

Tarkett A/S

Kongelysvej 2

2640 Hedehusene

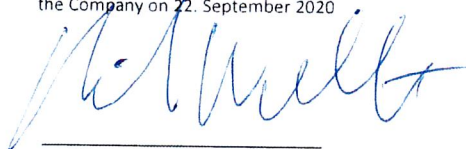
CVR No. 79203718

Annual Report 2019

1 January 2019 - 31 December 2019

35. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 22. September 2020



Niclas Wullt
Chairman

Tarkett A/S

Contents

Management's Statement	3
Independent Auditor's Report.....	4
Management's Review	6
Accounting Policies	7
Income Statement.....	10
Balance Sheet	11
Notes	13

Tarkett A/S
Management's Statement

Today, Management has considered and adopted the Annual Report of Tarkett A/S for the financial year 1 January 2019 - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

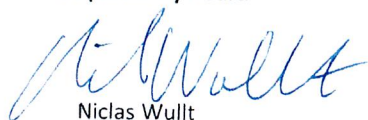
We recommend that the Annual Report be adopted at the Annual General Meeting.

Hedehusene, 22 September 2020

Executive Board

Kenn Holger Nielsen
CEO

Supervisory Board



Niclas Wullt



Per Arne Jansson



Kenn Holger Nielsen
CEO

Independent auditor's report

To the shareholder of Tarkett A/S

Opinion

We have audited the financial statements of Tarkett A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes, and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.


Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, September 22, 2020

Mazars

Statsautoriseret Revisionspartnerselskab
CVR no. 31 06 17 41



Kurt Christensen
Statsautoriseret Revisor
MNE no. mne26824

Tarkett A/S

Management's Review

The Company's principal activities

Tarkett A/S is a sales company in the Tarkett SA group. The Company's principal activities consist in trade and agency activities.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK 4.677.572,80 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 15.823.966,09 and an equity of DKK 8.339.579,66

Post financial year events

The Company's activities expect to be impacted by the health and economic crisis associated with COVID-19 during 2020 and the company expects to have a negative impact on its accounts in 2020. Given the recent nature of the epidemic and the measures announced by the government to help businesses, we cannot however assess at this stage the potential quantified impact. At the date of the accounts approved by the board of directors of the 2019 financial statements, management is not aware of significant uncertainties that would trigger the company's ability to continue business.

On April 29, The Company has faced a cyberattack on its IT network. The company expects to have a negative impact on its results, but is unable to assess the magnitude of such impact at the closing date of the accounts.

Tarkett A/S

Accounting Policies

Reporting Class

The Annual Report of Tarkett A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as selected provisions as regards larger entities.

The accounting policies applied is changed from last year due to implementation of IFRS 16, as described below in changes in the accounting policies.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realized and unrealized foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognized in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the Income Statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the Income Statement.

Assets are recognized in the Balance Sheet and when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the term. Amortized cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortization of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Changes in the accounting policy:

With effect for the financial year 2019, the company has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 16, leases, within the framework. Thus, the company has changed its accounting policies, cf. below.

The Company's accounting policies have been changed as it is Management's assessment that the changed accounting policies give a more true and fair view of the financial position and the results of the company.

The company has changed its accounting policy for leases and now applies IFRS 16 for lease transactions. Thus, leased assets are recognized with a calculated value and are depreciated over their expected useful lives, whereas the lease liability is recognized in the balance sheet.

The change of accounting policy is based on the transitional rules of IFRS 16:

- in respect of leases previously classified as operating lease, a lease liability is recognized and measured corresponding to the present value of the remaining lease payments, discounted using the company's incremental borrowing rate at January 2019.
- lease assets are recognized at the same amount adjusted for prepaid or accrued lease payments
- in respect of portfolios of leases with similar characteristics, one single discount rate is applied.
- leases for which the term ends within 12 months from 1. January 2019 are not included in the balance sheet.
- Comparison figures are not adjusted to the new accounting policy.

Income Statement

Commission income

Commission income concerns sales directly from supplier to the customer. The revenue is calculated exclusive of VAT, charges and discounts.

Distribution costs

Distribution costs comprise costs incurred for the distribution goods sold during the year, including costs for sales staff, transport, promotion activities and similar costs as well as amortization and impairment of tangible assets.

Administration expenses

Expenses incurred during the year for management and administration are recognized in administration expenses. This includes expenses incurred for the administrative staff, Management, offices as well as office expenses and similar expenses and amortization and impairment of tangible assets.

Amortization and impairment of tangible assets

Amortization and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight-line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	2-5 years	0%
Leasehold improvements	2-5 years	0%

Accounting Policies

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognized in the Income Statement under other operating income or expenses.

Leases

Leases for items of property and equipment are recognized in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non current assets.

The capitalized residual lease commitment is recognized in the balance sheet as a liability, and the interest element of the lease payment is recognized in the income statement over the term of the lease.

Financial income and expenses

Financial income and expenses are recognized in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognized directly in equity.

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortization and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Other financial investments

Other financial investments are measured at amortized cost price.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognized in assets comprises prepaid costs regarding subsequent financial years.

Tarkett A/S

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Cash-pool has been classified as short term receivables from group enterprises.

Equity

Proposed dividend for the year is recognized as a separate item in equity.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognized at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Other liabilities are measured at amortized cost, which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognized in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other liabilities

Other liabilities are measured at amortized cost, which usually corresponds to nominal value.

Accruals and deferred income, equity and liabilities

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Tarkett A/S

	Note	2019 Kr.	2018 Kr.
Income Statement			
Commission income		33.928.883	31.199.251
Distribution costs	1	24.867.840	23.908.668
Administrative expenses	1	2.932.676	1.579.279
Profit from ordinary operating activities		6.128.367	5.711.304
Other finance income		363	31.133
Finance expenses		33.311	9.746
Profit from ordinary activities before tax		6.095.419	5.732.691
Tax expence ordinary activities		1.417.847	1.294.144
Profit		4.677.572	4.438.547
Distribution of profit			
Proposed dividend recognised in equity		-	4.000.000
Retained earnings		4.677.572	438.577
Distribution of profit		4.677.572	4.438.577

Tarkett A/S

Balance Sheet as of 31. December

	Note	2019 Kr.	2018 Kr.
Assets			
Fixtures, fittings, tools and equipment		1.046.053	1.264.214
Leasehold improvements		43.811	
Building leased		683.519	-
Company cars leased		850.516	-
Property, plant and equipment	2	2.623.899	1.264.214
Deposits, Investments		226.612	226.612
Investments		226.612	226.612
Fixed assets		2.850.511	1.490.826
Short-term receivables from group enterprises		12.206.105	10.506.739
Other short-term receivables		448.550	866.993
Deferred income		318.800	165.632
Receivables		12.973.455	11.539.364
Current assets		12.973.455	11.539.364
Assets		15.823.966	13.030.190

Tarkett A/S

Liability and equity

	Note	2019 Kr.	2018 Kr.
Contributed capital		2.500.000	2.500.000
Retained earnings		5.839.580	1.162.008
Proposed dividend recognized in equity		-	4.000.000
Equity		8.339.580	7.662.008
Provisions for deferred tax		32.819	60.457
Provisions		32.819	60.457
Financial lease obligation long term		564.540	-
Other payables		493.090	-
Long term liabilities		1.057.630	-
Trade payables		671.146	299.524
Payables to group enterprises		344.333	-
Tax payables		434.224	807.059
Other payables		3.801.921	4.061.121
Financial lease obligation short term		995.569	-
Deferred income, liabilities		146.744	140.021
Short-term liabilities other than provisions		6.393.938	5.307.725
Liabilities other than provisions within the business		7.484.386	5.307.725
Liability and equity		15.823.966	13.030.190
Collaterals and assets pledges as security	3		
Related parties	4		

Tarkett A/S

Statement of change in equity

	Contributed capital	Retained earnings	Proposed dividend	Total
Equity, beginning balance	2.500.000	1.162.008	4.000.000	7.662.008
Dividend paid			- 4.000.000	
Proposed distribution of results		4.677.572		
	2.500.000	5.839.580	-	8.339.580

The share capital is distributed as 2.500 shares of DKK 1000.
The share capital has remained unchanged for the last 5 years.

Tarkett A/S

Notes

1. Employee benefits expense

Wages and salaries	15.538.993	14.620.452
Post-employment benefit expense	1.216.630	1.053.856
Social security contributions	124.012	180.272
	16.879.634	15.854.580

Employee benefits expense are allocated as follows in the income statement:

Distribution costs	16.879.634	15.854.580
---------------------------	-------------------	-------------------

Average number of employees	24	23
-----------------------------	----	----

2. Assets:

	Leased buildings	Tools and equipment	Leasehold improvements	Leased Cars
Cost at January 2019	1.093.630	2.666.540	520.064	1.496.797
Additions for the year	-	142.451	54.764	-
Disposals for the year	-	-	-	-
Cost at 31 December 2019	1.093.630	2.808.991	574.828	1.496.797
Impairment losses and depreciation at 1 January 2019	-	1.402.326	520.064	-
Depreciation of the year	410.111	360.612	10.953	646.281
Impairment and depreciation at 31 December 2019	410.111	1.762.938	531.017	646.281
Carrying amount at 31 December 2019	683.519	1.046.053	43.811	850.516

3. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

4. Related parties

The smallest group, in which these financial statements of the company are consolidated, are those of Tarkett AB. The registered office of Tarkett AB is Hammerbacken 12. 191 24 Sollentuna, Sverige.