.1	28.8	(28.5)	(3.6)	1.7	41.5
Total Provisions	83.1	29.1	(35.4)	(4.5)	4.0	76.5

(1) Variations in provisions for financial liabilities relate to the provision for asbestos litigation recorded by Domco Products Texas Inc.

6.2 Contingent liabilities

There were no significant changes in the guarantees granted by Tarkett to third parties in 2022.

Hospital dispute

On October 18, 2017, the competition authority condemned Tarkett and some of its competitors for anti-competitive agreements in the resilient flooring French market. Before the expiry of the five year limitation period that ran from this decision until October 18, 2022, summonses and petitions were filed before the civil or administrative courts, particularly by public and private health organisations, to request compensation for potential damage. These procedures were in their very early stages on December 31, 2022.

The Group is contesting the validity of these claims, considering possible actions or remedies and considers that it is not yet possible to assess the potential consequences.

Asbestos

In the United States, the Group has been a defendant in lawsuits by third parties relating to personal injury from asbestos. The anticipated costs of current or future legal proceedings are covered by Group insurance policies, by liability guarantees granted by third parties and by provisions which the Management considers adequate based on the advice and information provided by its lawyers.

Note 7 > Financing and Financial Instruments

7.1 Significant accounting principles

Non-derivative financial assets

Financial assets are initially recognized at their fair value plus any applicable transaction costs except for financial assets at fair value through profit or loss for which transactions costs are recognized in profit or loss as incurred.

Under IFRS 9, all financial assets for which the cash flows do not represent solely payment of principal and interest (SPPI) must be recorded at fair value through profit and loss. However, IFRS 9 introduces an option that may be irrevocably elected at the time of initial recognition, investment by investment, permitting equity investments to be recorded at fair value through other comprehensive income, without later being moved to profit and loss, even in the event of a disposal. Only the dividends are recognized in profit or loss.

Financial assets for which the cash flows do represent solely payment of principal and interest (SPPI) are recognized at amortized cost using the effective interest rate method.

For non-current assets valued at amortized cost, impairment is assessed individually, taking into account the risk profile of the counterparty and the warranties obtained. At the time of the initial recording of such non-current financial assets, impairment is systematically recorded in the amount of the credit losses expected to result from events that may occur in the next twelve months. In the event of a significant deterioration in the counterparty's credit quality, the initial impairment is supplemented to cover all of the expected losses over the remaining maturity of the receivable.

For commercial receivables, the Group conducts a review of each of its customer receivables individually, taking into account the probability of default by the counterparty as well as the extent to which the receivables were hedged, and uses the simplified method provided for by IFRS 9 to provision the expected losses over the remaining maturity of the receivables.

Non-derivative financial liabilities

Financial liabilities comprise financial debt and trade and other operating payables. They are accounted for at amortized cost using the effective interest rate method.

Derivative instruments

Derivative instruments are entered in the balance sheet at their fair value, regardless of whether it is positive or

negative. The profit or loss stemming from the fair value re-evaluation is recognized immediately in profit and loss.

However, derivative instruments that qualify for hedge accounting are classified either as fair value hedges (FVH) (when their purpose is to hedge an existing asset or liability's exposure to the risk of changes in its fair value) or cash flow hedges (CFH) (when their purpose is to hedge the exposure to changes in the cash flows associated with highly probable future transactions).

Derivative instruments that are part of a hedge are documented on the basis of intrinsic value for exchange rate and interest rate options, and on the basis of the spot price component for forward contracts.

Changes in fair value relating to the effective portion of derivative exchange rate and interest rate instruments qualified as fair value of hedges (FVH) are recognized as part of financial income or expense. The value of the hedged items is adjusted to their fair value and the changes in fair value attributable to the hedged risk(s) are equally recognized as part of income or expense.

Changes in fair value relating to the effective portion of derivative exchange instruments and interest rate instruments qualified as cash flow hedges (CFH) are recorded in the comprehensive equity income. The result of these hedges is recognized in the income statement symmetrically to the hedged risk.

The time value of exchange rate and interest rate options is recorded as a cost of hedging. Changes in time value recorded over the life of the option are recorded as a counterpart to other comprehensive income. The initial option premium is either (i) moved into profit or loss when the hedged transaction impacts profit or loss, where the hedged item is related to a transaction; or (ii) amortized in profit or loss over the duration of the hedge, where the hedged item is related to a period of time.

Changes in value of the swap point for forward contracts classified as hedges are recorded in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, term deposits, monetary UCITs, and other monetary investments with initial maturities not exceeding three months and subject to an insignificant risk of changes in value.

7.2 Financial income and expenses

Net financial income and expenses include, in particular, interest payable on borrowings accounted for at amortized cost using the effective interest method, and the effects of the related hedges.

Other financial income and expenses include the income and expenses associated with loans and receivables accounted for at amortized cost, the gains recognized in

respect of investment of cash and cash equivalents, financial charges relating to the discounting of post-employment expenses, exchange rate gains and losses, impairment losses relating to financial assets, and dividends, which are recorded in net income when the right to payment vests.

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Interest income on loan assets & cash equivalents	1.5	0.4
Other financial income	1.2	0.5
Total financial income	2.6	1.0
Interest expenses on loans and overdrafts	(26.7)	(13.5)
Financial expenses to leases	(4.4)	(3.4)
Commission expenses on financial liabilities	(8.1)	(5.5)
Cost of loans and debt renegotiation	(4.3)	(9.2)
Financial expenses on provisions for pensions	(2.7)	(2.7)
Foreign exchange differences	5.6	(1.2)
Impairment of financial assets	(0.1)	-
Premiums and interest rates differentials on derivatives	(11.6)	(3.7)
Other financial expenses	(1.4)	(0.4)
Total financial expenses	(53.8)	(39.7)
Financial income and expenses	(51.3)	(38.8)

7.3 Net debt – interest-bearing loans and borrowings

7.3.1 Net Debt

Net debt is defined by adding together interest-bearing loans and debt and deducting 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.

(in millions of euros)	Dec. 31, 2022		Dec. 31, 2021	
	Long-term	Short-term	Long-term	Short-term
Bank loans	154.3	8.4	0.8	4.9
Shareholder loan	522.7	-	509.8	-
Private placements	34.0	-	20.0	23.0
Other loans	-	-	1.0	0.8
Bank overdrafts	-	36.8	-	12.8
Interest bearing loans and borrowings	711.0	45.2	531.5	41.5
Total interest bearing loans and borrowings	756.2		573.0	
Cash and cash equivalents	(220.8)		(205.4)	
Net debt before application of IFRS 16	535.4		367.6	
Leases	91.7	27.7	82.9	25.1
Net debt	654.8		475.7	

In order to strengthen the Group's liquidity:

- > In April 2022, Tarkett obtained an extension until April 2024 for a "Schuldschein" tranche of €14.0 million, which had reached its maturity date;
- > Tarkett France took out a depreciable loan in June 2022 for an amount of €20.0 million with an overall term of 4 years, including a first instalment in June 2023.

On June 31, 2022, Tarkett used its non-recourse receivables transfer lines for a net financed amount of €165.7 million or equivalent.

As of December 31, 2022, interest-bearing loans and borrowings primarily comprise:

- > The Tarkett Participation shareholder's loan entered into in July 2021, used to a level of €455.2 million and USD 72.0 million on June 31, 2022 ;

- > The depreciable loan of €20.0 million entered into in June 2022, of which €4.9 million will reach maturity in June 2023;
- > One "Schuldschein" tranche amounting to €14.0 million entered into in April 2017 will reach maturity in April 2024;
- > Three "Schuldschein" tranches amounting to €20.0 million entered into in June 2019, which will reach maturity in June 2026 for €6.0 million and in June 2025 for €10.0 million, with the remainder maturing in June 2024.

7.3.2 Details of loans and borrowings

Dec. 31, 2022 (in millions of euros)	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/2023	2 years until 12/31/2024	3 to 5 years until 12/31/2027	More than 5 years
Bank loans							
Revolving credit lines Europe	EUR	3,06%	60.0	-	-	60.0	-
Revolving credit lines Europe	USD	6,0%	75.0	-	-	75.0	-
Other bank loans	EUR	1,47-3,60%	24.0	4.9	9.0	10.1	-
Other bank loans	RMB	5,23%-5,70%	3.6	3.5	0.1	-	-
Subtotal Bank loans			162.7	8.4	9.1	145.1	-
Private placements Europe	EUR	1,20%-1,40%	34.0	-	18.0	16.0	-
Shareholder loan	EUR	6,43%	455.2	-	-	-	455.2
Shareholder loan	USD	8,91%	67.5	-	-	-	67.5
Bank overdrafts			36.8	36.8	-	-	-
Interest bearing loans and borrowings			756.2	45.2	27.1	161.1	522.7
Leases			119.4	27.7	21.9	44.8	25.0
Gross debt			875.6	72.9	49.1	205.9	547.7

Dec. 31, 2021 (in millions of euros)	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/2022	2 years until 12/31/2023	3 to 5 years until 12/31/2026	More than 5 years
Bank loans							
Other bank loans	RMB	5,22%-5,70%	5.6	4.9	0.6	0.2	-
Subtotal Bank loans			5.6	4.9	0.6	0.2	-
Private placements Europe	EUR	1,20%-1,40%	43	23	0	20	0
Shareholder loan	EUR	3,50%	446.2	-	-	-	446.2
Shareholder loan	USD	4,22%	63.6	-	-	-	63.6
Other bank loans	EUR	1,43%	1.9	0.8	0.8	0.2	-
Bank overdrafts			12.8	12.8	-	-	-
Interest bearing loans and borrowings			573.0	41.5	1.4	20.3	509.8
Leases			108.0	25.1	20.3	38.3	24.3
Gross debt			681.1	66.7	21.8	58.7	534.0

7.3.3 Financial ratio covenants

The "Schuldschein" referred to above contain contractual commitments (covenants) which have to be respected by the borrowing companies and which include the financial ratio "Net debt/adjusted EBITDA" before the application of the IFRS16 standard, which must not exceed 3.0 on

December 31 of each year, with an additional tolerance of 0.5 in the event of a significant acquisition.

The Group is in compliance with all of its banking commitments as of December 31, 2022, including the ratio covenant "Net Debt / Adjusted EBITDA", as detailed below.

Net debt / Adjusted EBITDA (excluding IFRS 16) (in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Net debt	535.4	367.6
Adjusted EBITDA	200.6	197.7
Ratio	2.7	1.9

The financial leverage ratio presented below is the ratio of net debt, including leases recognized under IFRS 16, to adjusted EBITDA s (including IFRS 16).

Net debt / Adjusted EBITDA (including IFRS 16)	Dec. 31, 2022	Dec. 31, 2021
<i>(in millions of euros)</i>		
Net debt	654.8	475.7
Adjusted EBITDA	234.9	229.0
Ratio	2.8	2.1

7.3.4 Cash and cash equivalents

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Current cash	82.1	114.6
Remunerated cash balances	133.6	85.8
Short term treasury notes and Money Market funds	5.1	5.1
Cash and cash equivalents	220.8	205.4

7.3.5 Changes in financial liabilities

The following table reconciles changes in financial liabilities shown on the balance sheet and the cash flow statement:

<i>(in millions of euros)</i>	Dec. 31, 2021	Cash-flows	Reclassification	Non-cash change				Dec. 31, 2022
				Other	Acquisition ⁽³⁾	Foreign exchange differences	Fair value change	
Long-term financial liabilities	614.4	157.0	(29.4)	-	44.1	16.9	-	802.7
Short-term financial liabilities	66.7	(26.2)	29.4	1.1	-	0.8	-	72.9
Long-term financial assets ⁽¹⁾	(18.1)	(0.6)	-	-	-	(0.8)	1.6	(17.9)
Short-term financial assets	(3.2)	(0.1)	-	-	-	(0.2)	-	(3.4)
Other		(0.0)	-	-	-	-	-	-
Total changes in financing activities ⁽²⁾		130.1						
Cash-flows from financing activities ⁽²⁾		130.1						

(1) Excluding shares accounted for by the equity method.

(2) Excluding dividends, acquisition of treasury shares and acquisition of non-controlling interests.

(3) including € 44.1 million for new leases for fiscal year 2022

7.4 Other financial assets and liabilities

7.4.1 Other financial assets

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Long-term investments	-	-
Financial investments and receivables – long-term ^{(1) (2)}	49.0	19.3
Other financial assets	49.0	19.3

(1) Financial investments and receivables – long-term include shares of companies accounted for by the equity method.

(2) Long-term financial assets include the long-term portion of the market value of interest rate hedges.

Changes in gross values, amortization and impairment loss are presented below:

Acquisition costs (in millions of euros)	Dec. 31, 2021	Increases	Decreases	Transfer	Foreign exchange differences	Dec. 31, 2022
Long-term investments	-	-	-	-	-	-
Financial investments and receivables – long-term	22.2	0.7	(1.7)	30.6	0.4	52.2
Other financial assets	22.2	0.7	(1.7)	30.6	0.4	52.2

Accumulated depreciation and amortization (in millions of euros)	Dec. 31, 2021	Allowance	Disposal	Decrease	Impairment losses	Transfer	Foreign exchange differences	Dec. 31, 2022
Security deposit – long- term	-	-	-	-	-	-	-	-
Long-term financial assets and receivables	(2.9)	(0.1)	-	-	-	(0.2)	-	(3.2)
Other financial assets	(2.9)	(0.1)	-	-	-	(0.2)	-	(3.2)

7.4.2 Other financial liabilities

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Fair value of derivatives non-current	-	-
Other financial liabilities non-current	2.3	0.2
Other financial liabilities non-current	2.3	0.2
Accrued interest expenses current	-	-
Fair value of derivatives current	1.5	5.1
Other financial liabilities current	3.7	1.0
Other financial liabilities current	5.2	6.1

7.5 Fair value of financial assets and liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible.

Fair values are categorized into three levels based on the inputs used in the valuation techniques, as follows:

- > Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- > Level 2: prices determined using valuation techniques based on observable market data;
- > Level 3: inputs relating to the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of interest rate swaps and of interest rate and foreign currency options is the estimated amount that the Group would expect to receive or have to pay in order to cancel each derivative instrument at the balance sheet date, taking into account the current level of interest rates and the

credit risk associated with these instruments' counterparties.

The derivative financial instruments (swaps, caps, floors etc.) entered into by the Group are traded on over-the-counter markets on which there are no quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market (Level 2).

Derivative instrument contracts are negotiated exclusively with leading financial institutions or banks. Their sole aim is to provide security for the Group's transactions and the financing of the latter.

In the case of receivables and payables with maturities of less than a year and certain floating rate receivables and payables, historical cost is considered as a reasonable approximation of their fair value.

Dec. 31, 2022 (in millions of euros)	Fair Value Category	Assets at amortized cost	Liabilities at amortized cost	Fair value through profit and loss	Fair value of interest rate hedge instruments	Carrying amount	Fair value
Financial assets, non-current	Level 2	1.9	-	15.6	31.5	49.0	49.0
Other current financial assets	Level 2	-	-	-	19.1	19.1	19.1
Trade receivables	Level 2	265.5	-	-	-	265.5	265.5
Cash and cash equivalents	Level 2	-	-	221.4	-	220.8	220.8
Interest-bearing loans and borrowings	Level 2	-	875.6	-	-	875.6	875.6
Other non-current financial liabilities	Level 2	-	0.2	-	2.1	2.3	2.3
Other current financial liabilities	Level 2	-	3.7	-	1.5	5.2	5.2
Trade payables	Level 2	-	344.2	-	-	344.2	344.2

Dec. 31, 2021 (in millions of euros)	Fair Value Category	Assets at amortized cost	Liabilities at amortized cost	Fair value through profit and loss	Fair value of interest rate hedge instruments	Carrying amount	Fair value
Financial assets, non-current	Level 2	6.3	-	13.0	-	19.3	19.3
Other current financial assets	Level 2	-	-	-	9.2	9.2	9.2
Trade receivables	Level 2	244.8	-	-	-	244.8	244.8
Cash and cash equivalents	Level 2	-	-	205.4	-	205.4	205.4
Interest-bearing loans and borrowings	Level 2	-	681.1	-	-	681.1	681.1
Other non-current financial liabilities	Level 2	-	0.2	-	-	0.2	0.2
Other current financial liabilities	Level 2	-	1.0	-	5.1	6.1	6.1
Trade payables	Level 2	-	403.8	-	-	403.8	403.8

7.6 Financial risks and Financial Instruments

7.6.1 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 December 31, 2021.

7.6.2 Derivative instruments

The Group uses derivative financial instruments to hedge some of its exposure to foreign currency risk and interest

rate risk associated with its purchases and sales denominated in foreign currencies and with its financing and investment transactions, as well as to hedge certain components of its raw materials costs.

The derivatives employed include interest rate options, other forward contracts and foreign currency options.

In accordance with its policy in respect of financial instruments, the Group neither uses nor issues derivative financial instruments for trading purposes.

Dec. 31, 2022 (in millions of euros)	Accounting classification	Maturity	Fair value	Counterpart in OCI ⁽¹⁾
Currency swaps	FVH	< June 2023	3.0	-
Exchange rate derivatives related to financing			3.0	-
Forward exchange contracts	CFH	< March 2024	0.1	(0.1)
Options	CFH	< May 2024	1.4	0.4
Commodity swaps	CFH		-	-
Exchange rate derivatives related to commercial transactions			1.5	0.3
Caps, collars	CFH	< Dec. 2027	42.5	42.3
Interest rate derivatives			42.5	42.3
Total			47.0	42.6

(1) Corresponds to the balance of the counterpart in OCI as of December 31, 2022.

Dec. 31, 2021 (in millions of euros)	Accounting classification	Maturity	Fair value	Counterpart in OCI ⁽¹⁾
Currency swaps	FVH	< June 2022	(0.6)	-
Exchange rate derivatives related to financing			(0.6)	-
Forward exchange contracts	CFH	< August 2022	(0.3)	(0.2)
Options	CFH	< April 2023	0.4	0.4
Commodity swaps	CFH	< Jan 2022	0.6	0.6
Exchange rate derivatives related to commercial transactions			0.7	0.8
Caps	CFH	< June 2026	4.0	4.0
Interest rate derivatives			4.0	4.0
Total			4.1	4.8

(1) Corresponds to the balance of the counterpart in OCI as of December 31, 2021.

The acronyms "FVH" (Fair Value Hedge) and "CFH" (Cash Flow Hedge) are defined in Note 7.1.

The face value of derivative instruments covering the primary exposures are presented below, expressed in euros:

(in millions of euros)	Dec. 31, 2022					Dec. 31, 2021				
Currency of exposure	USD	CNY	GBP	PLN	NOK	USD	SEK	GBP	PLN	NOK
Exchange rate derivative instruments	351.1	9.8	12.9	6.1	-	346.1	25.4	10.7	11.4	-
Exchange rate derivatives related to commercial transactions	15.0	-	27.8	-	16.4	15.7	-	29.2	-	19.5
Total	366.1	9.8	40.7	6.1	16.4	361.8	25.4	39.9	11.4	19.5

7.6.3 Market risks

Exposure to interest rate, currency, raw material prices, liquidity and credit risk arises in the normal course of Tarkett's activities. Derivative financial instruments are used to reduce the exposure to fluctuations in both foreign exchange and interest rates; changes in the value of these instruments offset all or part of the changes in the value of the items being hedged. Liquidity and credit risk are managed following risk management policies approved by the Group's management bodies.

The portfolio of derivative instruments is broken down as follows:

Following is the interest rate structure of the Group's net debt (excluding lease liabilities) before and after application of interest rate hedges.

a) Interest rate risk

The Group manages its exposure to interest rate risk centrally. The Group's general debt strategy is to give preference to floating interest rate debt over fixed interest rate debt, but also to use interest rate derivatives to protect a part of the floating rate debt over a period of three to five years against a rate increase that could result in extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. The cost of the cap may be offset in part or in full by a tunnel.

(in millions of euros)	Fixed rate	Floating rate	Dec. 31, 2022
Interest-bearing loans and borrowings	57.7	698.5	756.2
Cash and cash equivalents	(6.4)	(214.4)	(220.8)
Net debt before hedging	51.3	484.1	535.4
Effect of hedging	610.5	(610.5)	-
Net debt after hedging	661.8	(126.4)	535.4

(in millions of euros)	Fixed rate	Floating rate	Dec. 31, 2021
Interest-bearing loans and borrowings	50.5	522.5	573.0
Cash and cash equivalents	(5.2)	(200.2)	(205.4)
Net debt before hedging	45.3	322.3	367.6
Effect of hedging	499.1	(499.1)	-
Net debt after hedging	544.4	(176.8)	367.6

Sensitivity analysis

Sensitivity to interest-rate fluctuations is calculated on the basis of interest-bearing non-derivatives and derivative Financial Instruments, as well as interest-bearing loans granted to joint ventures or third parties. The analysis is based on the market index in effect at the balance sheet date and on assumptions of constant debt and constant debt management policy over one year.

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Increase of 100 basis points		
Increase / (Decrease) in financial expenses	0.6	0.5
Increase of 100 basis points ⁽¹⁾		
Increase / (Decrease) in financial expenses	(2.2)	(0.1)

(1) With a floor of 0%

b) Exchange rate risk**Transaction risk**

Exchange rate fluctuations have a direct impact on the Group's Consolidated Financial Statements, derived from transactions regarding the Group entities that incur revenues and expenses in currencies other than their functional currency.

Exchange rate derivatives related to commercial transactions

The Group reduces its exposure by developing its production capacities in the same geographic and monetary areas where it distributes its products. Moreover, through the choice of the invoicing currency for certain intra-Group transactions, the Group aims to offset revenues with costs in the same currency. In certain unstable currency countries, the Group may also offset the local currencies fluctuations with price indexations. Therefore the remaining exposure on cross-border transactions is moderate. The currencies to which the Group is most exposed are the British pound, the Norwegian crown, the U.S. dollar, the Polish zloty, the Australian dollar, the Canadian dollar, the Russian ruble and the euro as a foreign currency for certain subsidiaries.

The Group has attempted to reduce the impact of short-term fluctuations of currencies on its revenue through centralized management of exchange risks and the use of derivatives. Nevertheless, in the long-term, significant and long lasting variations in exchange rates could affect the Group's competitive position in foreign markets, as well as its results of operations.

The Group's policy is to hedge certain significant residual exposure, decided upon periodically by the finance department based on monitoring Value at Risk. This exposure is divided into exposure recorded on the balance sheet, namely trade receivables, trade payables and borrowings denominated in a foreign currency, and future exposure, which consists of forecast sales and purchases over a six- to eighteen-month period.

Exchange rate derivative instruments relating to financing

The Group may be exposed to transactional exchange-rate risk on certain intragroup loans and borrowings resulting from the financing of its foreign subsidiaries. The Group minimizes this risk either (i) by borrowing in the same currency or (ii) by entering into currency swaps or forwards reflecting the maturity of the hedged item.

7.6.4 Liquidity risks

a) Future cash flows on Financial Instruments

The following figures show the estimated future cash flows on interest-bearing loans and borrowings recorded as liabilities on the balance sheet.

The estimate of future cash flows on interest is based on the debt amortization table and on the assumption of a crystallization of the interest rates outstanding as of the balance sheet date, unless a better estimate is available.

Financial liabilities (in millions of euros)	Dec. 31, 2022		Less than 12 months		1 to 2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Gross debt										
Bank loans	162.7	198.8	8.5	7.0	9.1	6.8	145.1	22.3	-	-
Private placements	34.0	34.9	-	0.4	18.0	0.3	16.0	0.2	-	-
Other loans	522.7	690.7	-	26.4	-	26.4	-	104.1	522.7	11.1
Bank overdrafts	36.8	36.8	36.8	-	-	-	-	-	-	-
Leases	119.4	132.5	27.7	4.2	21.9	3.2	44.8	5.0	25.0	0.7
Total	875.6	1,093.7	72.9	38.0	49.1	36.7	205.9	131.6	547.7	11.8
Other financial liabilities										
Trade payables	344.2	344.2	344.2	-	-	-	-	-	-	-
Other non-current financial liabilities	2.3	2.3	-	-	1.1	-	1.2	-	-	-
Other current financial liabilities	5.2	5.2	5.2	-	-	-	-	-	-	-
Total	351.7	351.7	349.4	-	1.1	-	1.2	-	-	-
Total financial liabilities	1,227.3	1,445.4	422.3	38.0	50.2	36.7	207.1	131.6	547.7	11.8

Financial liabilities (in millions of euros)	Dec. 31, 2021		Less than 12 months		1 to 2 years		3 to 5 years		More than 5 years	
	Carrying amount	Total future cash flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Gross debt										
Bank loans	5.6	5.9	4.9	0.2	0.6	0.0	0.2	0.0	-	-
Private placements	43.0	44.2	23.0	0.4	-	0.3	20.0	0.5	-	-
Other loans	511.6	645.7	0.8	21.8	0.8	21.8	0.2	64.3	509.8	26.2
Bank overdrafts	12.8	12.8	12.8	-	-	-	-	-	-	-
Leases	108.0	117.5	25.1	2.8	20.3	2.0	38.3	3.1	24.3	1.6
Total	681.1	826.1	66.7	25.2	21.8	24.1	58.7	67.9	534.0	27.8
Other financial liabilities										
Trade payables	403.8	403.8	403.8	-	-	-	-	-	-	-
Other non-current financial liabilities	0.2	0.2	-	-	0.2	-	-	-	-	-
Other current financial liabilities	6.1	6.1	6.1	-	-	-	-	-	-	-
Total	410.1	410.1	409.9	-	0.2	-	-	-	-	-
Total financial liabilities	1,091.1	1,236.2	476.6	25.2	22.0	24.1	58.7	67.9	534.0	27.8

b) Liquidity position

The Group's debt capacity is €1,134.2 million, of which €119.4 million relates to lease liabilities (IFRS 16), and has been drawn down in the amount of €875.6 million (see Note 7.3.1). Including cash and cash equivalents, the liquidity position of the Group amounts to €479.4 million.

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Amount available on credit facilities	258.6	423.3
Cash and cash equivalents	220.8	205.4
Total	479.4	628.7

7.6.5 Credit risk

Credit risk represents the risk of financial loss for the Group in the event that a counterparty to a financial instrument defaults on its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- > cash deposits;
- > derivative instruments;
- > trade receivables;
- > loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value less the indemnification receivable from credit insurance.

a) Customer credit risk

The Group believes that its exposure to customer credit risk is limited, because of its large number of customers, its dispersion in many geographical areas, and its follow-up policy. The Group has established a credit policy which includes, among other things, a credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behaviour follow-up.

The total of receivables overdue over 60 days amounts to approximately 10% of total accounts receivable as of December 31, 2022 (11% of total accounts receivable as of December 31, 2021).

The Group believes that there is no need to assume that there is risk on outstanding receivables less than 60 days overdue.

With respect to outstanding receivables that are more than 60 days overdue, the Group believes that risks are limited given existing procedures for customer risk management (as detailed above).

b) Credit risk management on equities and derivatives

The counterparties to the Group's financial derivatives are leading banks, all of which have business relationships with the Group for debt or cash management. The Group's policy with regard to investments and cash deposits is to only invest in liquid securities and only with the leading credit institutions in the countries where the investments are made.

The Group is not exposed to a material risk due to any significant concentration and does not anticipate any counterparty default.

The effect of Credit and Debit Valuation Adjustments (CVA/DVA) on the measurement of the fair value of the derivative financial instruments was not material as at the balance sheet date and was therefore not booked.

7.7 Guarantees

The principal guarantees given by Tarkett are as follows:

- > a General Indemnity Agreement of a maximum amount of USD 75.0 million in favour of Federal Insurance Company in consideration of an agreement to execute security bonds in favor of FieldTurf Inc, fully used as of year-end;
- > a Joint and Several Guarantee of a maximum amount of USD 90.0 million in favour of Ester Finance Technologies; as part of the assignment of the trade receivables line set up with certain subsidiaries of Tarkett Finance Inc in the United States, in order to secure future customer receipts to be collected on its behalf, representing US\$65.9 million at the close of exercise;
- > a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 237.1 million;
- > a joint and several guarantee in favour of Bpifrance for the outstanding amount of the amortizable loan taken out in June 2022 by Tarkett France, representing €20.0 million as of year-end;
- > rent guarantees in favor of two lessors of Tarkett USA Inc. representing a commitment of US\$10.1 million at the end of the financial year, and whose corresponding rents are included in the lease debt valued in the consolidated balance sheet in accordance with IFRS 16 "Leases";
- > a payment guarantee granted to a supplier of its subsidiary Morton Extrusionstechnik (M.E.T GmbH) for deliveries of raw materials, up to a maximum amount of

€7.0 million, which had been used in the amount of €5.2 million as of the balance sheet date;

- > guarantees granted by Tarkett to the banks of certain subsidiaries, in particular Tarkett Limited (United Kingdom), Tarkett BV (the Netherlands), Tarkett Asia Pacific (Shanghai) Management Co Ltd and Tarkett Industrial (Beijing) Co Ltd (China), Tarkett Spa (Italy), to enable them to obtain overdraft facilities, bank loans or credit lines for a maximum total amount equivalent to €38.8 million, of which the equivalent of €12.2 million had been committed at the balance-sheet date.

Furthermore, in the ordinary course of business, Tarkett and several of the Group's subsidiaries have given payment or construction guarantees to various suppliers, customers, government offices, lessors, and cash pooling or trade finance operators, either directly or through bank guarantees, for an amount equivalent to €34.8 million as of the closing date.

Finally, the following assets have been pledged as security interests for the new financing put in place:

- > all present and future shares of Tarkett SA held by Tarkett Participation;
- > all present and future shares of the following subsidiaries, directly or indirectly held by Tarkett SA: Tarkett GDL SA, Tarkett AB, Tarkett BV, Tarkett Holding GmbH, Tarkett Finance Inc., Tarkett USA Inc., Fieldturf Tarkett USA Holdings Inc., Fieldturf USA Inc., AO Tarkett and AO Tarkett Rus ;
- > certain financial receivables entered into between two of the above companies.

Note 8 > Income tax

8.1 Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items in equity or in other comprehensive income, in which case it is recognized in those items.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable with respect to previous years. Income tax expense/income are defined in Note 8.2, Deferred Taxes.

Income tax is calculated based on the rules applicable in each country where the Group operates.

The "Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E.)" tax contribution due in France on the basis of the value added as determined based on the statutory accounts of French entities the statutory accounts meets the definition of income tax under IAS 12, "Income Taxes" and is

classified on the current income tax line. Similar treatment has been adopted for similar other taxes (State Tax and BEAT Tax in the United States, in particular) based on a net of products and costs, even though that amount may differ from accounting net income.

The income tax expense (current and deferred) can be analysed as follows:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Current tax	(31.9)	(19.0)
Deferred tax	13.8	8.0
Total income tax	(18.1)	(11.0)

Theoretical income taxes determined using the French corporate income tax rate of 25.85% for 2022 and 28.40% for 2021 can be reconciled as follows to the actual income tax charge:

(in millions of euros)	Dec. 31, 2022	Dec. 31, 2021
Pre-tax profit from continuing operations (a)	(7.9)	25.9
Profit from equity-accounted subsidiaries (b)	(1.0)	5.3
Pre-tax profit from fully consolidated activities (a- b)	(6.9)	20.6
Income tax at nominal French income tax rate	1.8	(5.9)
Effect of:		
- Taxation of foreign companies at different rates	(1.5)	1.9
- Exchange rate effects on non-monetary assets	(0.3)	0.1
- Changes in unrecognized deferred tax assets	(0.4)	(2.6)
- Permanent differences	(5.1)	0.3
- Taxes on dividends (Withholding at the source)	(2.5)	(0.1)
Other items	(10.0)	(4.7)
Income tax expenses	(18.1)	(11.0)
Effective rate	N/A	53.3%

Differences between local and French taxation rates

The main contributing countries are the United States, with a local tax rate of 21.00%, Russia, with a local tax rate of 20.00%, Sweden, with a local tax rate of 20.60%, Poland, with a rate of 19.00% and Ukraine, with a rate of 18.00%.

Changes in unrecognized deferred tax assets

The recognition of deferred tax assets can be explained mainly by the positive effect of the recognition of deferred tax assets on losses in the United Kingdom amounting to €2.5 million and in Luxembourg amounting to €6.8 million, offset by deferred tax assets on losses carried forward and temporary differences recognised in France amounting to

€(0.9) million, China €(1.3) million, Germany €(2.5) million and Poland €(1.8) million.

Other items

In 2022, this item includes:

- > tax adjustment expenses amounting to €(1.6) million, mainly in the United States, with €(1.3) million;
- > taxes recorded as corporate income tax for €(6.3) million, including the United States for €(5.0) million (of which the BEAT Tax represents €(3.6) million and State Tax represents €(1.4) million) and France for €(1.1) million (CVAE).
- > tax provisions amounting to €(2.0) million.

8.2 Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The following items do not result in the recognition of deferred tax:

- > taxable temporary differences linked to goodwill;
- > taxable or deductible temporary differences stemming from the initial recognition of assets or liabilities, other than in the context of transactions involving business combinations, that affect neither accounting nor taxable profit;
- > temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred income tax asset is capitalized only to the extent that it is probable that there will be future taxable profits over the next five years against which this asset can be utilized.

In accordance with IAS 12, where an entity's tax return is prepared in a currency other than its functional currency, changes in the exchange rate between the two currencies generate temporary differences with respect to the valuation of non-monetary assets and liabilities. As a result, deferred tax is recognized in profit or loss.

Deferred taxation is shown on the balance sheet separately from current tax assets and liabilities and is categorized in non-current items.

<i>(in millions of euros)</i>	2022	2021
Valuation of deferred tax assets	181.6	163.9
DTA for pensions and healthcare benefits	36.6	40.7
Other items temporarily non deductible	75.3	61.0
Provision for other deferred tax liabilities	(12.4)	(16.4)
Internal profit eliminations	1.2	1.1
Netted against deferred tax assets	(190.1)	(167.2)
Deferred tax assets	92.3	83.1
Fixed assets revaluation	43.6	46.9
Other deferred tax liabilities	154.1	133.4
Netted against deferred tax assets	(190.1)	(167.2)
Deferred tax liabilities	7.7	13.2

The recoverability of deferred tax assets was analyzed with cash flow projections used for impairment testing.

The Group had €181.6 million in deferred tax assets related to tax loss carryforwards and unused tax credits, of which €147.7 million related to Luxembourg, and €25.1 million related to the Group's North American (United States) tax consolidation group. The recognition of deferred tax in

Luxembourg was partially offset by deferred tax liabilities, without impact on results.

This amount of €181.6 million can be broken down as follows: €171.0 million in deferred tax assets relating to tax loss carryforwards and €10.6 million in unused tax credits.

The deferred taxes on carryforwards and unused tax credits totalled €64.9 million as of December 31, 2022 (€66.3 million as of December 31, 2021).

Note 9 > Equity and liabilities

9.1 Share capital

Share capital comprises the par value of the ordinary shares minus incremental costs directly attributable to the issue of ordinary shares and share options, net of any tax effects. When the Group buys back its own shares, the amount of consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognized as a

deduction from shareholders' equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in shareholders' equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

	Dec. 31, 2022	Dec. 31, 2021
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

	Dec. 31, 2022			Dec. 31, 2021		
	Average number of shares	Profit for the period attributable to Tarkett shareholders	Basic earnings per share	Average number of shares	Profit for the period attributable to Tarkett shareholders	Basic earnings per share
	(in millions of shares)	(in millions of euros)	(in euros)	(in millions of shares)	(in millions of euros)	(in euros)
Total Shares	65,550			65,550		
Treasury shares held by Tarkett	(184)			(322)		
Total excluding treasury shares	65,367	(26.8)	(0.41)	65,228	15.1	0.23
Potential performance shares to be distributed	184			289		
Restatement of actions with anti-dilution effect ⁽¹⁾	(184)			-		
Total after allocation of performance shares	65,367	(26.8)	(0.41)	65,517	15.1	0.23

Basic earnings per share (excl. treasury shares)

Earnings per share (excluding treasury shares) are calculated on the basis of the Group's attributable 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 grants of performance shares

Attributable net profit per share (after grants of performance shares), are calculated on the basis of the Group's share of net profit attributable to the Group and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of

treasury shares) and the number of potential shares to distribute, if dilutive.

(1) Pursuant to IAS 33, "Earnings per Share," and given the negative attributable net profit as of December 31, 2022, the potential performance shares for distribution have not been taken into account in calculating the weighted average number of shares outstanding (anti-dilutive effect).

Dividends

The General Meeting of April 29, 2022 decided not to pay dividends in 2022 for the 2021 period given the high level of uncertainties in the short term.

Note 10 > Related parties

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

- > Joint ventures;
- > Tarkett Participation ;
- > The members of the Tarkett 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 companies have been eliminated.

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

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

Transactions entered into during the period with the Group's joint ventures are detailed below :

<i>(in millions of euros)</i>	Dec. 31, 2022	Dec. 31, 2021
Joint ventures		
Sale of goods to Tarkett	-	(0.0)
Purchase of services from Tarkett	-	-
Loans from Tarkett (gross value)	4.6	4.4

10.2 Principal shareholders

Tarkett Participation holds 90.40% of Tarkett's share capital following the contribution of Tarkett shares to Tarkett Participation and the acquisition of shares by Tarkett Participation, and as such controls and coordinates the Group's activities.

As of December 31, 2022, Tarkett Participation is held by:

- > Société Investissement Deconinck, for 73.04%;
- > Expansion 17 S.C.A., FIAR, for 12.902%;
- > Global Performance 17 S.C.A., FIAR, for 12.903%;
- > Individual members of management, for 1.15%.

As of December 31, 2022, SID had invoiced a total of €300,000 in fees under the Assistance Agreement (€300,000 as of December 31, 2021).

As of December 31, 2022, Tarkett had invoiced a total of €55,000 to SID for services (€55,000 as of December 31, 2021).

10.3 Members of the Management Board and Supervisory Board

None.

Note 11 > Subsequent events

None.

Note 12 > Statutory auditor fees

Amount (excluding taxes) (in thousands of euros)	KPMG S.A.		MAZARS	
	Auditor	Network	Auditor	Network
Statutory audit, certification, audit of the individual company and Consolidated Financial Statements				
Tarkett	270	-	270	-
Controlled entities	130	952	59	885
Subtotal (A)	401	952	329	885
Services other than certification of the financial statements required by laws and regulations				
Tarkett	-	-	-	-
Controlled entities	-	-	-	-
Subtotal (B)	-	-	-	-
Services other than certification of the financial statements at the entity's request				
Tarkett	79	70	-	-
Controlled entities	6	-	-	-
Subtotal (C)	85	70	-	-
Services other than certification of the financial statements ⁽¹⁾				
Subtotal D = B + C	85	70	-	-
Subtotal E = A + D	486	1,022	329	885
Total	1,508		1,214	

(1) Nature of services other than certification of the financial statements provided by the statutory auditors to the consolidating entity and its controlled subsidiaries: review of CSR information by an independent third-party, a compliance assignment

Note 13 > Principal consolidated entities

Companies	Country	Consolidation method	Pourcentage of interest as of December 31, 2022	Pourcentage of interest as of December 31, 2021
G: Full consolidation				
E: Equity method				
EMEA				
Tarkett AB	Sweden	G	100%	100%
Tarkett AS	Norway	G	100%	100%
Tarkett OY	Finland	G	100%	100%
Tarkett A/S	Danemark	G	100%	100%
Tarkett Polska Sp.z.o.o.	Polska	G	100%	100%
Tarkett Aspen Zemin AS	Turkey	G	100%	100%
Laminate Park GmbH & Co KG	Germany	E	50%	50%
Virtual Empathy Platform Ltd	United Kingdom	E	33%	33%
Tarkett Holding GmbH	Germany	G	100%	100%
Tarkett SA	France	Parent company	100%	100%
Tarkett Services	France	G	100%	100%
Tarkett GDL SA	Luxembourg	G	100%	100%
Tarkett Capital SA	Luxembourg	G	100%	100%
Tarkett SpA	Italy	G	100%	100%
Tarkett - Produtos Internacionais, SA	Portugal	G	100%	100%
Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
Tarkett Floors S.A. Spain	Spain	G	100%	100%
Tarkett France	France	G	100%	100%
Tarkett Bois SAS	France	G	100%	100%
Fieldturf Tarkett SAS	France	G	100%	100%
Tarkett Sports GmbH	Germany	G	100%	100%
Fieldturf Poligras SA	Spain	G	100%	100%
Morton Extrusionstechnik GmbH	Germany	G	100%	100%
Allsports construction and maintenance Ltd.	United Kingdom	E	30%	30%
Desso Holding BV	Netherlands	G	100%	100%
Desso BV	Netherlands	G	100%	100%
Desso Refinity BV	Netherlands	G	100%	100%
Tarkett Sports BV	Netherlands	G	100%	100%
Tarkett NV	Belgium	G	100%	100%
Tarkett AG Switzerland	Switzerland	G	100%	100%
Desso Sports System BV	Netherlands	G	100%	100%
Desso Sport Systems NV	Belgium	G	100%	100%
Desso Sport Systems Scandinavia A.S.	Norway	G	100%	100%
Tarkett Ltd.	United Kingdom	G	100%	100%
Somalré	Luxembourg	G	100%	100%
F.E.D. Inc.	United States of America	E	40%	40%
Wildcat Enterprise for Textile Industries ⁽¹⁾	United Arab Emirates	G	100%	0%
North America				
Tarkett, Inc. (Delaware)	United States of America	G	100%	100%
Tarkett Inc.	Canada	G	100%	100%
Desso Inc.	United States of America	G	100%	100%
Tandus Centiva Limited	Canada	G	100%	100%
Lexmark Carpet Mills	United States of America	G	100%	100%
Tarkett Manufacturing Mexico	Mexico	G	100%	100%
Domco Products Texas Inc	United States of America	G	100%	100%
Tarkett Alabama Inc.	United States of America	G	100%	100%
Tarkett Finance Inc.	United States of America	G	100%	100%
Tarkett USA Inc.	United States of America	G	100%	100%
Fieldturf Inc.	Canada	G	100%	100%

Notes to the consolidated financial statements

Companies	Country	Consolidation method	Pourcentage of interest as of December 31, 2022	Pourcentage of interest as of December 31, 2021
L.E.R. Inc.	United States of America	G	100%	100%
EasyTurf Inc.	United States of America	G	100%	100%
Beynon Sport Surfaces Inc.	United States of America	G	100%	100%
FieldTurf Tarkett USA Holdings, Inc.	United States of America	G	100%	100%
Fieldturf USA Inc.	United States of America	G	100%	100%
Johnsonite Canada Inc.	Canada	G	100%	100%
Diamond W Supply Co.	United States of America	G	100%	100%
Tarkett Carpet Canada Inc.	Canada	G	100%	100%
Dynamic Base Construction, LLC ⁽¹⁾	United States of America	G	49%	0%
Tarkett Sports Midwest Inc. ⁽¹⁾	United States of America	G	100%	0%
Midwest Specialty Contractors Inc. ⁽¹⁾	United States of America	G	100%	0%
CEI, APAC and Latin America				
Tarkett Australia Pty.Ltd.	Australia	G	100%	100%
Tarkett Brasil Revestimentos LTDA	Brazil	G	100%	100%
Tarkett Flooring Mexico S.R.L.	Mexico	G	100%	100%
Tarkett Argentina	Argentina	G	100%	100%
Tarkett Hong Kong Ltd.	Hong Kong	G	100%	100%
Tarkett Asia Pacific (Shanghai) Management Co Ltd.	China	G	100%	100%
Tarkett Industrial (Beijing) Co, Ltd	China	G	100%	100%
AO Tarkett	Russia	G	100%	100%
AO Tarkett Rus	Russia	G	100%	100%
Tarkett Sommer OOO	Russia	G	100%	100%
Tarkett d.o.o.	Serbia	G	100%	100%
Tarkett SEE d.o.o.	Serbia	G	100%	100%
Tarkett UA DP	Ukraine	G	100%	100%
Tarkett KAZ TOO	Kazakhstan	G	100%	100%
Tarkett Bel UE	Belarus	G	100%	100%
Galerija Podova d.o.o.	Serbia	G	100%	100%
Tarkett Vinisin TOV	Ukraine	G	100%	100%
Tarkett Flooring Singapore Pte. Ltd	Singapour	G	100%	100%
Tandus Flooring (Suzhou) Co. Ltd	China	G	100%	100%
Tarkett Flooring India Private Ltd	India	G	100%	100%
Fieldturf Tarkett Australia	Australia	G	100%	100%

(1) cf. note 2.4.

The percentages of equity and voting rights held for each entity of the Group are identical.

3 Statutory Auditors' Report on the Consolidated Financial Statements



KPMG Audit
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France



Mazars
61 rue Henri Regnault
92075 Paris La Défense
France

Tarkett S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2022

Tarkett S.A.

Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense



KPMG Audit
Tour EQHO
2 Avenue Gambetta
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92066 Paris la Défense Cedex
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92075 Paris La Défense
France

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing 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' report on the financial statements

For the year ended 31 December 2022

To the general meeting of shareholders of Tarkett S.A.,

Opinion

In compliance with the engagement entrusted to us by annual general meeting, we have audited the accompanying financial statements of Tarkett S.A. for the year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit, Risks and Compliance Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de Commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1 January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.



Tarkett S.A.
Statutory auditors' report on the financial statements
For the year ended 31 December 2022
 17 February 2023

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Equity securities valuation

Key audit matter

Equity securities as at 31 December 2021 amount to 1,349,4M€ and represent one of the most significant items of the balance sheet. They are recognized at the purchase price excluding costs and depreciated when the value in use is less than the net book value.

As indicated in note "1.3 - Financial fixed assets and marketable securities" to the financial statements, the value in use is assessed by taking into account items such as share in equity these securities represent, changes in the profitability of the subsidiary and other approaches, in particular the multiples or experts methods.

We considered the equity securities valuation to be a key audit matter, given the amounts involved and assumptions on which the estimates are based.

Audit approach

Our work consisted mainly in verifying Management's data and assumptions to determine the equity or value in use of the equity securities:

- For valuations based on historical items, verify that the equity value is consistent with the statutory accounts of the entities,
- For valuations based on multiples method :
 - Corroborate the consistency of the aggregates used with the entities' accounts;
 - Assess Management's assumptions, in particular concerning the multiple used and its consistency with recent transactions in the company's business sector.
- Test the arithmetical accuracy of the value in use calculations.
- Assess the permanence of the methods used.



Tarkett S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2022

17 February 2023

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders of Tarkett S.A..

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (Code de Commerce).

We attest that the non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de Commerce) is included in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (Code de Commerce).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.



Tarkett S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2022

17 February 2023

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (Code Monétaire et Financier), prepared under the responsibility of the President of the Board of Directors, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Tarkett S.A. by the combined annual general meeting held on 30 April 2020 for KPMG and Mazars.

As at 31 December 2022, KPMG and Mazars were in the 9th year of uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit, Risks and Compliance Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.



Tarkett S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2022

17 February 2023

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de Commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.



Tarkett S.A.

Statutory auditors' report on the financial statements

For the year ended 31 December 2022

17 February 2023

Report to the Audit, Risks and Compliance Committee

The Audit, Risks and Compliance Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the The Audit, Risks and Compliance Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the The Audit, Risks and Compliance Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de Commerce) and in the French Code of Ethics (Code de Déontologie) for statutory auditors. Where appropriate, we discuss with the The Audit, Risks and Compliance Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original dated 17 February 2023 and signed by the statutory auditors,

KPMG Audit
a Department of KPMG S.A.

Mazars

Philippe Grandclerc
Partner

Romain Mercier
Partner

Anne-Laure Rousselou
Partner

Design and Production



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