

## Results for H1 2023:

**Sales growth driven by Sport and price increases implemented in 2022**

**Stable EBITDA and good free cash flow generation**

### Second quarter and first half 2023 results

- Q2 turnover up +3.5% compared to Q2 2022, of which +7.5% in organic growth thanks to strong activity in Sport (+31.3%) and selling price increases deployed in 2022
- H1 turnover up +2.8% compared to H1 2022, of which +3.9% in organic growth, given volumes up in Sport and a positive selling price effect which offset volumes down in EMEA and North America
- Adjusted EBITDA of €126 million in H1 2023, i.e., 7.8% of sales, stable compared to H1 2022 (€126 million, 8.1% of sales)
- EBIT of €49 million in H1 2023, up compared to H1 2022 (€44 million)
- Net profit of €2.8 million compared to €12.6 million in the first half of 2022
- Good free cash flow generation (+€27 million) thanks to a tight management of working capital and, especially on inventories in a structurally cash-consuming period
- Net financial debt of €649 million slightly down compared to December 2022 and stable leverage at 2.8x adjusted EBITDA

Paris, 26 July 2023: The Supervisory Board of Tarkett (Euronext Paris: FR0004188670 TKTT), met today and reviewed the Group's consolidated results for the half-year of 2023.

The Group uses alternative performance indicators (not defined under IFRS), described in detail in Appendix 1 on page 6 of this document:

In millions of euros	H1 2023	H1 2022	Change in %
<b>Revenue</b>	<b>1,608.3</b>	<b>1,564.0</b>	<b>+2.8%</b>
<i>Of which organic change</i>	<i>+3.9%</i>	<i>+13.8%</i>	
<b>Adjusted EBITDA</b>	<b>126.1</b>	<b>126.2</b>	<b>+0.0%</b>
<i>% of revenue</i>	<i>7.8%</i>	<i>8.1%</i>	
<b>Adjusted EBIT</b>	<b>59.2</b>	<b>55.3</b>	<b>+7.1%</b>
<i>% of revenue</i>	<i>3.7%</i>	<i>3.5%</i>	
<b>EBIT</b>	<b>48.5</b>	<b>44.2</b>	<b>+9.7%</b>
<i>% of revenue</i>	<i>3.0%</i>	<i>2.8%</i>	
<b>Net profit attributable to shareholders of the company</b>	<b>2.8</b>	<b>12.6</b>	-
<i>Fully diluted earnings per share (€)</i>	<i>0.04</i>	<i>0.19</i>	
<b>Free cash flow</b>	<b>27.3</b>	<b>-260.3</b>	-
<b>Net debt</b>	<b>648.9</b>	<b>778.0</b>	-
<i>Leverage (Net debt to adjusted EBITDA over 12 months)</i>	<i>2.8x</i>	<i>3.2x</i>	

**Net revenue** in H1 2023 was €1,608 million, up by 2.8% compared to the first half of 2022. Organic growth reached 3.9%. The total effect of the selling price increases implemented in 2022 across all segments is +5.5% on average in 2023 compared to H1 2022. Over the period, volume fell by -2.1%. The strong Sport activity largely offsets the volume shrinkage in flooring, which is particularly pronounced in EMEA against a backdrop of weakness

in the Residential segment. The currency effect contributed negatively, notably due to the depreciation of the Russian ruble, the Norwegian krone and the pound sterling in EMEA and the dollar.

**Adjusted EBITDA** amounted to €126.1 million, i.e., 7.8% of revenue, compared to €126.2 million in H1 2022, i.e., 8.1% of revenue.

The decrease in volumes sold contributed negatively to EBITDA. The combined effect of volume and product mix is -€45 million owing to the decrease in flooring, including more profitable products in the Commercial segment.

Raw material, energy and transport prices started to fall in the second quarter, with a positive net effect on the half-year of +€8 million compared to 2022, but wage inflation remains significant (-€16 million).

Selling price increases rolled out throughout the 2022 financial year led to a positive effect of +€85 million in H1 2023 compared to H1 2022 and is now starting to offset the additional costs linked to inflation of raw materials recorded since the second half of 2021.

SG&A are slightly up (€10 million) to support the growth of Sport and the launch of new flooring collections.

Foreign exchange had a negative -€15 million impact compared to the first half of 2022 due to the depreciation of the ruble and the weakening of the dollar.

The adjusted EBITDA margin for the first half of the year showed a slight decline (7.8% of sales compared to 8.1% in the first half of 2022).

**EBIT** amounted to €48.5 million in H1 2023 up from €44.2 million in 2022. **EBIT adjustments** (detailed in Appendix 1) amounted to €10.7 million in H1 2023 compared to €11.1 million in H1 2022. These include restructuring costs related to the Commercial, General and Administrative Expenses Savings Plan and the streamlining of the industrial organisation in Asia.

**Financial expenses** amounted to €33.9 million in H1 2023, compared to €14.4 million in H1 2022. This increase is mainly due to the rise in average gross debt over the half-year compared to H1 2022. The rise in interest rates is largely neutralised by hedging instruments implemented in 2021. **The income tax expense** amounted to €11.4 million in 2023, down compared to the previous year (€16.4 million) given the decrease in profit before tax.

**Net profit** in H1 2023 is €2.8 million, i.e., a diluted earnings per share of €0.04.

## 1. H1 Revenue and EBITDA by segment

### Revenue by segment

In millions of euros	H1 2023	H1 2022	Change	Of which organic growth	Of which organic growth Organic growth (incl. CIS price changes) <sup>(1)</sup>
EMEA	443.1	487.0	-9.0%	-7.2%	-7.2%
North America	458.1	450.8	+1.6%	+0.7%	+0.7%
CIS, APAC & Latin America	277.8	291.0	-4.5%	+0.7%	-1.9%
Sports	429.3	335.1	+28.1%	+26.9%	+26.9%
<b>TOTAL</b>	<b>1,608.3</b>	<b>1,564.0</b>	<b>+2.8%</b>	<b>+3.9%</b>	<b>+3.4%</b>

(1) Selling price adjustments in the CIS countries are historically intended to offset currency movements and are therefore excluded from the "organic growth" indicator (see Appendix 1). Significant price increases were implemented in 2021 and 2022 to offset the effects of inflation in purchasing costs, therefore the Group also measures the change in like-for-like sales including price adjustments in the CIS countries.

### Adjusted EBITDA by segment

In millions of euros	H1 2023	H1 2022	Margin 2023	Margin 2022
EMEA	37.0	54.2	8.4%	11.1%
North America	41.4	31.1	9.0%	6.9%
CIS, APAC & Latin America	36.6	40.5	13.2%	13.9%
Sports	42.6	28.4	9.9%	8.5%
Central	-31.6	-28.1	-	-
<b>TOTAL</b>	<b>126.1</b>	<b>126.2</b>	<b>7.8%</b>	<b>8.1%</b>

### Comments by segment

**The EMEA segment** achieved a revenue of €443 million, down -9.0% compared to H1 2022. Volumes are down in the residential segment, where demand has slowed sharply due to the rise in interest rates and inflation which have slowed down the renovation and new construction market. The commercial segment is holding up better: our vinyl products for the healthcare and education and carpets for the office or hospitality experienced volumes of business close to 2022.

The segment's adjusted EBITDA amounts to €37 million, i.e. 8.4% of sales, versus €54 million/11.1% of sales in H1 2022. This decline mainly reflects lower volumes, higher salary increases than in previous years, and a negative effect of exchange rates on European currencies against the euro. The effect of raw material purchase prices is still negative over the entire six-month period compared to the previous year, but it is fully offset by selling price increases.

**The North America segment** reported revenue of €458 million, up +1.6% compared to H1 2022, reflecting solid like-for-like growth of +0.7% at constant exchange rates and scope due to the selling price increase. The commercial segments (offices, healthcare and education) held up well and their volume of business was similar to last year over the six-month period. They benefited from a sequential improvement in accessories, carpet tiles and vinyl during

the second quarter. The volume in residential remains very low against a backdrop marked by inflation and the rise in interest rates, which weighed on the renovation and construction of housing.

Adjusted EBITDA in the segment increased significantly to €41 million, i.e. 9% of sales, compared to €31 million/6.9% of sales in the first half of 2022, reflecting a favourable product mix effect, and a positive balance of inflation buoyed by the price increases deployed in 2022 and the start of the downturn in material costs compared to last year.

Sales in **the CIS, APAC and Latin America segment** amounted to €278 million, down -4.5% given the devaluation of the ruble against the euro. Sales at constant exchange rates and scope were slightly up +0.7%. They benefited from the improvement compared to the first half-year 2022 in volumes in Russia (+14%) and Ukraine (+89%) while the Group carried out a selective price drop to maintain the level of activity in a context that remains complex. In Asia, demand was quite low over the first half-year and the level of stock among distributors remains high. Selling price increases implemented in 2022 partially compensate for the lack of volume. The economic context also weighed on volumes in Latin America, but to a lesser extent.

Adjusted EBITDA for the CIS, APAC, Latin America segment fell to €37 million adjusted EBITDA, i.e., 13.2% of sales, versus €41 million/13.9% of sales in H1 2022, mainly due to the devaluation of the ruble. In the first half of the year, Russia accounted for less than 8% of Group sales and Ukraine less than 0.6%.

Revenue of **Sport reached a new record and** amounted to €429 million, a considerable increase of +28.1% compared to H1 2022. The level of activity remains particularly buoyant in a still dynamic market, particularly for artificial turf sports fields and athletics tracks in North America. Like-for-like growth at constant exchange rates and scope is +26.9%.

As a result of this very sustained activity, Sport posts a clear increase in adjusted EBITDA: €43 million /9.9% of sales compared to €28.4 million/8.5% of sales in the first half of 2022. This EBITDA growth results from the combination of the volume effect and an improvement in the margins of the main projects.

## **2. Balance Sheet and Cashflow 2023**

At the end of June 2023, **working capital requirements** fell by €10 million compared to the end of December 2022, despite strong seasonality, particularly in Sport. The Group implemented significant actions to reduce inventories, which now represent 70 days of activity compared to 110 days at the end of June 2022. In addition, annual negotiations with key suppliers have improved payment terms. Combined with the downside effect of purchase prices, these actions have led to a very significant reduction in working capital requirements: -€206 million compared to June 2022. Factoring programs represented a net financing of €182.6 million at the end of June 2023, up from the end of December 2022 (€174.2 million) and the end of June 2022 (€184.0 million).

**Capital expenditures** are under control and amount to €40.4 million given the capacity investment in Sport for yarn manufacturing and automation projects. In H1 2022, investments amounted to €46.4 million.

Despite the seasonality of its activities and thanks to inventory control, the Group generates a positive **free cash flow** in the first half-year of €27.3 million, while the first half-year is usually cash-consuming.

**Net financial debt** amounts to €649 million at the end of June 2023, versus €655 million at the end of December 2022 and €778 million at the end of June 2022. Compared to December 2022, debt is slightly down, and **leverage remains the same at 2.8x** the adjusted EBITDA for the last 12 months.

At the end of June 2023, the Group had a **high level of liquidity** amounting to €552 million comprising the undrawn RCF in an amount of €251 million, other confirmed and unconfirmed credit lines in an amount of €78 million and €223 million in cash.

### 3. **Outlook**

The macroeconomic environment will continue to weigh on the level of demand for our flooring products in the second half of the year, particularly in Europe. North America could benefit from a more favourable economic dynamic, with some activity indicators in the building sector now better oriented, especially in the residential sector.

Activity in Sport is still benefiting from a buoyant market and a solid order book that should allow for continued dynamic growth until the end of the 2023 season.

The purchase prices of most of the Group's raw materials have decreased in the first half of the year and the Group does not anticipate any further increases for the time being. Wage inflation is higher than in previous years, and energy prices in Europe could rise again at the end of the year. At this stage, the Group maintains the selling price level reached at the end of 2022.

To compensate the low level of activity in Europe, the Group launched cost reduction actions and adapted its production plans in the factories to these downturned levels of activity.

Tarkett will continue to pay particular attention in the second half of the year to the control working capital and inventory levels in this weak business environment to maximise its cash generation and reduce its debt at the end of December.

*This press release may contain forward-looking statements. These statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's Registration Document available on its website (<https://www.tarkett-group.com/en/category/urd/>). They do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates to these statements.*

*Limited review procedures on the interim consolidated financial statements have been performed. Limited review report from auditors is currently being issued, and interim consolidated financial statements for 2023 are available on Tarkett's website <https://www.tarkett-group.com/en/document/?categories=financial-documents>*

#### **Financial calendar**

- 19 October 2023: Q3 2023 Revenue - press release after close of trading

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#### **About Tarkett**

With a 140-year history, Tarkett is a worldwide leader in innovating flooring and sports surface solutions, with revenue of 3.4 billion euros in 2022. The Group has 12,000 employees and 25 R&D centres, 8 recycling centres and 34 production sites. Tarkett designs and manufactures solutions for hospitals, schools, housing, hotels, offices, shops and sports fields, serving customers in more than 100 countries. To build "The Way to Better Floors", the Group is committed to the circular economy and sustainable development, in line with its Tarkett Human-Conscious Design® approach. Tarkett is listed on the Euronext regulated market (compartment B, ISIN: FR0004188670, ticker: TKTT). [www.tarkett-group.com](http://www.tarkett-group.com)

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## Appendices

### 1/ Definition of alternative performance indicators (not defined under IFRS)

- **Organic growth** measures the change in revenue as compared with the same period in the prior year, outside of the exchange rate effect and changes in scope. The foreign exchange effect is obtained by applying the prior year's exchange rate to sales for the current year and calculating the difference with sales for the current year. It also includes the effect of price adjustments in the CIS countries intended to offset the change in local currencies against the euro. In 2023, a -€7.5 million negative impact of selling price adjustments is excluded from organic growth and included in the foreign exchange effect.
- **The effect of changes in scope** is composed of:
  - current year sales by entities not included in the scope of consolidation in the same period of the prior year, until the anniversary of their consolidation, the reduction in sales due to discontinued operations that are not included in the current year's scope of consolidation but were included in sales for the same period of the prior year, until the anniversary of their disposal.

In millions of euros	2023 revenue	2022 revenue	Change	Of which volume	Of which selling prices	Of which CIS selling prices	Of which exchange rate effect	Of which effect of changes in scope
Group Total Q1	698.5	684.7	+2.0%	-7.8%	+6.9%	+0.4%	+2.3%	+0.2%
<i>Of which organic growth</i>				-0.9%				
<i>Of which selling price increases</i>					+7.3%			
Group Total Q2	909.8	879.3	+3.5%	+2.4%	+5.2%	-1.2%	-2.9%	+0.0%
<i>Of which organic growth</i>				+7.5%				
<i>Of which selling price increases</i>					+4.0%			
<b>Group Total S1</b>	<b>1,608.3</b>	<b>1,564.0</b>	<b>+2.8%</b>	<b>-2.1%</b>	<b>+5.9%</b>	<b>+0.4%</b>	<b>-0.7%</b>	<b>+0.1%</b>
<i>Of which organic growth</i>				+3.9%				
<i>Of which selling price increases</i>					+5.5%			

- **Adjusted EBITDA** is the operating result before depreciation and amortisation restated for the following income and expenses: restructuring costs with the aim of increasing the Group's future profitability, gains and losses on significant asset disposals, provisions and reversals of provisions for impairment, costs related to business combinations and legal reorganisations, expenses related to share-based payments and other one-off expenses considered non-recurring by their nature.

In millions of euros	H1 2023 Adjusted EBITDA	H1 2022 Adjusted EBITDA	Margin H1 2023	Margin H1 2022
Group Total – Q1	31.8	37.3	4.6%	5.5%
Group Total – Q2	94.2	88.9	10.4%	10.1%
<b>Group Total - H1</b>	<b>126.1</b>	<b>126.2</b>	<b>+7,8%</b>	<b>8.1%</b>

In millions of euros	of which adjustments						H1 2023 adjusted
	H1 2023	Restructuring	Gains/losses on asset disposals/impairment	Business combinations	Share-based payments	Other	
<b>EBIT</b>	<b>48.5</b>	<b>3.8</b>	<b>0.3</b>	<b>0.0</b>	<b>3.6</b>	<b>2.9</b>	<b>59.2</b>
Impairment, amortisation and depreciation	65.4	-	-	-	-	-	65.4
Other	1.5	-	-	-	-	-	1.5
<b>EBITDA</b>	<b>115.4</b>	<b>3.8</b>	<b>0.3</b>	<b>0.0</b>	<b>3.6</b>	<b>2.9</b>	<b>126.1</b>

In millions of euros	of which adjustments						H1 2022 adjusted
	H1 2022	Restructuring	Gains/losses on asset disposals/impairment	Business combinations	Share-based payments	Other	
<b>EBIT</b>	<b>44.2</b>	<b>-</b>	<b>6.9</b>	<b>0.2</b>	<b>3.2</b>	<b>0.8</b>	<b>55.3</b>
Impairment, amortisation and depreciation	72.9	-	0.2	-	-	-	73.1
Other	-2.2	-	-	-	-	-	-2.2
<b>EBITDA</b>	<b>114.9</b>	<b>-</b>	<b>7.1</b>	<b>0.2</b>	<b>3.2</b>	<b>0.8</b>	<b>126.2</b>

- **Free cash flow** is defined as cash generated from operations before change in working capital, plus or minus the following inflows and outflows: change in working capital, repayment of lease liabilities, net interest received (paid), net tax collected (paid), various operational elements collected (disbursed), acquisition of tangible and intangible assets and income (loss) from fixed asset disposals.

Free cash flow (in millions of euros)	H1 2023	H1 2022
<b>Cash flow from operations before change in working capital and repayment of lease liabilities</b>	<b>111.1</b>	<b>109.1</b>
Repayment of lease liabilities	-18.0	-16.1
<b>Cash flow from operations before change in working capital; including repayment of lease liabilities</b>	<b>93.1</b>	<b>93.0</b>
Change in working capital	23.2	-275.9
<i>of which change in factoring programmes</i>	<i>4.3</i>	<i>16.7</i>
Net interest paid	-25.1	-13.1
Net tax paid	-18.7	-13.7
Miscellaneous operating items paid	-5.0	-4.7
Acquisition of tangible and intangible assets	-40.7	-46.4
Miscellaneous operating items paid	0.5	0.6
<b>Free cash flow</b>	<b>27.3</b>	<b>-260.3</b>

- **Net financial debt** is defined as the sum of interest bearing loans and borrowings minus cash and cash equivalents. Borrowings correspond to any obligation to repay funds received or raised that are subject to repayment terms and interest. They also include liabilities on leases.
- **Financial leverage** is the ratio of net financial debt, including leases accounted for as per IFRS 16, to adjusted EBITDA over the last 12 months.

In millions of euros	31	
	30 June 2023	December 2022
Financial debts - long term	696,3	711.0
Financial debts and bank overdrafts - short term	44,9	45.2
<b>Financial debts excluding IFRS 16 (A)</b>	<b>741.2</b>	<b>756.2</b>
Lease liabilities - long term	103.2	91.7
Lease liabilities - short term	27.4	27.7
<b>Lease liabilities - IFRS 16 (B)</b>	<b>130.6</b>	<b>119.4</b>
Gross debt - long term	799,5	802.7
Gross debt - short term	72,3	72.9
<b>Gross debt (C) = (A) + (B)</b>	<b>871.8</b>	<b>875.6</b>
<b>Cash and cash equivalents (D)</b>	<b>222.8</b>	<b>220.8</b>
<b>Net debt (E) = (C) - (D)</b>	<b>648.9</b>	<b>654.8</b>
<b>Adjusted EBITDA 12 months (F)</b>	<b>234.8</b>	<b>234.9</b>
<b>Ratio (E) / (F)</b>	<b>2.8x</b>	<b>2.8x</b>



## 2/ Bridges in millions of euros, H1 and Q2 2023

### Revenue by segment

<b>Q2 2022</b>	<b>879.3</b>
+/- EMEA	-31.3
+/- North America	1.6
+/- CIS, APAC & Latin America	25.0
+/- Sports	70.9
<b>Q2 2023 Like-for-Like</b>	<b>945.5</b>
+/- Currencies	-10.8
+/- "Lag effect" in CIS <sup>(1)</sup>	-24.9
+/- Scope	0.0
<b>Q2 2023</b>	<b>909.8</b>

(1) Including selling price increases

### Adjusted EBITDA by nature

<b>Q2 2022</b>	<b>88.9</b>
+/- Volume / Mix	-21.2
+/- Selling prices	45.3
+/- Raw materials and transport	17.9
+/- Salary increases	-8.6
+/- Productivity	3.4
+/- SG&A	-3.1
+/- Non-recurring and other	-1.3
+/- "Lag effect" in CIS <sup>(1)</sup>	-21.6
+/- Currencies	-4.6
+/- Scope	-0.8
<b>Q2 2023</b>	<b>94.2</b>

(1) Including selling price increases

<b>H1 2022</b>	<b>1,564.0</b>
+/- EMEA	-35.0
+/- North America	3.1
+/- CIS, APAC & Latin America	2.0
+/- Sports	90.2
<b>H1 2023 Like-for-Like</b>	<b>1,624.3</b>
+/- Scope	1.7
+/- Currencies	-3.3
+/- "Lag effect" in CIS <sup>(1)</sup>	-14.4
<b>H1 2023</b>	<b>1,608.3</b>

(1) Including selling price increases

<b>H1 2022</b>	<b>126.2</b>
+/- Volume / Mix	-45.1
+/- Selling prices	92.9
+/- Raw materials and transport	7.6
+/- Salary increases	-16.0
+/- Productivity	4.0
+/- SG&A	-10.2
+/- Non-recurring and other	-9.3
+/- "Lag effect" in CIS <sup>(1)</sup>	-15.6
+/- Currencies	-6.8
+/- Scope	-1.7
<b>H1 2023</b>	<b>126.1</b>

(1) Including selling price increases