

Half-Year Financial Report 2023

Six-month period ended June 30, 2023

This interim financial report covers the half-year period ended on June 30, 2023 and has been prepared in accordance with Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 of the AMF General Regulation.

This document is a non-binding "free" translation from French in English as no legal value other than an informative one.

Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Tarkett.

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Certification of the person responsible of the financial report

1 Certification of the person responsible of the financial report

1.1 Name and position of the person responsible for financial information

Fabrice Barthelemy

Chairman of the Company's Management Board

1.2 Certification of the person responsible

"I further declare that, to the best of my knowledge, the Summary Interim Consolidated Financial Statements have been prepared in accordance with applicable accounting standards and that they give a true and fair view of the assets, liabilities, financial position, and results of the Company and of all the companies included in the consolidation scope, and that the information provided in the half-yearly management report presents the activity, results and financial position of the Company and of all the companies in the consolidation scope, and of the main risks and uncertainties to which they are exposed"

July 27, 2023

Fabrice Barthelemy

Chairman of the Management Board

2 Half-year business review

2.1 Presentation of the first six months results 2023

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).

Key Figures

<i>(in millions of euros)</i>	H1 2023	H1 2022
Net sales	1,608.3	1,564.0
<i>Organic growth</i>	3.4%	13.8%
Adjusted EBITDA	126.1	126.2
<i>% net sales</i>	7.8%	8.1%
Result from operations (EBIT)	48.5	44.2
<i>% net sales</i>	3.0%	2.8%
Net profit attributable to owners of the Company	2.8	12.6
<i>Fully diluted Earnings per share (€)</i>	0.04	0.19
Free cash-flow	27.3	(260.3)
Net Debt before IFRS 16 application	518.4	661.9
<i>Net Debt to Adjusted EBITDA</i>	2.8x	3.2x
Net Debt	648.9	778.0

2.2 Comments by reporting segment

Net sales and adjusted EBITDA by segment

(in millions of euros)	Net sales				Adjusted EBITDA			
	H1 2023	H1 2022	Change	o/w LfL	H1 2023	H1 2023 margin	H1 2022	H1 2022 margin
EMEA	443.1	487.0	(9.0)%	(7.2)%	37.0	8.4%	54.2	11.1%
North America	458.1	450.8	1.6%	0.7%	41.4	9.0%	31.1	6.9%
CIS, APAC & LATAM	277.8	291.0	(4.5)%	0.7%	36.6	13.2%	40.5	13.9%
Sports	429.13	335.1	28.1%	26.9%	42.6	9.9%	28.4	8.5%
Central Costs	-	-	-	-	(31.6)	-	(28.1)	-
Total Group	1,608.3	1,564.0	2.8%	3.9%	126.1	7.8%	126.2	8.9%

1.2.2.1 Europe, Middle-East, Africa

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.

1.2.2.2 North America

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.

1.2.2.3 CIS, APAC and Latin America

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%.

1.2.2.4 Sports

Revenue of the Sports segment 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.

2.3 Net profit Attributable to owners of the Company

EBIT amounted to €48.5 million in H1 2023 up from €44.2 million in 2022. EBIT adjustments 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.

2.4 Financial Structure

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.

2.5 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.

2.6 Main risks and uncertainties

The main risks and uncertainties that the Group may have to face in the next six months are those described in detail in Chapter 6.1 "Main Risks" of the 2022 universal registration document filed with the Autorité des marchés financiers on March 24, 2023.

2.7 Related parties transactions

There are no related-party transactions other than those described in note 10 of the annual Consolidated Financial Statements of the 2023 universal registration document and of the condense consolidated interim financial statements included in this report.

2.8 Definition of Alternative Performance Indicators (not defined by IFRS)

1.2.8.1 Reconciliation table for alternative performance indicators (not defined by 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.
- > Scope effects reflect:
 - 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)	H1 2023	H1 2022	% Change	o/w exchange rate effect	o/w scope effect	o/w organic growth
Total Group – Q1	698.5	684.7	2.0%	2.3%	0.2%	(0.9)%
Total Group – Q2	909.8	879.3	3.5%	(2.9)%	0.0%	7.5%
Total Group – H1	1,608.3	1,564.0	2.8%	(0.7)%	0.1%	3.9%

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

Reconciliation between operating income and Adjusted EBITDA :

(in millions of euros)	H1 2023	Of which adjustments :					H1 2023 Adjusted
		Restructuring	Gains/losses on asset sales /impairment	Business combinations	Share-based payments	Other	
Net revenue	1,608.3	-	-	-	-	-	1,608.3
Cost of sales	(1,261.6)	1.5	-	-	-	-	(1,260.1)
Gross profit	346.7	1.5	-	-	-	-	348.2
Selling and distribution expenses	(180.9)	1.4	0.3	-	-	-	(179.1)
Research and development	(14.4)	0.3	-	-	-	-	(14.1)
General and administrative expenses	(98.4)	0.6	-	0.0	3.6	1.7	(92.5)
Other operating expenses	(4.5)	-	-	-	-	1.2	(3.3)
Result from operating activities (EBIT)	48.5	3.8	0.3	0.0	3.6	2.9	59.2
Depreciation and amortization	65.4	-	-	-	-	-	65.4
Other	1.5	-	-	-	-	-	1.5
EBITDA	115.4	3.8	0.3	0.0	3.6	2.9	126.1

- > Free cash-flow is defined as cash generated from operations, plus or minus the following inflows and outflows:
 - net capital expenditure (investments in property plant and equipment and intangible assets net from proceeds);
 - net interest received (paid);
 - net income taxes collected (paid);
 - miscellaneous operating items received (paid).

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Free cash-flow reconciliation table (in millions of euros)	H1 2023	H1 2022
Operating cash flow before working capital changes	93.1	93.0
Change in working capital	23.3	(275.9)
<i>o/w change in factoring programs</i>	4.3	16.7
Net interest paid	(25.1)	(13.1)
Net taxes paid	(18.7)	(13.7)
Miscellaneous operational items paid	(5.0)	(4.7)
Acquisitions of intangible assets and property, plant and equipment	(40.7)	(46.4)
Proceeds from sale of property, plant and equipment	0.5	0.6
Free cash-flow	27.3	(260.3)

> Leverage as per our debt documentation is the ratio net debt to adjusted EBITDA before IFRS 16.

1.2.8.2 Bridges in millions of euros

Net sales by segment		Adjusted EBITDA by nature	
H1 2022	1,564.0	H1 2022	126.2
+/- EMEA	(35.0)	+/- Volume / Mix	(45.1)
+/- North America	3.1	+/- Sales pricing	92.9
+/- CIS, APAC & LATAM	2.0	+/- Raw Material & Freight	7.6
+/- Sports	90.2	+/- Salary increase	(16.0)
H1 2023 Sales Like for Like	1,624.3	+/- Productivity	4.0
+/- Scope	1.7	+/- SG&A	(10.2)
+/- Currencies	(3.3)	+/- One-off and others	(9.3)
+/- Selling price lag effect in CIS	(14.4)	+/- Selling price lag effect in CIS	(15.6)
		+/- Currencies	(6.8)
		+/- Scope	(1.7)
H1 2023	1,608.3	H1 2023	126.1

1.2.8.3 Quarterly net revenues by segment

(in millions of euros)	Q1 2022	Q1 2023	% change	o/w organic growth
EMEA	230.2	238.4	-3.4%	-1.6%
North America	214.2	204.2	+4.9%	+0.8%
CIS, APAC & LATAM	121.7	133.6	-8.8%	-17.2%
Sports	132.3	108.5	+22.0%	+17.8%
Group total	698.5	684.7	+2.0%	-0.9%
(in millions of euros)	Q2 2022	Q2 2023	% change	o/w organic growth
EMEA	212.9	248.6	-14.4%	-12.6%
North America	243.9	246.6	-1.1%	+0.6%
CIS, APAC & LATAM	156.1	157.4	-0.9%	+15.9%
Sports	297.0	226.6	+31.0%	+31.3%
Group total	909.8	879.3	+3.5%	+7.5%

1.2.8.4 Quarterly adjusted EBITDA

(in millions of euros)	Adjusted EBITDA 2023	% margin 2023	Adjusted EBITDA 2022	% margin 2022
Total Group – Q1	31.8	4.6%	37.3	5.4%
Total Group – Q2	94.2	10.4%	88.9	10.1%
Total Group – H1	126.1	7.8%	126.2	8.1%

1.2.8.5 Seasonality

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

Consequently, the operating results for the first half of 2023 are not necessarily indicative of results to be expected for the full year 2023.

3 Summary interim consolidated financial statements

Consolidated income statement

<i>(in millions of euros)</i>	Note	Jan.-June 2023	Jan.-June 2022
Net revenue		1,608.3	1,564.0
Cost of sales		(1,261.6)	(1,247.1)
Gross profit		346.7	316.9
Other operating income		5.6	7.9
Selling and distribution expenses		(180.9)	(170.1)
Research and development		(14.4)	(12.2)
General and administrative expenses		(98.4)	(90.0)
Other operating expenses		(10.2)	(8.3)
Result from operating activities	(3)	48.5	44.2
Financial income		1.9	0.6
Financial expenses		(35.7)	(15.0)
Financial income and expense	(7)	(33.9)	(14.4)
Share of profit of equity accounted investees (net of income tax)		(0.1)	(0.4)
Profit before income tax		14.5	29.4
Total income tax	(8)	(11.4)	(16.4)
Profit from continuing operations		3.1	13.0
Net profit for the period		3.1	13.0
Attributable to:		-	
Owners of Tarkett		2.8	12.6
Non-controlling interests		0.3	0.5
Net profit for the period		3.1	13.0
Earnings per share:			
Basic earnings per share excluding treasury shares <i>(in euros)</i>	(9)	0.04	0.19
Earnings per share after grant of performance shares <i>(in euros)</i>	(9)	0.04	0.19

Consolidated statement of comprehensive income

<i>(in millions of euros)</i>	Jan.-June 2023	Jan.-June 2022
Net profit for the period	3.1	13.0
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	(35.6)	93.2
Changes in fair value of cash flow hedges	(3.2)	21.5
Income tax on other comprehensive income	(0.1)	(0.1)
OCI to be reclassified to profit and loss in subsequent periods	(38.9)	114.5
Defined benefit plan actuarial gain (losses)	0.4	32.2
Other comprehensive income (OCI)	-	-
Income tax on other comprehensive income	0.1	(2.9)
OCI not to be reclassified to profit and loss in subsequent periods	0.5	29.3
Other comprehensive income for the period, net of income tax	(38.4)	144.0
Total comprehensive income for the period	(35.3)	157.0
Attributable to:		
Owners of Tarkett	(35.6)	156.5
Non-controlling interests	0.3	0.6
Total comprehensive income for the period	(35.3)	157.0

Consolidated statement of financial position

Assets

<i>(in millions of euros)</i>	Note	June 30, 2023	December 31, 2022
Goodwill	(5)	672.1	679.2
Intangible assets	(5)	54.6	59.7
Property, plant and equipment	(5)	540.1	556.0
Other financial assets		40.6	49.0
Deferred tax assets		93.6	92.3
Other non-current assets		0.0	0.0
Non-current assets		1,401.0	1,436.3
Inventories		505.2	537.6
Trade receivables		371.6	265.5
Other receivables		154.7	146.3
Cash and cash equivalents	(7)	222.8	220.8
Current assets		1,254.4	1,170.1
Total assets		2,655.4	2,606.4

Equity and liabilities

<i>(in millions of euros)</i>	Note	June 30, 2023	December 31, 2022
Share Capital	(9)	327.8	327.8
Share premium and reserves		167.4	167.4
Retained earnings		380.4	443.3
Net result for the period attributable to equity holders of the parent		2.8	(26.8)
Equity attributable to equity holders of the parent		878.3	911.6
Non-controlling interests		2.3	1.4
Total equity		880.6	913.0
Other financial liabilities, non-current		10.9	12.6
Interest-bearing loans	(7)	799.4	802.7
Other financial liabilities		1.9	2.3
Deferred tax liabilities		2.9	7.7
Employee benefits	(4)	81.5	85.7
Provisions and other non-current liabilities	(6)	32.4	34.2
Non-current liabilities		929.1	945.2
Trade payables		488.6	344.2
Total other liabilities		249.4	292.6
Interest-bearing loans and borrowings	(7)	72.2	72.9
Other financial assets		3.6	5.3
Provisions and other current liabilities	(6)	31.9	33.1
Current liabilities		845.7	748.1
Total equity and liabilities		2,655.4	2,606.4

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	Jan.-June 2023	Jan.-June 2022
Cash flows from operating activities			
Net profit before tax		14.5	29.4
Adjustments for:			
Depreciation, amortization and impairment		65.4	72.8
(Gain) loss on sale of fixed assets		(0.3)	(0.4)
Net finance costs		33.9	14.4
Change in provisions and other non-cash items		(2.4)	(7.5)
Share of profit of equity accounted investees (net of tax)		0.1	0.4
Operating cash flow before working capital changes		111.1	109.1
(Increase) / decrease in trade receivables		(108.1)	(99.3)
(Increase) / decrease in other receivables		(5.9)	(14.1)
(Increase) / decrease in inventory		14.8	(188.2)
Increase / (decrease) in trade payables		154.8	50.1
(Increase) / decrease in other liabilities		(32.3)	(24.5)
Changes in working capital		23.3	(275.9)
Net interest paid		(25.1)	(13.1)
Net income taxes paid		(18.7)	(13.7)
Miscellaneous		(5.0)	(4.7)
Net cash (used in) / from operating activities	(3)	85.5	(198.4)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	0.1	(2.8)
Acquisitions of intangible assets and property, plant and equipment	(5)	(40.7)	(46.4)
Proceeds from sale of property, plant and equipment	(5)	0.5	0.6
Effect of changes in the scope of consolidation		-	-
Cash flows from investing activities		(40.1)	(48.6)
Net cash from / (used in) financing activities			
Capital increase		-	-
Acquisition of NCI without a change in control		-	-
Proceeds from loans and borrowings		379.6	243.4
Repayment of loans and borrowings		(383.6)	(56.0)
Lease payments		(18.0)	(16.1)
Acquisitions of treasury shares		-	0.0
Dividends		-	0.0
Net cash from / (used in) financing activities		(22.0)	171.2
Net increase / (decrease) in cash and cash equivalents		23.4	(75.8)
Cash and cash equivalents, beginning of period		220.8	205.4
Effect of exchange rate fluctuations on cash held		(21.4)	10.5
Cash and cash equivalents, end of period		222.8	140.3

Consolidated statement of changes in equity

<i>(in millions of euros)</i>	Share Capital	Share premium and reserves	Translation reserves	Reserves	Total equity (Group share)	Non-controlling interests	Total equity
January 1, 2022	327.8	167.4	(39.4)	384.4	840.2	-	840.2
Capital increase	-	-	-	-	-	-	-
Share premium and reserves	-	-	-	-	-	-	-
Net profit for the period	-	-	-	(26.8)	(26.8)	0.8	(26.0)
Other comprehensive income, net of income 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
Miscellaneous	-	-	-	4.4	4.4	-	4.4
Total transactions with shareholders	-	-	-	9.7	9.7	0.6	10.3
December 31, 2022	327.8	167.4	(12.0)	428.4	911.6	1.4	913.0
January 1, 2023	327.8	167.4	(12.0)	428.4	911.6	1.4	913.0
Capital increase	-	-	-	-	-	-	-
Share premium and reserves	-	-	-	-	-	-	-
Net profit for the period	-	-	-	2.8	2.8	0.3	3.1
Other comprehensive income, net of income tax	-	-	(35.6)	(2.8)	(38.4)	(0.0)	(38.4)
Total comprehensive income for the period	-	-	(35.6)	0.0	(35.6)	0.3	(35.3)
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	-	-	-	-
Share-based payments	-	-	-	2.5	2.5	-	2.5
Acquisition of NCI without a change in control	-	-	-	0.0	0.0	0.6	0.6
Miscellaneous	-	-	-	(0.3)	(0.3)	-	(0.3)
Total transactions with shareholders	-	-	-	2.3	2.3	0.6	2.9
June 30, 2023	327.8	167.4	(47.6)	430.7	878.3	2.3	880.6

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Note 1 > Basis of preparation

1.1 General information

Tarkett's summary consolidated financial statements for the six-month period ending June 30, 2023 reflect the financial condition of Tarkett and its subsidiaries (the "Group") as well as its interests in associates and joint ventures.

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

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

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

The summary interim consolidated financial statements were authorized for issue by the Management Board on July 26, 2023.

1.2 Significant accounting principles

1.2.1 Statement of compliance and applicable standard

The summary interim consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting." In accordance with IAS 34, the accompanying notes relate only to significant events for the six-month period ended June 30, 2023 and do not include all of the information required for complete annual financial statements. They should therefore be read in conjunction with the consolidated financial statements as at December 31, 2022.

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

- > **IFRS 17** - Insurance contracts including amendments published on 25 June 2020;
- > **Amendment to IAS 1 and Practice Statement 2** - Information to be provided on the accounting methods;
- > **Amendment to IAS 8** - Definition of accounting estimates;
- > **Amendment to IAS 12** - Deferred tax related to assets and liabilities arising from a single transaction;
- > **Amendment to IFRS 17** - Initial application of IFRS 17 and IFRS 9 - Comparative information.

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

None.

c) New standards and interpretations not yet adopted

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

- > **Amendment to IAS 12** - International Tax Reform – Pillar Two;
- > **Amendments to IFRS 16** - Lease liability in a sale and leaseback;
- > **Amendments to IAS 7 and IFRS 7** - Supplier Finance Arrangements;
- > **Amendments to IAS 1** - Classification of liabilities as current or non-current.

1.3 Seasonality

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

Consequently, the operating results for the first half of 2023 are not necessarily indicative of results to be expected for the full year 2023.

1.4 Significant developments

> Geopolitical conflict

The war in Ukraine makes it difficult to assess the evolution of demand in the Russian and Ukrainian markets. In Russia, turnover was stable compared to the first half of 2022, with an improvement in volumes negated by a negative exchange effect linked to the depreciation of the ruble. Russia represents some 8% of the Group's total revenue and 6% of consolidated assets. The Group continues to operate in this

country in strict compliance with the international and local regulations but has frozen all significant new investments. In Ukraine, the upturn in business continued and the level of sales improved over the first half of 2023, representing just under 0.6% of the group's total turnover. The production site in the west of the country is operating, but, given the conflict, a depreciation of EUR 5.2 million in customer accounts has been recorded.

Note 2 > Changes in the scope of consolidation

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

Number of companies	December 31, 2022	Mergers	Acquisitions	Liquidations	June 30, 2023
Fully consolidated companies	76	-	3	(1)	78
Equity-accounted companies	4	-	-	-	4
Total	80	-	3	(1)	82

2.1.1 Transactions completed in 2023

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

a) Acquisitions and creations

Creation in November 2022 of M-WALL Holding, 51% owned by Tarkett GDL and 49% by a minority shareholder. This entity purchased all the shares of M-Projectservice BV and M-WALL BV at the same time in November 2022. These three entities, which were presented as non-consolidated investments in the Group's financial statements at 31 December 2022, were fully consolidated from 1 January 2023. The inclusion of these three entities in the scope of consolidation led the Group to recognise goodwill of €1.2 million in the first half of 2023..

M-WALL Holding acquired 100% of M-Projectservice BV in November 2022. The securities were unconsolidated in 2022.

M-WALL Holding acquired 100% of M-WALL BV in November 2022. The securities were unconsolidated in 2022.

b) Mergers

None.

c) Liquidations

Desso Sports Systems AS was liquidated in January 2023.

2.1.2 Transactions completed in 2022

a) Acquisitions and creations

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

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.

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 Zaino was merged straight after its acquisition with the entity Beynon Sports Surfaces.

c) Liquidations

None.

Note 3 > Operating Data

3.1 Components of the income statement

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

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

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

(in millions of euros)

	Adjustments:						June 30, 2023 adjusted
	June 30, 2023	Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
Net revenue	1,608.3	-	-	-	-	-	1,608.3
Cost of sales	(1,261.6)	1.5	-	-	-	-	(1,260.1)
Gross profit	346.7	1.5	-	-	-	-	348.2
Selling and distribution expenses	(180.9)	1.4	0.3	-	-	-	(179.1)
Research and development	(14.4)	0.3	-	-	-	-	(14.1)
General and administrative expenses	(98.4)	0.6	-	0.0	3.6	1.7	(92.5)
Other operating income and expense	(4.5)	-	(0.0)	-	-	1.2	(3.3)
Result from operating activities (EBIT)	48.5	3.8	0.3	0.0	3.6	2.9	59.2
Depreciation and amortization	65.4	-	-	-	-	-	65.4
Other	1.5	-	-	-	-	-	1.5
EBITDA	115.4	3.8	0.3	0.0	3.6	2.9	126.1

(in millions of euros)

	Adjustments:						June 30, 2022 adjusted
	June 30, 2022	Restructuring	Gains/losses on asset sales/impairment	Business combinations	Share-based payments	Other	
Net revenue	1,564.0	-	-	-	-	-	1,564.0
Cost of sales	(1,247.1)	(0.6)	2.5	-	-	-	(1,245.2)
Gross profit	316.9	(0.6)	2.5	-	-	-	318.8
Selling and distribution expenses	(170.1)	0.3	4.4	-	-	-	(165.4)
Research and development	(12.2)	-	-	-	-	-	(12.2)
General and administrative expenses	(90.0)	0.3	-	0.3	3.2	0.8	(85.5)
Other operating income and expense	(0.3)	-	-	(0.1)	-	-	(0.4)
Result from operating activities (EBIT)	44.2	(0.0)	6.9	0.2	3.2	0.8	55.3
Depreciation and amortization	72.9	-	0.2	-	-	-	73.1
Other	(2.2)	-	-	-	-	-	(2.2)
EBITDA	114.9	(0.0)	7.1	0.2	3.2	0.8	126.2

3.2 Segment information

By operating segment

(in millions of euros)

Jan.-June 2023	Flooring			Sports surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	443.1	458.1	277.8	429.3	-	1,608.3
Gross profit	103.0	109.0	56.7	78.2	(0.2)	346.7
% of net sales	23.2%	23.8%	20.4%	18.2%	-	21.6%
Adjusted EBITDA	37.0	41.4	36.6	42.6	(31.6)	126.1
% of net sales	8.4%	9.0%	13.2%	9.9%	-	7.8%
Adjustments	(3.7)	1.0	(1.7)	(1.2)	(5.1)	(10.7)
EBITDA	33.3	42.5	34.9	41.4	(36.7)	115.4
% of net sales	7.5%	9.3%	12.5%	9.7%	-	7.2%
EBIT	(11.6)	5.4	13.1	27.9	13.7	48.5
% of net sales	-2.6	1.2%	4.7%	6.5%	-	3.0%
Capital expenditures	12.8	7.4	5.6	12.9	1.7	40.4

(in millions of euros)

Jan.-June 2022	Flooring			Sports surfaces	Central	Group
	EMEA	North America	CIS, APAC and Latin America			
Net revenue	487.0	450.8	291.0	335.1	-	1,564.0
Gross profit	115.8	92.7	52.4	55.7	0.2	316.9
% of net sales	23.8%	20.6%	18.0%	16.6%	-	20.3%
Adjusted EBITDA	54.2	31.1	40.5	28.4	(28.1)	126.2
% of net sales	11.1%	6.9%	13.9%	8.5%	-	8.1%
Adjustments	(0.1)	0.2	(7.1)	(0.4)	(3.9)	(11.3)
EBITDA	54.1	31.3	33.4	28.1	(32.0)	114.9
% of net sales	11.1%	6.9%	11.5%	8.4%	-	7.3%
EBIT	11.3	(7.3)	17.5	16.7	5.9	44.2
% of net sales	2.3%	-1.6%	6.0%	5.0%	-	2.8%
Capital expenditures	16.3	7.8	7.9	12.0	2.5	46.4

By product category

<i>(in millions of euros)</i>	Jan.-June 2023		Jan.-June 2022	
	Revenue	%	Revenue	%
Vinyl & Linoleum	718.5	44.7%	721.1	46.1%
Commercial carpet	254.8	15.8%	259.6	16.6%
Wood and Laminate	69.9	4.3%	118.6	7.6%
Rubber & Accessories	135.8	8.4%	129.5	8.3%
Sport	429.3	26.7%	335.1	21.4%
Total	1,608.3	100%	1,564.0	100%

3.3 Changes in working capital requirement

The 2022 financial year was marked by a structural change in working capital requirements and a very significant increase at the end of the first six months. This was related to a high inflation rate for raw materials and an increase in volumes in stock to cope with supply difficulties which went well beyond the seasonal effects linked to activities. Indeed, business is stronger during the second and third quarters of the year compared with the first and fourth quarters. This naturally led to a mechanical increase in accounts receivable and payable on 30 June relating to business in

the second half of the year. Inventories are also generally higher at the end of June, in preparation for peak activity in the third quarter.

Over the first half of 2023, the Group implemented major actions to reduce inventory volumes compared with the end of June 2022. Furthermore, annual negotiations with the main suppliers made it possible to improve settlement times, which resulted in a marked reduction in working capital requirements at the end of June.

3.4 Impact of the increase in raw materials

After an unprecedented rise in the price of raw materials throughout the 2022 financial year, which required increases in sales prices to neutralise the inflation balance, a stabilisation or even the beginning of a change was noted in

certain products and geographical areas in the first half of 2023. The group maintained its sales prices in order to compensate for losses linked to raw material inflation since the second half of 2021.

3.5 Free cash-flow

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

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

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

Free cash-flow

<i>(in millions of euros)</i>	June 30, 2023	June 30, 2022
Operating cash flow before working capital changes (A)	111.1	109.1
Lease payments (B)	(18.0)	(16.1)
TOTAL (A+B)	93.1	93.0
Changes in working capital requirement ⁽¹⁾	23.3	(275.9)
Net interest paid	(25.1)	(13.1)
Net income taxes paid	(18.7)	(13.7)
Miscellaneous operating items paid	(5.0)	(4.7)
Acquisitions of intangible assets and property, plant and equipment	(40.7)	(46.4)
Proceeds from sale of property, plant and equipment	0.5	0.6
Free cash flow	27.3	(260.3)

(1) including changes in receivables assigned in connection with the non-recourse assignment of receivables program, which total €4.3 million in 2023. For the first half of 2022, this amount was €16.7 million.

Note 4 > Employee benefits

Provisions for pensions and similar obligations

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

Amounts recognized in the statement of financial position as of June 30, 2023 are generally determined by adjusting the opening carrying amount of service costs, interest costs, actuarial profits and losses and benefits paid according to the net amounts paid in the first half of 2023, estimated in 2022 for 2023.

Assumptions

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

	June 30, 2023		December 31, 2022	
	Pensions	Other benefit commitments	Pensions	Other benefit commitments
Discount rate	4.61%		4.70%	
Including:				
United States	5.00%	5.10%	5.10%	5.10%
Germany	3.60%		3.80%	
Sweden	4.00%		3.90%	
United Kingdom	5.10%		4.80%	
Canada	5.10%		5.30%	
Belgium	3.60%		3.80%	
Russia	11.50%		10.60%	
Salary increases	3.06%		3.10%	
Inflation	2.40%		2.42%	

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

- > United States: iBoxx \$ 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.

Change in net liabilities recognized in the balance sheet

(in millions of euros)	June 30, 2023			December 31, 2022		
	Pensions	Other benefit commitments	Total	Pensions	Other benefit commitments	Total
Balance sheet net liability at beginning of year	84.5	1.2	85.7	115.9	1.3	117.3
Total expenses (income) recognized in income statement	2.8	0.0	2.8	5.7	0.0	5.7
Amounts recognized in OCI during the fiscal year	(0.5)	-	(0.5)	(24.6)	(0.2)	(24.8)
Employer contributions	(1.1)	-	(1.1)	(5.1)	-	(5.1)
Benefit payments from employer	(2.6)	(0.0)	(2.6)	(5.0)	(0.1)	(5.1)
Transfer ⁽¹⁾	0.1	-	0.1	(1.6)	-	(1.6)
Effect of changes in the scope of consolidation	-	-	-	-	-	-
Exchange rate adjustments	(2.9)	(0.0)	(2.9)	(0.8)	0.1	(0.7)
Balance sheet net liability at end of year	80.4	1.1	81.5	84.5	1.2	85.8

(1) As of June 30, 2023, Tarkett Ltd recorded a funding surplus on its pensions plan, reclassified in other financial assets for €2.0m

Note 5 > Intangible assets and property, plant and equipment

5.1 Goodwill

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

Negative *goodwill* is recorded immediately in the income statement.

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

<i>(in millions of euros)</i>	June 30, 2023	December 31, 2022
Opening carrying amount	679.2	647.9
New goodwill	1.2	2.8
Adjustment to initial purchase price allocation	-	1.1
Other variation	0.1	0.9
Foreign exchange gain (loss)	(8.3)	26.5
Closing carrying amount	672.1	679.2

The variation during the period can be explained primarily by the acquisition of the M-Wall group in November 2022 (see note 2.1) which led to the recording of goodwill of €1.2 million and the impact of exchange rate effects on goodwill in US dollars.

5.2 Tangible and intangible assets

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

During the first half of 2023, in connection with its ongoing capital expenditures, the Group capitalised assets totalling €68.8 million (first half of 2022: €64.1 million).

Asset sales during the first half of 2023 totalled €0.5 million (first half of 2022: €0.6 million).

During the first half of 2023, depreciation, amortization, and impairment totalled €65.4 million, as compared with €72.8 million in the first half of 2022.

The remaining variation in assets corresponds primarily to the impacts of foreign currency translation differences for €23.8 million.

The breakdown of the net values of intangible assets and property, plant, and equipment is as follows:

<i>(in millions of euros)</i>	June 30, 2023	December 31, 2022
Research and development	2.5	2.8
Patents	7.4	7.9
Trademarks	15.4	17.1
Software licenses	5.1	4.7
Other intangible assets	19.0	21.2
Advance payments and fixed assets in progress	5.2	6.1
Intangible assets	54.6	59.7
Goods and real property	238.3	246.6
<i>of which right to use goods and real property</i>	92.8	82.3
Technical equipment and machinery	238.5	239.8
<i>of which right to use technical equipment and machinery</i>	25.9	26.1
Advance payments and fixed assets in progress	63.3	69.6
Property, plant and equipment	540.1	556.0

Notes to the consolidated financial statements

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

Cost of acquisitions	December 31, 2022	Acquisitions	Disposals	Change in scope	Transfer	Exchange rate adjustment (gain) / loss	June 30, 2023
<i>(in millions of euros)</i>							
Research and development	20.9	0.0	-	-	0.7	0.2	21.8
Patents	150.7	-	-	-	-	(2.7)	148.1
Trademarks	59.2	-	-	-	-	(0.2)	59.0
Software licenses	187.9	0.1	(0.2)	0.0	3.3	(1.5)	189.6
Other intangible assets	89.2	0.0	-	-	-	(1.8)	87.4
Advance payments and fixed assets in progress	6.1	1.5	(0.1)	-	(2.2)	(0.0)	5.2
Intangible assets	514.0	1.6	(0.3)	0.0	1.8	(6.0)	511.1
Goods and real property	715.3	25.8	(6.2)	0.2	1.4	(45.2)	691.3
<i>of which right to use goods and real property</i>	139.6	25.0	(6.1)	0.1	(0.2)	(3.4)	155.1
Technical equipment and machinery	1,636.4	18.3	(5.1)	1.7	23.6	(76.2)	1,598.6
<i>of which right to use technical equipment and machinery</i>	50.9	5.2	(2.6)	0.0	(0.3)	(0.7)	52.6
Advance payments and fixed assets in progress	69.6	23.1	(0.2)	0.1	(28.0)	(1.7)	63.3
Property, plant and equipment	2,421.3	67.2	(11.5)	2.0	(3.0)	(123.1)	2,353.2

Depreciation, amortization and impairment	December 31, 2022	Allowance	Reversal	Change in scope	Transfer	Exchange rate adjustment (gain) / loss	June 30, 2023
<i>(in millions of euros)</i>							
Research and development	(18.1)	(1.0)	-	-	-	(0.2)	(19.3)
Patents	(142.9)	(0.4)	0.0	-	-	2.5	(140.7)
Trademarks	(42.1)	(1.3)	-	-	(0.1)	(0.0)	(43.6)
Software licenses	(183.2)	(2.8)	0.2	(0.0)	(0.0)	1.4	(184.4)
Other intangible assets	(68.0)	(1.8)	-	-	0.1	1.3	(68.4)
Intangible assets	(454.3)	(7.4)	0.2	(0.0)	(0.1)	5.0	(456.5)
Goods and real property	(468.7)	(21.4)	5.1	(0.1)	0.2	32.0	(452.9)
<i>of which right to use goods and real property</i>	(57.3)	(11.4)	5.0	(0.1)	0.2	1.3	(62.3)
Technical equipment and machinery	(1,396.6)	(36.7)	4.9	(0.4)	0.4	68.3	(1,360.2)
<i>of which right to use technical equipment and machinery</i>	(24.8)	(4.8)	2.4	(0.0)	0.3	0.3	(26.6)
Property, plant and equipment	(1,865.3)	(58.1)	10.0	(0.5)	0.6	100.3	(1,813.1)

5.3 Impairment

In the absence of any indication of impairment loss, no impairment test was carried out to 30 June 2023.

Impairment tests on goodwill and other intangible assets will be carried out systematically in the second half of the year.

Note 6 > Provisions

6.1 Provisions

Changes in provisions can be analyzed as follows:

<i>(in millions of euros)</i>	December 31, 2022	Allowance	Reversal	Change in scope	Transfer	Foreign exchange gain & loss	June 30, 2023
Product warranty provision	3.6	0.4	(0.5)	-	(0.0)	(0.0)	3.4
Restructuring provisions	0.4	-	(0.4)	-	(0.0)	0.0	-
Claims & litigation provisions	1.3	0.1	(0.1)	-	(0.0)	0.0	1.3
Other provisions	0.6	0.0	(0.3)	-	-	-	0.3
Provision for additional tax assessments	0.1	0.0	(0.0)	-	-	(0.0)	0.1
Financial provisions	28.2	0.5	(0.9)	-	-	(0.5)	27.4
Total Provisions - Long-term	34.2	1.0	(2.2)	-	(0.1)	(0.5)	32.4
Product warranty provision	12.8	1.3	(0.5)	-	0.0	(0.2)	13.4
Restructuring provisions	2.5	0.7	(1.9)	-	0.1	(0.0)	1.4
Claims & litigation provisions	14.7	5.3	(6.3)	-	0.0	(0.2)	13.5
Other provisions	3.1	0.7	(1.1)	-	-	-	2.8
Total Provisions - Short-term	33.1	8.0	(9.8)	-	0.2	(0.5)	31.1
Total Provisions	67.4	9.1	(12.0)	-	0.1	(1.0)	63.6

6.2 Contingent liabilities

As of June 30, 2023, no significant changes occurred relating to the guarantees granted by Tarkett to third parties.

Asbestos litigation

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

French hospitals litigation

On 18 October 2017, the Competition Authority ruled against Tarkett and some of its competitors for anti-competitive agreements in the French market for resilient flooring. Before the expiry of the five-year statute of limitation which ran from this decision to 18 October 2022, summonses and applications were filed with civil and administrative courts, in particular by public and private health institutions, seeking compensation for potential damages. These proceedings were at a very preliminary stage by 30 June 2023.

The Group contests the merits of these claims, is examining all possibilities for potential action or appeal, and considers that it is not currently feasible to assess the possible consequences.

Note 7 > Financing and Financial Instruments

7.1 Financial income and expenses

<i>(in millions of euros)</i>	Jan. - June 2023	Jan. - June 2022
Interest income on loan assets & cash equivalents	1.6	0.5
Other financial income	0.4	0.2
Total financial income	1.9	0.6
Interest expenses on loans and overdrafts	(18.3)	(11.3)
Financial expenses on leases	(3.1)	(1.8)
Commission expenses on financial liabilities	(6.0)	(2.9)
Cost of loans and debt renegotiation	(2.3)	(2.2)
Financial expense on provisions for pensions	(2.0)	(1.1)
Foreign exchange differences	(0.0)	8.8
Premiums and term points on derivatives	(4.5)	(4.0)
Other financial expenses	0.5	(0.6)
Total financial expenses	(35.7)	(15.0)
Financial income and expense	(33.8)	(14.4)

7.2 Net debt – interest-bearing loans and borrowings

7.2.1 Net Debt

Net debt is defined as the sum of interest-bearing loans and borrowings minus cash and cash equivalents. Borrowings correspond to any obligation to repay funds received or raised that are subject to repayment terms and interest. They also include liabilities on IFRS 16 leases.

<i>(in millions of euros)</i>	June 30, 2023		December 31, 2022	
	Long-term	Short-term	Long-term	Short-term
Bank loans	127.3	9.8	154.3	8.4
Shareholder loan	521.5	-	522.7	-
Private placements	47.5	18.0	34.0	-
Other loans	-	-	-	-
Bank overdrafts	-	17.1	-	36.8
Interest bearing loans and borrowings	696.3	44.9	711.0	45.2
Total interest bearing loans and borrowings	741.2		756.2	
Cash and cash equivalents	(222.8)		(220.8)	
Net debt before application of IFRS 16	518.4		535.4	
Leases	103.2	27.4	91.7	27.7
Net debt	648.9		654.8	

Notes to the consolidated financial statements

In order to strengthen the Group's liquidity:

- > Tarkett took out a bond loan in June 2023 amounting to €31.5 million for an eight-year term under the Obligations Relance [State guarantee] system;
- > Tarkett France took out a four-year amortisable loan of €10.0 million in April 2023, including a first instalment in July 2023;
- > In May and June 2023, Tarkett GDL took out two amortisable loans, respectively for €10.0 million over a three-year term with an initial maturity in July 2024, and €6.0 million for a four-year term with an initial maturity in August 2023.

By 30 June 2023, Tarkett had used its lines for the assignment of non-recourse receivables for a net financed amount of €170.0 million or equivalent.

Cash and cash equivalents totalled €222.8 million as of June 30, 2023, including €79.3 million in Russia and €4.7 million in Ukraine.

On June 30, 2023, interest-bearing loans and borrowings consisted essentially of:

- > the Tarkett Participation shareholder's loan entered into in July 2021, used to the extent of €455.2 million and USD 72.0 million by 30 June 2023;
- > the renewable credit line which Tarkett accessed in July 2021, used to the extent of €25.0 million and USD 80.0 million by 30 June 2023;
- > four tranches of "Schuldschein" totalling €34.0 million entered into in April 2017 and maturing in April 2024 for €14.0 million, in June 2019 and maturing in June 2026 for €6.0 million, in June 2025 for €10.0 million and in June 2024 for the remaining €4.0 million;
- > the Tarkett bond issue for €31.5 million, maturing in June 2031;
- > four amortisable loans totalling €31.1 million at 30 June 2023 and maturing between June 2026 and May 2027.

7.2.2 Details of loans and borrowings

June 30, 2023 <i>(in millions of euros)</i>	Currency of draw- down	Interest rate	Total	12 months or less until 06/ 30/2024	2 years until 06/ 30/2025	3 to 5 years until 06/30/ 2028	More than 5 years
Bank loans							
Revolving Facilities Europe	EUR	5.39%	25.0	-	-	25.0	-
Revolving Facilities Europe	USD	7.97%	73.6	-	-	73.6	-
Other bank loans	EUR	1,47%- 5,07%	35.5	6.9	9.2	19.5	-
Other bank loans	RMB	5.22%	3.0	3.0	-	-	-
Sub-total bank loans			137.2	9.9	9.2	118.1	-
Private Placement Europe	EUR	1,20%-6,70%	65.5	18.0	10.0	6.0	31.5
Shareholder loan	EUR	7.63%	455.2	-	-	-	455.2
Shareholder loan	USD	9.74%	66.3	-	-	-	66.3
Other loans	EUR		-	-	-	-	-
Bank overdrafts			17.1	17.1	-	-	-
Interest bearing loans and borrowings			741.2	44.9	19.2	124.1	553.0
Leases			130.5	27.4	27.1	55.0	21.1
Gross debt			871.7	72.3	46.3	179.1	574.0

Notes to the consolidated financial statements

December 31, 2022 <i>(in millions of euros)</i>	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 Facilities Europe	EUR	3,06%	60.0		-	60.0	-
Revolving Facilities 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		-
Sub-total bank loans			162.7	8.4	9.1	145.1	-
Private Placement 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

7.2.3 Financial ratio covenants

The "Schuldschein" tranches and the bond loan mentioned above contain contractual commitments (covenants) to be respected by the borrowing companies, among which is the "Net debt/adjusted EBITDA" financial ratio, which must not exceed:

- > 3.0x at 31 December of each year for Schuldschein tranches, calculated before the application of IFRS 16, with an additional tolerance of 0.5x in the event of significant acquisition;
- > 4.0x at 31 December each year for the bond, calculated after application of IFRS 16, with an additional tolerance of 0.5x in the case of significant acquisition.

Not contractually required at 30 June, the calculation of the financial ratios "Net debt/Adjusted EBITDA (last 12 months)" are detailed below for information purposes.

Net debt / Adjusted EBITDA, before application of IFRS 16 <i>(in millions of euros)</i>	June 30, 2023	December 31, 2022
Net debt	518.4	535.4
Adjusted EBITDA for last 12 months	198.2	200.6
Ratio	2.6	2.7

Net debt / Adjusted EBITDA, after application of IFRS 16 <i>(in millions of euros)</i>	June 30, 2023	December 31, 2022
Net debt	648.9	654.8
Adjusted EBITDA for last 12 months	234.8	234.9
Ratio	2.8	2.8

Notes to the consolidated financial statements

7.2.4 Fair value of financial assets and liabilities

The fair value of financial assets and liabilities remains at the same level as compared with December 31, 2022.

June 30, 2023							
<i>(in millions of euros)</i>	Fair value category	Assets at amortized cost	Liabilities at amortized cost	Fair value through profit and loss	Fair value of hedging derivatives	Net carrying amount	Fair value
Non current financial assets	Level 2	2.0	-	14.0	24.6	40.6	40.6
Other current financial assets	Level 2	-	-	-	23.2	23.2	23.2
Accounts receivable	Level 2	371.6	-	-	-	371.6	371.6
Cash and cash equivalents	Level 2	-	-	222.8	-	222.8	222.8
Interest-bearing loans and borrowings	Level 2	-	871.7	-	-	871.7	871.7
Other financial liabilities, non-current	Level 2	-	0.2	-	1.7	1.9	1.9
Other financial liabilities, current	Level 2	-	1.8	-	1.7	3.5	3.5
Accounts payable	Level 2	-	488.6	-	-	488.6	488.6

December 31, 2022							
<i>(in millions of euros)</i>	Fair value category	Assets at amortized cost	Liabilities at amortized cost	Fair value through profit and loss	Fair value of hedging derivatives	Net carrying amount	Fair value
Non current financial assets	Level 2	1.9	-	15.6	31.5	49.0	49.0
Other current financial assets	Level 2	-	-	-	19.1	19.1	19.1
Accounts receivable	Level 2	265.5	-	-	-	265.5	265.5
Cash and cash equivalents	Level 2	-	-	221.4	-	221.4	221.4
Interest-bearing loans and borrowings	Level 2	-	875.6	-	-	875.6	875.6
Other financial liabilities, non-current	Level 2	-	0.2	-	2.1	2.3	2.3
Other financial liabilities, current	Level 2	-	3.7	-	1.5	5.2	5.2
Accounts payable	Level 2	-	344.2	-	-	344.2	344.2

7.2.5 Financial risk management

The Group's financial risk (market risk, credit risk and liquidity risk) management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2022.

Note 8 > Income tax

Income tax expense

Income tax (current and deferred) can be broken down as follows:

<i>(in millions of euros)</i>	Jan.-June 2023	Jan.-June 2022
Current tax	(18.8)	(15.1)
Deferred tax	7.4	(1.3)
Income tax	(11.4)	(16.4)

Theoretical income taxes determined using the French corporate income tax rate of 25.83% for 2022 and 2023, can be reconciled as follows to the actual income tax charge:

<i>(in millions of euros)</i>	Jan.-June 2023	Jan.-June 2022
Pre-tax profit from continuing operations (a)	14.5	29.4
Profit from equity-accounted subsidiaries (b)	(0.1)	(0.4)
Pre-tax profit from fully consolidated activities (a-b)	14.6	29.8
Income tax at nominal French income tax rate	(3.8)	(7.7)
Effect of:		
- Taxation of foreign companies at different rates	(1.1)	0.9
- Exchange rate effects on non-monetary assets	0.1	0.1
- Changes in unrecognized deferred tax assets	(1.4)	(0.3)
- Permanent differences	(1.3)	(2.7)
- Taxes on dividends (withholding at the source)	(0.4)	(0.1)
- Other items	(3.5)	(6.7)
Income tax expense recorded	(11.4)	(16.4)
Effective rate	N/A	N/A

Taxation of foreign companies at different rates

The main contributing countries are Russia, with a local tax rate of 20%; Sweden, with a local tax rate of 20.60%; Poland, with a local tax rate of 19% and the United Arab Emirates, with a local tax rate of 0.00%.

Changes in unrecognized deferred tax assets

The change in unrecognised deferred tax assets is mainly due to the positive impact of the recognition of deferred tax assets on tax losses in Luxembourg for €3.4 million, linked to the use of the tax loss carryforwards for the first half of 2023. This recognition is offset by deferred tax assets on tax losses carried forward and temporary differences recognised in Poland for €(2.6) million, China for €(1.0) million and France for €(0.8) million.

Other items

The charge of €(3.5) million can be explained mainly by the BEAT Tax in the United States for €(2.3) million and the State Tax for €(1.4) million. In addition, tax adjustments relating to the previous financial year of €0.8 million and tax provisions of €0.3 million were recognised in the first half of 2023.

Note 9 > Equity and liabilities

9.1 Share capital

	June 30, 2023	December 31, 2022
Share capital (in euros)	327,751,405	327,751,405
Number of shares	65,550,281	65,550,281
Par value (in euros)	5.0	5.0

9.2 Earnings per share and dividends

	Jan.-June 2023			Jan.-June 2022		
	Average number of shares	Attributable net earnings	Earnings per share	Average number of shares	Attributable net earnings	Earnings per share
	(in thousands of shares)	(in millions of euros)	(in euros)	(in thousands of shares)	(in millions of euros)	(in euros)
Total shares	65,550	-	-	65,550	-	-
Treasury shares	(109)	-	-	(248)	-	-
Total excluding treasury shares	65,441	2.8	0.04	65,302	12.6	0.19
Share subscription options	-	-	-	-	-	-
Group savings plan	-	-	-	-	-	-
Potential performance shares to be distributed	109	-	-	248	-	-
Restatement of actions with anti-dilution effect	-	-	-	-	-	-
Total after grant of performance shares	65,550	2.8	0.04	65,550	12.6	0.19

Earnings per share excluding treasury shares

Earnings per share excluding treasury shares as of June 30, 2023 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (and after deduction of the weighted average number of treasury shares).

Earnings per share after grant of performance shares

The attributable net profit per share after grants of performance shares as of June 30, 2023 is calculated on the basis of the net profit attributable to the Group and on the weighted average number of shares outstanding during the period (after deduction of the weighted average number of treasury shares) and the number of potential shares to distribute, if dilutive.

Dividends

The General Meeting of April 21, 2023 decided not to pay dividends in 2023 for the 2022.

Note 10 > Related parties

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

- > The joint ventures;
- > Tarkett Participation;
- > The members of Tarkett's Management Board and Supervisory Board.

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

10.1 Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.

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

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

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

<i>(in millions of euros)</i>	Jan.-June 2023	Jan.-June 2022
Joint ventures		
Sale of goods to Tarkett	-	-
Purchase of services from Tarkett	-	-
Loans from Tarkett	3.0	2.0

10.2 Principal shareholders

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

- > Global Performance 17 S.C.A., FIAR to a level of 12.902% ;
- > managers to a level of 1.15%.

As of June 30, 2023, SID had invoiced a total of €150,000 under the Assistance and Guidance Agreement.

As of June 30, 2023, Tarkett Participation is owned by:

- > Société Investissement Deconinck to a level of 73.04% ;
- > Expansion 17 S.C.A., FIAR to a level of 12.902% ;

As of June 30, 2023, Tarkett had invoiced a total of €13,750 under a service agreement.

10.3 Members of the Management Board and Supervisory Board

None.

Note 11 > Subsequent events

None.

5 Statutory Auditors' Report on the Consolidated Financial Statements



KPMG SA
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex



MAZARS SA
Tour Exaltis
61 rue Henri Regnault
92075 Paris La Défense
France

Tarkett S.A.

Statutory Auditors' Review Report on the 2023 Half-yearly Financial Information

For the period from January 01, 2023 to June 30, 2023
Tarkett S.A.
Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense



KPMG SA
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex



MAZARS SA
Tour Exaltis
61 rue Henri Regnault
92075 Paris La Défense
France

Tarkett S.A.

Registered office: Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense

Statutory Auditors' Review Report on the 2023 Half-yearly Financial Information

For the period from January 01, 2023 to June 30, 2023

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Tarkett S.A., for the period from January 1st, 2023 to June 30th, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in



accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on July 26, 2023

KPMG SA

Paris La Défense, on July 26, 2023

MAZARS SA

Philippe GRANDCLERC

Associé

Romain MERCIER

Associé

Anne-Laure ROUSSELOU

Associée

Tarkett S.A.

Statutory Auditors' Review Report on the 2023 Half-yearly Financial Information
For the period from January 01, 2023 to June 30, 2023

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