Consolidated financial statements

as of June 30, 2021

Tarkett

This interim financial report covers the half-year period ended on June 30, 2021 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.

1 Summary interim consolidated financial statements

Consolidated income statement

(in millions of euros)	Note	Jan.-June 2021	Jan.-June 2020
Net revenue		**1,261.2**	**1,237.0**
Cost of sales [1]		(989.9)	(983.5)
Gross profit		**271.3**	**253.5**
Other operating income		6.5	6.1
Selling and distribution expenses [1]		(144.1)	(191.3)
Research and development		(12.4)	(12.5)
General and administrative expenses		(85.8)	(89.1)
Other operating expenses		(5.3)	(10.1)
Result from operating activities	**(3)**	**30.2**	**(43.6)**
Financial income		0.2	0.7
Financial expenses		(19.8)	(17.5)
Financial income and expense	**(7)**	**(19.7)**	**(16.7)**
Share of profit of equity accounted investees (net of income tax)		0.3	(0.7)
Profit before income tax		**10.8**	**(61.0)**
Total income tax	(8)	(10.6)	(3.9)
Profit from continuing operations		**0.3**	**(64.9)**
Net profit for the period		**0.3**	**(64.9)**
Attributable to:		-	-
Owners of Tarkett		0.3	(64.9)
Non-controlling interests		0.0	(0.0)
Net profit for the period		**0.3**	**(64.9)**
Earnings per share:			
Basic earnings per share excluding treasury shares *(in euros)*	(9)	0.00	(1.00)
Earnings per share after grant of performance shares *(in euros)*	(9)	0.00	(1.00)

(1) These items include asset impairment in 2020. See Note 3.1. and Note 5.3.

Consolidated statement of comprehensive income

(in millions of euros)	**Jan.-June 2021**	**Jan.-June 2020**
Net profit for the period	**0.3**	**(64.9)**
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	19.0	(9.8)
Changes in fair value of cash flow hedges	1.5	2.7
Income tax on other comprehensive income	(0.5)	(0.6)
OCI to be reclassified to profit and loss in subsequent periods	**20.0**	**(7.7)**
Defined benefit plan actuarial gain (losses)	13.8	(10.5)
Other comprehensive income (OCI)	-	-
Income tax on other comprehensive income	(3.1)	2.2
OCI not to be reclassified to profit and loss in subsequent periods	**10.8**	**(8.3)**
Other comprehensive income for the period, net of income tax	**30.8**	**(16.1)**
Total comprehensive income for the period	**31.0**	**(81.0)**
Attributable to:		
Owners of Tarkett	31.0	(81.0)
Non-controlling interests	-	-
Total comprehensive income for the period	**31.0**	**(81.0)**

Consolidated statement of financial position

Assets

(in millions of euros)	Note	June 30, 2021	December 31, 2020
Goodwill	(5)	626.2	613.2
Intangible assets	(5)	84.3	91.9
Property, plant and equipment	(5)	536.5	554.9
Other financial assets		19.4	17.6
Deferred tax assets		73.9	74.1
Other non-current assets		0.1	0.1
Non-current assets		**1,340.4**	**1,351.9**
Inventories		427.8	354.9
Trade receivables		291.8	214.6
Other receivables		103.5	87.0
Cash and cash equivalents	(7)	157.3	328.6
Current assets		**980.5**	**985.1**
Total assets		**2,320.8**	**2,337.0**

Equity and liabilities

(in millions of euros)	Note	June 30, 2021	December 31, 2020
Share Capital	(9)	327.8	327.8
Share premium and reserves		167.4	167.4
Retained earnings		307.3	294.3
Net result for the period attributable to equity holders of the parent		0.3	(19.1)
Equity attributable to equity holders of the parent		**802.7**	**770.3**
Non-controlling interests		(0.0)	(0.0)
Total equity		**802.7**	**770.3**
Other financial liabilities, non-current		7.3	5.4
Interest-bearing loans	(7)	273.2	641.4
Other financial liabilities		0.2	0.2
Deferred tax liabilities		8.6	8.7
Employee benefits	(4)	122.8	135.1
Provisions and other non-current liabilities	(6)	35.7	40.1
Non-current liabilities		**447.8**	**830.9**
Trade payables		373.0	277.4
Total other liabilities		232.1	243.8
Interest-bearing loans and borrowings	(7)	407.9	160.9
Other financial assets		8.8	10.6
Provisions and other current liabilities	(6)	48.6	43.1
Current liabilities		**1,070.4**	**735.8**
Total equity and liabilities		**2,320.8**	**2,337.0**

Consolidated statement of cash flows

(in millions of euros)	Note	Jan.-June 2021	Jan.-June 2020
Cash flows from operating activities			
Net profit before tax		10.9	(61.0)
Adjustments for:			
Depreciation, amortization and impairment		74.8	137.4
(Gain) loss on sale of fixed assets		(1.5)	(1.1)
Net finance costs		20.0	16.7
Change in provisions and other non-cash items		(0.6)	3.8
Share of profit of equity accounted investees (net of tax)		(0.3)	0.7
Operating cash flow before working capital changes		**103.2**	**96.4**
(Increase) / decrease in trade receivables		(64.1)	(57.4)
(Increase) / decrease in other receivables		(11.2)	(2.8)
(Increase) / decrease in inventory		(63.9)	(15.5)
Increase / (decrease) in trade payables		84.6	(16.5)
(Increase) / decrease in other liabilities		(23.3)	(9.9)
Changes in working capital		**(77.9)**	**(102.2)**
Net interest paid		(9.7)	(11.1)
Net income taxes paid		(15.3)	(4.1)
Miscellaneous		(3.9)	(4.9)
Net cash (used in) / from operating activities	**(3)**	**(3.6)**	**(25.9)**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	(0.1)	-
Acquisitions of intangible assets and property, plant and equipment	(5)	(29.8)	(35.6)
Proceeds from sale of property, plant and equipment	(5)	5.9	1.9
Effect of changes in the scope of consolidation		-	-
Cash flows from investing activities		**(24.0)**	**(33.7)**
Net cash from / (used in) financing activities			
Capital increase		-	-
Acquisition of NCI without a change in control		-	-
Proceeds from loans and borrowings		193.2	458.6
Repayment of loans and borrowings		(322.2)	(259.3)
Lease payments		(16.4)	(16.4)
Acquisitions of treasury shares		0.2	0.0
Dividends		-	-
Net cash from / (used in) financing activities		**(145.3)**	**182.9**
Net increase / (decrease) in cash and cash equivalents		**(172.9)**	**123.3**
Cash and cash equivalents, beginning of period		328.6	137.7
Effect of exchange rate fluctuations on cash held		1.7	(2.0)
Cash and cash equivalents, end of period		**157.3**	**258.9**

Consolidated statement of changes in equity

(in millions of euros)	Share Capital	Share premium and reserves	Translation reserves	Reserves	Total equity (Group share)	Non-controlling interests	Total equity
January 1, 2020	**327.8**	**167.4**	**(29.8)**	**368.9**	**834.2**	**(0.0)**	**834.2**
Capital increase	-	-	-	-	-	-	-
Share premium and reserves	-	-	-	-	-	-	-
Net profit for the period	-	-	-	(19.1)	(19.1)	-	(19.1)
Other comprehensive income, net of income tax	-	-	(47.8)	1.4	(46.4)	-	(46.4)
Total comprehensive income for the period	**-**	**-**	**(47.8)**	**(17.7)**	**(65.5)**	**-**	**(65.5)**
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	3.0	3.0	-	3.0
Share-based payments	-	-	-	0.1	0.1	-	0.1
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Miscellaneous	-	-	4.1	(5.7)	(1.7)	-	(1.7)
Total transactions with shareholders	-	-	4.1	(2.6)	1.5	-	1.5
December 31, 2020	**327.8**	**167.4**	**(73.5)**	**348.6**	**770.3**	**(0.0)**	**770.3**
January 1, 2021	**327.8**	**167.4**	**(73.5)**	**348.6**	**770.3**	**(0.0)**	**770.3**
Capital increase	-	-	-	-	-	-	-
Share premium and reserves	-	-	-	-	-	-	-
Net profit for the period	-	-	-	0.3	0.3	-	0.3
Other comprehensive income, net of income tax	**-**	**-**	**19.0**	**11.8**	**30.8**	**-**	**30.8**
Total comprehensive income for the period	**-**	**-**	**19.0**	**12.1**	**31.0**	**-**	**31.0**
Dividends	-	-	-	-	-	-	-
Own shares (acquired) / sold	-	-	-	0.4	0.4	-	0.4
Share-based payments	-	-	-	1.7	1.7	-	1.7
Acquisition of NCI without a change in control	-	-	-	-	-	-	-
Miscellaneous	-	-	-	(0.8)	(0.8)	-	(0.8)
Total transactions with shareholders	**-**	**-**	**-**	**1.4**	**1.4**	**-**	**1.4**
June 30, 2021	**327.8**	**167.4**	**(54.6)**	**362.0**	**802.7**	**(0.0)**	**802.7**

2 Notes to the consolidated financial statements

Note 1 > Basis of preparation

1.1 General information

Tarkett's summary consolidated financial statements for the six-month period ending June 30, 2021 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, 2021.

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, 2021 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, 2020.

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

> **Amendments to IFRS 9, "Financial Instruments," IAS 39 and IFRS 7, "Financial Instruments: Disclosures" - Phase 2 of the interest rate benchmark reform**

The second phase of the planned interest rate benchmark reform applies beginning with the 2021 fiscal year. The goal of Phase 2 is to address the accounting impacts of the actual replacement of interest rate benchmarks. The entry into force of Phase 2 has no impact on the Group, due to the lack of an actual modification of interest rate benchmarks in the Group's contracts as of June 30, 2021.

As a reminder, Tarkett had chosen to adopt the Phase 1 amendments early, in 2019, in order to be able to disregard uncertainties regarding interest rate benchmark reform in evaluating the effectiveness of its hedging relationships and/or in its assessment as to whether the hedged risk is highly probable, thus enabling it to secure its existing or future hedging relationships until those uncertainties are resolved.

The Group has continued to work to identify affected agreements in order to ensure a smooth transition to the new benchmarks. The purpose of the project is to anticipate the impacts of the reform and to carry out the transition to the new benchmarks.

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

As of January 1, 2021, the Group applies the following amendments:

- Amendment to IFRS 3 : References to the Conceptual Framework;
- Amendment to IAS 37 : Onerous Contracts - Cost to fullfil a contract
- Amendments to IAS 16 : Proceeds before Intended Use;
- Amendment to IFRD 16 : Rent Concessions beyond June 30, 2021;
- Amendment to IAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

None of these amendments, which are applicable for early adoption as of January 1, 2021, has a significant impact as of June 30, 2021.

c) New standards and interpretations not yet adopted

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

> **IFRS 17: Insurance Contracts**

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

- **Amendments to IAS 1:** Classification of Liabilities as Current or Non-Current
- **Amendments to IAS 1 and Practice Statement 2:** Disclosure of Accounting Policies
- **Amendments to IAS 8:** Definition of Accounting Estimates
- **IFRIC Decision of April 20, 2021 - IAS 19 - Employee Benefits**, with respect to attributing benefit to periods of service. The impact on the Group financial statements will be assessed in the second half of the year.
- **IAS 38:** configuration or customization costs in a cloud

1.3 Seasonality

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

Consequently, the operating results for the first half of 2021 are not necessarily indicative of results to be expected for the full year 2021.

It should be noted that the health crisis, which strongly impacted the Group's business since the second quarter 2020, may change the seasonality effect on the current fiscal year.

1.4 Significant developments

> **Simplified Tender Offer**

The Deconinck family, Tarkett's majority shareholder, has decided to reinforce its control through a simplified tender offer (*offre publique d'achat simplifiée*, or "OPAS") for Tarkett's shares, with the support of Wendel, a long-term investor with significant manufacturing expertise, in order to continue Tarkett's transformation and development and to support its strategy.

The offer was launched by Tarkett Participation, a company controlled by the Deconinck family, to which Société Investissement Deconinck, the family's holding company, contributed all of its shares (representing 50.8% of Tarkett's share capital), and in which Wendel invested as a minority shareholder. Wendel is financing the transaction along with long-term banking partners of Tarkett.

On April 26, 2021, Tarkett Participation filed a simplified tender offer for all of Tarkett's shares (the "Offer") at a price of €20 per share.

Tarkett's Supervisory Board met on May 20, 2021 and issued a unanimous opinion on the Offer, stating that the Offer was in the interests of the Company, its shareholders, and its employees. The opinion was rendered on the basis of the recommendations made by an ad hoc committee composed of the Board's independent members, as well as on a report from Finexsi, an independent expert retained to issue an opinion on the financial terms of the Offer.

The Offer was approved by the French Autorité des Marchés Financiers (the "AMF") on June 8, 2021, with the offer period to run from June 10, 2021 through July 9, 2021.

Following the close of the Offer launched by Tarkett Participation, acting in concert with Société Investissement Deconinck and Wendel Luxembourg S.A., for all of Tarkett's shares not held by the Offeror, the Offeror directly held 56,300,463 shares, representing 85.89% of Tarkett's share capital and 84.98% of its voting rights, and, in total, 56,548,018 shares, representing 86.27% of Tarkett's share capital and 85.36% of its voting rights, after taking into account the 247,555 treasury shares held by Tarkett and thus deemed to be held by Tarkett Participation.

> **Change in functional currency**

The Tarkett entities in the Commonwealth of Independent States ("CIS") used the euro as their functional currency until December 31, 2020. After analyzing the primary and secondary indicators set forth in IAS 21.9, the Group decided to change the functional currency in the following countries as of January 1, 2021: Russia, Ukraine, Kazakhstan, and Belarus. Only the Serbian entities continue to use the euro as their functional currency.

Note 2 > Changes in the scope of consolidation

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

Number of companies	December 31, 2020	Mergers	Acquisitions	Liquidations	June 30, 2021
Fully consolidated companies	73	-	-	(1)	72
Equity-accounted companies	3	-	1	-	4
Total	**76**	**-**	**1**	**(1)**	**76**

2.1.1 Transactions completed in 2021

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

a) Acquisitions and creations

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

b) Mergers

None.

c) Liquidations

Desso Texture Tex BV was liquidated in January 2021.

2.1.2 Transactions completed in 2020

a) Acquisitions and creations

Tarkett Carpet Canada Inc. was formed in the second half of 2020 and is wholly owned by Tarkett Inc.

b) Mergers

None.

c) Liquidations

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

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)		Ajustements:					
	June 30, 2021	Restruc-turing	Gains/losses on asset sales/ impairment	Business combinations	Share-based payments	Other	June 30, 2021 adjusted
Net revenue	**1,261.2**	**-**	**-**	**-**	**-**	**-**	**1,261.2**
Cost of sales	(989.9)	5.2	(0.1)	-	-	-	(984.8)
Gross profit	**271.3**	**5.2**	**(0.1)**	**-**	**-**	**-**	**276.4**
Selling and distribution expenses	(144.1)	0.5	-	-	-	-	(143.6)
Research and development	(12.4)	-	-	-	-	-	(12.4)
General and administrative expenses	(85.8)	0.2	-	0.0	1.7	1.9	(82.0)
Other operating income and expense	1.3	-	(1.9)	-	-	0.1	(0.5)
Result from operating activities (EBIT)	**30.2**	**5.9**	**(2.0)**	**0.0**	**1.7**	**2.0**	**37.9**
Depreciation and amortization	74.9	-	0.1	-	-	-	74.9
Other	(0.2)	-	-	-	-	-	(0.2)
EBITDA	**104.9**	**5.9**	**(1.9)**	**0.0**	**1.7**	**2.0**	**112.7**

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

3.2 Segment information

By operating segment

(in millions of euros)	Flooring					
Jan.-June 2021	**EMEA**	**North America**	**CIS, APAC and Latin America**	**Sports surfaces**	**Central**	**Group**
Net revenue	**445.3**	**352.4**	**254.7**	**208.9**	**-**	**1,261.2**
Gross profit	**112.4**	**72.8**	**51.4**	**33.7**	**1.0**	**271.3**
% of net sales	25.2%	20.7%	20.2%	16.1%	-	21.5%
Adjusted EBITDA	**59.1**	**27.4**	**39.2**	**12.4**	**(25.4)**	**112.7**
% of net sales	13.3%	7.8%	15.4%	6.0%	-	8.9%
Adjustments	**(4.4)**	**(0.2)**	**(0.4)**	**(0.1)**	**(2.5)**	**(7.7)**
EBITDA	**54.6**	**27.1**	**38.8**	**12.3**	**(28.0)**	**104.9**
% of net sales	12.3%	7.7%	15.2%	5.9%	-	8.3%
EBIT	**30.5**	**(8.7)**	**22.8**	**1.1**	**(15.4)**	**30.2**
% of net sales	6.8%	-2.5%	9.0%	0.5%	-	2.4%
Capital expenditures	**12.3**	**5.1**	**3.5**	**5.4**	**3.4**	**29.8**

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

By product category

(in millions of euros)	Jan.-June 2021		Jan.-June 2020	
	Revenue	**%**	**Revenue**	**%**
Vinyl & Linoleum	640.0	51%	562.7	45%
Commercial carpet	212.6	17%	230.4	19%
Wood and Laminate	102.6	8%	91.8	7%
Rubber & Accessories	97.2	8%	101.4	8%
Sport	208.9	17%	250.7	20%
Total	**1,261.2**	**100%**	**1,237.0**	**100%**

3.3 Changes in working capital requirement

As a result of seasonality effects, business is stronger during the second and third quarters of the year as compared with the first and last quarters. The result is an automatic increase in trade receivables and trade payables as of June 30, relating to second-quarter activity. Inventories are also generally higher at the end of June, in preparation for peak activity in the third quarter. Since the end of the first quarter of 2021, there have been numerous disruptions in the supply chain (in particular for plasticizers and PVC), resulting in a low level of inventory, and therefore somewhat lessening seasonality.

3.4 Impact of the increase in raw materials

The prices of petroleum-derived raw materials and transport costs rapidly increase over the course of the first half of the year. These increases, combined with production disruptions affecting several significant suppliers, resulted in an increase of €38.1 million in costs, impacting EBITDA in comparison with the first half of 2020. The Group is raising its selling prices to partially offset these increases and expects continued inflation and supply pressures in the second half.

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

(in millions of euros)	**June 30, 2021**	**June 30, 2020**
Operating cash flow before working capital changes (A)	103.2	96.4
Lease payments (B)	(16.4)	(16.4)
TOTAL (A+B)	**86.9**	**80.0**
Changes in working capital requirement (1)	(77.9)	(102.2)
Net interest paid	(9.7)	(11.1)
Net income taxes paid	(15.3)	(4.1)
Miscellaneous operating items paid	(3.9)	(4.9)
Acquisitions of intangible assets and property, plant and equipment	(29.8)	(35.6)
Proceeds from sale of property, plant and equipment	5.9	1.9
Free cash flow	**(43.9)**	**(75.9)**

(1) including changes in receivables assigned in connection with the non-recourse assignment of receivables program, which total €1.3 million in 2021. For the first half of 2020, 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 respect of employee benefit obligations in the statement of financial position as of June 30, 2021 are generally determined by adjusting the opening statement of financial position for the current service cost, interest cost, and benefits paid as projected by the actuaries in 2020 for 2021. However, the actuarial gains and losses generated over the period reflect the variation in discount rates, for pension plans in the United States, Germany, Sweden, the United Kingdom, Canada and Russia via the use of sensitivity tests.

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, 2021		December 31, 2020	
	Pensions	**Other benefit commitments**	**Pensions**	**Other benefit commitments**
Discount rate	2.13%		1.69%	
Including:				
United States	2.80%	2.70%	2.70%	2.70%
Germany	0.80%		-0,10% / 0,20% / 0,30%	
Sweden	2.10%		1.50%	
United Kingdom	1.90%		1.30%	
Canada	3.40% / 2.70%		2.70%	
Russia	7.40% / 6.70%		6.70%	
Salary increases	2.37%		2.70%	
Inflation	2.11%		2.11%	

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, 2021**			**December 31, 2020**		
	Pensions	**Other benefit commitments**	**Total**	**Pensions**	**Other benefit commitments**	**Total**
Balance sheet net liability / (asset) at beginning of year	133.7	1.4	135.0	135.0	1.8	136.7
Total expenses (income) recognized in income statement	2.8	-	2.8	6.7	0.0	6.8
Amounts recognized in OCI during the fiscal year	(13.8)	-	(13.8)	1.5	0.2	1.7
Effect of changes in the scope of consolidation	-	-	-	-	-	-
Employer contributions	-	-	-	(5.1)	-	(5.1)
Benefit payments from employer	(3.8)	(0.1)	(3.9)	(4.5)	(0.3)	(4.8)
Transfer	-	-	-	(0.5)	-	(0.5)
Exchange rate adjustments	0.6	-	0.6	0.4	(0.3)	0.1
Balance sheet net liability (asset) at end of year	**119.5**	**1.3**	**120.7**	**133.7**	**1.4**	**135.0**
Of which :						
Provision for pensions, pensions and similar obligations			*122.8*			
Other financial assets (1)			*(2.1)*			

(1) As of June 30, 2021, Tarkett Ltd recorded a funding surplus on its pensions plan

Note 5 > Intangible assets and property, plant and equipment

5.1 Goodwill

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

Negative goodwill is recorded immediately on the income statement.

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

Goodwill is measured at cost less accumulated impairment losses.

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

Changes in goodwill

(in millions of euros)	**June 30, 2021**	**December 31, 2020**
Opening carrying amount	613.2	650.6
New goodwill	-	-
Adjustment to initial purchase price allocation	-	-
Foreign exchange gain (loss)	13.0	(37.4)
Closing carrying amount	**626.2**	**613.2**

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

5.2 Tangible and intangible assets

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

During the first half of 2021, in connection with its ongoing capital expenditures, the Group capitalized assets totaling €46.0 million (first half 2020: €57.5 million).

Asset sales during the first half of 2021 totaled €5.9 million (first half of 2020: €1.9 million).

During the first half of 2021, depreciation, amortization, and impairment totaled €74.8 million, as compared with €137.4 million in the first half of 2020 (including €53.5 million in impairment of assets - see Note 5.3).

The remaining variation in assets corresponds primarily to the impacts of foreign currency translation differences for €12.1 million.

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

(in millions of euros)	**June 30, 2021**	**December 31, 2020**
Research and development	3.4	3.5
Patents	8.1	8.2
Trademarks	21.8	22.9
Software licenses	24.8	27.9
Other intangible assets	22.6	23.9
Advance payments and fixed assets in progress	3.6	5.5
Intangible assets	**84.3**	**91.9**
Goods and real property	254.2	258.4
of which right to use goods and real property	79.7	81.1
Technical equipment and machinery	245.8	242.6
of which right to use technical equipment and machinery	23.7	22.1
Advance payments and fixed assets in progress	36.6	53.8
Property, plant and equipment	**536.5**	**554.9**

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

Cost of acquisitions *(in millions of euros)*	**December 31, 2020**	**Acquisitions**	**Disposals**	**Change in scope**	**Transfer**	**Exchange rate adjustment (gain) / loss**	**June 30, 2021**
Research and development	18.1	0.1	-	-	0.5	0.6	19.4
Patents	131.8	-	-	-	0.0	4.3	136.1
Trademarks	54.5	-	-	-	-	1.2	55.8
Software licenses	168.7	1.8	(0.2)	-	4.7	2.3	177.3
Other intangible assets	78.0	-	-	-	0.0	2.3	80.3
Advance payments and fixed assets in progress	5.5	2.6	(0.0)	-	(4.4)	0.0	3.6
Intangible assets	**456.6**	**4.5**	**(0.2)**	**-**	**0.8**	**10.8**	**472.5**
Goods and real property	653.7	9.8	(26.8)	-	7.7	15.6	660.0
of which right to use goods and real property	118.9	9.1	(6.0)	-	(0.6)	2.3	123.7
Technical equipment and machinery	1,478.6	9.8	(18.7)	-	27.6	28.1	1,525.4
of which right to use technical equipment and machinery	41.0	6.0	(3.9)	-	(0.7)	0.3	42.8
Advance payments and fixed assets in progress	53.8	21.9	(0.3)	-	(39.6)	0.8	36.6
Property, plant and equipment	**2,186.2**	**41.5**	**(45.8)**	**-**	**(4.3)**	**44.4**	**2,221.9**

Depreciation, amortization and impairment *(in millions of euros)*	**December 31, 2020**	**Allowance**	**Reversal**	**Change in scope**	**Transfer**	**Exchange rate adjustment (gain) / loss**	**June 30, 2021**
Research and development	(14.7)	(0.6)	-	-	(0.1)	(0.5)	(16.0)
Patents	(123.6)	(0.4)	-	-	-	(4.0)	(128.0)
Trademarks	(31.6)	(1.7)	-	-	-	(0.7)	(34.0)
Software licenses	(140.8)	(10.0)	0.2	-	0.0	(1.9)	(152.5)
Other intangible assets	(54.0)	(2.0)	-	-	(0.0)	(1.7)	(57.7)
Intangible assets	**(364.7)**	**(14.6)**	**0.2**	**-**	**(0.1)**	**(8.9)**	**(388.2)**
Goods and real property	(395.3)	(20.4)	19.0	-	0.6	(9.7)	(405.8)
of which right to use goods and real property	(37.8)	(9.8)	4.0	-	0.6	(0.9)	(44.0)
Technical equipment and machinery	(1,236.0)	(39.9)	18.3	-	2.5	(24.5)	(1,279.7)
of which right to use technical equipment and machinery	(18.9)	(4.3)	3.4	-	0.9	(0.1)	(19.1)
Property, plant and equipment	**(1,631.3)**	**(60.3)**	**37.3**	**-**	**3.1**	**(34.2)**	**(1,685.4)**

5.3 Impairment

Impairment testing

As of June 30, 2021, although there were no trigger events of impairment, the Group carried out specific testing that did not result in the recognition of any impairment of assets.

(in millions of euros)	June 30, 2021	June 30, 2020
North America	-	(6.7)
EMEA	-	(9.9)
Total	**-**	**(16.6)**

In June 2020, impairment losses totaled €(16.6) million, including €(6.7) million in the "Residential" CGU in North America and €(9.9) million in the "Wood" CGU in the EMEA zone. Against the background of the Covid-19 health crisis and in light of the indications of impairment seen in the North American hospitality market, the Group also recorded impairment of €(36.9) million on dedicated intangible assets.

Note 6 > Provisions

6.1 Provisions

Changes in provisions can be analyzed as follows:

(in millions of euros)	December 31, 2020	Allowance	Reversal	Change in scope	Transfer	Foreign exchange gain & loss	June 30, 2021
Product warranty provision	4.6	0.3	(1.2)	-	(0.0)	0.1	3.8
Restructuring provisions	1.6	-	(0.1)	-	-	0.0	1.6
Claims & litigation provisions	2.3	0.1	(0.6)	-	0.1	0.0	1.9
Other provisions	3.3	0.1	(0.2)	-	(2.7)	-	0.4
Provision for additional tax assessments	0.1	-	-	-	-	0.0	0.1
Financial provisions	28.2	(0.8)	(0.6)	-	0.2	0.9	27.9
Total Provisions - Long-term	**40.1**	**(0.3)**	**(2.7)**	**-**	**(2.4)**	**1.0**	**35.7**
Product warranty provision	9.7	1.5	(1.5)	-	0.0	0.3	10.0
Restructuring provisions	14.9	5.9	(5.6)	-	(0.5)	0.1	14.8
Claims & litigation provisions	17.6	10.3	(7.9)	-	(0.1)	0.4	20.3
Other provisions	0.8	0.0	-	-	2.7	0.0	3.5
Total Provisions - Short-term	**43.1**	**17.7**	**(15.1)**	**-**	**2.2**	**0.7**	**48.6**
Total Provisions	**83.1**	**17.4**	**(17.8)**	**-**	**(0.2)**	**1.7**	**84.3**

6.2 Potential liabilities

In 2021, 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.

Note 7 > Financing and Financial Instruments

7.1 Financial income and expenses

(in millions of euros)	Jan.-June 2021	Jan.-June 2020
Interest income on loan assets & cash equivalents	0.1	0.7
Other financial income	0.0	0.0
Total financial income	**0.2**	**0.7**
Interest expenses on loans and overdrafts	(4.7)	(6.9)
Financial expenses on leases	(1.8)	(2.0)
Commission expenses on financial liabilities	(2.2)	(2.1)
Cost of loans and debt renegotiation	(7.5)	(0.4)
Financial expense on provisions for pensions	(1.4)	(2.0)
Foreign exchange gains and losses	(0.1)	(0.7)
Impairment on financial assets	-	-
Premiums and interest rates differentials on derivatives	(1.7)	(2.7)
Other financial expenses	(0.3)	(0.7)
Total financial expenses	**(19.8)**	**(17.5)**
Financial income and expense	**(19.7)**	**(16.7)**

In connection with the refinancing transactions relating to the simplified tender offer (see note 1.3), Tarkett successfully negotiated the early repayment of several tranches of its "Schuldschein", generating debt renegotiation costs amounting to €(6.0) million.

7.2 Net debt – interest-bearing loans and borrowings

7.2.1 Net Debt

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

(in millions of euros)	June 30, 2021		December 31, 2020	
	Long-term	Short-term	Long-term	Short-term
Bank loans	183.9	3.8	2.3	73.6
Private placements	-	366.6	549.8	56.5
Other loans	1.0	1.6	1.3	-
Bank overdrafts	-	11.6	-	6.8
Leases (1)	2.5	0.8	2.5	0.8
Interest bearing loans and borrowings	**187.4**	**384.4**	**555.9**	**137.7**
Total interest bearing loans and borrowings	**571.8**		**693.6**	
Cash and cash equivalents	(157.3)		(328.6)	
Net debt before application of IFRS 16	**414.5**		**365.0**	
Leases (2)	85.9	23.3	85.8	23.0
Net debt	**523.6**		**473.8**	

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

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

Tarkett terminated two short-term credit lines that had been entered into in May 2020 to mitigate the possible negative effects of the economic and health crisis on its liquidity:

- A €175 million revolving credit facility with a one-year maturity, for which the option to extend was not exercised and which was terminated in April 2021 without having been used;
- A loan guaranteed by the French government (*prêt garanti par l'Etat* - PGE) for €70 million with a one-year maturity, for which the option to extend was not exercised and which was repaid in full in May 2021.

In June 2021, Tarkett repaid one "Schuldschein" tranche of €56.5 million which had reached its maturity date.

In addition, in connection with the refinancing transactions relating to the simplified tender offer referred to in Note 1.3, and which are intended to replace most of the existing debt, Tarkett began the early repayment of several other tranches of its "Schuldschein." As of June 30, 2021, €163.0 million and USD 26.5 million had been repaid.

As of June 30, 2021, Tarkett is using its non-recourse assignment of receivables lines in the amount of €132.3 million, or the equivalent.

As of June 30, 2021, interest-bearing loans and borrowings consist principally of the following:

- A "Schuldschein" for €23.0 million and entered into 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 remainder;
- A "Schuldschein" for €218.5 million and USD 50 million entered into in April 2017 and maturing in April 2024 for €125.5 million and in April 2022 for the remainder;
- A "Schuldschein" for €83 million entered into in June 2016 and maturing in June 2023;
- The multi-currency revolving syndicated loan with a capacity of €700.0 million entered into in May 2019, which was drawn down in the amount of €182.3 million (or the equivalent) as of June 30, 2021.

7.2.2 Details of loans and borrowings

June 30, 2021	Currency of draw-down	Interest rate	Total	12 months or less until 06/30/2022	2 years until 06/30/2023	3 to 5 years until 06/30/2026	More than 5 years
(in millions of euros)							
Bank loans							
Revolving Facilities Europe	EUR-USD	0,40%-0,49%	182.3	-	-	182.3	-
Other bank loans			5.4	3.8	1.3	0.3	-
Sub-total bank loans			**187.7**	**3.8**	**1.3**	**182.6**	**-**
Private Placement Europe	EUR	1,15%-1,72%	324.5	324.5	-	-	-
Private Placement Europe	USD	1,79%	42.1	42.1	-	-	-
Other loans			2.6	1.6	1.0	-	-
Bank overdrafts			11.6	11.6	-	-	-
Leases (1)			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings			**571.8**	**384.4**	**3.1**	**184.2**	**0.1**
Leases (2)			109.2	23.3	22.8	37.2	25.9
Interest bearing loans and borrowings			**681.0**	**407.7**	**25.9**	**221.4**	**26.0**

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

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

December 31, 2020 *(in millions of euros)*	Currency of draw-down	Interest rate	Total	12 months or less until 12/31/2021	2 years until 12/31/2022	3 to 5 years until 12/31/2025	More than 5 years
Bank loans							
Revolving Facilities Europe	USD		-	-	-	-	-
Other bank loans	RMB	5,22%-5,70%	5.9	3.6	1.6	0.7	-
Sub-total bank loans			**75.9**	**73.6**	**1.6**	**0.7**	**-**
Private Placement Europe	EUR	1,15%-1,72%	544.0	56.5	102.0	334.5	51.0
Private Placement Europe	USD	1,79%-1,82%	62.3	-	40.7	21.6	-
Other loans	EUR	1.17%	1.3	-	1.3	-	-
Bank overdrafts			6.8	6.8	-	-	-
Leases (1)			3.3	0.8	0.8	1.6	0.1
Interest bearing loans and borrowings			**693.6**	**137.7**	**146.4**	**358.4**	**51.1**
Leases (2)			108.8	23.0	18.3	39.9	27.6
Interest bearing loans and borrowings			**802.4**	**160.7**	**164.8**	**398.3**	**78.7**

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

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

7.2.3 Financial ratio covenants

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

As of June 30, 2021, the Group is in compliance with all of its banking covenants, including with respect to the ratio of net debt to adjusted EBITDA, as detailed below.

Net debt / Adjusted EBITDA *(in millions of euros)*	June 30, 2021	December 31, 2020
Net debt (1)	414.5	364.9
Adjusted EBITDA for last 12 months (2)	253.6	247.0
Ratio (3)	**1.6**	**1.5**

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

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

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

The leverage ratio presented below is the ratio of net debt, including leases accounted for under IFRS 16, to the adjusted EBITDA of the last 12 months (including IFRS 16).

Net debt / Adjusted EBITDA including IFRS 16 *(in millions of euros)*	June 30, 2021	December 31, 2020
Net debt	523.6	473.8
Adjusted EBITDA for last 12 months	284.2	277.9
Ratio	**1.8**	**1.7**

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, 2020.

June 30, 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 hedging derivatives**	**Net carrying amount**	**Fair value**
Non current financial assets	Niveau 2	4.1	-	15.3	-	19.4	19.4
Other current financial assets	Niveau 2	-	-	-	4.9	4.9	4.9
Accounts receivable	Niveau 2	291.8	-	-	-	291.8	291.8
Cash and cash equivalents	Niveau 2	-	-	157.3	-	157.3	157.3
Interest-bearing loans and borrowings	Niveau 2	-	681.0	-	-	681.0	681.0
Other financial liabilities, non-current	Niveau 2	-	0.2	-	-	0.2	0.2
Other financial liabilities, current	Niveau 2	-	4.8	-	4.1	8.9	8.9
Accounts payable	Niveau 2	-	373.0	-	-	373.0	373.0

December 31, 2020 *(in millions of euros)*	**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	Niveau 2	2.1	-	15.5	-	17.6	17.6
Other current financial assets	Niveau 2	-	-	-	2.7	2.7	2.7
Accounts receivable	Niveau 2	214.6	-	-	-	214.6	214.6
Cash and cash equivalents	Niveau 2	-	-	328.6	-	328.6	328.6
Interest-bearing loans and borrowings	Niveau 2	-	802.4	-	-	802.4	802.4
Other financial liabilities, non-current	Niveau 2	-	0.2	-	-	0.2	0.2
Other financial liabilities, current	Niveau 2	-	0.3	-	1.3	10.6	10.6
Accounts payable	Niveau 2	-	277.4	-	-	277.4	277.4

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, 2020.

Note 8 > Income tax

Income tax expense

Current and deferred income tax expense is set forth below:

(in millions of euros)	Jan.-June 2021	Jan.-June 2020
Current tax	(13.6)	(12.5)
Deferred tax	3.0	8.6
Income tax	**(10.6)**	**(3.9)**

Theoretical income taxes determined using the French corporate income tax rate of 28.40% for 2021 and 32.00% for 2020, can be reconciled as follows to the actual income tax charge:

(in millions of euros)	Jan.-June 2021	Jan.-June 2020
Pre-tax profit from continuing operations (a)	10.8	(61.0)
Profit from equity-accounted subsidiaries (b)	0.3	(0.7)
Pre-tax profit from fully consolidated activities (a-b)	10.6	(60.3)
Income tax at nominal French income tax rate	(3.0)	19.3
Effect of:		
- Taxation of foreign companies at different rates	1.5	(5.8)
- Exchange rate effects on non-monetary assets	(0.0)	(3.1)
- Changes in unrecognized deferred tax assets	(5.0)	(7.9)
- Permanent differences	0.5	(0.6)
- Taxes on dividends (Withholding at the source, 3% contribution)	(0.0)	-
- Other items	(4.6)	(5.8)
Income tax expense recorded	**(10.6)**	**(3.9)**
Effective rate	**N/A**	**N/A**

Taxation of foreign companies at different rates

The main contributing countries are the United States, with a local tax rate of 21%, Russia, with a rate of 20%, Sweden, with a local rate of 20.60%, and Serbia, with a local rate of 15.00%.

Exchange rate effects on non-monetary assets

In 2020, the deferred tax expense of €(3.1) million is due to the effect of changes in the exchange rate on non-monetary assets and liabilities of entities whose functional currency is different from the local currency. Recognition of this expense is required by IFRS, even if the revalued tax basis does not generate any tax obligation in the future.

The principal entities generating exchange rate effects on non-monetary assets (Russia, Ukraine, Kazakhstan, Bielorussia) changed their functional currency as of January 1, 2021. As from that date, their functional currency is the same as the local currency. As a result, there has been no exchange rate impact in 2021.

Changes in unrecognized deferred tax assets

The deferred income tax expense of €(5.0) million is due to the non-recognition of deferred taxes on losses carried forward. The principal contributing countries are France, for €(4.0) million, and China, for €(0.4) million.

Other items

The expense of €(4.6) million is primarily due to provisions for taxes, the U.S. "BEAT tax" for €(1.6) million, tax group adjustement for €(1.0) million, the CVAE in France for €(0.6) million, and tax corrections relating to the previous year for €(0.7) million.

Note 9 > Equity and liabilities

9.1 Share capital

	June 30, 2021	December 31, 2020
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 2021			Jan.-June 2020		
	Average number of shares *(in thousands of shares)*	**Attributable net earnings** *(in millions of euros)*	**Earnings per share** *(in euros)*	**Average number of shares** *(in thousands of shares)*	**Attributable net earnings** *(in millions of euros)*	**Earnings per share** *(in euros)*
Total shares	**65,550**	-	-	65,550	-	-
Treasury shares	(386)	-	-	(534)	-	-
Total excluding treasury shares	**65,164**	**0.3**	**0.00**	**65,016**	**(64.9)**	**(1.00)**
Share subscription options	-	-	-	-	-	-
Group savings plan	-	-	-	-	-	-
Potential performance shares to be distributed	330	-	-	443	-	-
Restatement of actions with anti-dilution effect (1)	-	-	-	(443)	-	-
Total after grant of performance shares	**65,494**	**0.3**	**0.00**	**65,016**	**(64.9)**	**(1.00)**

Earnings per share excluding treasury shares

Earnings per share excluding treasury shares as of June 30, 2021 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

Attributable net profit per share (after grants of performance shares) as of June 30, 2021, is 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 June 30, 2020, 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 Shareholders' Meeting held on April 30, 2021, decided, in light of the health and economic situation relating to the Covid-19 virus as well as the high level of short-term uncertainty, not to pay a dividend in 2021 in respect of 2020.

Note 10 > Related parties

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

- The joint ventures;
- The Group's principal shareholder until April 29, 2021, Société Investissement Deconinck ("**SID**");
- The Group's new principal shareholder as from April 29, 2021 (see Note 1.3), **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.

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

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

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

(in millions of euros)	**Jan.-June 2021**	**Jan.-June 2020**
Joint ventures		
Sale of goods to Tarkett	-	-
Purchase of services from Tarkett	-	-
Loans from Tarkett	2.0	2.0

10.2 Principal shareholders

Prior to the Offer launched in April 2021 (see Note 1.3), Société Investissement Deconinck held 50.68% of Tarkett's share capital.

As of June 30, 2021, following the contribution of Société Investissement Deconinck's shares of Tarkett to Tarkett Participation and the acquisition of shares by Tarkett Participation, Tarkett Participation holds 58.36% of Tarkett's share capital, and as such controls and coordinates the Group's activities.

As of June 30, 3021, Société Investissement Deconinck held 95.49% of Tarkett Participation, and Wendel Luxembourg S.A. held 4.51%.

As of June 30, 2021, SID had invoiced a total of €150,000 under the Assistance Agreement.

As of June 30, 2021, Tarkett had invoiced a total of €27,500 to SID under the Service Agreement.

10.3 Members of the Management Board and Supervisory Board

None.

Note 11 > Subsequent events

- **Final results of the simplified tender offer for Tarkett's shares**

On July 15, 2021, Tarkett Participation announced the final results of the simplified tender offer for all of Tarkett's shares published by the French Autorité des Marchés Financiers following the close of the Offer on July 9, 2021. Following the close of the Offer, Tarkett Participation held 85.89% of Tarkett's share capital, excluding 247,555 treasury shares held by Tarkett (see Note 1.3).

- **Early repayment of existing indebtedness, access to new fundings**

In connection with the refinancing transactions relating to the simplified tender offer discussed above, in July 2021 Tarkett repaid most of its existing debt prior to maturity.

As of July 23, 2021, it had repaid an additional €268.5 million and $50.0 million of its "Schuldschein" tranches, as well as €182.3 million (or the equivalent) of its revolving syndicated credit facility.

On July 19, 2021, Tarkett accessed the new financings put in place, namely a shareholder loan from Tarkett Participation with a maturity of 7 years and a revolving credit line with a maturity of 6.5 years. In this context, the equity securities and intra-group loans of certain subsidiaries of Tarkett SA (Tarkett GDL SA, Tarkett Finance Inc. and AO Tarkett) have been pledged on July 19, 2021.

- **Liquidity agreement**

Following the close of the Offer, the liquidity agreement with Exane was terminated on July 19, 2021.

3 Statutory Auditors' Report on the Consolidated Financial Statements

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Tarkett S.A.

Statutory Auditors' Review Report on the 2021 Half-yearly Financial Information

For the period from January 01, 2021 to June 30, 2021
Tarkett S.A.
Tour Initiale - 1 Terrasse Bellini - 92919 Paris La Défense
This report contains 34 pages
Reference :

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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.

Tarkett S.A.

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

Statutory Auditors' Review Report on the 2021 Half-yearly Financial Information

For the period from January 01, 2021 to June 30, 2021

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, 2021 to June 30th, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

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 the July 29, 2021

Renaud Laggiard *Partner*	Anne-Laure Rousselou *Partner*

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