

The Offer and this Draft Offer Document remain subject to review by the Autorité des Marchés Financiers

DRAFT SIMPLIFIED PUBLIC TENDER OFFER

FOR THE SHARES OF



INITIATED BY

TARKETT PARTICIPATION

PRESENTED BY:



PRESENTING BANK

AND



PRESENTING AND GUARANTEEING BANKS

DRAFT OFFER DOCUMENT PREPARED BY

TARKETT PARTICIPATION

OFFER PRICE:

€20 per Tarkett share

DURATION OF THE OFFER:

21 trading days

The timetable for the simplified public tender offer (the “Offer”) will be determined by the Autorité des Marchés Financiers (“AMF”) in accordance with its general regulation.



This draft offer document (“**Draft Offer Document**”) was prepared and filed with the AMF on 26 April 2021, in accordance with Articles 231-13, 231-16 and 231-18 of its general regulation.

The Offer and this Draft Offer Document remain subject to review by the AMF.

IMPORTANT DISCLOSURE

In accordance with Article L. 433-4(II) of the French Monetary and Financial Code and Articles 237-1 and following of the AMF’s general regulation, in the event that, after this Offer, the number of Tarkett shares not tendered to the Offer by minority shareholders (other than shares held by Tarkett in treasury and free shares covered by a liquidity mechanism) does not represent more than 10% of Tarkett’s capital and voting rights, Tarkett Participation intends to file a request with the AMF to carry out, within three (3) months of the closing of the Offer, a squeeze-out in order that the Tarkett shares not tendered to the Offer (other than shares held by Tarkett in treasury and free shares covered by a liquidity mechanism) be transferred to Tarkett Participation in return for compensation per share equal to the Offer price.

The Draft Offer Document is available on the websites of Tarkett and the AMF (www.amf-france.org). It may be obtained free of charge from:

Tarkett Participation

Tour Initiale - 1 Terrasse Bellini
92919 Paris La Défense Cedex

Rothschild Martin Maurel

29 avenue de Messine
75008 Paris

BNP Paribas

4 rue d’Antin
75002 Paris

**Crédit Agricole Corporate and
Investment Bank**

12 place des Etats-Unis
CS 70052
92547 Montrouge Cedex

Société Générale

GLBA/IBD/ECM/SEG
75886 Paris Cedex 18

In accordance with Article 231-28 of the AMF’s general regulation, a description of the legal, financial and accounting information relating to Tarkett Participation will be provided to the public no later than the day before the Offer opens. A press release will be published to inform the public about how this document may be obtained.

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1. PRESENTATION OF THE OFFER

In accordance with Title III of Book II and more specifically Articles 233-1 and following of the AMF's general regulation, Tarkett Participation, a simplified joint-stock company whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex, registered with the Nanterre trade and companies register under number 898 347 877 (the "**Offeror**"), acting in concert within the meaning of Article L. 233-10 of the French Commercial Code with Société Investissement Deconinck¹ ("**SID**" or the "**Historic Shareholder**") and Trief Corporation SA² ("the "**Investor**") (hereinafter referred to, together with the Offeror, as the "**Concert**"), are making an irrevocable offer to all shareholders in Tarkett, a public limited company governed by a supervisory board and a management board, whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex, registered with the Nanterre trade and companies register under number 352 849 327 ("**Tarkett**" or the "**Company**", and together with its direct and indirect subsidiaries the "**Group**"), to acquire all shares in the Company (the "**Shares**") that members of the Concert do not own directly or indirectly as of the date of the Draft Offer Document at a price of €20 per Share (the "**Offer Price**") through a simplified public tender offer as described below (the "**Offer**").

The Shares are admitted for trading on compartment B of the Euronext Paris regulated market ("**Euronext Paris**") under ISIN FR0004188670 (ticker: TKTT).

As of the date of the Draft Offer Document, the Offer and the members of the Concert together hold 33,222,659 shares in the Company representing 50.68% of the Company's capital and 50.14% of its theoretical voting rights based on a total of 65,550,281 shares and 66,264,868 theoretical voting rights in the Company³, in accordance with Article 223-11 of the AMF's general regulation.

The Offer is for:

- all Shares not held directly or indirectly by the Offeror, alone or in concert, that are already issued, except for Shares held in treasury by the Company⁴, it being stipulated that this represents, as of the date of the Draft Offer Document and to the Offeror's knowledge, a maximum of 31,935,195 Shares;
- all Shares that may be transferred before the Offer closes as a result of the vesting of shares awarded free of charge by the Company under the 2021 LTIP, i.e. to the Offeror's knowledge and as of the date of this document, a maximum of 250,377 Shares;

making a total maximum of 32,185,572 Shares.

Currently Vesting Free Shares (as defined below) are not included in the Offer, subject to the lifting of lock-up periods provided for by the applicable statutory or regulatory provisions. Holders of these free shares will have the benefit of a liquidity mechanism on terms described in section 2.4.2 of the Draft Offer Document.

¹ A simplified joint-stock corporation whose registered office is located at Tour Initiale - 1 Terrasse Bellini, 92919 Paris La Défense Cedex and which is registered with the Nanterre trade and companies register under number 421 199 274, controlled by the Deconinck family.

² A public limited company incorporated under Luxembourg law whose registered office is located at 5 rue Pierre d'Aspelt, L-1142 Luxembourg and which is registered with the Luxembourg trade and companies register under number B50162, a wholly owned subsidiary of Wendel SE, 89 rue Taitbout, 75009 Paris.

³Based on pro forma figures, themselves based on information as of 31 March 2021 published by the Company on its website in accordance with Article 223-16 of the AMF's general regulation.

⁴ It being stipulated that as of the date of this document, the Company holds 392,427 shares in treasury (of which 250,377 are allocated to awards of performance shares free of charge under the LTIP 2021 plan).

The situation of holders of Free Shares in relation to the Offer is described in section 2.4 of the Draft Offer Document.

As of the date of the Draft Offer Document and to the Offeror's knowledge, there are no equity securities and no other financial instruments or rights that could give access, either immediately or in the future, to the Company's share capital or voting rights other than the Shares and the Currently Vesting Free Shares.

The Offer will take place according to the simplified procedure in accordance with Articles 233-1 and following of the AMF's general regulation.

It should also be noted that the Offeror is required to file the Offer pursuant to Article L. 433-3(I) of the French Monetary and Financial Code and Article 234-2 of the AMF's general regulation, following the SID Contribution (as described in Section 1.1.2) and the fact that SID and the Investor are acting in concert.

In accordance with Article 231-13 of the AMF's general regulation, Rothschild Martin Maurel, BNP Paribas, Crédit Agricole Corporate and Investment Bank (“**CA-CIB**”) and Société Générale (the “**Presenting Banks**”) filed the draft Offer and the Draft Offer Document with the AMF on 26 April 2021.

Only BNP Paribas, CA-CIB and Société Générale guarantee, in accordance with Article 231-13 of the AMF's general regulation, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1.1 Background of the Offer

1.1.1 Reasons for the Offer

Tarkett is a worldwide leader in innovative flooring and sports surface solutions. With its experienced staff and sales in more than 100 countries, the Group has gained in-depth knowledge and an excellent understanding of customers' cultures, tastes and requirements, regulations and customs regarding floor coverings in each country.

In the year ended 31 December 2020, Tarkett generated consolidated revenue of €2,633 million.

The Group was formed through the 1997 combination between French company Sommer Allibert SA, listed in Paris, and Tarkett AG, listed in Frankfurt. Tarkett's shares were admitted to trading on the Paris stock exchange in 2013.

Before the SID Transfer (as defined below), SID held 33,222,659 Shares representing 50.68% of the capital⁵.

Given the increased volatility in the markets and in commodity prices, SID decided to explore the possibility of delisting Tarkett in order to allow the Company to implement its strategy in a calmer environment.

SID also wants to increase its control over Tarkett by offering Tarkett shareholders liquidity, allowing them to sell their Shares at an attractive price, and at the same time gain the backing of a financial partner in order to support the Company's development.

On 23 April 2021, after a competitive process, SID and the Investor entered into (i) an investment agreement (the “**Investment Agreement**”) and (ii) a shareholder's agreement (the “**Shareholders' Agreement**”). Pursuant to the Investment Agreement, SID and the Investor are acting in concert with respect to the Company within the meaning of Article L. 233-10 of the French Commercial Code.

As described in more detail in section 1.3.1 of the Draft Offer Document, the Investment Agreement provides for the Offeror to make a simplified public tender offer for the shares not held by the Offeror.

⁵ Based on a total of 65,550,281 shares at 31 March 2021 as reported on the Company's website.

As declared on 23 April 2021 in a joint press release of the Company and the Offeror, the draft Offer was welcomed by the Company’s Supervisory Board, which set up an ad hoc committee consisting of independent members, in charge of overseeing the work done by the independent appraiser and making recommendations to the Company’s Supervisory Board regarding the Offer. In the context of the preparation of the draft Offer, and on the recommendation of the ad hoc committee, the Supervisory Board appointed Finexsi, represented by Mr. Olivier Courau and Mr. Olivier Peronnet, as independent appraiser with the task of preparing a report on the financial terms of the Offer and the possible squeeze-out in accordance with Article 261-1(I)(1), (2) and (4) and Article 261-1(II) of the AMF’s general regulation.

A press release dated 23 April 2021 stated that the Offeror would file its draft Offer with the AMF on 26 April 2021.

1.1.2 Presentation of the Offeror

The Offeror is a simplified joint-stock corporation incorporated under French law, created by SID for the purposes of the Offer.

On 23 April 2021, SID contributed all of its Shares, i.e. 33,222,659 Shares (the “**Contributed SID Shares**”) representing 50.68% of the Company’s capital and 66.40% of its theoretical voting rights (the “**SID Contribution**”). When the SID Contribution took place, the double voting rights attached to some of the Contributed SID Shares were lost.

On the same day, SID sold to the Investor 1 ordinary share in the Offeror for a price based on the Offer Price and the Investor is today acquiring, in accordance with the Investment Agreement, 17,982,145 additional ordinary shares in the Offeror for a total amount of €30 million, determined for transparency on the basis of the Offer Price in accordance with the Investment Agreement⁶.

After those transactions, ownership of the Offeror’s share capital and voting rights is as follows:

Shareholder	Number of Shares	% of capital	Number of voting rights	% of voting rights
SID	380,294,901	95.49%	380,294,901	95.49%
Trief Corporation SA	17,982,146	4.51%	17,982,146	4.51%
Total	398,277,047	100.00%	398,277,047	100.00%

1.1.3 Ownership of the Company’s capital and voting rights

To the Offeror’s knowledge, as of 31 March 2021, the Company’s share capital totals €327,751,405, divided into 65,550,281 Shares with par value of €5 each.

(a) Ownership of the Company’s capital and voting rights before the SID Contribution

To the Offeror’s knowledge, ownership of the Company’s capital and voting rights broke down as follows before the SID Contribution:

Shareholder	Number of Shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights
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⁶ The transfer of 17,982,145 ordinary shares in the Offeror to the Investor results from an acquisition agreement signed on 23 April 2021.

Société Investissement Deconinck	33,222,659	50.68%	65,297,730	66.40%
Deconinck family and related companies ⁷	407,844	0.62%	412,844	0.42%
Treasury shares	392,427	0.60%	392,427	0.40%
Free float	31,527,351	48.10%	32,236,938	32.79%
Total	65,550,281	100%	98,339,939⁸	100%

To the Offeror's knowledge, the members of the Deconinck family and their companies have stated their intention to tender their Shares to the Offer.

(b) Ownership of the Company's capital and voting rights after the SID Contribution

As of the date of the Draft Offer Document and to the Offeror's knowledge, ownership of the Company's capital and voting rights break down as follows after the SID Contribution and taking into account the loss of double voting rights resulting from the SID Contribution:

Shareholder	Number of Shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights
Offeror	33,222,659	50.68%	33,222,659	50.14%
Deconinck family and related companies	407,844	0.62%	412,844	0.62%
Treasury shares	392,427	0.60%	392,427	0.59%
Free float	31,527,351	48.10%	32,236,938	48.65%
Total	65,550,281	100%	66,264,868⁹	100%

The Shares in the Company held by the Offeror are pledged as part of the Bank Financing.

(c) Free shares

Details of free shares awarded by the Company to employees or executives of the Group are provided in section 2.4.1 of the Draft Offer Document.

(d) Threshold crossing disclosures and statements of intent

In accordance with Article L. 233-7 of the French Commercial Code and Articles 223-11 and following of the AMF's general regulation, the Concert intends to inform the AMF, following the SID Contribution and signature of the Investment Agreement, which took place on 23 April 2021, that its interest in the Company,

⁷ Family members and related companies, as described in the threshold crossing declaration published on the AMF website dated 14 November 2018.

⁸ Based on the total of 65,550,281 shares and 98,339,939 theoretical voting rights as of 31 March 2021 as reported on the Company's website.

⁹ Based on 98,339,939 theoretical voting rights at 31 March 2021 as reported on the Company's website, taking into account the loss of double voting rights resulting from the SID Contribution.

individually and in concert, has risen above the statutory thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3 and 50% of the Company's capital and voting rights, and to state its intentions.

In addition, in accordance with article 7 of the Company's articles of association and Article L. 233-7 of the French Commercial Code, the Concert also intends to inform the Company that, following the SID Contribution that was completed on 23 April 2021, its interest in the Company, individually and in concert, has risen above all thresholds representing a multiple of 1% between 0% and 50% of the Company's capital and between 0% and 50% of the Company's voting rights.

(e) Acquisitions of the Company's Shares by the Offeror and other members of the Concert in the last 12 months

With the exception of the SID Contribution, the Offeror did not acquire any Shares in the Company in the 12 months before the draft Offer was filed. In addition, the members of the Concert did not acquire any Shares in the Company in the 12 months before the draft Offer was filed.

(f) Regulatory, administrative and antitrust approvals

The Offer is not subject to any requirement to obtain regulatory approval.

In certain circumstances and depending on the percentage of the Offeror's shares held by the Investor, the Investor's purchase of Shares could be subject to merger control approval in Austria, Germany, Ukraine and Brazil. In any event, the Investor has undertaken not to hold shares and/or exercise voting rights in the Offeror beyond the extent allowed by applicable regulations for as long as regulatory approval has not been obtained. As a result, such approvals have no impact on the Offer.

1.2 Intentions of the Offeror over the next 12 months

1.2.1 Intentions regarding industrial, commercial and financial policy

The Offeror, with the financial support provided by the Investor and with the help of the Company's current management team, intends to pursue the main strategies being implemented by the Company and SID and to support the Company's development.

1.2.2 Composition of the Company's corporate bodies and management

If a squeeze-out takes place in relation to the Company's shares following the Offer, the Company would be converted into a simplified joint-stock corporation led by the Offeror's Chairman, namely Fabrice Barthélemy.

If the Company's Shares were to remain listed, the Company would retain a dual governance structure consisting of a Management Board and a Supervisory Board, it being stipulated that (i) a majority of the Supervisory Board members would be appointed on the basis of SID's proposals, (ii) if the Investor owns more than 10% of the Offeror's voting rights, a Supervisory Board member would be appointed on the basis of the Investor's proposal and (iii) at least a third of the Supervisory Board members would be independent according to the provisions of the Afep-Medef code applicable to controlled companies. The Composition of the Management Board would remain unchanged.

1.2.3 Intentions regarding employment

The Transaction forms part of a plan in which the Company's business activities and development are to continue. As a result, the Offer should not in itself result in any particular impact on the Company's workforce, wage policy or human resource management policy. Depending on the outcome of the Offer and the possible delisting of Tarkett, certain functions specifically related to the listing could be affected by the proposed transaction.

1.2.4 Merits of the Offer for the Company and the shareholders

The Offeror is offering the Company's shareholders who tender their Shares to the Offer the opportunity to obtain immediate liquidity for all of their interest at an attractive price.

The Offer Price represents a premium of 38.1%¹⁰ and 44.4% relative to the daily volume-weighted average closing price in the 20 and 60 stock exchange trading sessions preceding the Offer announcement respectively, and a 25.8% premium to the closing price preceding the Offer announcement.

Information for assessing the Offer Price is presented in section 3 of the Draft Offer Document.

1.2.5 Synergies

The Offeror is a holding company that was incorporated on 16 April 2021 and its purpose is to own an equity stake in and manage the Company. As a result, the Offeror does not anticipate any cost or revenue synergies with the Company, other than savings resulting from delisting the Company.

1.2.6 Intentions regarding a possible merger

There are no plans for the Offeror to merge with the Company.

1.2.7 Intention in terms of carrying out a squeeze-out or maintaining the Company's listing after the Offer

In accordance with Article L. 433-4(II) of the French Monetary and Financial Code and Articles 237-1 and following of the AMF's general regulation, the Offeror intends to file a request with the AMF to carry out, within three (3) months of the closing of the Offer, a squeeze-out in order that the Shares in the Company not tendered to the Offer (other than shares held in treasury and free shares that are covered by the Liquidity Mechanism and treated in the same way as shares held by the Offeror in accordance with Article L. 233-9(I)(4) of the French Commercial Code) be transferred to the Offeror in return for compensation per share equal to the Offer Price (free of charge) in the event that, after the Offer, the number of shares in the Company not tendered by minority shareholders (other than shares held in treasury and free shares that are covered by the Liquidity Mechanism and treated in the same way as shares held by the Offeror in accordance with Article L. 233-9(I)(4) of the French Commercial Code) does not represent more than 10% of the Company's capital and voting rights.

In the event that the Offeror is unable to carry out a squeeze-out following the Offer, the Offeror reserves the right to file a public offer, followed, if applicable, by a squeeze-out in respect of the Shares that it does not hold directly or indirectly, alone or in concert, at that date. In this context, the Offeror may decide to increase its shareholding in the Company following the Offer and prior to the filing of a new offer in accordance with the applicable legal and regulatory provisions.

1.2.8 The Company's dividend distribution policy

For the record, the table below sets out the dividends paid by the Company in the last three years.

Shareholders' general meeting	Dividend per share
2020	€0.00

¹⁰ The difference in premium of 0.4% with the one published in the Tarkett and Wendel press releases of 23 April 2021 is due to the delay in FactSet taking into account the volumes of Tarkett shares traded on certain trading platforms.

2019	€0.60
2018	€0.60

There are no plans to approve any payment of dividends to the Company's shareholders in the shareholders' general meeting scheduled for 30 April 2021.

In the next 12 months, the Offeror intends to maintain a dividend policy in line with that adopted in 2020 and 2021, i.e. not to make any dividend payments.

Any change to the dividend distribution policy will take place in accordance with the law and the Company's articles of association, taking into account the Company's ability to make distributions, financial position and funding needs.

1.3. Agreements that may materially affect the assessment of the Offer or its outcome

1.3.1 Investment Agreement

As stated in Section 1.1.1 "Reasons for the Offer" of the Draft Offer Document, the Investment Agreement was formed on 23 April 2021 between the Offeror, SID and the Investor.

Transfer of Shares held by SID to the Offeror

The Investment Agreement provides for SID to contribute all of its stake in the Company, in kind, to the Offeror at its net carrying amount (the "**SID Contribution**"). The contribution, which was paid for with 398,276,047 newly issued ordinary shares in the Offeror, took place on 23 April 2021.

Transfer of securities in the Offeror to the Investor and shareholder loan

In accordance with the Investment Agreement:

- (i) SID has transferred 1 ordinary share in the Offeror to the Investor and is today transferring 17,982,145 shares in the Offeror for an amount equal to €30,000,000; and
- (ii) to finance part of the Offer (with the rest of the funding consisting of the Bank Financing described below), the Investor has granted the Offeror a shareholder loan in a maximum amount of €250,000,000 (the "**Shareholder Loan**"). The intention is for the Shareholder Loan to be converted into equity when the Offer is completed or, as the case may be, after the Offeror has carried out a squeeze-out. The final drawn amount of the Shareholder Loan and therefore of the subsequent capital increase and the Investor's stake in the Offeror's equity will depend on the number of Shares acquired by the Offeror through the Offer and through the squeeze-out as the case may be.

Start of the Offer

The Investment Agreement contains provisions regarding:

- (i) the filing of the Offer by the Offeror with the AMF on behalf of the Concert;
- (ii) an undertaking by each member of the Concert to facilitate the completion of the Offer, to take no action that may hinder the Offer and to co-operate with the independent appraiser;
- (iii) the financing of the Offer;
- (iv) insofar as is necessary, an undertaking by the Investor to take all necessary steps to obtain approvals from the competent antitrust authorities at the earliest opportunity;
- (v) an undertaking regarding co-operation by the Parties with respect to the Offer.

Financing of the Offer

To partially finance the Offeror's purchase of Shares through the Offer, the Offeror has also entered into a Senior Facilities Agreement, involving BNP Paribas, Cr dit Agricole Corporate and Investment Bank and Soci t  G n rale as arrangers and guarantors of the Offer, under which the lenders will provide two credit facilities in a total principal amount of  1,300,000,000 (the "**Bank Financing**"), which will also be intended to refinance part of the Group's debt and to fund the Group's general requirements.

Undertakings regarding the Group

The Investment Agreement provides for an undertaking by SID (i) to ensure, insofar that it is able to do so, that the Company's business activities are managed normally until the Offer closes and (ii) to ensure, insofar that it is able to do so, that no Reserved Decision (as defined below) is taken without the Investor's agreement.

Other undertakings

The Investment Agreement also contains provisions regarding:

- (i) incentives for certain key executives and employees to be put in place by the Offeror, which are described in greater detail in section 1.3.3 of the Draft Offer Document;
- (ii) the creation of a liquidity mechanism for holders of Currently Vesting Free Shares and Free Shares Under Retention in the event that a squeeze-out takes place, as described in greater detail in section 1.3.4 of the Draft Offer Document.

1.3.2 Shareholders' Agreement

The members of the Concert formed a shareholders' agreement (the "**Shareholders' Agreement**") on 23 April 2021, governing relations between SID and the Investor regarding the Offeror and the subsidiaries it controls (including the Company) for a period of 15 years, the main terms of which are summarised below and which will come into force on the settlement date of the Offer or of the squeeze-out as the case may be.

(a) Governance

(i) Governance of the Offeror

Supervisory Board

Composition of the Supervisory Board: the Supervisory Board would consist of six (6) to nine (9) members, including (i) five (5) members proposed by SID, and (ii) one (1) or two (2) member(s) appointed by the Investor provided that the Investor holds more than 10% or 20% respectively of the Offeror's voting rights after the Offer, (iii) one (1) qualified person appointed by the Investor provided that the Investor holds more than 10% of the Offeror's voting rights and (iv) one (1) qualified person appointed by SID.

Each party to the Shareholders' Agreement may appoint up to two observers (*censeurs*), subject, in the Investor's case, to its owning more than 5% of the Offeror's voting rights.

Decisions of the Supervisory Board: the Supervisory Board would take decisions on a simple majority basis and the Management Board would have to obtain prior authorisation from the Supervisory Board for certain decisions currently provided for in the internal rules of Tarkett's Supervisory Board.

In addition, certain extraordinary decisions, regarding both the Offeror and the Company or its subsidiaries and relating in particular to material investments, the use of debt above a certain threshold, acquisitions above certain thresholds, changes to the group's activities, the formation of agreements between related parties and amendments to the articles of association that may affect the

Investor (“**Reserved Decisions**”) could only be taken on a simple majority basis including votes in favour from at least one (1) representative of the Investor provided that the Investor holds more than 10% of the Offeror’s voting rights.

Management Board: the Management Board would consist of the CEO and as the case may be one or more several deputy CEOs.

The Management Board’s members would be appointed and dismissed on the basis of decisions by the Offeror’s Supervisory Board taken on a simple majority basis, it being stipulated that as regards the appointment of the CEO (except the first CEO), the Investor has the right to oppose the appointment of a candidate to the role of CEO from among the candidates selected.

Shareholders’ general meetings: ordinary decisions would be taken on a simple majority basis and extraordinary decisions (including decisions giving rise to a change to the articles of association) would be taken on a qualified majority basis, corresponding to two thirds of voting rights.

(ii) Governance of the Company

As described in section 1.2.2 of the Draft Offer Document, the Company’s governance is likely to change after the Offer closes in order to reflect the Company’s new ownership structure, it being stipulated that SID would remain the majority shareholder.

Governance in the event of a squeeze-out: if a squeeze-out takes place in relation to the Company’s shares following the Offer, the Company would be converted into a simplified joint-stock corporation (*société par actions simplifiée*) led by the Offeror’s CEO, namely Fabrice Barthélemy.

Governance if the Company’s Shares were to remain listed: if the Company’s Shares were to remain listed, the Company would retain a dual governance structure consisting of a Management Board and a Supervisory Board, it being stipulated that (i) a majority of the Supervisory Board members would be appointed on the basis of SID’s proposals, (ii) if the Investor owns more than 10% of the Offeror’s voting rights, a Supervisory Board member would be appointed on the basis of the Investor’s proposal and (iii) at least a third of the Supervisory Board members would be independent according to the provisions of the Afep-Medef code applicable to controlled companies. The Composition of the Management Board would remain unchanged. It is intended that the Supervisory Board members appointed on the basis of proposals by SID and the Investor will undertake to vote in accordance with decisions that may be taken by the Offeror’s Supervisory Board.

(b) Transfers of securities and exit clauses

The Shareholder’s Agreement contains the following main provisions regarding the transfer of securities in the Offeror and exit clauses:

- (i) the Investor may not transfer its securities in the Offeror for five (5) years from the time the Shareholder’s Agreement comes into force (the “**Lock-Up Period**”);
- (ii) securities may be transferred freely between affiliates as usual in certain circumstances;
- (iii) at the end of the Lock-Up Period, the Investor may transfer its securities in the Offeror subject to SID having a right of first refusal;
- (iv) SID has a drag-along right allowing it to force the transfer to a third party of all securities held by the Investor subject to certain conditions;

- (v) if a plan is adopted for SID to sell securities in the Offeror, the Investor will have a total and/or proportional tag-along right depending on the number of securities sold;
- (vi) exit arrangements for the Investor, including the ability of the Investor, after a certain time, to carry out a competitive process to sell the securities in the Offeror held by the Investor and/or request an initial public offering.
- (vii) a standard anti-dilution right (subject as the case may be to issues of securities as part of employee incentive mechanisms).

1.3.3 Investment and performance share plans involving the Offeror and the Company

The members of the Concert have agreed as part of the Investment Agreement to implement, after the Offer, an investment and performance share plan involving the Offeror (the “**Plan**”) for certain executives and senior managers of the Company (the “**Managers**”).

The Plan would comprise:

- (i) an investment by the Managers in the ordinary shares of the Offeror, on a pari passu basis with the other shareholders, paid for with all or part of the proceeds from the Shares tendered to the Offer;
- (ii) an investment by certain Managers in “ratchet” preferred shares of the Offeror that would entitle their holders to a portion of the capital gain realised in the event of an Exit (as defined below);
- (iii) awards of ordinary and “ratchet” Free shares in the Offeror to the Managers.

The shares will be subscribed at market value, determined by an appraiser as the case may be.

The value of the “ratchet” performance shares will depend on the overall investment multiple arising in the event of an Exit.

The Exit cases provided for by the Plan would be (i) an initial public offering of the Offeror’s shares, (ii) the Investor’s sale of its stake and (iii) an event after which SID would no longer control the Offeror. The Managers would benefit from a total tag-along right in the event of an Exit. In the event that SID transfers all of its securities in the Offeror, SID has in the same circumstances a drag-along right allowing it to force the Managers to sell their securities.

Aside from the Exit cases, the Managers would benefit from partial liquidity in portions of one-third of the ordinary shares they hold in the sixth, seventh and eighth years of their investment. From the eighth anniversary, the Offeror will also have the right to buy all securities held by the Managers.

In an Exit case, the Managers would not benefit from any mechanism allowing them to obtain a guaranteed sale price. There is no contractual mechanism that could (i) be analysed as additional consideration, (ii) render the Offer price per share inappropriate or jeopardise the equal treatment of minority shareholders or (iii) give rise to a guaranteed sale price clause for the benefit of the Managers.

1.3.4 Liquidity Mechanism

Under the Investment Agreement, the members of the Concert have agreed to set up, after the Offer closing date, a liquidity mechanism for holders of Currently Vesting Free Shares and Free Shares Under Retention (the “**Liquidity Mechanism**”).

Under the Liquidity Mechanism, the Offeror will grant to each holder of Currently Vesting Free Shares and Bonus Shares Under Retention a call option, exercisable from the Date of Availability, and each holder of Free Shares and Free Shares Under Retention will grant a put option to the Offeror, exercisable from the end of the exercise period of the call option and only if that call option is not exercised.

The put and call options may be exercised if a Liquidity Event occurs.

The **Date of availability** means the day on which the Shares subject to a Liquidity Mechanism will become transferable as a result of the end of the vesting period or, as the case may be, the end of the holding period specified by tax laws or the end of the legal lock-up period.

A “**Liquidity Event**” means an event where (i) the Offeror is able to carry out a squeeze-out after the Offer, in accordance with Article L. 433-4(II) of the French Monetary and Financial Code and Articles 237-1 and following of the AMF’s general regulation or (ii) the average daily volume of Tarkett shares traded in the 20 stock exchange trading sessions before the Date of Availability is less than 0.05% of the Company’s share capital on that date.

If an option is exercised, the exercise price will be determined, consistent with the Offer Price, using a formula that takes into account the EBITDA multiple arising from the Offer Price applied to the EBITDA of the 12 months preceding the Date of Availability as well as net debt calculated in a manner consistent with the Offer Price.

However, in the event that the Offeror exercises its call option, the price per Tarkett share paid to the beneficiary may not be less than 80% of the Offer price or €16 (that floor price is not applicable for the put option that follows that call option).

If it were determined on the date of the Draft Offer Document, the exercise price, as calculated in accordance with the formula above, would be equal to the Offer Price.

If a squeeze-out is carried out, the free shares subject to the Liquidity Mechanisms described above will be treated in the same way as Shares held by the Offeror in accordance with Article L. 233-9(I)(4) of the French Commercial Code, and will not be covered by the squeeze-out.

1.3.5 Other agreements of which the Offeror is aware

With the exception of the agreements described in sections 1.3.1 to 1.3.4 of the Draft Offer Document, there is not, to the Offeror’s knowledge, any other agreement that may affect the assessment or outcome of the Offer.

2. DETAILS OF THE OFFER

2.1 Terms of the Offer

In accordance with Article 231-13 of the AMF’s general regulation, the Presenting Banks, acting on behalf of the Offeror as presenting institutions, filed the draft Offer with the AMF on 26 April 2021 in the form of a simplified public tender offer for all Shares not currently held, directly or indirectly, by the Offeror.

Under the Offer, which will take place according to the simplified procedure governed by Articles 233-1 and following of the AMF’s general regulation, the Offeror irrevocably undertakes to acquire during the Offer period all Shares tendered to the Offer at a price of €20 per Share.

The attention of the Company’s shareholders is drawn to the fact that, because the Offer is taking place according to the simplified procedure, it will not be reopened after the final result of the Offer is published.

BNP Paribas, CA-CIB and Société Générale, as guarantors, guarantee the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer, in accordance with Article 231-13 of the AMF’s general regulation.

2.2 Adjustment of the Offer terms

Any distribution of a dividend, interim dividend, reserve, issue premium or any other distribution (in cash or in kind) decided by the Company where the ex-date or any capital reduction would take place before the Offer closes will give rise to a reduction, on a euro-for-euro basis, in the price per share offered in the Offer.

2.3 Number and type of securities covered by the Offer

As of the date of the Draft Offer Document, the Offeror holds 33,222,659 Shares representing 50.68% of the Company's capital and 50.14% of the Company's theoretical voting rights.

The Offer is for:

- all Shares not held directly or indirectly by the Offeror, alone or in concert, that are already in issue, except for Shares held in treasury by the Company¹¹, it being stipulated that this represents, as of the date of the Draft Offer Document and to the Offeror's knowledge, a maximum of 31,935,195 Shares;
- all Shares that may be transferred before the Offer closes as a result of the vesting of shares awarded free of charge by the Company under the 2021 LTIP, i.e. to the Offeror's knowledge and as of the date of this document, a maximum of 250,377 Shares;

making a total maximum of 32,185,572 Shares. The situation in relation to the Offer of those awarded free shares, including holders of Free Shares Under Retention, is described in section 2.4.1 of the Draft Offer Document.

As of the date of the Draft Offer Document and to the Offeror's knowledge, there are no equity securities and no other financial instruments or rights that could give access, either immediately or in the future, to the Company's share capital or voting rights other than the Shares and the Currently Vesting Free Shares.

2.4 Position of the beneficiaries of free shares and liquidity mechanism

2.4.1. Position of the beneficiaries of free shares

The Company has put in place long-term incentive plans every year since 2011.

The table below summarises the main characteristics of the outstanding free share plans put in place by the Company, to the Offeror's knowledge, as of the date of the Draft Offer Document. The figures presented exclude awarded free shares that are unlikely to vest through the application of the terms of the plans concerned:

	LTIP 2018-2021	LTIP 2019-2022	LTIP 2020-2023
Date of the shareholders' general meeting	26 April 2018	26 April 2019	30 April 2020
Date of the Management Board's decision	25 July 2018	24 June 2019	30 July 2020
Vesting date	1 July 2021 ¹²	1 July 2022 ¹³	1 August 2023
Performance conditions	✓	✓	✓
Number of shares vested	1,200	0	0

¹¹ It being stipulated that as of the date of this document, the Company holds 392,427 shares in treasury (of which 250,377 are allocated to awards of performance shares free of charge under the LTIP 2021 plan).

¹² 1 August 2021 for some beneficiaries. If the Offer or a squeeze-out closes before that date, the securities concerned will be subject to the Liquidity Mechanism on the basis of the Offer Price.

¹³ 1 August 2022 for some beneficiaries.

Number of shares likely to vest	250,377 ¹⁴	335,215 ¹⁴	476,200 ¹⁴

To the Offeror’s knowledge, as of the date of the Draft Offer Document, a maximum of 811,415 Shares may be awarded under the LTIP 2019-2022 and LTIP 2020-2023 plans described above (“**Currently Vesting Free Shares**”).

Subject to performance conditions being met, the 250,377 free shares that may vest under the LTIP 2018-2021 plan will vest on 1 July 2021 and so it will be possible to tender them to the Offer.

In addition, some Shares currently held by beneficiaries of certain free share plans are locked up as of the date of the Draft Offer Document and will remain so until the estimated closing date of the Offer (the “**Free Shares Under Retention**”), including some Shares whose vesting period has ended as of the date of the Draft Offer Document. The Locked-up free Shares correspond to:

- (i) a maximum of 9,000 Shares under retention under Article L. 225-197-1(II) of the French Commercial Code, under which Tarkett’s Supervisory Board has required Tarkett’s corporate officers to retain their Shares until the end of their terms of office (the “**Additional Retention Period**”);
- (ii) a maximum of 35,000 Shares under retention pending the expiration of a holding period specified by tax laws (period provided for in Article 150-0 D(1ter)(A)(a) of the French General Tax Code (“**FGTC**”) for Shares eligible for the provisions of Article 200 A(3) of the FGTC in its wording arising from Article 135 of French act no. 2015-990 of 6 August 2015 for growth, activity and equal economic opportunities).

To the Offeror’s knowledge, as of the filing date of the Draft Offer Document and subject to cases of early vesting and transferability provided for by law, the Currently Vesting Free Shares and the Free Shares Under Retention will not be capable of being tendered to the Offer to the extent that the vesting periods, Additional Retention Period and holding period specified by tax laws have not expired before the closing of the Offer.

2.4.2. Liquidity mechanism

The Liquidity Mechanism that will be offered to holders of Free Shares Under Retention is described in greater detail in section 1.3.4 of this Draft Offer Document.

2.5 Offer details

In accordance with Article 231-13 of the AMF’s general regulation, the Presenting Banks, acting on behalf of the Offeror, filed the draft Offer and the Draft Offer Document with the AMF on 26 April 2021. On the same day, the AMF published a notice of filing relating to the Draft Offer Document on its website (www.amf-france.org).

In accordance with Article 231-16 of the AMF’s general regulation, this Draft Offer Document, as filed with the AMF, is available to the public free of charge from the registered office of the Offeror and from the Presenting Banks, as well as online on the websites of the AMF (www.amf-france.org) and the Company (www.tarkett.com).

In addition, a press release containing the main elements of the Draft Offer Document and setting out how it may be obtained was published by the Offeror on 26 April 2021.

¹⁴ Assuming a vesting of 100% of the shares.

This Offer and the Draft Offer Document remain subject to review by the AMF.

The AMF will publish on its website a reasoned clearance decision with respect to the draft Offer after verifying that the draft Offer complies with applicable laws and regulations. In accordance with Article 231-23 of the AMF's general regulation, the clearance decision will constitute approval of the Offeror's offer document.

The offer document approved by the AMF as well as the other information relating in particular to the legal, financial and accounting characteristics of the Offeror, will be available to the public, in accordance with Article 231-28 of the AMF's general regulation, from the Offeror's registered office and from the Presenting Banks, no later than the day preceding the opening of the Offer. Such documents will also be available on the websites of the AMF (www.amf-france.org) and the Company (www.tarkett.com).

In accordance with Articles 231-27 and 231-28 of the AMF's general regulation, a press release indicating how such documents are made available by the Offeror will be published no later than the day preceding the opening of the Offer including on the Company's website.

Prior to the opening of the Offer, the AMF will publish a notice announcing the opening and timetable of the Offer, and Euronext Paris will publish a notice announcing the arrangements and timetable of the Offer.

2.6 Procedure for tendering shares to the Offer

Shares tendered to the Offer must be freely negotiable and free of any lien, charge, pledge, other guarantee or any restriction on the free transfer of their ownership. The Offeror reserves the right to reject any Share tendered to the Offer that does not comply with this condition.

The draft Offer and all of its related agreements are governed by French law. Any dispute or conflict, whatever its purpose or grounds, relating to this draft Offer will be brought before the competent courts.

The Offer would be open for a period of twenty-one (21) trading days. Shareholders' attention is drawn to the fact that, because the Offer is taking place according to the simplified procedure, it will not be reopened after the AMF publishes the result of the Offer.

Shares held in registered form must be converted into bearer form in order to be tendered to the Offer. As a result, shareholders whose Shares are in registered form and who wish to tender them to the Offer must request their conversion into bearer form at the earliest opportunity in order to tender them to the Offer.

Shareholders whose Shares are registered in an account managed by a financial intermediary and who wish to tender them to the Offer must send to the financial intermediary that is the custodian of their Shares an irrevocable order to tender or sell the Shares at the Offer Price, using the template provided by that intermediary in good time to allow their order to be executed and no later than the day on which the Offer closes, stating whether they are electing either to sell their Shares directly in the market or to tender their Shares to the semi-centralised Offer via Euronext Paris in order to benefit from the Offeror covering the brokerage fees as described in section 2.11 below.

Market-based procedure for tendering shares to the Offer

Tarkett shareholders wishing to tender their Shares to the Offer using the market-based procedure must send back their sale order by the last day of the Offer and settlement will take place as and when orders are executed, two (2) trading days after the execution of each order, it being stipulated that trading fees (including related brokerage fees and VAT) will remain payable by the shareholder selling the Shares in the market.

Exane, an investment service provider authorised as a market member, will buy the Shares sold in the market on behalf of the Offeror, in accordance with applicable regulations.

Semi-centralised procedure for tendering shares to the Offer

Tarkett shareholders wishing to tender their Shares to the Offer using the semi-centralised procedure via Euronext Paris must send back their tender order by the last day of the Offer (subject to timeframes specific to certain financial intermediaries). Settlement will take place after the semi-centralisation operations have been completed.

The Offeror will cover shareholders' brokerage fees, it being stipulated that the conditions under which it will do so are described in section 2.11 below.

Euronext Paris will pay directly to the financial intermediaries the amounts due in respect of the reimbursement of fees mentioned below from the semi-centralisation settlement date.

2.7 Trading of shares by the Offeror during the Offer period

As declared on 23 April 2021 in a joint press release of the Company and the Offeror, the Offeror intends, until the opening of the Offer, to acquire shares, subject to limits set out in Article 231-38(IV) of the AMF's general regulation, i.e. up to 9,580,558 Shares, corresponding to up to 30% of the Shares targeted by the draft Offer at the Offer Price. Such acquisitions will be published on the AMF website in accordance with applicable regulations.

2.8 Indicative timetable of the Offer

Prior to the opening of the Offer, the AMF will publish a notice stating the opening and timetable of the Offer, and Euronext Paris will publish a notice announcing the arrangements and opening of the Offer.

An indicative timetable of the Offer is set out below:

Dates	Main stages of the Offer
26 April 2021	<ul style="list-style-type: none"> - Offeror's draft Offer and Draft Offer Document filed with the AMF. - Draft Offer Document made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication of the press release relating to the filing and availability of the Draft Offer Document.
[25 May 2021]	<ul style="list-style-type: none"> - Filing of the Company's draft reply document, including the reasoned opinion of the Company's Supervisory Board and the report of the independent appraiser. - The Company's draft reply document made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication of the press release relating to the filing and availability of the Company's draft reply document.
[22 June 2021]	<ul style="list-style-type: none"> - Publication of the statement of compliance relating to the Offer by the AMF, signifying approval of the Offeror's offer document and the Company's reply document. - Approved offer document made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org).

	<ul style="list-style-type: none"> - Approved reply document made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org).
[23 June 2021]	<ul style="list-style-type: none"> - Information relating in particular to the legal, financial and accounting characteristics of the Offeror made available to the public at the registered offices of the Offeror and the Presenting Banks and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication by the Offeror of the press release stating how the approved Offer Document and information relating in particular to the legal, financial and accounting characteristics of the Offeror is being made available. - Information relating in particular to the legal, financial and accounting characteristics of the Company made available to the public at the registered office of the Company and posted on the websites of the Company (www.tarkett.com) and the AMF (www.amf-france.org). - Publication by the Company of the press release stating how the approved reply document and information relating in particular to the legal, financial and accounting characteristics of the Company are being made available.
[24 June 2021]	<ul style="list-style-type: none"> - Opening of the Offer
[22 July 2021]	<ul style="list-style-type: none"> - Closing of the Offer¹⁵
[26 July 2021]	<ul style="list-style-type: none"> - Publication by the AMF and Euronext Paris of the notice stating the result of the Offer.
[29 July 2021]	<ul style="list-style-type: none"> - Settlement of the semi-centralised Offer with Euronext Paris
Shortly after the closing of the Offer	<ul style="list-style-type: none"> - Implementation of the squeeze-out as the case may be.

2.9 Expenses relating to the Offer

The overall amount of all expenses, costs and disbursements incurred by the Offeror solely in connection with the Offer, including the fees and other expenses of its external financial, legal and accounting advisors, along with those of appraisers and other consultants, and publicity and communication expenses, is estimated at approximately €25 million (excluding VAT).

2.10 Financing of the Offer

The maximum cost of the Offeror acquiring all Shares covered by the Offer as filed on 26 April 2021, based on the Offer Price for the Shares, is €643,711,440 (excluding various expenses and commissions).

The Offer will be financed through the Shareholder Loan and the Bank Financing.

2.11 Reimbursement of brokerage fees

Except as indicated below, no expenses will be reimbursed and no commission will be paid by the Offeror to any intermediary or any person soliciting the tendering of Shares to the Offer.

The Offer will cover the brokerage fees and related VAT paid by holders of Shares who tender their Shares to the semi-centralised Offer, subject to a maximum of 0.3% (excluding VAT) of the amount of Shares

¹⁵ Since the Offer is open to American shareholders, it is expected that it remains open for 21 trading days in accordance with the applicable regulations.

tendered to the Offer with a maximum of €250 per application (including VAT). Only holders of Shares that are registered in an account the day before the opening of the Offer and who tender their Shares to the semi-centralised Offer may have their brokerage fees reimbursed as mentioned above (and the related VAT). Holders who sell their Shares in the market will not be able to have their brokerage fees (or of the related VAT) reimbursed.

2.12 Restrictions on the Offer outside France

No request to register the Offer or to obtain approval has been made to a financial market supervisory authority other than the AMF and no such request will be made.

As a result, the Offer is made to shareholders of the Company located in France and outside France, provided that the local laws to which they are subject allow them to take part in the Offer without the Offeror being required to complete any additional formalities.

The publication of the Draft Offer Document, the Offer, the acceptance of the Offer and the delivery of the Securities may in some countries be subject to specific regulations or restrictions. As a result, the Offer is not addressed to persons subject to such restrictions, either directly or indirectly, and is not capable of being accepted in a country in which the Offer is subject to restrictions.

Neither the Draft Offer Document nor any other document relating to the Offer constitutes an offer to buy or sell financial instruments or a solicitation of an offer in any country in which such offer or solicitation would be illegal, could not be legally made or would require the publication of a prospectus of any other formality in accordance with local financial laws. The holders of Securities located outside of France may participate in the Offer only to the extent that such participation is authorised by the local laws to which they are subject.

As a result, persons in possession of the Draft Offer Document are required to inform themselves about any applicable local restrictions and to comply with them. A failure to comply with these restrictions may constitute a violation of applicable stock exchange laws and regulations.

The Offeror will not be liable for the violation of applicable legal or regulatory restrictions by any person.

United States

In particular, as well as in France, the Offer will be made in the United States of America in accordance with Section 14(e) of the US Securities Exchange Act of 1934 as amended (the “1934 Act”) and with the rules and regulations promulgated under that act, including Rule 14E, and will be subject to certain exemptions provided for by Rule 14d-1(d) of the 1934 Act and to French law. As a result, the Offer will be subject to certain disclosure and procedural rules, including those relating to the notice of extension of the Offer, settlement, purchases of Shares outside of the Offer and payment dates, which differ from those arising from American rules relating to public offers.

The payment of the Offer price to Tarkett’s US shareholders could be a transaction subject to tax including US federal income tax. Each of Tarkett’s US shareholders are strongly advised to consult immediately an independent professional advisor regarding the tax consequences of accepting the Offer.

It could be difficult for Tarkett’s US shareholders to assert their rights under US federal stock exchange law, since the Offeror and Tarkett have their registered offices outside the United States of America and some or all of their managers and directors are residents of countries other than the United States of America. Tarkett’s US shareholders may be unable to commence proceedings before a court outside the United States against a non-US company, its managers or its directors by invoking breaches of US stock exchange law. It

may also be difficult to force a non-US company and its affiliates to comply with judgments handed down by a US court.

To the extent allowed by the applicable laws and regulations, including Rule 14e-5 of the 1934 Act, and in accordance with standard practice in France, the Offeror and its affiliates and/or its broker(s) (acting as agent in the name of and on behalf of the Offeror or its affiliates as the case may be) and Tarkett and its affiliates and/or its broker(s) (acting as agent in the name of and on behalf of Tarkett or its affiliates as the case may be) may, before or after the date of the Draft Offer Document, directly or indirectly, buy or take the necessary steps to buy Shares outside of the Offer (the Offeror's intentions in this respect are described in Section 2.7 of the Draft Offer Document). Such purchases may take place on the market or through off-market transactions at the Offer Price. To the extent that information about such purchases and such provisions is made public in France, it would also be made public through a press release or any other method that would allow Tarkett's US shareholders to be informed and on Tarkett's website (www.tarkett.com). No purchases outside of the Offer shall take place by or on behalf of the Offeror, Tarkett or their respective affiliates in the United States of America. The affiliates of the financial advisors of the Offeror and of Tarkett may continue ordinary trading in Tarkett securities, which may include purchases or certain steps to purchase such securities.

This Draft Offer Document has not been filed or examined by any market authority (federal or state) or any other regulatory authority in the United States of America, and none of those authorities has commented on the accuracy or adequacy of the information contained in this Draft Offer Document. Any statement to the contrary would be unlawful and could constitute a criminal offence.

2.13 Tax regime of the Offer

This section presents, for general information purposes, certain tax consequences under current French tax laws and regulations that may apply to shareholders of the Company participating in the Offer.

Such shareholders should note, however, that this information is only a summary of the main tax regimes applicable under French legislation currently in force and is not intended to be an exhaustive analysis of all situations and tax effects that may apply to them. Shareholders are therefore invited to contact their usual tax advisor in order to inform themselves about the tax regime applicable to their particular situation.

This summary is based on the French legislative and regulatory provisions in force as of the date of the Draft Offer Document and may therefore be affected by possible changes in French tax rules, which could have a retroactive effect or apply to the current calendar year or accounting period, and by any interpretation of them that could be made by the French tax authorities or in the case law.

People who are not resident in France for tax purposes must also comply with the tax laws in force in their State of residence and with the provisions of any international tax treaty signed by France and that State.

2.13.1 Shareholders who are natural persons resident in France for tax purposes, holding shares as part of their private assets and not trading on the markets on a regular basis (i.e. in a way that is not the same as that which characterises an activity carried out by a professional) and not holding shares as part of a company or group savings plan or an employee share ownership plan (involving free shares or stock options)

(i) Normal regime

Natural persons who carry out stock market transactions under conditions similar to those that characterise an activity carried out by a person conducting such operations on a professional basis and natural persons who hold shares acquired through a company savings plan or through an employee share ownership

arrangement (such as those involving stock options or free shares) are invited to check with their usual tax advisor the tax rules applying to their specific situation.

(a) Personal income tax

In accordance with Articles 200 A, 158, 6 bis and 150-0 A of the FGTC, net capital gains resulting from the sale of securities by natural persons who are resident in France for tax purposes are, in principle, subject to a 12.8% single flat tax by operation of law, without the application of any allowance. In accordance with Article 150-0 D(1) of the FGTC, net capital gains are the difference between the Offer Price, net of expenses and levies paid by the seller, and the purchase price of the shares tendered to the Offer.

However, in accordance with Article 200 A(2) of the FGTC, net capital gains from sales of securities and similar rights may, as an exception from the flat tax and based on an express and irrevocable election by the taxpayer, be taken into account when determining the taxpayer's overall net income subject to income tax on the progressive scale. The election is global and applies on a yearly basis to all investment income and income from securities falling within the scope of the 12.8% single flat tax and arising during the same year. It is made each year when filing the tax return and must be made by the filing deadline.

If such an election is made, net capital gains resulting from the sale of shares, acquired or subscribed before 1 January 2018 will be taken into account for the purposes of determining the overall net income subject to the income tax on the progressive scale after application of a proportional allowance based on the holding period, as provided for in Article 150-0 D (1 ter) of the FGTC, equal, except in specific cases, to:

- 50% of their amount where the shares have been held for at least two years and less than eight years, at the date of their sale;
- 65% of their amount where the shares have been held for at least eight years, at the date of their sale.

For this allowance to apply, the holding period is, subject to special cases, computed from the share subscription or acquisition date and ends on the date on which their legal ownership is transferred. In any event, no such allowance will apply to shares acquired or subscribed on or after 1 January 2018.

Shareholders who intend to elect for all net capital gains and income falling within the scope of the single flat tax to be subject instead to income tax on the progressive scale are invited to contact their usual tax advisor to determine the consequences of making that election.

Taxable net capital gains will be calculated, in accordance with Article 150-0 D(11) of the FGTC, after deducting capital losses of the same nature arising during the same year and then, if the balance is positive, capital losses of the same nature arising in previous years up to and including the tenth year. The aforementioned allowance based on the holding period will apply, subject to the conditions set out above, to the resulting balance after taking into account available capital losses.

Taxpayers with net capital losses that can be carried forward or who realise capital losses on the sale of shares in the Company in the context of the Offer are invited to consult their usual tax advisor in order to review the conditions for using such capital losses.

As the case may be, tendering shares in the Company to the Offer may end any tax deferral or rollover relief that may have been available to the holders of those shares in prior transactions and/or jeopardise specific tax reductions. Those concerned are also invited to consult their usual tax advisor to determine the consequences that apply to their specific situation.

(b) Social security contributions

Net capital gains realised on disposals of securities as part of the Offer by the aforementioned natural persons are also subject, before the application of any allowance based on the holding period as mentioned in (a) above, to social security contributions at the overall rate of 17.2%, breaking down as follows:

- 9.2% with respect to the general social security contribution (“**CSG**”);
- 0.5% with respect to the social debt repayment contribution (“**CRDS**”); and
- 7.5% with respect to the solidarity levy (“**prélèvement de solidarité**”).

If the net capital gains resulting from the sale of shares are subject, with respect to income tax, to the aforementioned 12.8% flat tax, none of these social security contributions are deductible from the taxable income. However, if the taxpayer elects for those gains to be subject to income tax on the progressive scale, the CSG is partially deductible, at a rate of 6.8%, from taxable income in the year during which it is paid. The other social-security contributions listed above are not deductible from taxable income.

(c) Exceptional contribution on high incomes

Article 223 sexies of the FGTC provides that taxpayers subject to personal income tax are also subject to an exceptional contribution on high incomes applicable when their reference income for tax purposes exceeds certain thresholds.

This contribution is calculated by applying a rate of:

- 3% to the portion of reference income (i) in excess of €250,000 and less than or equal to €500,000 for taxpayers who are single, widowed, separated or divorced and (ii) in excess of €500,000 and less than or equal to €1,000,000 for taxpayers subject to joint taxation;
- 4% to the portion of reference income (i) in excess of €500,000 for taxpayers who are single, widowed, separated or divorced and (ii) in excess of €1,000,000 for taxpayers subject to joint taxation.

For the purposes of such rules, the reference income of a tax household is defined in accordance with Article 1417(IV)(1) of the FGTC, without application of the “quotient” rules defined under Article 163-0 A of the FGTC.

The aforementioned reference tax income will include net capital gains resulting from the sale of shares by the relevant taxpayers, before the application of the allowance arising from the holding period, if such an allowance is applicable in accordance with the conditions described above, in the event that the taxpayer elects for taxation according to income tax on the progressive scale in accordance with (a) above.

(ii) Specific regime applicable to shares held in a PEA equity savings plan

Persons holding shares in the Company as part of an equity savings plan (“**PEA**”) may participate in the Offer.

Subject to certain conditions, a PEA offers:

- during the lifetime of the PEA, an exemption from personal income tax and social-security contributions with respect to capital gains and other income derived from the investments made through the PEA, provided, in particular, that such income and capital gains are kept within the PEA; and
- when the PEA is closed or if a partial withdrawal is made from the PEA (if the closure or partial withdrawal occurs more than five years after the PEA is opened), an exemption from income tax on the net gain arising since the plan was opened.

That net gain is not taken into account for the calculation of the exceptional contribution on high incomes, described in section 2.13.1(i)(c) above, but remains subject to the social security contributions at the rate in

force on the date of the event that triggered the capital gain for PEAs opened since 1 January 2018. The overall rate of social-security contributions as of the date of the Draft Offer Document is 17.2%, as described above. For PEAs opened before 1 January 2018, the applicable rate of social-security contributions may vary. The taxpayers concerned are invited to consult their usual tax advisor.

Specific provisions, not described in the Draft Offer Document, apply if capital losses are realized, if the plan is closed before the end of the fifth year following the opening of the PEA or if a withdrawal is made from the PEA in the form of an annuity. The individuals concerned are invited to consult their usual tax advisor.

Persons holding shares of the Company as part of a PEA who wish to participate in the Offer are invited to consult their usual tax advisor in order to determine the tax consequences of the sale of their shares held as part of a PEA in the context of the Offer.

2.13.2 Shareholders that are legal entities resident in France for tax purposes and subject to corporate income tax according to the ordinary regime

(i) Ordinary regime

Unless a special regime applies, net capital gains realised on the sale of shares in the Company as part of the Offer will in principle be included in income subject to corporate income tax at the ordinary rate which, for accounting periods starting on or after 1 January 2021, is 26.5% or, for companies with ex-VAT revenue of €250 million or more¹⁶, 27.5%. Those gains will also be subject, as the case may be, to a social security levy on corporate income tax at a rate of 3.3% after applying an allowance not exceeding €763,000 per 12-month period, in accordance with Article 235 ter ZC of the FGTC.

However, companies whose revenue, adjusted if necessary to reflect a 12-month period, is less than €7,630,000 and at least 75% of whose share capital, fully paid-up, has been held continuously during the period in question by natural persons or by companies that themselves meet those conditions, pay corporate income tax at a reduced rate of 15% subject to a limit of €38,120 of taxable income in a 12-month period. Those companies are also exempt from the aforementioned social-security levy on corporate income tax.

For accounting periods starting on or after 1 January 2021, companies with revenue of between €7,630,000 and €10,000,000 are also eligible for the reduced 15% rate of corporate income tax subject to a limit of €38,120 of taxable income, provided that the aforementioned conditions relating to paid-up capital and ownership are met. However, those companies remain, if applicable, liable to pay the social-security levy of 3.3%.

In accordance with the French 2018 finance act (act no. 2017-1837 of 30 December 2017) and subject to legislative changes that might take place after the date of the Draft Offer Document, the normal rate of corporate income tax provided for in Article 219(I) of the FGTC is gradually reduced for accounting periods starting on 1 January 2018. The terms of this decrease are as follows for fiscal years beginning respectively in 2021 and 2022:

Revenue	Taxable income bracket	Fiscal year beginning on	
		2021	2022

¹⁶ When assessing the €250 million threshold, revenue is understood as revenue generated by the taxpayer during the accounting period or tax period, adjusted if necessary to reflect a 12-month period. For the parent company of a tax consolidation group, revenue is assessed as the sum of the revenues generated by each member of the group.

R < 7.63 M Euros	0 to 38,120 Euros	15%	15%
	> 38,120 Euros	26.5%	25%
7.63 M Euros ≤ R ≤ 10 M Euros (1)	0 à 38,120 Euros	15%	15%
	> 38,120 Euros	26.5%	25%
10 M euros < R < 250 M Euros	Total benefits	26.5%	25%
R ≥ 250 M Euros	Total benefits	27.5% (2)	25%

(1) Article 18 of the Finance Act for 2021 raised, for fiscal years beginning on or after 1 January 2021, the revenue ceiling allowing companies subject to corporate income tax to benefit from the reduced rate of corporate income tax set at 15% within the limit of 38,120 euros.

(2) Pursuant to Article 39 of the Finance Act for 2020, and only for fiscal years beginning on or after 1 January 2021 and ending on or after 31 December 2021, the standard corporate income tax rate for taxable companies with revenues equal to or greater than 250 million Euros (alone or with companies that are members of a tax consolidation group of which they are a member in accordance with the provisions of Articles 223 A et seq. of the FGTC) will be 27.5%. Taxpayers are invited to consult their usual tax advisor to determine the rate applicable to their situation..

The capital losses realized by the sale of the Company's shares in the context of the Offer will, in principle and except for the special regime described below, be deducted from the corporate income taxable by the legal entity.

In addition, (i) some of the above-mentioned thresholds follow specific rules if the taxpayer is a member of a tax consolidation group, and (ii) tendering shares in the Company to the Offer may end any tax deferral or rollover relief that may have been available to the holders of those shares in prior transactions and/or jeopardise specific tax reductions.

Taxpayers are invited to consult their usual tax advisor to determine the rate applicable to their situation.

(ii) Special regime for long-term capital gains (capital gains from selling equity securities)

In accordance with Article 219 I-a quinquies of the FGTC, net capital gains realised when selling “equity securities” within the meaning of that article that have been held for at least two years at the time of sale are exempt from corporate income tax, provided that a portion of expenses and charges equal to 12% of the gross amount of realised capital gains are added back to taxable income. The amount added back is subject to corporate income tax at the ordinary rate plus, as the case may be, the 3.3% social-security levy.

For the application of the provisions of Article 219 I-a quinquies of the FGTC, equity securities comprise (i) shares that qualify as equity securities in accounting terms, (ii) shares acquired through a public tender or exchange offer by the company initiating that offer, and (iii) shares giving access to the parent/subsidiary tax regime (as defined in Articles 145 and 216 of the FGTC) provided that the holder holds at least 5% of the issuing company’s voting rights, if the shares are entered in an equity securities account or a special subdivision of another balance-sheet account corresponding to their accounting designation, except for securities in mainly property-focused companies (as defined in Article 219 I-a sexies-0 bis of the FGTC).

Those who may be concerned are invited to consult their usual tax advisor in order to assess whether or not the shares they hold qualify as “equity securities” within the meaning of Article 219 I-a quinquies of the FGTC.

The use of long-term capital losses is subject to specific rules, and taxpayers are invited to contact their usual tax advisor in relation to this matter.

2.13.3 Shareholders who are not resident in France for tax purposes

Shareholders who are not resident in France for tax purposes are invited to consult their usual tax advisor regarding their particular situation in order to take into consideration the tax regime applicable both in France and in the State in which they reside for tax purposes.

Subject to any international tax treaties and any specific rules that may apply to shareholders who are natural persons who are not resident in France for tax purposes and have acquired their shares through an employee share ownership plan, capital gains on the sale of shares as part of the Offer by natural persons who are not domiciled in France for tax purposes within the meaning of Article 4B of the FGTC or by legal entities that are not resident in France for tax purposes (and where the ownership of the shares is not connected to a fixed base or a permanent establishment subject to taxation in France on whose balance sheet the shares are recorded as an asset) are in principle exempt from tax in France provided that:

- entitlements held, directly or indirectly, by the seller (natural person, legal entity or organisation) together with the seller’s spouse, ascendants and descendants, to the company’s profits have not at any time in the five years preceding the sale exceeded 25% of those profits (resulting from the provisions of Articles 244 bis (B) and (C) of the FGTC); and that
- the seller is not domiciled, established or incorporated outside of France in a non-cooperative state or territory within the meaning of Article 238-0 A of the FGTC (hereinafter “**NCST**”) other than those mentioned in subsection (2bis)(2) of that Article.

In the latter case, subject to the provisions of any international tax treaties that may be applicable, regardless of the percentage of entitlements to the Company’s profits held, capital gains will be taxed at the flat rate of 75%, unless it is demonstrated that the principal purpose or effect of the transactions triggering such gains is not simply to allow them to be located in an NCST.

The list of NCSTs is published by ministerial order¹⁷ and may be updated at any time, and in principle at least once per year, in accordance with Article 238-0 A(2) of the FGTC, and applies from the first day of the third month following the publication of the order. In this respect, readers are reminded that French act no. 2018-898 of 23 October 2018 on the fight against fraud, which came into force on 1 December 2018, expanded the list of NCSTs as defined in Article 238-0 A of the FGTC to jurisdictions on the European list of non-cooperative countries and territories (the “blacklist”) published by the Council of the European Union and updated regularly.

Shareholders in the Company who are not resident in France for tax purposes are invited to consult their usual tax advisor in order to consider the tax regime applicable to their particular circumstances, both in France and in the State in which they reside for tax purposes.

¹⁷ In accordance with the order of 26 February 2021, amending the order of 12 February 2010 in application of the second paragraph of Article 238-0 A(1) of the FGTC and published in France's official journal on 4 March 2021, the list of NCSTs within the meaning of Article 238-0 A of the FGTC is as follows: Anguilla, Dominica, Fiji, Guam, the British Virgin Islands, the US Virgin Islands, Panama, Palau, Samoa, American Samoa, the Seychelles, Trinidad and Tobago and Vanuatu. Restrictive tax measures will apply to NCSTs newly added to the French list from 1 June 2021.

The sale of shares in the context of the Offer may also end any payment deferral that may apply to individuals subject to the “exit tax” rules set out in Article 167 bis of the FGTC in the context of the transfer of their tax residence outside of France. The individuals concerned are invited to consult their usual tax advisor.

2.13.4 Shareholders subject to a different tax regime

Shareholders of the Company taking part in the Offer and subject to a tax regime other than those referred to above, in particular taxpayers whose transactions in transferable securities go beyond the management of personal assets, taxpayers that have recorded their shares as assets on their business balance sheet or natural persons who hold their shares received as part of an employee savings plan (including via an employee savings mutual fund) or employee incentive plan, are invited to consider their particular tax circumstances with their usual tax advisor.

2.13.5 Transfer tax or financial transactions tax

In accordance with Article 235 ter ZD of the FGTC, the financial transactions tax (“FTT”) applies to acquisitions against payment of equity securities admitted to trading on a French, European or foreign regulated market, issued by a company whose registered office is located in France and whose market capitalisation is over €1 billion on 1 December of the year before the tax year in question. A list of companies falling within the scope of application of the French FTT is published each year. Since the Company is not on the list of French companies whose market capitalisation was more than €1 billion on 1 December 2020, as published in document BOI-ANX-000467 dated 23 December 2020, no FTT will arise from the Offer.

In accordance with Article 726 of the FGTC, no registration duty is payable in France on the sale of shares in a company whose registered office is in France and whose securities are traded on a regulated market for financial instruments or a multilateral trading facility, unless the sale is recorded by a legal instrument signed in France or abroad. In the latter case, the sale of shares is subject to a transfer levy of 0.1% based on the higher of the selling price or the actual value of the securities, subject to certain exceptions mentioned in Article 726(II) of the FGTC.

3. ASSESSMENT OF THE OFFER PRICE

The assessment of the Offer Price set out below has been prepared by the Presenting Banks on behalf of the Offeror. The assessment has been based on a multi-criterion approach involving standard valuation methods as set out below, selected taking into account the Company’s specific features such as its size and business sector. It has been prepared on the basis of publicly available information and written and oral information provided by the Company. The information has not been independently checked by the Presenting Banks, in particular regarding its accuracy or completeness.

The information, quantitative data and analysis contained in the Draft Offer Document, other than historical data, reflect forward-looking information, expectations and assumptions that involve risk, uncertainty and other factors, in respect of which no guarantee can be given, and actual events and results may differ materially from the contents of the Draft Offer Document.

The price offered by the Offeror is €20.0 in cash per Tarkett share.

The following main information was used when carrying out the valuation work:

- the Company’s historical public financial data (up to its figures for the 2020 financial year ended 31 December 2020);
- the 2021-26 business plan prepared by the management, completed in late March 2021 and approved by Tarkett’s Supervisory Board on 31 March 2021 (the “**Company’s Business Plan**”);

- a “vendor assistance” financial report by PwC dated 10 March 2021 (the “PwC Report”);
- research notes on the Company and its peers.

3.1 Valuation methods and criteria

The Offer Price was assessed using a multi-criterion approach described below, based on commonly used valuation methods and criteria.

3.1.1 Valuation methods and criteria used

3.1.1.1. Main methods and criteria used

(i) *Historical share prices*

The Company’s share capital is made up of a single class of ordinary shares admitted to trading on Euronext’s regulated market in Paris (Compartment B) under ISIN FR0004188670.

The historical share price-based approach consists of comparing the Offer Price with the Company’s share price over various periods preceding the announcement of the Offer.

(ii) *Research analyst target prices*

Tarkett enjoys good coverage among financial analysts (Jefferies, Société Générale, Kepler Cheuvreux, Exane BNP Paribas, CIC, Barclays, Oddo and Alpha Value). The target price-based approach consists of comparing the Offer Price with the target prices published by the financial analysts who cover the Company.

(iii) *Discounted free cash flow (DCF)*

This method is based on the principle that a company’s enterprise value is the sum of its future free cash flows, before the impact of financing methods, discounted to present value using the weighted average cost of capital (WACC).

3.1.1.2. Methods and criteria used for information only

(i) *Peers’ trading multiples*

The approach based on peer’s trading multiples consists of valuing the Company by taking the financial balances in the Company’s Business Plan, applying to them multiples observed in a sample of listed peers, and comparing the resulting figures with the Offer Price.

Given the Company’s specific operational and financial profile (scale, geographical presence, product range, margins, capital intensity), there are no listed companies that are directly comparable with Tarkett. As a result, the Presenting Banks applied the peers’ trading multiples for information only.

3.1.2 Valuation methods and criteria not used

(i) *Comparable transaction multiples*

The approach based on multiples from comparable transactions consists of assessing a company by taking its financial balances and applying to them multiples arising from acquisitions of companies, both listed and unlisted, which recently took place in the business sector of the entity being valued. The Presenting Banks ruled out the comparable transactions approach for the following reasons:

- transactions in the sector have involved target companies with different market positions and/or financial profiles from those of the Company;
- applying the method requires reliable information on the companies involved in the transactions;
- unlike most transactions in the sector, the planned transaction will not generate synergies given the nature of the Offeror (family holding company and financial investor);
- finally, the method is not a relevant way of assessing the price offered in the intended simplified offer, a particular feature of which is that it will not involve a change of control.

(ii) *Net book value and net asset value*

These methods consist of assessing a company based on the carrying amount of its assets or their carrying amount adjusted for unrealised capital gains and losses not reflected in the balance sheet. These methods do not reflect the company's future prospects and are not appropriate when valuing a company as a going concern. In addition, they are often used to assess holding and real-estate companies that own and operate assets whose value is independent from their inclusion in any operating processes.

For information, the Company's consolidated net book value at 31 December 2020 was €11.8¹⁸ per Share.

(iii) *Discounted theoretical future dividends*

This method consists of assessing a company's equity by discounting to present value, using the company's cost of capital as the discount rate, the dividends that it is expected to pay to its shareholders. The method was not applied because it would be redundant, given the use of the discounted free cash flow method. It should be noted that the Company did not pay a dividend with respect to 2019 and no proposal has been made to the Company's shareholders' general meeting scheduled for 30 April 2021 to approve the payment of a dividend to the Company's shareholders with respect to 2020.

3.2 **Financial data used for valuation purposes**

3.2.1 **Financial projections**

The Presenting Banks performed their valuation work on the basis of historic published financial data and the Company's Business Plan.

The Company's Business Plan was finalised by Tarkett's management in late March 2021 and approved by the Supervisory Board on 31 March 2021. It was based on 2021-2026 projections prepared by the heads of each Group division, i.e. EMEA, North America, Eastern Europe and Sports.

The main financial elements of the Company's Business Plan are as follows:

- Average revenue growth rate of around 2.0% per year;

¹⁸ Based on equity attributable to equity holders of the parent of €770.3 million on the consolidated balance sheet at 31 December 2020 and 65,283,043 shares taken into account in the valuation.

- An increase in EBITDA margin (pre-IFRS 16) to just over 11% in 2026 (as opposed to 9.4% in 2020);
- Capital expenditure averaging 3.4% of revenue per year.

3.2.2 Enterprise value to equity value bridge

In their valuation work, the Presenting Banks estimated the bridge from enterprise value to equity value published as of 31 December 2020 or estimated as of 30 June 2021 depending on the valuation method. Net debt of €434.8 million at 30 June 2021 was estimated on the basis of net debt of €365.0 million at 31 December 2020 and management's cash flow forecasts for the first half of 2021.

It should be noted that net debt at 31 December 2020 reflects a low point for the working capital requirement.

The Company adopted a non-recourse factoring programme in June 2019. The amount of deconsolidated receivables (€133.8 million) was restated as debt given the following factors:

- in the group's cash management, factoring is similar to a revolving credit facility (RCF). The factoring programme enabled it to repay the RCF, on which there were €140 million of drawings at end-May 2019;
- the factoring programme gives rise to interest and credit insurance expenses, which are recognised as financial expenses;
- the future existence of the factoring programme is uncertain and its amount may decrease as a result of reductions in credit limits in the event that the financial position of certain clients deteriorates.

At 31 December 2020, the Company had €190 million of deferred tax assets arising losses (including €147 million in Luxembourg) of which €18.4 million were recognised in the audited financial statements given recovery prospects. Those deferred tax assets were not taken into account in the adjustments but are reflected in the tax rate used when applying the discounted cash flow valuation method.

The enterprise value to equity value bridge also takes into account equity-accounted companies for €0.5 million and provisions for retirement benefit obligations and similar, net of deferred tax assets related to retirement benefit obligations, for €91.4 million.

Other provisions (litigation provisions, contingency and loss provisions etc. totalling €83.1 million at 31 December 2020) were not included in the enterprise value to equity value bridge since the associated costs and disbursements are taken into account in the financial balances and cash flows of the Company's Business Plan.

(in millions of euros)	Actual 31/12/20	Estimated 30/06/21
State-guaranteed loan	70.0	-
Schuldschein	606.3	549.8
Syndicated revolving credit facility	-	17.7
Other borrowings	17.3	17.3
Gross debt (pre-IFRS 16)	693.6	584.8
(-) Cash and cash equivalents	(328.6)	(150.0)
Net debt (pre-IFRS 16)	365.0	434.8

(+) Non-controlling interests	-	-
(-) Equity-accounted companies	(0.5)	(0.5)
(+) Provisions for retirement benefit obligations and similar after tax	91.4	91.4
<i>Provisions for retirement benefit obligations and similar before tax</i>	<i>135.1</i>	<i>135.1</i>
<i>Deferred tax assets related to retirement benefit obligations</i>	<i>(43.7)</i>	<i>(43.7)</i>
(+) Factoring	133.8	133.8
Other adjustments	224.7	224.7
Total adjustments	589.7	659.5

The enterprise value to equity value bridge was applied on the following dates as part of the valuation work:

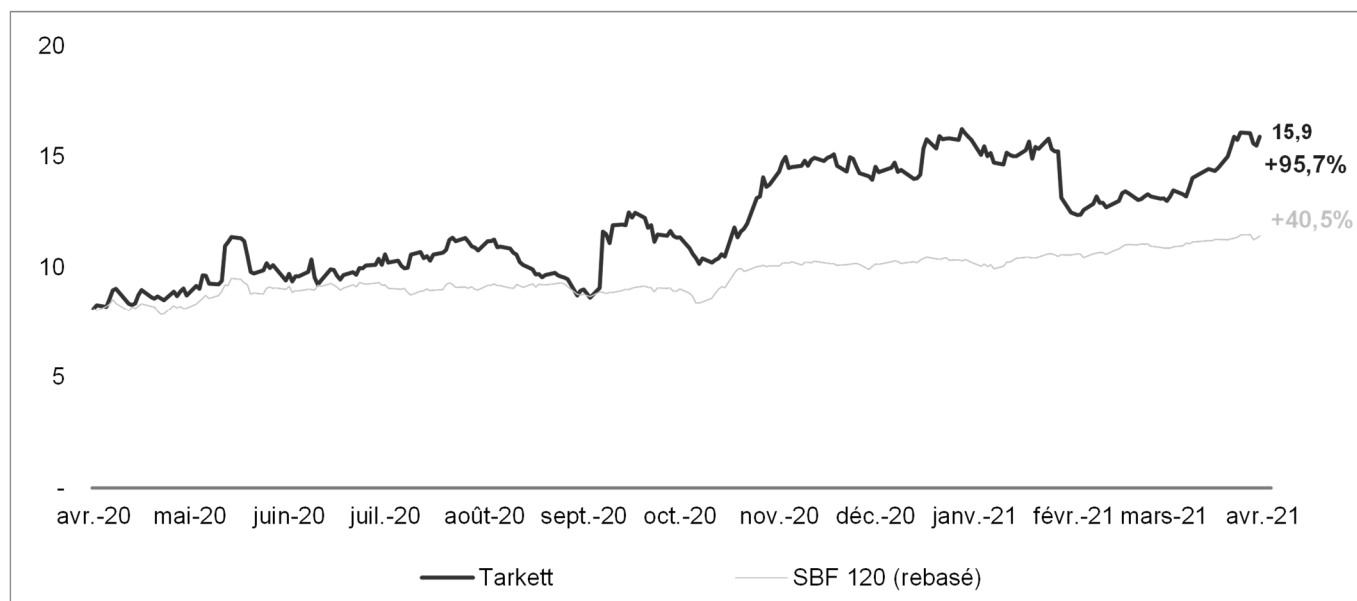
- 30 June 2021 (estimate) for the discounted free cash flow method, given the timetable of the transaction and the availability of details regarding cash flows in the first half of 2021;
- 31 December 2020 (actual) for the peers' trading multiples comparison method, due to the absence of balance-sheet forecasts for the Company's peers at 30 June 2021. It should be noted that the balance-sheet figures of all listed peers were taken at 31 December 2020 without any adjustment relating to their normal WCRs.

3.2.3 Number of shares

The number of Tarkett Shares used in the valuation work was 65,283,043, i.e. the total number of Shares after taking into account the 2018-2021 LTIP bonus share plan expiring on 1 July 2021. That amount corresponds to the total number of Shares in issue as of 31 March 2021 (65,550,281 Shares), less 392,427 Shares held in treasury, plus 125,189 bonus shares that may be awarded to beneficiaries before the offer closes under the 2018-2021 LTIP (assuming that 50% of the potential shares are awarded, since awards depend on performance criteria).

3.3 Description of the valuation methods and criteria used

3.3.1 Approach based on Tarkett's historical share price



In the last year, Tarkett's share price has outperformed the market, with a 95.7% gain as opposed to a 40.5% gain for the SBF 120 index. That performance partly reflects a catch-up effect after the market decline seen in March and April 2020 in response to the Covid-19 pandemic. It should be noted that Tarkett's share price fell after the Company published full-year 2020 results on 18 February 2021 (a decline of 13.7% on 19 February 2021) but rose 27.9% over the month preceding the announcement of the Offer.

The reference point for the share price-based approach is Tarkett's closing price on 22 April 2021, the last trading day before trading in the shares was suspended on which the Offer was announced, i.e. €15.9 per Share.

The share price-based approach also takes into account volume-weighted average prices (VWAPs) as of 22 April 2021.

The table below shows the premiums offered compared with the closing price on 22 April 2021 and compared with VWAPs over 20, 60, 120, 180 and 250 days.

	Share Price (€)	Minimum (€)	Maximum (€)	Premium represented by the Offer Price
Close on 22 April 2021	15.9			+25.8%
20-day VWAP	14.5	13.0	16.1	+38.1%
60-day VWAP	13.8	12.4	16.1	+44.4%
120-day VWAP	13.7	10.3	16.1	+45.6%
180-day VWAP	21.8	8.6	16.1	+56.3%
250-day VWAP	12.1	8.5	16.1	+64.7%

The Offer Price represents a premium range between 25.8% and 64.7% of the last quoted price for the Shares and the VWAPs in question.

3.3.2 Research analyst target prices

Eight research analysts provide regular coverage of Tarkett: Société Générale, Jefferies, Barclays, Exane BNP Paribas, CIC, Kepler Cheuvreux, Oddo BHF and Alpha Value¹⁹. All analysts have published a note since Tarkett published its full-year 2020 results on 18 February 2021. Four out of eight analysts recommend buying Tarkett shares, two have neutral recommendations and two recommend selling the stock at its current price. On 22 April 2021, the arithmetic mean of research analyst target prices was €15.8, to which the Offer Price represents a premium of 26.7%. The Offer Price also equals the highest target price (€20.0) and represents a premium of 58.4% to the most recent target price published by a research analyst (€12.6, Jefferies).

	Date	Value per Share	Premium represented by the Offer Price (%)
AlphaValue/Baader Europe	21 Apr. 2021	16.7	+19.8%
Jefferies	13 Apr. 2021	12.6	+58.4%
Oddo BHF	19 Mar.2021	20.0	-
Kepler Cheuvreux	22 Feb. 2021	14.5	+37.9%
CIC Market et Solutions	22 Feb. 2021	16.5	+21.2%
Barclays	22 Feb. 2021	18.0	+11.1%
Exane BNP Paribas	22 Feb. 2021	15.0	+33.3%
Société Générale	19 Feb. 2021	13.0	+53.8%
Mean		15.8	+26.7%
Median		15.8	+27.0%
<i>Minimum</i>		<i>12.6</i>	<i>+58.4%</i>
<i>Maximum</i>		<i>20.0</i>	<i>-</i>

3.3.3 Discounted free cash flow

Given the Offer timetable, the date of 30 June 2021 was used when valuing the Company according to the discounted cash flow method.

The Company's Business Plan was used when applying this valuation method.

3.3.3.1. Method for determining the WACC

The weighted average cost of capital of 9.5% used for Tarkett was calculated on the basis of:

- Tarkett's levered beta (Bloomberg);
- market risk premiums (Bloomberg, 1-month average) in the main countries in which the Company operates (France, United States, Russia), weighted on the basis of 2020 EBITDA generated in the EMEA, North America and Eastern Europe regions;
- assumption of a 200bp cost of debt in line with the cost of crossover debt;
- corporate income tax rates in the main countries in which the Company operates;

¹⁹ It is specified that HSBC no longer follows Tarkett since 23 February 2021.

- long-term local-currency inflation rates in the main countries in which the Company operates (euro, dollar, rouble).

It should be noted that the figures for the first few years of the Company's Business Plan are unadjusted for exchange-rate movements, whereas the Company uses constant exchange rates for the last few years of the business plan. The Presenting Banks took a conservative approach, adopting an inflation-adjusted WACC of 9.5%. A local WACC would have reflected a higher level.

3.3.3.2. Calculation of the perpetuity growth rate

The Presenting Banks estimated the Company's perpetuity growth rate based on average long-term real growth rates in gross domestic product (real 2050 growth rate – source: IHS Markit) in the main regions in which the Company operates (Europe, United States and Russia), weighted according to the Company's 2020 revenue in the EMEA, North America and Eastern Europe regions. That growth rate is 1.44%, and the assumed perpetuity growth rate is 1.5%.

The growth rate was also calculated in light of the Company's long-term average annual organic revenue growth rate, which was 0.7% between 2008 and 2019 at constant exchange rates (including bolt-on acquisitions).

3.3.3.3. Other normal operational assumptions

Following the end of the 2021-26 business plan, a normal year was defined. In addition to the perpetuity growth rate, the following main parameters were used:

- a pre-IFRS 16 adjusted EBITDA margin of 11.1% in line with the 2026 adjusted EBITDA margin figure;
- a ratio of depreciation and amortisation to revenue in line with the normal capex rate;
- other operating expenses of €9 million, mainly corresponding to recurring restructuring costs. It should be noted that estimated costs arising from Tarkett being a listed company have been removed from the Company's Business Plan;
- a normalised effective tax rate of 30%, reflecting the impact of deferred tax assets on the amount of tax paid by the Company;
- a change in WCR representing 15% of the change in revenue in line with the assumptions made by the Company;
- a normal capex/revenue rate of 3.4% (corresponding to the 2021-2026 average) and ongoing bolt-on M&A investments of €3 million per year in addition.

3.3.3.4. Results of the DCF valuation

A sensitivity analysis of Tarkett's value per Share obtained using this method was carried out, with:

- a WACC varying between 9.25% and 9.75%;
- a perpetuity growth rate varying between 1.25% and 1.75%.

The resulting values are presented below:

Value per share (€)		WACC				
		9.00%	9.25%	9.50%	9.75%	10.00%
Perpetuity growth rate	1.00%	16.5	15.7	15.0	14.2	13.6
	1.25%	17.0	16.2	15.4	14.6	13.9
	1.50%	17.5	16.7	15.8	15.0	14.3
	1.75%	18.1	17.2	16.3	15.5	14.7
	2.00%	18.7	17.7	16.8	15.9	15.1

Based on this sensitivity analysis, the DCF approach gives a value per Tarkett Share of between €14.6 and €17.2, with a central value of €15.8. As a result, the Offer Price represents a 26.5% premium to the mid-point of the DCF valuation range, a 36.8% premium to the lower end of the range and a 16.5% premium to the upper end of the range.

3.3.4 Listed peer multiples (for information only)

The date of 22 June 2021 was used when valuing the Company according to the listed peer multiples method.

3.3.4.1. Sample of listed peers and method for calculating multiples

(i) *Samples of listed peers*

The list of Tarkett's listed peers was based on usual operational and financial criteria. Given the specific nature of the Company's business model, there are no companies that are fully comparable with it.

However, a sample of companies was created. It consists of Mohawk Industries, Interface and Forbo.

Armstrong Flooring, James Halstead, Victoria PLC and Balta were excluded:

- Armstrong is not covered by any research analyst listed in the databases, was loss-making in 2020 and has a market capitalisation of less than €100 million;
- James Halstead is covered by only two research analysts and its profitability is much higher than the sector average and a long way from Tarkett's level;
- Victoria's business and geographical mix is very different from that of Tarkett (40% of its revenue comes from its Ceramics business and most of its business is in Europe). Victoria does not receive much analyst coverage (only two active analysts) and its share price reflects very strong inorganic growth expectations following the announcement of a target to make acquisitions boosting EBITDA by £100 million, which would almost double the size of the group. In addition, Victoria's financial year-end is 31 March and its most recent balance sheet was published on 3 October 2020. Given large seasonal variations in the WCR, this means that it is not appropriate to include Victoria in the peers' trading multiples method;
- Balta specialises in rugs and carpets and is covered by only one analyst. In addition, Balta's market capitalisation is less than €100 million.

(ii) *Valuation multiples applied*

The Presenting Banks used EV/EBIT multiples, which take into account companies' profitability and differences in capital intensity within the sample. It is also a multiple that is generally used in the floor coverings sector and more generally in the building materials sector.

Three multiples were excluded:

- EV/revenue, which does not take into account the profitability of the comparable companies;
- EV/EBITDA, due to the wide variation in profitability levels between Tarkett and its listed peers, and due to the bias arising from methods for recognising lease expenses (IFRS 16);
- P/E, because of the wide variations in capital intensity and capital structures among the peers' trading multiples.

2021 and 2022 were used as the reference years.

(iii) *Calculation of multiples*

The EV/EBIT (pre-IFRS 16) peer trading multiples were calculated by dividing each company's enterprise value by projected EBIT for 2021 and 2022 based on FactSet consensus figures as of 22 April 2021.

(iv) *Peers' trading multiples*

The multiples of peers used in the valuation process are presented in the table below:

Company	Country	Market cap ¹	EV	EV/EBIT		Revenue CAGR	EBIT CAGR	EBIT margin	Capex % of Revenue
		(€ m)	(€ m)	2021e	2022e	20-22	20-22	2021a	19-21
Mohawk	United States	11 545	12 745	13.4x	12.3x	+6.4%	+24.1%	10.8%	5.1%
Interface	United States	619	1 040	12.3x	10.4x	+2.9%	+3.6%	9.0%	4.6%
Forbo	Switzerland	2 509	2 346	16.9x	15.6x	+5.4%	+10.2%	12.8%	3.3%
Overall mean		4 891	5 377	14.2x	12.8x	+4.9%	+12.6%	10.9%	4.3%
Overall median		2509	2 346	13.4x	12.3x	+5.4%	+10.2%	10.8%	4.6%
Companies excluded									
Balta	Belgium	92	339	8.4x	7.9x	+8.0%	+15.9%	6.5%	4.5%
James Halstead	United Kingdom	1 234	1 191	21.8x	20.8x	+4.1%	+4.9%	18.5%	2.5%
Victoria	United Kingdom	1 166	1 597	17.9x	16.0x	+7.0%	+9.4%	11.1%	5.4%

Note: ¹ Based on the 1-month VWAP at the close on 22 April 2021.

Source: Factset

Comparing the Company's financial profile with those of its listed peers shows that its profitability is lower and that it generates less cash. This difference is one of the factors that prompted the Presenting Banks to provide details of the listed peers' trading multiples method for information only.

3.3.4.2. Valuation based on EV/EBIT multiples

The peers' trading multiples method resulted in a minimum value of €9.4 by applying the average 2021 EV/EBIT ratio shown by the listed peers (14.2x) to Tarkett's adjusted 2021 EBIT, and a maximum value of €16.4 by applying the average 2022 EV/EBIT ratio shown by the listed peers (12.8x) to Tarkett's adjusted 2022 EBIT.

The value of enterprise value-to-equity value adjustments was taken at 31 December 2020 due to the absence of balance-sheet forecasts for peers at 30 June 2021.

The Offer Price represents a premium of 130.0% to the lower end of the range and 22.2% to the upper end of the range.

	Reference year: 2021		Reference year: 2022	
	Mean	Median	Mean	Median
EV/EBIT multiple	14.2x	13.4x	12.8x	12.3x
Adjusted 2021 EBIT (€ m)	85		130	
Resulting enterprise value (€ m)	1 203	1 133	1 069	1 599
(-) EV-equity value adjustments (€ m)	(590)		(590)	
Resulting equity value (€ m)	613	543	1 069	1 009
Resulting value per share (€)	€9.4	€8.3	€1.64	€15.5

3.4 Summary of valuation work

The Offer Price proposed by the Offeror is €20.0 per Share. Based on the valuation work presented below, the Offer Price shows the following premiums:

	Value per Share (€)	Premium/(discount) represented by the Offer Price (%)
Offer Price per Share (€)	20.0	
Main methods applied		
Historical prices		
Last closing price before the project was announced ²	15.9	+25.8%
20-day VWAP	14.5	+38.1%
60-day VWAP	13.8	+44.4%
120-day VWAP	13.7	+45.6%
180-day VWAP	12.8	+56.3%
250-day VWAP	12.1	+64.7%
250-day high	16.3	+23.1%
250-day low	8.3	+141.0%
Analyst target prices		

Highest target price	20.0	-
Average target price	15.8	+26.7%
Lowest target price	12.6	+58.4%
DCF		
Middle of the range resulting from the Company's business plan	15.8	+26.5%
Upper end of the range resulting from the Company's business plan	17.2	+16.5%
Lower end of the range resulting from the Company's business plan	14.6	+36.8%
Methods applied for information only		
Peers' trading multiples comparison		
2021 EV/EBIT (overall average)	9.4	+113.0%
2022 EV/EBIT (overall average)	16.4	+22.2%

N.B.: ¹ Value per share based on 65,283,043 Shares, excluding 392,427 Shares held in treasury.

² On 22 April 2021

4. PERSONS RESPONSIBLE FOR THE DRAFT OFFER DOCUMENT

4.1 For the Offeror

"In accordance with Article 231-18 of the AMF's general regulation, to the best of my knowledge, the information contained in this offer document is true and accurate and contains no omission likely to alter the interpretation thereof."

Fabrice Barthélémy

In his capacity as Chairman

4.2 For the Presenting institutions

"In accordance with Article 231-18 of the AMF's general regulation, Rothschild Martin Maurel, BNP Paribas, Crédit Agricole Corporate and Investment Bank and Société Générale, as the presenting institutions in relation to the Offer, certify that, to the best of their knowledge, the presentation of the Offer, which they examined on the basis of information provided by the Offeror, and the valuation criteria for the proposed price are true and accurate and contain no omission likely to alter the interpretation thereof."

Rothschild Martin Maurel

BNP Paribas

Société Générale

Crédit Agricole Corporate
and Investment Bank