

## Results for H1 2022:

### Strong sales growth and continued increases in selling prices

### Neutralisation of inflation in purchasing costs and increase in adjusted Ebitda

#### Results for H1 2022:

- Continued growth in sales in Q2 (up by 25.2% compared to Q2 2021) driven by selling price increases, sound activity in the Sports segment and the appreciation of the dollar against the Euro
- Sustained business in H1: revenue up by 24.0% compared to H1 2021, with 4.6% due to the growth in volumes, 12.7% to selling price increases and 6.6% to the foreign exchange effect
- Adjusted EBITDA of €126 million in H1 2022, i.e. 8.1% of sales, up compared to H1 2021 (€113 million, 8.9% of sales)
- EBIT of €44 million in H1 2022, marking a clear increase compared to H1 2021 (€30 million)
- Unprecedented inflation in purchasing costs: €161 million compared to H1 2021, fully offset by selling price increases
- Net profit of €12.6 million compared to €0.3 million in the first half of 2021
- Significant rise in working capital requirement to replenish stocks, which accentuates the seasonal consumption of Free cash flow (-€260 million)
- Net financial debt of €778 million, reflecting financial leverage of 3.2x adjusted EBITDA

Paris, 26 July 2022: The Supervisory Board of Tarkett (Euronext Paris: FR0004188670 TKTT), met today and reviewed the Group's consolidated results for the half year of 2022.

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

In millions of euros	H1 2022	H1 2021	Change in %
<b>Revenue</b>	<b>1,564.0</b>	<b>1,261.2</b>	<b>+24.0%</b>
<i>Of which organic change</i>	<i>+13.8%</i>	<i>+6.3%</i>	
<b>Adjusted EBITDA</b>	<b>126.2</b>	<b>112.7</b>	<b>+12.0%</b>
<i>% of revenue</i>	<i>8.1%</i>	<i>8.9%</i>	
<b>Adjusted EBIT</b>	<b>55.3</b>	<b>37.8</b>	<b>+46.3%</b>
<i>% of revenue</i>	<i>3.5%</i>	<i>3.0%</i>	
<b>EBIT</b>	<b>44.2</b>	<b>30.2</b>	<b>+46.4%</b>
<i>% of revenue</i>	<i>2.8%</i>	<i>2.4%</i>	
<b>Net profit attributable to shareholders of the company</b>	<b>12.6</b>	<b>0.3</b>	<b>-</b>
<i>Fully diluted earnings per share (€)</i>	<i>0.19</i>	<i>0.00</i>	
<b>Free cashflow</b>	<b>-260.3</b>	<b>-43.9</b>	<b>-</b>
<b>Net debt</b>	<b>778.0</b>	<b>523.6</b>	<b>-</b>
<i>Leverage (Net debt to adjusted EBITDA over 12 months)</i>	<i>3.2x</i>	<i>1.8x</i>	

**Net revenue** in H1 2022 was €1,564 million, up by 24.0% compared to the first half of 2021. Organic growth reached 13.8%, or 17.4% including selling price increases in the CIS countries implemented to offset the inflation in purchasing costs (selling price adjustments in the CIS countries are historically intended to offset currency movements and are therefore excluded from the organic growth calculation). The total effect of the selling price increases implemented across all segments is +12.7% on average compared to H1 2021. Over the period, growth in volumes was 4.6% driven by strong activity in the Sports segment, offsetting the drop in the CIS countries and in residential segments in EMEA and North America. The foreign exchange effect made a positive contribution, particularly thanks to the strengthening of the dollar against the Euro.

**Adjusted EBITDA** amounted to €126.2 million, i.e. 8.1% of revenue, compared to €112.7 million in H1 2021, i.e. 8.9% of revenue.

Growth in volumes sold contributed positively to EBITDA in an amount of €10 million. Inflation in raw materials, energy and transportation was unprecedented at €161 million, against a backdrop of rising oil and other energy prices and ongoing tension on procurements of certain raw materials.

Tarkett continued to successfully roll out selling price increases throughout the first half of the year: +€161 million in H1 compared to 2021. This fully offset the inflation in purchasing costs as of the first half of the year, in line with the objective initially announced for the full year 2022.

The Group also continued to reduce costs in a net positive amount of €7 million compared to H1 2021, despite disruptions caused by supply shortages and recruitment difficulties encountered in certain factories. The plan announced in 2019 aimed for a €120 million reduction in costs over four years. Tarkett has exceeded this goal: the structural reduction in costs since 2019 amounts to €148 million.

Foreign exchange had a positive €6 million impact compared to the first half of 2021 due to the appreciation of the dollar.

The adjusted EBITDA margin for H1 was slightly down (8.1% of sales compared to 8.9% in the first half of 2021) due to the dilutive effect of selling price increases, which offset but did not exceed the effect of purchasing cost inflation.

**EBIT** amounted to €44.2 million in H1 2022 up from €30.2 million in 2021. **EBIT adjustments** (detailed in Appendix 1) amounted to €11.1 million in H1 2022 compared to €17.4 million in H1 2021 and mainly consist of write-downs of trade receivables and inventories in Ukraine in an amount of €7.0 million.

**Financial expenses** amounted to €14.4 million in H1 2022, versus €19.7 million in H1 2021; the increase in the cost of debt is offset by the absence of refinancing expenses incurred in H1 2021. **The income tax expense** amounted to €16.4 million in 2022, up sharply compared to the previous year (€10.6 million) given the increase in earnings before tax.

**Net profit** in H1 2022 is €12.6 million, i.e. a diluted earning per share of €0.19.

## 1. H1 Revenue and EBITDA by segment

### Net revenue by segment

In millions of euros	H1 2022	H1 2021	Change	Organic growth	Organic growth (incl. CIS price changes) <sup>(1)</sup>
EMEA	487.0	445.3	+9.4%	+9.9%	+9.9%
North America	450.8	352.4	+27.9%	+15.9%	+15.9%
CIS, APAC & Latin America	291.0	254.7	+14.3%	-9.9%	+8.0%
Sports	335.1	208.9	+60.5%	+47.3%	+47.3%
<b>TOTAL</b>	<b>1,564.0</b>	<b>1,261.2</b>	<b>+24.0%</b>	<b>+13.8%</b>	<b>+17.4%</b>

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

### Adjusted EBITDA by segment

In millions of euros	H1 2022	H1 2021	Margin 2022	Margin 2021
EMEA	54.2	59.1	11.1%	13.3%
North America	31.1	27.4	6.9%	7.8%
CIS, APAC & Latin America	40.5	39.2	13.9%	15.4%
Sports	28.4	12.4	8.5%	6.0%
Central	-28.1	-25.4	-	-
<b>TOTAL</b>	<b>126.2</b>	<b>112.7</b>	<b>8.1%</b>	<b>8.9%</b>

### Explanations by segment

**The EMEA segment** achieved revenue of €487 million, up 9.4% compared to H1 2021 due to the continued increases in selling prices. The Commercial sales volume increased due to the dynamic office sector and the performance of LVT. Residential sales volumes are down due to the decline in demand and persistent difficulties with raw materials procurements.

The segment's adjusted EBITDA amounts to €54 million, i.e. 11.1% of sales, versus €59 million/13.3% of sales in 2021. This change reflects the decrease in volumes combined with the dilutive effect of inflation on the EBITDA margin. The continuation of the industrial efficiency improvement programme had a positive effect on the result for the period.

**The North America segment** reported revenue of €451 million, up 27.9% compared to the first half of 2021, reflecting solid like-for-like growth of 15.9% due to the selling price increase. The foreign exchange effect due to the appreciation of the dollar against the Euro is very positive (+12.0%). The Commercial segments (Offices, Health and Education) saw a dynamic growth in volumes mainly in accessories and carpets. Volumes in the Residential segment slowed in a context marked by inflation, rising interest rates and a certain wait-and see attitude on the part of consumers.

Adjusted EBITDA of the segment is up slightly to €31 million, or 6.9% of sales, versus €27 million/7.8% of sales in 2021, reflecting a positive volume and mix effect, the strengthening of the US dollar against the Euro and a slightly positive inflation balance.

Revenue of the **CIS, APAC and Latin America segment** amounted to €291 million, up 14.3%. The effect of the decline in volumes in Russia (approximately -25% compared to H1 2021) and in Ukraine (-75%) was offset by the selling price increases and by a very positive foreign exchange effect due to the significant appreciation of the rouble. Like-for-like sales are down -9.9%, or up +8.0% by including selling price increases in the CIS countries. Selling prices have been increased in the three geographical areas.

Adjusted EBITDA for the CIS, APAC, Latin America segment shows a slight improvement thanks to selling price increases and the positive foreign exchange effect: €41 million adjusted EBITDA, i.e. 13.9% of sales, versus €39 million / 15.4% of sales in H1 2021. The lower margin stems from the drop in volumes in the CIS countries and the dilutive effect of selling price increases. In the first half of the year, Russia accounted for less than 9% of Group sales and Ukraine less than 0.5%.

Revenue of the **Sports segment** amounted to €335 million, up considerably by 60.5% compared to the same period in 2021. As announced, the level of sales is particularly sustained in a highly dynamic market, particularly for artificial turf sports fields in North America and Europe. Like-for-like growth is +47.3% and the strengthening of the dollar also benefits the segment.

As a result of this very sustained activity, the Sports segment posts a clear increase in adjusted EBITDA: €28.4 million or 8.5% of sales compared to €12.4 million or 6.0% in H1 2021, despite continued inflation in raw materials and transportation costs.

## **2. Balance Sheet and Cashflow 2022**

In a context of sales growth, inflation and procurement difficulties, the **working capital requirement** was up by €276 million as of the end of June. Inventories increased significantly compared to the all-time low recorded at year-end 2021: in volume due to the growth in sales and the need to replenish stocks of raw materials and certain finished products in a procurement context still suffering tension, and in value due to inflation. They represent 110 days of activity versus 95 days at the end of June 2021. The factoring programmes represented net financing of €184.0 million at the end of June 2022, up from the end of December 2021 (€165.7 million) and the end of June 2021 (€135.7 million).

**Investment spending** amounted to €46.4 million due to capacity projects for growth products and automation, after two years of more restricted investments. In H1 2021, investments amounted to €29.8 million.

Given the seasonality of sales, the Group generated a negative **free cash flow** in H1 of -€260 million. The usual seasonal effect is accentuated by the significant increase in working capital requirements, primarily inventories, compared to the all-time low posted in December 2021.

**Net financial debt** amounts to €778 million at the end of June 2022, versus €476 million at the end of December 2021 and €524 million at the end of June 2021. Compared to December 2021, debt increased due to the usual seasonality of the business, accentuated by inflation and the need to replenish stocks. The foreign exchange effect on debt due to the dollar also contributed to the increase in debt in an amount of €39 million. As of the end of June 2022, **leverage amounted to 3.2x** adjusted EBITDA over the last 12 months.

At the end of June 2022, the Group had a **high level of liquidity** amounting to €366 million comprising the undrawn RCF in an amount of €170 million, other confirmed and unconfirmed credit lines in an amount of €56 million and €140 million in cash.

### 3. 2022 Outlook and mid-term objectives

The geopolitical and macroeconomic context continues to bring a high level of uncertainty regarding the demand. Difficulties with raw materials procurements have not been completely resolved and the uncertainties surrounding the supply of gas and electricity in Europe represent an additional risk factor.

In this context, it is still difficult to predict the level of business, especially for the Commercial segments in which sales were on an upward trend until now. In Residential sales, the Group expects the decline in volumes observed over the first six months to continue or worsen. Sales in the CIS segment will be slowed due to the decline in volumes in Russia. However, at this stage, it is not possible to predict the level at which demand will stabilise in this market. In the Sports segment, the Group is expecting a dynamic second half of the year and a level of sales over the whole year in excess of 2019 levels.

Structural cost reduction actions are being pursued. Against a backdrop of less sustained volumes and ongoing recruitment difficulties in several factories, the Group is now expecting to generate between approximately €15 and €20 million in annual structural savings in 2022 (versus the initial goal of €30 million). The Group is also getting prepared to take one-time cost reduction measures to adapt to a lower level of demand in the second half.

Inflation in purchasing costs is continuing to rise in a context of considerable increases in energy costs and ongoing supply chain disruptions. Current trends indicate that the negative impact of this rise in purchasing costs could be around €280 million more than 2021 (April 2022 estimation: €250 million).

In response to this unprecedented continuing inflation, Tarkett has already implemented further selling price increases and will continue to do so if necessary, to offset the effect of the rise in purchasing costs over the year.

Tarkett will remain selective as regards investments while strengthening production and recycling capacities for certain growth product lines, with a view to achieving a controlled increase in investment spending in 2022.

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

*Limited review procedures on the interim consolidated financial statements have been performed. Limited review report from auditors is currently being issued, and interim consolidated financial statements for 2022 are available on Tarkett's website [https://www.tarkett-group.com/en/document/?\\_categories=financial-documents](https://www.tarkett-group.com/en/document/?_categories=financial-documents)*

#### **Financial calendar**

- 25 October 2022: Q3 2022 revenue - *press release after close of trading*

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#### **About Tarkett**

With a 140-year history, Tarkett is a worldwide leader in innovating flooring and sports surface solutions, with revenue of 2.8 billion euros in 2021. Offering a wide range of products, including vinyl, linoleum, rubber, carpet, parquet and laminates, artificial grass and athletic tracks, the Group serves its customers in over 100 countries worldwide. Tarkett has more than 12,000 employees and 34 industrial sites, and sells 1.3 million square metres of flooring every day for hospitals, schools, housing, hotels, offices or shops and sports fields. Committed to changing the game with circular economy and to reducing its carbon footprint, the Group has implemented an eco-innovation strategy based on Cradle to Cradle® principles, aligned with its Tarkett Human-Conscious Design® approach. Tarkett is listed on the Euronext regulated market (compartment B, ISIN: FR0004188670, ticker: TKTT). [www.tarkett-group.com](http://www.tarkett-group.com)

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## Appendices

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

- **Organic growth** measures the change in revenue as compared with the same period in the prior year, outside of the exchange rate effect and changes in scope. The foreign exchange effect is obtained by applying the prior year's exchange rate to sales for the current year and calculating the difference with sales for the current year. It also includes the effect of price adjustments in the CIS countries intended to offset the change in local currencies against the euro. In 2022, a -€45.7 million negative impact of selling price adjustments is excluded from organic growth and included in the foreign exchange effect.
- **The effect of changes in scope** is composed of:
  - current year sales by entities not included in the scope of consolidation in the same period of the prior year, until the anniversary of their consolidation.
  - The reduction in sales due to discontinued operations that are not included in the current year's scope of consolidation but were included in sales for the same period of the prior year, until the anniversary of their disposal.

In millions of euros	2022 revenue	2021 revenue	Change	Of which volume	Of which selling prices	Of which CIS selling prices	Of which exchange rate effect	Of which effect of changes in scope
Group Total Q1	684,7	558,8	+22,5%	+6,4%	+8,8%	+4.1%	+3,3%	-
<i>Of which organic growth</i>				+15.2%				
<i>Of which selling price increases</i>					+12.9%			
Group Total Q2	879,3	702 ,4	+25,2%	+3,3%	+9,3%	+3.3%	+9,3%	+0,1%
<i>Of which organic growth</i>				+12.6%				
<i>Of which selling price increases</i>					+12.6%			
Group Total S1	1 564,0	1 261,2	+24,0%	+4,6%	+9,1%	+3.6%	+6,6%	+0,1%
<i>Of which organic growth</i>				+13.8%				
<i>Of which selling price increases</i>					+12.7%			

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

In millions of euros	H1 2022 Adjusted EBITDA	H1 2021 Adjusted EBITDA	Margin H1 2022	Margin H1 2021
Group Total – Q1	37.3	34.0	5.5%	6.1%
Group Total – Q2	88.9	78.7	10.1%	11.2%
<b>Group Total - H1</b>	<b>126.2</b>	<b>112.7</b>	<b>8.1%</b>	<b>8.9%</b>

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

In millions of euros	of which adjustments						H1 2021 adjust
	H1 2021	Restructuring	Gains/losses on asset disposals/impairment	Business combinations	Share-based payments	Other	
<b>EBIT</b>	<b>30.2</b>	<b>5.9</b>	<b>-2.0</b>	<b>0.0</b>	<b>1.7</b>	<b>2.0</b>	<b>37.9</b>
Impairment, amortisation and depreciation	74.9	-	0.1	-	-	-	74.9
Other	-0.2	-	-	-	-	-	-0.2
<b>EBITDA</b>	<b>104.9</b>	<b>5.9</b>	<b>-1.9</b>	<b>0.0</b>	<b>1.7</b>	<b>2.0</b>	<b>112.7</b>

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

Free cash flow (in millions of euros)	H1 2022	H1 2021
<b>Cash flow from operations before change in working capital and repayment of lease liabilities</b>	<b>109.1</b>	<b>103.2</b>
Repayment of lease liabilities	-16.1	-16.4
<b>Cash flow from operations before change in working capital; including repayment of lease liabilities</b>	<b>93.0</b>	<b>86.9</b>
Change in working capital	-275.9	-77.9
<i>of which change in factoring programmes</i>	<i>16.7</i>	<i>1.3</i>
Net interest paid	-13.1	-9.7
Net interest paid	-13.7	-15.3
Miscellaneous operating items paid	-4.7	-3.9
Acquisitions of fixed assets	-46.4	-29.8
Miscellaneous operating items paid	0.6	5.9
<b>Free cash flow</b>	<b>-260.3</b>	<b>-43.9</b>

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

In millions of euros	30 June 2022	31 December 2021
Financial debts - long term	757.9	531.5
Financial debts and bank overdrafts - short term	44.3	41.6
<b>Financial debts excluding IFRS 16 (A)</b>	<b>802.2</b>	<b>573.0</b>
Lease liabilities - long term	91.4	82.9
Lease liabilities - short term	24.7	25.1
<b>Lease liabilities - IFRS 16 (B)</b>	<b>116.1</b>	<b>108.0</b>
Gross debt - long term	849.3	614.4
Gross debt - short term	69.0	66.7
<b>Gross debt (C) = (A) + (B)</b>	<b>918.3</b>	<b>681.2</b>
<b>Cash and cash equivalents (D)</b>	<b>140.3</b>	<b>205.4</b>
<b>Net debt (E) = (C) - (D)</b>	<b>778.0</b>	<b>475.7</b>
<b>Adjusted EBITDA 12 months (F)</b>	<b>242.6</b>	<b>229.0</b>
<b>Ratio (E) / (F)</b>	<b>3.2x</b>	<b>2.1x</b>

## 2/ Bridges in millions of euros, H1 and Q2 2022

### Revenue by segment

<b>Q2 2021</b>	<b>702.4</b>
+/- EMEA	24.9
+/- North America	27.1
+/- CIS, APAC & Latin America	-25.8
+/- Sports	61.4
<b>Q2 2022 Like-for-Like</b>	<b>789.9</b>
+/- Currencies	51.5
+/- "Lag effect" in CIS <sup>(1)</sup>	36.9
+/- Scope	0.9
<b>Q2 2022</b>	<b>879.3</b>

(1) Including selling price increases

### Adjusted EBITDA by nature

<b>Q2 2021</b>	<b>78.7</b>
+/- Volume / Mix	2.5
+/- Selling prices	65.6
+/- Raw materials and transport	-86.4
+/- Salary increases	-4.7
+/- Productivity	6.6
+/- SG&A	-4.0
+/- Non-recurring and other	-9.6
+/- "Lag effect" in CIS <sup>(1)</sup>	35.0
+/- Currencies	4.6
+/- Scope	0.5
<b>Q2 2022</b>	<b>88.9</b>

(1) Including selling price increases

<b>H1 2022</b>	<b>1,261.2</b>
+/- EMEA	43.9
+/- North America	56.2
+/- CIS, APAC & Latin America	-25.3
+/- Sports	97.6
<b>FY 2021 Like-for-Like</b>	<b>1,433.6</b>
+/- Scope	1.2
+/- Currencies	74.3
+/- "Lag effect" in CIS <sup>(1)</sup>	54.9
<b>H1 2022</b>	<b>1,564.0</b>

(1) Including selling price increases

<b>H1 2021</b>	<b>112.7</b>
+/- Volume / Mix	10.3
+/- Selling prices	114.9
+/- Raw materials and transport	-160.5
+/- Salary increases	-9.0
+/- Productivity	13.8
+/- SG&A	-7.1
+/- Non-recurring and other	-9.2
+/- "Lag effect" in CIS <sup>(1)</sup>	53.0
+/- Currencies	6.4
+/- Scope	1.0
<b>H1 2022</b>	<b>126.2</b>

(1) Including selling price increases