

TARKETT POLSKA SP. Z O.O.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

Tarkett Polska Sp. z o.o.

Introduction to the financial statements

(All amounts are stated in PLN)

1. General information on the Company

1. 1 Company name

Tarkett Polska Sp. z o.o., the Company

1. 2 Registered office

13A Miłosławska Street
62-322 Orzechowo

1. 3 Registration in the National Court Register

Relevant registration court: District Court in Poznań,
IX Commercial Department of the National Court Register
Date: January 24, 2002
Registration number: 0000076443

1. 4 Primary business activities and the period of the Company's activities

The Company's scope of business activities listed in its Deed include the following:

- sawmilling and planing of wood,
- manufacture of builders' ware of plastic,
- wholesale of wood, construction materials and sanitary equipment,
- wholesale of chemical products,
- wholesale of furniture, carpets and lighting equipment,
- non-specialised wholesale trade.

The Company was established for an indefinite period.

1. 5 Reporting period

The financial statements were prepared for the period from 1 January 2018 to 31 December 2018 and the comparative information is presented for the period from 1 January 2017 to 31 December 2017.

Tarkett Polska Sp. z o.o.

Introduction to the financial statements

(All amounts are stated in PLN)

1. 6 *Going concern assumption*

The financial statements were prepared under the assumption that the Company will continue to operate as a going concern for the foreseeable future.

As at December 31, 2018, current liabilities of the Company exceeded its current assets by PLN 66,416,744.35. For the period from January 1, 2018 to December 31, 2018, the Company incurred a net loss of PLN 37,764,877.75. Equity capital as at 31 December 2018 is positive, amounting to PLN 86,639,077.66 and exceeds the share capital, which is PLN 83,830,500.00.

Due to losses incurred in previous years and in the current year, the Company's Management Board continues to carry out restructuring activities aimed at achieving positive financial results. These activities mainly consisted of: increasing efficiency and competitiveness by reducing production costs, stabilizing production capacity, reorganizing operational structures, human resources and infrastructure in connection with the concentration of the Jasło production plant on vinyl products, reorganization of the sales department and the human resources department.

After the balance sheet date, the Company received a declaration of financial support by the sole shareholder Tarkett GDL S.A. for a period of at least 12 months from the balance sheet date, i.e. December 31, 2018. The Company finances its activity mainly with short-term loans from related parties.

On June 17, 2019, the Extraordinary General Shareholders Meeting adopted a resolution to make a capital contribution in the amount of PLN 127 million.

Taking into account the above, the Management Board of the Company decided that the going concern assumption is reasonable and has not identified any material uncertainty as to the Company's ability to continue as a going concern in the foreseeable future, i.e. at least 12 months from the balance sheet date.

1. 7 *Information on branches included in the combined financial statements*

These combined financial statements include the financial information of the following branches that prepare financial statements separately:

- Tarkett Polska Sp. z o.o. Branch in Warszawa,
- Tarkett Polska Sp. z o.o. Branch in Jasło,
- Tarkett Polska Sp. z o.o. Lithuania Branch (Lithuania),
- Tarkett Polska Sp. z o.o. Latvijas filiāle (Latvia),
- Tarkett Polska Sp. z o.o. Eesti Filiaal (Estonia),
- Tarkett Polska Sp. z o.o. magyarországi fioktelepe (Hungary),
- Tarkett Polska Sp. z o.o. organizační složka (Czech Republic),
- Tarkett Polska Sp. z o.o. organizačná zložka (Slovakia).

Part 1. Information on applied accounting policies

2. Significant accounting policies

The significant accounting policies which have been applied in the preparation of these financial statements are as follows:

2.1 Basis of financial statements preparation

The financial statements have been prepared in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act dated 29 September 1994 (Official Journal from 2019, item 351) and related bylaws.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Part 2. Determining the manner of preparing the financial statements

2.2 Revenue and expenses

The Company prepares the profit and loss account applying the function of expense method.

2.3 Statement of cash flows

The statement of cash flows is presented using the indirect method.

Part 3. Measurement of assets and liabilities

2.4 Intangible assets

Intangible assets are measured at cost i.e. either at acquisition price or directly attributable expenditures less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised using the straight line method applying their period of economic usefulness:

Development costs	3 years
Goodwill	5 years
Software	3 - 5 years

Useful lives and amortisation rates are periodically reassessed with appropriate adjustments to amortisation rates recognised on a prospective basis in subsequent financial years.

2.5 Tangible fixed assets

Fixed assets are measured at cost i.e. either at acquisition price or construction cost (the initial value) less accumulated depreciation and accumulated impairment losses.

The acquisition price or construction cost of fixed assets and fixed assets under construction includes all costs incurred in the construction, assembly, installation and improvement process up to the date, when the asset was brought into use. The cost includes borrowing costs and related foreign exchange gains and losses, net of related investment income.

Subsequent expenditure on improvements such as re-construction, extension or modernisation is capitalised and increases the initially recognised cost of an asset. Subsequent expenditure is capitalised only if it increases the economic benefits embodied in the asset, when it was brought into use.

Fixed assets are depreciated using the straight-line method. Depreciation in the month following the month asset was brought into use.

Typical economic usefulness applied are as follows:

Buildings	20 years
Water and civil engineering structures	10 years
Technical equipment and machinery	2 - 7 years
Vehicles	4 - 5 years

Fixed assets of low initial value, the equivalent of PLN 1,000, are recognised as one-off costs.

Useful lives and depreciation rates are periodically reassessed with appropriate adjustments to depreciation rates recognised on a prospective basis in subsequent financial years.

2.6 Impairment

The carrying amounts of assets or groups of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such an indication, then the asset's recoverable amount is estimated and an impairment loss is recognised for the difference between the carrying amount of the asset and its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. If the asset was previously subject to revaluation, with the effects of such revaluation being recognised in the revaluation reserve, the impairment losses reduce the reserve and any excess is recognised in the profit and loss account.

2.7 Finance leases

In the case of lease agreements, based on which all of the risk and rewards resulting from holding the assets being the subject to the agreement are transferred to the Branch, the subject of the lease is recognised as a fixed asset and equally as a liability in the amount of to the present value of minimum lease payments, settled as the day of the lease initiation. Lease payments made under finance leases are apportioned between finance costs and a reduction of the outstanding liabilities balance, in order to produce a constant interest rate on the outstanding balance of the liabilities. Financial costs are recognised directly in the profit and loss account.

Fixed assets being the subject of a finance lease agreement are depreciated in the method specified for own fixed assets. However, if there is uncertainty as to the transfer of ownership of the subject of the agreement, then fixed assets used on the basis of finance lease agreements are depreciated over the shorter of two periods: expected period of use or duration of the lease.

Lease payments for agreements that do not meet the terms of the finance lease agreement are recognised as costs in the profit and loss account using the straight-line method over the lease duration.

2.8 Inventories

Inventories are measured at the lower of acquisition price or production cost and net realisable value as at the balance sheet date.

Cost is determined as follows:

Raw materials - at acquisition price and the cost of material used is measured on the weighted average basis.

Merchandise - at acquisition price, and disposals are measured on the first-in, first-out basis.

Finished products - production costs, comprising costs directly attributable to a particular product, as well as a substantiated part of indirect production costs.

The substantiated part of indirect costs, appropriate to the manufacturing period, includes indirect variable production costs as well as fixed production overheads based on normal use of production capacities. Normal use of production capacities is the average production volume expected under typical circumstances for a specified number of periods or seasons, taking into account scheduled maintenance breaks.

Work in progress - direct production costs that include costs that are directly related to the product and a reasonable part of the costs indirectly related to the production of the semi-finished products.

Inventories are presented in the balance sheet net of allowances. Allowances are recognised as other operating expense.

2.9 Debtors, claims and creditors, other than those classified as financial assets and financial liabilities

Debtors are measured at the amounts due, taking into consideration the prudence principle. Debtors are adjusted by an allowance for doubtful debtors taking into consideration the likelihood of collection. The allowance is recorded either as an other operating expense or as a financial expense, depending on the nature of the receivable to which it relates.

Creditors are measured at the amounts due.

Debtors and creditors denominated in foreign currencies are translated to Polish zloty at the average exchange rate published by the National Bank of Poland (NBP) on the day preceding the transaction date.

At the balance sheet date, debtors and creditors denominated in foreign currencies are translated to Polish zloty at the average exchange rate on that date, as published by the National Bank of Poland (NBP).

2.10 Prepayments and accruals

Expenses relating to future reporting periods are deferred as prepayments. The Company recognises accrued expenses in the amount of probable liabilities relating to the current reporting period.

2.11 Provision for liabilities

Provisions are raised for liabilities, which timing or amount are uncertain.

Warranties

Provisions for warranties are recognised when the product or service is sold. Provisions are raised on the basis of historical data of warranty costs incurred.

Jubilee and Retirement Awards

According to the Company's employment regulations, employees have the right to jubilee awards for long-service and to retirement awards. The liabilities relating to jubilee and retirement awards were estimated using an actuarial valuation model and discount rates based on the market rates of return at the balance sheet date. Employee turnover is estimated on the basis of historical data and expected future employment levels.

2.12 Income tax

Current income tax liability is determined in accordance with the relevant tax regulations. Deferred tax presented in the profit and loss account represents the difference between deferred tax liabilities and deferred tax assets as at the beginning and the end of the reporting period.

Deferred tax assets and liabilities relating to transactions recognised directly in equity are also recognised in equity.

Deferred tax assets are recognised on a prudent basis only to the extent that it is probable that future taxable profits will be available against which tax deductible temporary differences and tax losses carried forward can be utilised.

Deferred tax liabilities are recognised at the amount of corporate income tax payable in the future with respect to taxable temporary differences that will increase taxable profits in the future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

Deferred tax assets and liabilities are presented separately in the balance sheet.

2.13 Exchange differences

The following exchange rates were used for the translation of monetary items denominated in foreign currencies (in PLN):

Currency	2018-12-31	2017-12-31
EUR	4.3000	4.1709
USD	3.7597	3.4813
SEK	0.4201	0.4243
CZK	0.1673	0.1632
HUF [100]	1.3394	1.3449

2.14 Financial instruments

2.14.1 Classification of financial instruments

Financial instruments are recognised and measured in accordance with the Decree of the Ministry of Finance dated 12 December 2001 on detailed principles for the recognition, measurement, disclosure and manner of presentation of financial instruments in financial statements. The measurement and disclosure principles described in the note below do not apply to assets and liabilities excluded from the scope of the Decree, in particular: shares in subordinated entities, rights and obligations pursuant to leasing and insurance agreements, trade receivables and payables and financial instruments issued by the Company that represent its own equity instruments.

Financial assets are classified as:

- ✓ financial assets held for trading;
- ✓ loans and receivables originated by the enterprise;
- ✓ financial assets held to maturity; or
- ✓ financial assets available for sale.

Financial liabilities are classified as:

- ✓ financial liabilities held for trading;
- ✓ other financial liabilities.

2.14.2 Principles for the recognition and measurement of financial instruments

Financial assets are recognised in the accounts as at the date of entering into a contract, at cost, i.e. at the fair value of costs incurred or consideration given in exchange for the assets. Financial liabilities are recognised at the fair value of the consideration received or assets acquired. Transaction costs are included in the determination of fair value.

Transactions to purchase or sell financial instruments on a regulated market are recognised in the accounts at the trade date.

2.14.3 Financial assets held for trading

Financial assets held for trading include assets acquired for the purpose of generating an economic benefit from short-term price variations and variations of other market factors or purchased instruments with short maturities, and other financial assets, regardless of the intention at the date of entering into the contract, if they are part of a portfolio of similar financial assets, for which there is a high probability of realising expected benefits in the short term.

Financial assets held for trading include derivatives, with the exception of contracts accounted for as hedging instruments.

Financial assets held for trading are measured at fair value. The effects of periodical revaluation are recognised as financial income or financial expense in the reporting period in which the revaluation took place.

2.14.4 Financial assets held to maturity

Financial assets held to maturity include contracts not classified as loans and receivables with a fixed maturity of principle and defined rights to receive economic benefits at predetermined

dates, for example interest at fixed or determinable amounts, provided that the Company has the ability and positive intention to hold those assets to maturity.

Financial assets held to maturity are measured at amortised cost using the effective interest method.

2.14.5 Loans and receivables

Loans and receivables include financial assets arising by directly transferring cash to the counterparty to the contract, regardless of their maturity. Loans and receivables also include bonds and other debt instruments acquired in exchange for cash transferred directly to the counterparty to the contract, if the contract indicates that the counterparty did not lose control of the financial instruments transferred (buy-back agreements).

Loans and receivables do not include acquired loans or receivables and payments made by the Company for the purchase of equity instruments in new issues, including initial public offerings or in the primary market, and with respect to rights to shares, also in the secondary market.

Loans and receivables are measured at amortised cost using the effective interest method.

2.14.6 Financial assets available for sale

Other financial assets not classified to the categories defined above are recognised as financial assets available for sale.

Financial assets available for sale are measured at fair value and the gains or losses on revaluation are recognised as financial income or financial expense of the reporting period.

Financial assets available for sale, for which fair value cannot be determined reliably, are measured at cost.

2.14.7 Reclassifications of financial assets

Financial assets classified as held for trading are measured at fair value on the date of reclassification. The fair value of the financial asset on the date of reclassification becomes its deemed cost or amortised cost, as applicable. Any gain or loss previously recognised as financial income or financial expense is not reversed.

Financial assets classified as held to maturity are measured at fair value on the date of reclassification, in whole or in part, to available for sale. The difference between carrying amount at amortised cost and fair value is recognised as financial income or financial expense of the reporting period.

2.14.8 Financial liabilities

Financial liabilities held for trading, including derivatives that were not classified as a hedging instrument, are measured at their fair value. Gains and losses on revaluation are recognised in the profit and loss account.

Financial liabilities held for trading also include liabilities to deliver borrowed securities and other financial instruments, when the Company has entered into a short sale.

Other financial liabilities are measured at amortised cost using the effective interest method.

2.15 Hedging

The Company does not apply hedge accounting.

2.16 Methods and key assumptions in the determination of fair value of financial assets and liabilities measured at fair value

Fair value is the amount for which an item could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction.

Fair value is determined by way of:

- V measurement of a financial instrument at a price determined on a regulated active market, on which public trading of financial instruments takes place and information on that price is accessible to the public,
- V estimating the value of financial debt instruments by a specialised, independent entity providing this type of service, where it is possible to assess cash flows related to those financial instruments,
- V applying an appropriate model for valuation of the financial instrument, where the input data is from a regulated active market,
- V estimating the value of the financial instrument, for which an active market does not exist, on the basis of a publicly available price of a similar financial instrument listed on an active regulated market or the prices of the components of a compound financial instrument,
- V estimating the price of the financial instrument with the use of methods commonly regarded as appropriate.

Part 4. Determination of financial result

2.17 Revenue and expenses

Revenue and expenses are recognised on the accrual basis in the period to which they relate, regardless of the period, in which related payments are made or received.

Revenue from sales of finished goods, merchandise and raw materials is recognised in the profit and loss account, when the Company has transferred the significant benefits of ownership to the buyer and it no longer retains control or has managerial involvement in those assets.

2.18 Interest income

Interest income is measured using the effective interest rate method.

2.19 Dividend income

Dividend income is recognised as financial income on the date of adoption of a resolution on the distribution of profit by the shareholders' meeting, unless the resolution states a different ex-dividend date.

2.20 Income tax

Corporate income tax, as presented in the profit and loss account, comprises current and deferred income tax.

2.21 Exchange differences

Exchange differences resulting from periodic revaluation and settlement of monetary assets and liabilities denominated in foreign currencies, excluding long-term investments, and from the sale of foreign currencies are recognised as financial income or expense. Eligible exchange differences are capitalised to finished goods and merchandise, fixed assets, construction in progress and intangible assets.

Profit and Loss Account

Currency	2018	2017
EUR	4.2595	4.2585
CZK	0.1661	0.1616
HUF [100]	1.3347	1.3762

Tarkett Polska Sp. z o.o.**Balance sheet**

(All amounts are stated in PLN)

ASSETS	Note	31.12.2018	31.12.2017
Non-current assets		156 421 948,91	183 323 183,22
Intangible assets	1.1		
Development costs		4 724 965,89	9 085 754,57
Goodwill		-	727 800,40
Other intangible assets		51 963,50	280 570,04
		<u>4 776 929,39</u>	<u>10 094 125,01</u>
Tangible fixed assets	2		
Fixed assets		121 760 207,20	140 727 669,56
land (including perpetual usufruct of land)		2 103 771,88	2 817 883,87
buildings, premises, rights to premises and civil and water engineering structures		27 237 395,17	39 901 072,70
technical equipment and machinery		86 849 034,55	92 173 222,34
vehicles		323 328,64	403 680,36
other fixed assets		5 246 676,96	5 431 810,29
Fixed assets under construction		10 910 714,65	23 567 683,16
Prepayments for fixed assets under construction		3 644 808,67	159 950,49
		<u>136 315 730,52</u>	<u>164 455 303,21</u>
Long-term receivables	3		
From other parties		186 425,00	-
		<u>186 425,00</u>	<u>-</u>
Non-current prepayments and deferred expenses			
Deferred tax asset	30.1	15 142 864,00	8 773 755,00
		<u>15 142 864,00</u>	<u>8 773 755,00</u>
Current assets		134 624 811,41	178 117 640,39
Inventories	4		
Raw materials		16 176 178,85	31 343 998,06
Semi-finished products and work in progress		23 296 455,11	29 057 848,18
Finished products		4 227 575,41	3 886 672,62
Merchandise		3 467 882,63	5 822 488,47
Prepayments for inventories and services		565 754,64	180 929,80
		<u>47 733 846,64</u>	<u>70 291 937,13</u>

The balance sheet should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.**Balance sheet**

(All amounts are stated in PLN)

ASSETS	Note	31.12.2018	31.12.2017
Short-term receivables			
Receivables from related parties		7 775 252,68	16 510 198,37
trade receivables, with remaining term	6.1	7 775 252,68	16 510 198,37
due within 12 months		7 775 252,68	16 510 198,37
other		-	
Receivables from third parties		62 703 900,18	64 262 447,45
trade receivables, with remaining term	6.2	57 891 704,33	60 948 675,06
due within 12 months		57 891 704,33	60 948 675,06
taxation, subsidies, custom duties, social security, health insurance and other legal receivables		4 511 062,02	2 660 256,64
other		301 133,83	653 515,75
		<u>70 479 152,86</u>	<u>80 772 645,82</u>
Short-term investments			
Short-term financial assets		15 569 177,52	26 409 043,29
cash and cash equivalents		15 569 177,52	26 409 043,29
cash on hand and in bank	5	15 557 857,00	26 403 579,04
other cash equivalents		11 320,52	5 464,25
		<u>15 569 177,52</u>	<u>26 409 043,29</u>
Short-term prepayments and deferred expenses	7	842 634,39	644 014,15
TOTAL ASSETS		<u><u>291 046 760,32</u></u>	<u><u>361 440 823,61</u></u>

The balance sheet should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.**Balance sheet**

(All amounts are stated in PLN)

EQUITY AND LIABILITIES	Note	31.12.2018	31.12.2017
Equity			
Share capital	8.1	83 830 500,00	83 830 500,00
Reserve capital		91 411 808,77	108 770 084,12
Reserve capital from merger		(50 896 655,00)	(50 896 655,00)
Revaluation reserve		58 301,64	33 294,01
Net (loss)		<u>(57 471 370,29)</u>	<u>(17 358 275,35)</u>
		<u>66 932 585,12</u>	<u>124 378 947,78</u>
Liabilities and provisions for liabilities		224 114 175,20	237 061 875,83
Provisions for liabilities			
Deferred tax liability	30.1	1 276 512,00	4 084 881,00
Provision for retirement and similar benefits	9.1	5 934 710,25	5 462 440,97
long-term		534 854,83	440 934,03
short-term		5 399 855,42	5 021 506,94
Other provisions		6 518 489,64	5 368 558,70
long-term	9.2	338 953,06	159 824,75
short-term	9.3	<u>6 179 536,58</u>	<u>5 208 733,95</u>
		<u>13 729 711,89</u>	<u>14 915 880,67</u>
Long-term liabilities			
Liabilities due to third parties	10.1	104 496,54	-
other financial liabilities		<u>104 496,54</u>	<u>-</u>
		<u>104 496,54</u>	<u>-</u>
Short-term liabilities			
Liabilities due to related parties		176 509 203,81	184 980 245,08
trade liabilities, with payment term		31 894 249,84	22 838 251,88
up to 12 months		31 894 249,84	22 838 251,88
other		144 614 953,97	162 141 993,20
Liabilities due to third parties		24 428 106,03	26 996 230,11
credits and loans		2 801 970,81	-
other financial liabilities		15 943,58	10 182,38
trade liabilities, with payment term		16 673 870,71	22 863 128,50
up to 12 months		16 673 870,71	22 863 128,50
advance payments received		14 594,88	13 664,47
taxation, custom duties, social security, health			
insurance and other legal payables		2 730 696,42	2 365 803,56
payroll liabilities		1 658 978,00	1 507 049,22
other		532 051,63	236 401,98
Special funds		<u>104 245,92</u>	<u>120 870,19</u>
		<u>201 041 555,76</u>	<u>212 097 345,38</u>
Accruals and deferred income			
Other		9 238 411,01	10 048 649,78
short-term	11.1	<u>9 238 411,01</u>	<u>10 048 649,78</u>
		<u>9 238 411,01</u>	<u>10 048 649,78</u>
TOTAL EQUITY AND LIABILITIES		<u><u>291 046 760,32</u></u>	<u><u>361 440 823,61</u></u>

The balance sheet should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.
Profit and Loss Account

(All amounts are stated in PLN)

	Note	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Net revenue from sales of finished products, merchandise and raw materials, including			
<i>from related parties</i>	12	279 385 779,63	312 326 941,50
Net revenue from sales of finished products		296 758 717,53	328 013 279,63
Net revenue from sales of merchandise and raw materials		277 159 208,24	257 713 304,81
		<u>573 917 925,77</u>	<u>585 726 584,44</u>
Cost of finished products, merchandise and raw materials sold			
Cost of finished products sold		(301 575 847,60)	(307 465 530,10)
Cost of merchandise and raw materials sold		<u>(218 020 222,75)</u>	<u>(220 488 234,22)</u>
		<u>(519 596 070,35)</u>	<u>(527 953 764,32)</u>
Gross profit on sales		54 321 855,42	57 772 820,12
Selling expenses		(38 380 372,81)	(28 241 423,05)
General and administrative expenses		(39 208 955,67)	(37 824 909,05)
Loss on sales		(23 267 473,06)	(8 293 511,98)
Other operating income			
Gain on disposal of non-financial fixed assets		2 591,44	-
Other		<u>2 484 857,01</u>	<u>1 817 713,22</u>
		<u>2 487 448,45</u>	<u>1 817 713,22</u>
Other operating costs			
Loss on disposal of non-financial fixed assets		-	(1 399 209,96)
Remeasurement of non-financial assets		(33 441 940,29)	(572 039,40)
Other		<u>(3 873 892,97)</u>	<u>(4 246 220,89)</u>
		<u>(37 315 833,26)</u>	<u>(6 217 470,25)</u>
Operating loss		(58 095 857,87)	(12 693 269,01)
Financial income			
Interest, including	13	79 958,34	50 962,95
<i>from related parties</i>		-	10 198,29
		<u>79 958,34</u>	<u>50 962,95</u>
Financial costs			
Interest, including	14	(8 002 807,14)	(7 050 772,99)
<i>to related parties</i>		(7 986 983,62)	(7 034 002,89)
Other		<u>(44 865,08)</u>	<u>(958 334,37)</u>
		<u>(8 047 672,22)</u>	<u>(8 009 107,36)</u>
Loss before taxation		(66 063 571,75)	(20 651 413,42)
Corporate income tax	29	8 592 201,46	3 293 138,07
Net loss		<u>(57 471 370,29)</u>	<u>(17 358 275,35)</u>

The profit and loss account should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.
Statement of Changes in Equity

(All amounts are stated in PLN)

	Note	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Equity at the beginning of the period		124 378 947,78	141 706 142,62
Share capital at the beginning of the period		83 830 500,00	83 830 500,00
Share capital at the end of the period	8.1	83 830 500,00	83 830 500,00
Reserve capital at the beginning of the period		108 770 084,12	107 493 046,81
Changes in reserve capital		(17 358 275,35)	1 277 037,31
increases relating to		-	11 255 283,98
transfer from other capital reserves		-	4 119 826,70
transfer of the profits from the previous years		-	7 135 457,28
reductions relating to		(17 358 275,35)	(9 978 246,67)
coverage of loss from previous year		(17 358 275,35)	(9 978 246,67)
Reserve capital at the end of the period		91 411 808,77	108 770 084,12
Reserve capital from the merger at the beginning of the period		(50 896 655,00)	(50 896 655,00)
Reserve capital from the merger at the end of the period		(50 896 655,00)	(50 896 655,00)
Revaluation reserve at the beginning of the period		33 294,01	2 213,50
Changes in revaluation reserve		25 007,63	31 080,51
increases relating to		93 280,87	77 806,74
exchange differences - Branch in Czech Republic		60 549,51	2 731,70
exchange differences - Branch in Slovakia		-	-
exchange differences - Branch in Hungary		2 639,79	-
exchange differences - Branch in Lithuania		19 733,30	-
exchange differences - Branch in Latvia		10 358,27	-
exchange differences - Branch in Estonia		-	75 075,04
reductions relating to		(68 273,24)	(46 726,23)
disposal of fixed assets		-	-
exchange differences - Branch in Czech Republic		-	-
exchange differences - Branch in Slovakia		(51,68)	(9 650,53)
exchange differences - Branch in Hungary		-	(7 013,68)
exchange differences - Branch in Lithuania		-	(20 774,20)
exchange differences - Branch in Latvia		-	(9 287,82)
exchange differences - Branch in Estonia		(68 221,56)	-
Revaluation reserve at the end of the period		58 301,64	33 294,01
Other capital reserves at the beginning of the period		-	4 119 826,70
Changes in other capital reserves		-	(4 119 826,70)
reductions relating to		-	(4 119 826,70)
transfer to reserve capital		-	(4 119 826,70)
Other capital reserves at the end of the period		-	-

The statement of changes in equity should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.
Statement of Changes in Equity

(All amounts are stated in PLN)

	Note	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Accumulated loss from previous years at the beginning of the period		(17 358 275,35)	(2 842 789,39)
Accumulated profit from previous years at the beginning of the period		-	7 319 883,84
increases relating to		-	(7 319 883,84)
distribution of profit from previous years		-	(7 319 883,84)
Accumulated profit from previous years at the end of the period		-	-
Accumulated loss from previous years at the end of the period		(17 358 275,35)	(10 162 673,23)
reductions relating to		17 358 275,35	10 162 673,23
transfer of loss from previous years to cover		17 358 275,35	9 978 246,67
from reserve capital		-	184 426,56
Accumulated loss from previous years at the end of the period		-	-
Accumulated loss from previous years at the end of the period		-	-
Net loss after taxation for the financial year		(57 471 370,29)	(17 358 275,35)
net loss		(57 471 370,29)	(17 358 275,35)
Equity at the end of the period		66 932 585,12	124 378 947,78
Equity after proposed coverage of loss		66 932 585,12	124 378 947,78

The statement of changes in equity should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.
Statement of Cash Flows

(All amounts are stated in PLN)

	Note	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Cash flow from operating activities		48 817 733,43	2 206 235,78
Net loss		(57 471 370,29)	(17 358 275,35)
Total adjustments			
Depreciation and amortisation		37 001 377,70	20 633 895,67
Exchange losses		25 145,14	42 160,92
Interest and share of profits (dividend income)		7 948 613,09	7 001 266,94
Loss on investing activity	18.1	27 227 800,29	1 399 209,96
Change in provisions		(1 186 168,78)	2 813 664,23
Change in inventories		22 601 038,41	(10 716 297,19)
Change in receivables		10 107 067,96	16 336 627,75
Change in short-term liabilities (excluding loans and bank credits)	18.2	9 942 197,92	(15 469 427,69)
Change in prepayments, accruals and deferred income and expenses		(7 377 968,01)	(2 476 589,46)
		<u>106 289 103,72</u>	<u>19 564 511,13</u>
Net cash flow from operating activities		<u>48 817 733,43</u>	<u>2 206 235,78</u>
Cash flow from investing activities		(36 919 147,18)	(16 694 491,84)
Proceeds		53 836,02	11 016 982,11
Disposal of tangible and intangible assets		10 689,60	611 961,32
From financial assets, including		43 146,42	10 405 020,79
<i>of related parties</i>		-	10 376 598,29
<i>of third parties</i>		43 146,42	28 422,50
interest		43 146,42	28 422,50
Disbursements		(36 972 983,20)	(27 711 473,95)
Purchase of tangible and intangible assets	18.3	(36 972 983,20)	(27 711 473,95)
Net cash flow from investing activities		<u>(36 919 147,18)</u>	<u>(16 694 491,84)</u>
Cash flow from financing activities		(22 738 452,02)	30 521 784,59
Proceeds		2 801 970,81	37 500 000,00
Bank credits and loans		2 801 970,81	37 500 000,00
Disbursements		(25 540 422,83)	(6 978 215,41)
Repayment of bank credits and loans		(17 500 000,00)	-
Payments relating to finance lease obligations		(21 624,09)	(13 996,98)
Interest		(8 018 798,74)	(6 964 218,43)
Net cash flow from financing activities		<u>(22 738 452,02)</u>	<u>30 521 784,59</u>
Net cash flow	18.4	<u>(10 839 865,77)</u>	<u>16 033 528,53</u>
Balance sheet change in cash	18.4	(10 839 865,77)	16 033 528,53
Cash at the beginning of the financial year		26 409 043,29	10 375 514,76
Cash at the end of the financial year		<u>15 569 177,52</u>	<u>26 409 043,29</u>
<i>restricted cash</i>		<u>174 290,19</u>	-

The statement of cash flows should be analysed together with the supplementary information and explanations which are an integral part of the financial statements.

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

1. Intangible assets

1. 1 Changes in intangible assets

	Development costs	Goodwill	Other intangible assets	Total
Gross book value				
01.01.2018	10 846 458,17	3 638 802,00	1 524 611,85	16 009 872,02
Additions	-	-	6 601,92	6 601,92
Purchase	-	-	6 601,92	6 601,92
31.12.2018	10 846 458,17	3 638 802,00	1 531 213,77	16 016 473,94
Accumulated amortisation and impairment				
01.01.2018	(1 760 703,60)	(2 911 001,60)	(1 244 041,81)	(5 915 747,01)
Additions	(4 360 788,68)	(727 800,40)	(232 549,36)	(5 321 138,44)
Amortisation	(4 360 788,68)	(727 800,40)	(232 549,36)	(5 321 138,44)
Disposals	-	-	(2 659,10)	(2 659,10)
Impairment	-	-	(2 659,10)	(2 659,10)
31.12.2018	(6 121 492,28)	(3 638 802,00)	(1 479 250,27)	(11 239 544,55)
Net book value				
01.01.2018	9 085 754,57	727 800,40	280 570,04	10 094 125,01
31.12.2018	4 724 965,89	-	51 963,50	4 776 929,39

As at the balance sheet date development costs amounted to PLN 4,724,965.89 (2017: PLN 9,085,754.57). Development costs are amortised for the period of 3 years.

As at the balance sheet date goodwill amounted to PLN 0,00 (2017: 727,800.40). Goodwill is amortised for the period of 5 years.

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

2. Tangible fixed assets

2. 1 Changes in fixed assets

	Land (including perpetual usufruct)	Buildings, premises, rights to premises and civil and water engineering structures	Technical equipment and machinery	Vehicles	Other fixed assets	Total
Gross book value						
01.01.2018	2 948 151,63	52 606 803,21	167 698 186,01	1 306 691,39	9 225 451,04	233 785 283,28
Additions	118 396,47	2 632 675,65	30 081 894,39	131 881,83	3 546 733,86	36 511 582,20
Purchase	118 396,47	2 632 675,65	30 081 894,39	-	3 546 733,86	36 379 700,37
Increases due to lease	-	-	-	131 881,83	-	131 881,83
Disposals	-	-	(183 846,98)	(52 932,17)	-	(236 779,15)
Disposal	-	-	(110 686,68)	-	-	(110 686,68)
Decreases due to liquidation	-	-	(30 212,38)	(52 932,17)	-	(83 144,55)
Other	-	-	(42 947,92)	-	-	(42 947,92)
31.12.2018	3 066 548,10	55 239 478,86	197 596 233,42	1 385 641,05	12 772 184,90	270 060 086,33
Accumulated depreciation and impairment						
01.01.2018	(130 267,76)	(12 705 730,51)	(75 524 963,67)	(903 011,03)	(3 793 640,75)	(93 057 613,72)
Additions	(832 508,46)	(15 296 353,18)	(35 355 036,12)	(212 233,53)	(3 731 867,19)	(55 427 998,48)
Depreciation	(9 999,03)	(3 723 247,32)	(25 748 624,36)	(162 000,83)	(2 250 319,53)	(31 894 191,07)
Impairment	(822 509,43)	(11 573 105,86)	(9 606 411,76)	(50 232,70)	(1 481 547,66)	(23 533 807,41)
Disposals	-	-	132 800,92	52 932,15	-	185 733,07
Disposal	-	-	103 596,31	-	-	103 596,31
Decreases due to liquidation	-	-	29 204,61	52 932,15	-	82 136,76
31.12.2018	(962 776,22)	(28 002 083,69)	(110 747 198,87)	(1 062 312,41)	(7 525 507,94)	(148 299 879,13)
Net book value						
01.01.2018	2 817 883,87	39 901 072,70	92 173 222,34	403 680,36	5 431 810,29	140 727 669,56
31.12.2018	2 103 771,88	27 237 395,17	86 849 034,55	323 328,64	5 246 676,96	121 760 207,20

In accordance with the accounting policy applied by the Company, the Management Board periodically verifies the correctness of depreciation periods and depreciation rates of fixed assets. In 2018, the adjustment for the adoption of new expected depreciation periods in relation to the previously applied, resulted in an increase in depreciation costs by PLN 12,425,399.42.

2. 2 Value of land held under perpetual usufruct

The value of land held under perpetual usufruct determined in the administrative decision for the purpose of determination of the charge for the usage of the land is PLN 1,281,262.46 (2017: 1,162,865.99).

2. 3 Non depreciated fixed assets

The Company uses fixed assets under rental and other agreements, including lease agreements, valued at PLN 8.2 million (2017: PLN 8.5 million). This gross book value has been assigned to the leased assets in the respective rental, lease or similar agreements.

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

2. 4 Fixed assets under construction

The cost of fixed assets under construction amounted to PLN 10,910,714.65 (2017: PLN 23,567,683.16), including capitalised interest and exchange differences on liabilities incurred to finance construction of PLN 0.00 (2017: PLN 0.00).

2. 5 Reasons for fixed assets impairment

The Company recognised impairment for fixed assets for PLN 2,901,388.19 which was related to the decision to discontinue use of one of the production lines and PLN 24,329,000.54 as a result of impairment testing of fixed assets in one of factories.

3. Long-term receivables

3. 1 Structure of long-term receivables

	Gross value	Allowance for receivables	Net value
From third parties	186 425,00	-	186 425,00
	186 425,00	-	186 425,00

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

4. Inventories

	31.12.2018	31.12.2017
Gross inventories	58 271 938,44	76 520 484,18
Allowances for inventories	(10 538 091,80)	(6 228 547,05)
Net inventories	<u>47 733 846,64</u>	<u>70 291 937,13</u>

5. Cash

	31.12.2018	31.12.2017
Cash in bank, including	15 557 857,00	26 403 579,04
<i>cash deposited on VAT bank account</i>	<i>174 290,19</i>	<i>-</i>
	<u>15 557 857,00</u>	<u>26 403 579,04</u>

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

6. Short-term receivables

6. 1 Short-term trade receivables from related parties

	<u>31.12.2018</u>	<u>31.12.2017</u>
Gross trade receivables	7 775 252,68	16 510 198,37
Net trade receivables	<u>7 775 252,68</u>	<u>16 510 198,37</u>

6. 2 Short-term trade receivables from third parties

	<u>31.12.2018</u>	<u>31.12.2017</u>
Gross trade receivables	59 378 506,11	61 748 527,06
Allowances for trade receivables	<u>(1 486 801,78)</u>	<u>(799 852,00)</u>
Net trade receivables	<u>57 891 704,33</u>	<u>60 948 675,06</u>

6. 3 Allowances for short-term trade receivables

	Other entities in which the Company		Third parties
	Related parties	holds equity interest	
01.01.2018	-	-	(799 851,87)
Raised	-	-	(821 252,88)
Used	-	-	51 371,68
Released	-	-	82 931,29
31.12.2018	-	-	<u>(1 486 801,78)</u>

7. Short-term prepayments and deferred expenses

	<u>31.12.2018</u>	<u>31.12.2017</u>
Insurance	505 582,94	458 990,30
Subscription	48 443,34	36 543,23
Courses and training	-	40 207,64
Advisory services	180 387,20	25 500,00
Lease	15 161,97	9 362,96
Other	<u>93 058,94</u>	<u>73 410,02</u>
	<u>842 634,39</u>	<u>644 014,15</u>

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

8. Equity

8. 1 Ownership structure

Shareholder	Number of shares held	Nominal value of shares	% held
Tarkett GDL S.A.	167 661	83 830 500,00	100,0%
	167 661	83 830 500,00	100,0%

8. 2 Proposals for profit distribution

The Management Board proposes to cover the net loss for the financial year 2018 from the reserve capital.

9. Provisions

9. 1 Provision for retirement and similar benefits

	Retirement benefits	Other	Total
01.01.2018	496 878,08	4 965 562,89	5 462 440,97
Raised	58 124,12	5 392 825,19	5 450 949,31
Used	(13 117,14)	(4 199 405,61)	(4 212 522,75)
Released	-	(766 157,28)	(766 157,28)
31.12.2018	541 885,06	5 392 825,19	5 934 710,25
<i>including part:</i>			
<i>long-term</i>	534 854,83	-	534 854,83
<i>short-term</i>	7 030,23	5 392 825,19	5 399 855,42

9. 2 Other long-term provisions

	Warranties and claims
01.01.2018	159 824,75
Raised	191 836,91
Released	(12 708,60)
31.12.2018	338 953,06

9. 3 Other short-term provisions

	Trade bonuses	Warranties and claims	Total
01.01.2018	4 733 217,98	475 515,97	5 208 733,95
Raised	5 484 527,39	1 263 698,82	6 748 226,21
Used	(4 288 124,32)	-	(4 288 124,32)
Released	(445 093,66)	(1 044 205,60)	(1 489 299,26)
31.12.2018	5 484 527,39	695 009,19	6 179 536,58

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

10. Long-term liabilities

10. 1 Ageing of long-term liabilities due to third parties

	Credits and loans	Other financial liabilities	Other	Total
<i>Payment term:</i>				
1 - 3 years		104 496,54	-	104 496,54
<i>Payment term:</i>				
up to 1 year	2 801 970,81	15 943,58	532 051,63	3 349 966,02
<i>presented as short term</i>				

11. Accruals and deferred income

11. 1 Short-term accrual and deferred income

	31.12.2018	31.12.2017
License	1 671 123,06	2 555 126,50
Refund of investment expenditures	1 283 443,91	1 852 075,40
Holidays	1 458 564,41	1 445 531,07
Complaints	1 961 464,34	838 620,00
Transport	960 525,56	834 154,30
Energy	218 658,00	826 769,56
Audit	206 496,00	211 725,00
Marketing	8 030,00	134 636,42
Acquisition services	230 948,93	129 855,73
Renovation	194 260,07	-
Valuation of white certificates	277 021,04	172 040,00
Payroll	-	48 040,00
PFRON	32 292,76	24 381,00
Other	735 582,93	975 694,80
	9 238 411,01	10 048 649,78

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

12. Structure of revenue

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
<i>Geographical structure</i>		
Revenue from sales of finished products		
Domestic	20 290 540,43	17 736 044,44
EU	267 275 378,52	293 654 280,81
Other	9 192 798,58	16 622 954,38
	<u>296 758 717,53</u>	<u>328 013 279,63</u>
Revenue from sales of merchandise and raw materials		
Domestic	117 527 222,78	107 233 041,34
EU	151 804 680,59	140 235 056,48
Other	7 827 304,87	10 245 206,99
	<u>277 159 208,24</u>	<u>257 713 304,81</u>
<i>Structure by nature</i>		
Revenue from sales of finished products		
Flexible flooring	131 068 637,66	137 070 951,97
Hard flooring	165 690 079,87	190 942 327,66
	<u>296 758 717,53</u>	<u>328 013 279,63</u>
Revenue from sales of merchandise and raw materials		
Flexible flooring	252 537 617,23	225 954 086,84
Hard flooring	21 519 188,16	29 296 223,44
Other	3 102 402,85	2 462 994,53
	<u>277 159 208,24</u>	<u>257 713 304,81</u>

13. Interest income

(including those related to debt instruments and loans and receivables originated by the Company)

in the period from 1 January 2018 to 31 December 2018

	Interest received
Loans and receivables originated by the company	<u>79 958,34</u>

in the period from 1 January 2017 to 31 December 2017

	Interest received
Loans and receivables originated by the company	<u>50 962,95</u>

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

14. Interest costs
(including interest on financial liabilities)

in the period from 1 January 2018 to 31 December 2018

	Interest paid	Interest accrued by payment term,	Total
Other short-term financial liabilities	8 014 022,85	(27 039,23)	7 986 983,62
Other liabilities	15 823,52	-	15 823,52
	<u>8 029 846,37</u>	<u>(27 039,23)</u>	<u>8 002 807,14</u>

in the period from 1 January 2017 to 31 December 2017

	Interest paid	Interest accrued by payment term,	Total
Other short-term financial liabilities	6 961 122,07	72 880,82	7 034 002,89
Other liabilities	16 770,10	-	16 770,10
	<u>6 977 892,17</u>	<u>72 880,82</u>	<u>7 050 772,99</u>

15. Expenses by nature

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Depreciation and amortisation expense	(36 273 577,30)	(19 906 135,27)
Raw materials and energy used	(209 524 677,38)	(220 756 879,47)
External services	(51 334 672,54)	(65 761 763,45)
Taxes and charges	(2 105 266,25)	(2 157 009,50)
Payroll	(43 802 417,62)	(42 270 515,98)
Social security and other employee benefits, including retirement	(10 619 872,67)	(10 138 627,36)
Other expenses by nature	(6 810 667,10)	(6 683 659,66)
	<u>(360 471 150,86)</u>	<u>(367 674 590,69)</u>

16. Expenditures on non-financial fixed assets

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Expenditures on non-financial fixed assets:		
- expenditures in the current year	30 694 302,89	32 865 067,76
- expenditures planned for the next year	9 400 000,00	29 580 580,00
<i>including expenditures on environmental protection:</i>		
- expenditures planned for the next year	128 000,00	-

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

17. Assets and liabilities presented in more than one line of the balance sheet

The following assets are presented in more the one line of the balance sheet:

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Liabilities due to lease:		
- in long-term	104 496,54	-
- in short-term	15 943,58	-
	<u>120 440,12</u>	<u>-</u>

18. Information regarding the cash flows statement

18. 1 Loss on investing activity

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
(Profit)/loss on disposals of fixed assets	(2 591,44)	1 399 209,96
Impairment of fixed assets	27 230 391,73	-
	<u>27 227 800,29</u>	<u>1 399 209,96</u>

18. 2 Change in short-term liabilities (excluding loans and bank credits)

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Change in short-term liabilities	(11 055 789,62)	27 245 838,44
Change in credits and loans	14 725 068,42	(37 575 669,30)
Change in other financial liabilities (including finance lease)	(5 761,20)	13 996,98
Change in liabilities from the purchase of tangible and intangible fixed assets	6 278 680,32	(5 153 593,81)
	<u>9 942 197,92</u>	<u>(15 469 427,69)</u>

18. 3 Purchase of tangible and intangible assets

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Increase in intangible assets	(6 601,92)	(4 537 446,94)
Increase in fixed assets	(36 511 582,20)	(10 949 804,96)
Change in fixed assets under construction	12 656 968,51	(18 583 692,58)
Change in liabilities from the purchase of tangible fixed assets	(6 278 680,32)	5 153 593,81
Change in prepayments for fixed assets under construction	(3 484 858,18)	1 205 876,72
Impairment of fixed assets under construction	(3 126 617,91)	-
impairment or advances for fixed assets under construction	(567 307,31)	-
Increase in fixed assets - finance lease	131 881,83	-
Increase in fixed assets under construction - depreciation of machines for research and development	213 814,30	-
	<u>(36 972 983,20)</u>	<u>(27 711 473,95)</u>

Tarkett Polska Sp. z o.o.
Supplementary Information and Explanations

(All amounts are stated in PLN)

19. Related party transactions

19. 1 Balances outstanding as at the balance sheet date

	Receivables	Liabilities
Tarkett S.A. (Paris)	-	4 460 948,22
Tarkett France (Paris)	1 227 566,62	5 216 619,18
Tarkett GDL S.A. (Lentzweiler)	-	3 265 936,95
Tarkett AB (Ronneby)	1 363 856,98	9 907 199,25
Tarkett Holding GmbH (Frankenthal)	-	1 267 978,63
Tarkett Spa (Narni)	3 411 564,10	551 743,47
Tarkett Floors S.L. (Madrid)	428 532,84	-
Desso (Waalwijk)	-	3 015 762,60
Tarkett Ltd. (Lenham)	177 736,20	6 146,33
Laminate Park(GmbH & Co.KG (Heusweiler-Eiweiler)	60 853,21	232 594,83
Tarkett doo (Backa Polanka)	213 987,91	3 099 526,86
Tarkett See doo (Backa Polanka)	254 458,86	-
Tarkett Vinisin (Kalush)	439 336,89	901 339,51
Tarkett Sommer (Mytishchi)	-	113 135,75
Tarkett Asia Pacific (Shanghai)	195 862,33	-
Tarkett Industrial (Beijing)	64,50	-
Tarkett Hong Kong	1 432,24	-
Tarkett AO (Otradnyj)	-	316 411,16
	7 775 252,68	32 355 342,74
	31.12.2018	31.12.2017
Tarkett S.A. (Paris) - short-term loan	144 614 953,97	162 141 993,20
	144 614 953,97	162 141 993,20

19. 2 Revenues from related party transactions for the year

	Other income	Sales revenue
Tarkett France (Paris)	-	447 719,81
Tarkett GDL S.A. (Lentzweiler)	-	51 688 031,75
Tarkett AB (Ronneby)	-	195 593 331,19
Tarkett Holding GmbH (Frankenthal)	-	9 853 966,69
Tarkett Spa (Narni)	-	4 539 645,60
Tarkett Floors S.L. (Madrid)	-	3 252 818,24
Desso (Waalwijk)	-	297 382,60
Tarkett Ltd. (Lenham)	-	549 096,72
Laminate Park(GmbH & Co.KG (Heusweiler-Eiweiler)	791 267,57	3 101 674,84
Tarkett doo (Backa Polanka)	443 782,94	1 697 122,81
Tarkett See doo (Backa Polanka)	-	1 074 314,85
Tarkett Vinisin (Kalush)	-	4 037 060,58
Tarkett Asia Pacific (Shanghai)	-	1 027 679,30
Tarkett Hong Kong	-	918 620,78
Tarkett AO (Otradnyj)	-	1 051 364,60
Tarkett A\S (Hedehusene)	-	407,42
Tarkett UA SE (Kiev)	-	255 541,85
	1 235 050,51	279 385 779,63

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(All amounts are stated in PLN)

19. 3 Expenses from related party transactions for the year

	Purchase of raw materials and merchandise	Purchase of services	Interest
Tarkett S.A. (Paris)	-	(8 567 663,22)	(7 986 983,62)
Tarkett France (Paris)	(9 058 834,22)	(12 984 547,83)	-
Tarkett GDL S.A. (Lentzweiler)	(41 508 080,01)	(7 444 851,70)	-
Tarkett AB (Ronneby)	(96 757 177,63)	(3 414 676,83)	-
Tarkett Holding GmbH (Frankenthal)	(26 143 335,65)	(650 308,56)	-
Tarkett Spa (Narni)	(5 771 931,40)	(23 739,57)	-
Desso (Waalwijk)	(44 740 406,09)	-	-
Tarkett Ltd. (Lenham)	(511 646,20)	-	-
Laminate Park(GmbH & Co.KG (Heusweiler-Eiweiler)	(6 452 199,08)	-	-
Tarkett doo (Backa Polanka)	(17 400 568,85)	-	-
Tarkett Vinisin (Kalush)	(8 794 135,83)	(1 707,73)	-
Tarkett Sommer (Mytishchi)	(532 734,90)	-	-
Tarkett AO (Otradnyj)	(1 326 267,39)	-	-
Tarkett BOIS SAS	-	(244 448,60)	-
	<u>(258 997 317,25)</u>	<u>(33 331 944,04)</u>	<u>(7 986 983,62)</u>

20. Employment

Average level of employment during the year

Management Board	6
White-collar employees	239
Blue-collar employees	474
	<u>719</u>

21. Remuneration, advances, loans and related benefits provided to members of the management, supervisory boards and administrative bodies

Remuneration, advances, loans and related benefits provided to members of the management and supervisory boards and administrative bodies:

	31.12.2018	31.12.2017
Managagement Board	3 071 077,60	3 041 214,10

Liabilities due to pensions and benefits and similar nature for former members of the management, supervisory and administration bodies of the Company or liabilities incurred in relation to these pensions:

	31.12.2018	31.12.2017
Managagement Board	58 666,00	-

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22. Remuneration of the audit firm paid or payable for the financial year

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Remuneration for the audit of annual financial statements and group consolidation packages	268 842,00	261 235,00

23. Information about events related to prior years and accounted for in the current year

No important matters regarding the previous years were included in the financial statements.

24. Subsequent events not included in the financial statements

On June 17, 2019, the Extraordinary General Shareholders Meeting adopted a resolution to make a capital contribution in the amount of PLN 127 million.

25. Information about the consolidated financial statements

Consolidated financial statements of the ultimate parent level, which include the Company as a subsidiary are prepared by Tarkett S.A., with registered office in 92919 Paris, La Defense 1, Terrasse Bellini, France. These financial statements are available on web page: www.tarkett.com/en/content/corporate-documents.

26. Contingent liabilities

Guarantees and warranties granted by the Company to third parties 4 951 670,84

Regulations regarding VAT, corporate income tax, personal income tax and social security contributions are subject to changes. These changes result in there being limited point of reference and established precedents that may be followed. The binding regulations are also unclear in some respects, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any resulting additional taxation liabilities must be paid together with interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Tax settlements may become subject to inspection by the tax authorities for a period of five years from the end of the calendar year in which tax payment was due. Accordingly, the amounts recognised in the financial statements may change at a later date as a result of the final decision of the tax authorities.

Tarkett Polska Sp. z o.o.

Supplementary Information and Explanations

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27. Discontinued operations

In 2018, the Company decided to discontinue a part of production on one of the production lines at the Jasło plant and sell fixed assets included in this line.

	01.01.2018 - 31.12.2018
Revenues from discontinued operations	11 648 214,64
Cost of discontinued operations	12 426 960,85
Result on discontinued operations	(778 746,21)

28. Financial instruments

28. 1 Objectives and principles of risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk,
- liquidity risk,
- market risk.

Primary policies for managing risk

The Management Board has overall responsibility for the establishment and oversight of the Company's risk management framework, including identification and analysis of the risks faced by the Company, setting appropriate limits and controls, and monitoring the risks and their adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain a stable and sustainable, in terms of quality and value, portfolio of loans granted and other investments in debt instruments, achieved by the policy of setting credit limits for contract parties.

The Management Board applies a credit policy under which the exposure to credit risk is monitored on an ongoing basis. Assessment of creditworthiness is carried out in relation to all customers requiring crediting above a certain amount. The balance sheet value of each financial asset presents a maximum exposure to credit risk.

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Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation. For this purpose, the Company monitors its cash flows and keeps cash in amount sufficient to cover anticipated operating expenses and expected cash outflows on current financial liabilities, and maintains anticipated liquidity ratios, and uses the "netting" systems within the Group.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

a) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in foreign currency, primarily EUR, SEK and USD. The Company minimises its currency risk by appropriate structuring of assets and liabilities denominated in foreign currencies.

b) Interest rate risk

The Company is exposed to the risk of volatility of cash flows caused by interest rates associated with assets and liabilities with variable interest rates, and the risk of variability in fair value arising from assets and liabilities with fixed interest rates. The Company does not hedge against interest rate risk.

28. 2 Characteristics of financial instruments

Portfolio	Description (quantity)	Carrying amount	Terms and conditions affecting future cash flows
Cash and cash equivalents	cash and cash equivalents	15 569 177,52	not applicable
Other financial liabilities	credit line in Danske Bank	2 801 970,81	DANSKEBOR o/n plus 1.5% margin
	short-term loans	144 614 953,97	4.94%; 4.49%

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28. 3 Interest rate risk

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	31.12.2018	31.12.2017
	carrying	carrying
	amount	amount
Financial instruments:		
- <i>variable rate instruments</i>		
Financial assets	15 557 857,00	26 403 579,04
Financial liabilities	147 416 924,78	162 141 993,20

Changes in the effective interest rate for variable rate instruments follow the changes in the market interest rate, i.e. 1MWIBOR and 6MWIBOR or other reference interest rate.

28. 4 Credit risk

The maximum exposure to credit risk at the balance sheet date is as follows:

	31.12.2018	31.12.2017
	carrying	carrying
	amount	amount
Financial assets:		
Trade receivables	65 666 957,01	77 458 873,43
Cash	15 569 177,52	26 409 043,29
	<u>81 236 134,53</u>	<u>103 867 916,72</u>

As at the balance sheet date, there was no significant concentration of credit risk relating to the above mentioned financial assets.

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(All amounts are stated in PLN)

29. Corporate income tax

29. 1 Calculation of corporate income tax

	01.01.2018 - 31.12.2018						01.01.2017 - 31.12.2017	
Loss before taxation	(66 063 571,75)						(20 651 413,42)	
Profit before taxation from foreign branches	2 991 525,60						440 459,23	
Elimination of consolidation exclusions	3 165 883,67						3 438,68	
Loss before taxation in Poland	(72 220 981,02)						-	
			Legal base				-	
Non-deductible costs (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes)	From other sources of revenue	Total	Art.	Par.	Item	Letter	From other sources of revenue	Total
immaterial services from related parties	19 008 780,51	19 008 780,51	15e	1	...	...	-	-
surplus of financing expenditures over the statutory limit	4 439 546,16	4 439 546,16	15c	1	...	...	1 756 128,11	1 756 128,11
allowance for fixed assets	27 230 391,73	27 230 391,73	16	1	26a		-	-
amortisation of goodwill	727 760,40	727 760,40	16c	...	4	...	727 760,40	727 760,40
PFRON	365 963,00	365 963,00	16	1	36	...	327 717,43	327 717,43
written-off receivables	-	-	...	...	...		170 251,19	170 251,19
budget interest	3 052,00	3 052,00	16	1	21	...	10 685,93	10 685,93
representation costs and other	463 395,27	463 395,27	16	1	28	...	727 073,13	727 073,13
	52 238 889,07	52 238 889,07					3 719 616,19	3 719 616,19
							-	

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Non-deductible costs in the current year	From other sources of revenue	Total	Legal base				From other sources of revenue	Total
			Art.	Par.	Item	Letter		
Allowances for receivables	1 486 801,78	1 486 801,78	16	1	26a	...	799 851,87	799 851,87
Allowances for inventories	10 538 091,80	10 538 091,80	16	1	26a	...	5 741 285,19	5 741 285,19
Provision for rebates	5 484 527,39	5 484 527,39	16	1	27	...	4 733 217,98	4 733 217,98
Provision for employee bonuses	5 281 281,63	5 281 281,63	16	1	27	...	4 619 272,99	4 619 272,99
Provision for charges from branches	3 212 523,03	3 212 523,03	16	1	27	...	2 111 986,38	2 111 986,38
Provision for acquisition services	230 948,93	230 948,93	16	1	27	...	129 855,73	129 855,73
Provision for marketing	8 030,00	8 030,00	16	1	27	...	134 636,42	134 636,42
Provision for transport	960 525,56	960 525,56	16	1	27	...	834 154,30	834 154,30
Provision for complaints	1 957 499,18	1 957 499,18	16	1	27	...	885 276,96	885 276,96
Provision for warranties	1 037 927,41	1 037 927,41	16	1	27	...	588 683,76	588 683,76
Provision for unused holidays	1 458 564,41	1 458 564,41	16	1	27	...	1 427 592,12	1 427 592,12
Provision for retirement benefits	567 428,62	567 428,62	16	1	27	...	828 644,48	828 644,48
Provision for licences	129 166,99	129 166,99	16	1	27	...	1 190 355,02	1 190 355,02
Provision for audit	206 496,00	206 496,00	16	1	27	...	211 725,00	211 725,00
Provision for other liabilities	374 137,86	374 137,86	16	1	27	...	104 723,67	104 723,67
Provision for interest	229 953,97	229 953,97	16	1	27	...	256 993,20	256 993,20
Other	360 793,88	360 793,88	...	...	...	...	318 231,57	318 231,57
Differences between the balance sheet and tax depreciation	14 595 892,44	14 595 892,44	15	6	951 965,24	951 965,24
	48 120 590,88	48 120 590,88					25 868 451,88	25 868 451,88

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Costs recognised in previous years' books and tax deductible in the current year	From other sources of revenue	Total	Legal base				From other sources of revenue	Total
			Art.	Par.	Item	Letter		
Allowances for receivables	799 851,87	799 851,87	16	1	26a	...	1 150 641,46	1 150 641,46
Allowances for inventories	5 741 285,19	5 741 285,19	16	1	26a	...	4 152 629,79	4 152 629,79
Provision for rebates	4 733 217,98	4 733 217,98	16	1	27	...	3 651 922,54	3 651 922,54
Provision for employee bonuses	4 619 272,99	4 619 272,99	16	1	27	...	2 900 981,34	2 900 981,34
Provision for charges from branches	2 111 986,38	2 111 986,38	16	1	27	...	1 238 310,43	1 238 310,43
Provision for acquisition services	129 855,73	129 855,73	16	1	27	...	180 618,86	180 618,86
Provision for marketing	134 636,42	134 636,42	16	1	27	...	268 701,68	268 701,68
Provision for transport	834 154,30	834 154,30	16	1	27	...	415 744,31	415 744,31
Provision for complaints	885 276,96	885 276,96	16	1	27	...	161 490,50	161 490,50
Provision for warranties	588 683,76	588 683,76	16	1	27	...	512 337,19	512 337,19
Provision for unused holidays	1 427 592,12	1 427 592,12	16	1	27	...	1 519 593,23	1 519 593,23
Provision for retirement benefits	828 644,48	828 644,48	16	1	27	...	537 159,73	537 159,73
Provision for licences	1 190 355,02	1 190 355,02	16	1	27	...	870 093,75	870 093,75
Provision for audit	211 725,00	211 725,00	16	1	27	...	210 587,00	210 587,00
Provision for other liabilities	104 723,67	104 723,67	16	1	27	...	1 612 730,40	1 612 730,40
Provision for interest	256 993,20	256 993,20	16	1	27	...	181 323,90	181 323,90
Other	318 231,57	318 231,57	...	...	...	...	8 607,67	8 607,67
	24 916 486,64	24 916 486,64					19 573 473,78	19 573 473,78

			Podstawa prawna					
			Art.	Ust.	Pkt.	Lit.		
Taxable profit		3 222 012,29					(11 080 717,04)	
Other changes in the tax base:	(1 090 025,35)	(1 090 025,35)					(973 696,40)	(973 696,40)
costs of foreign branch	(1 090 025,35)	(1 090 025,35)	7	3	3	...	(973 696,40)	(973 696,40)
Tax losses from prior years	(2 131 986,56)	(2 131 986,56)					-	-
Tax base		-					(12 054 413,44)	
Current tax		-						-

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(All amounts are stated in PLN)

30. Corporate income tax (cont.)

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Loss before taxation	(66 063 571,75)	(20 651 413,42)
Profit before taxation from foreign branches	2 991 525,60	440 459,23
Consolidation eliminations	3 165 883,67	3 438,68

30. 1 Deferred tax assets and liabilities

	31.12.2018	31.12.2017
Deductible temporary differences:		
Allowances for receivables	1 486 801,78	799 851,87
Allowances for inventories	10 538 091,80	5 741 285,19
Provision for rebates	5 484 527,39	4 733 217,98
Provision for employee bonuses	5 281 281,63	4 619 272,99
Provision for charges from branches	3 212 523,03	2 111 986,38
Provision for acquisition services	230 948,93	129 855,73
Provision for marketing	8 030,00	134 636,42
Provision for transport	960 525,56	834 154,30
Provision for complaints	1 957 499,18	885 276,96
Provision for warranties	1 037 927,41	588 683,76
Provision for unused holidays	1 458 564,41	1 427 592,12
Provision for retirement benefits	567 428,62	828 644,48
Provision for licences	129 166,99	1 190 355,02
Provision for audit	206 496,00	211 725,00
Provision for other liabilities	374 137,86	104 723,67
Provision for interest	229 953,97	256 993,20
Other	360 793,88	318 231,57
Allowance for fixed assets	24 329 003,54	-
Differences between the accounting and tax depreciation	2 716 396,26	-
	60 570 098,24	24 916 486,64
Tax losses carried forward:		
Tax loss 2014 (total)	1 341 095,12	1 341 095,12
Tax loss utilised/expired	(1 341 095,00)	(670 547,50)
Tax loss 2014 carried forward	0,12	670 547,62
Tax loss 2016 (total)	8 536 212,15	8 536 212,15
Tax loss utilised/expired	(1 461 439,00)	-
Tax loss 2016 carried forward	7 074 773,15	8 536 212,15
Tax loss 2017 (total)	12 054 413,44	12 054 413,44
Tax loss 2017 carried forward	12 054 413,44	12 054 413,44
Total tax losses carried forward	19 129 186,71	21 261 173,21
Deferred tax asset (gross)	15 142 864,00	8 773 755,00

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Deferred tax asset (net)	<u>15 142 864,00</u>	<u>8 773 755,00</u>
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Taxable temporary differences:		
Differences between the balance sheet and tax depreciation	6 718 487,60	21 499 371,97
	<u>6 718 487,60</u>	<u>21 499 371,97</u>
Deferred tax liability	<u>1 276 512,00</u>	<u>4 084 881,00</u>
Deferred tax asset recognised in the balance sheet	<u>15 142 864,00</u>	<u>8 773 755,00</u>
Deferred tax liability recognised in the balance sheet	<u>1 276 512,00</u>	<u>4 084 881,00</u>
Net change of deferred tax asset/liability	<u>9 177 478,00</u>	<u>3 485 947,00</u>
Change in deferred tax recognised in the profit and loss account	<u>9 177 478,00</u>	<u>3 485 947,00</u>
30. 2 Structure of corporate income tax		
	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current tax paid in countries with Company's foreign branches	585 276,54	260 005,93
Additional tax charge related to previous years	-	(67 197,00)
Change in deferred tax	<u>(9 177 478,00)</u>	<u>(3 485 947,00)</u>
	<u>(8 592 201,46)</u>	<u>(3 293 138,07)</u>

31. Information on financial data of branches included in the consolidated financial statements

The Company has the following operating branches : Branch in Warsaw, Branch in Jasło, Branch in Czech Republic located in Prague, Branch in Slovakia located in Bratislava, Branch in Hungary located in Budapest, Branch in Lithuania located in Kaunas, Branch in Latvia located in Riga and Branch in Estonia located in Tallin. As at the balance sheet date the financial data of the Branches was as follows:

Branch in Warsaw and Jasło

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Non-current assets	121 467 873,55	134 043 448,88
Current assets	95 097 096,55	112 024 297,36
Share capital	(13 585 538,01)	(4 834 183,06)
Liabilities and provisions for liabilities	230 150 508,11	250 901 929,30
Sales revenue	397 437 497,98	393 047 225,82
Operating costs	407 877 211,21	(393 224 388,33)
Net loss	<u>(13 585 538,01)</u>	<u>(4 834 183,06)</u>

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Branch in Czech Republic

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Non-current assets	60 273,12	74 271,29
Current assets	3 242 522,06	2 079 479,75
Share capital	3 205 574,91	2 113 538,56
Liabilities and provisions for liabilities	97 220,27	40 212,48
Sales revenue	3 920 395,93	2 826 631,84
Operating costs	(2 619 221,23)	(1 934 880,40)
Net profit	1 031 486,84	708 500,82

Branch in Slovakia

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current assets	760 293,88	533 068,66
Share capital	636 640,58	362 204,08
Liabilities and provisions for liabilities	123 653,30	170 864,58
Sales revenue	1 666 276,23	1 480 729,68
Operating costs	(1 285 133,66)	(1 078 259,23)
Net profit	274 488,18	317 235,51

Branch in Hungary

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Non-current assets	45 810,88	-
Current assets	1 214 621,92	209 819,57
Share capital	1 034 701,67	130 665,98
Liabilities and provisions for liabilities	225 731,13	79 153,59
Sales revenue	2 072 787,73	991 992,99
Operating costs	(1 087 268,26)	(968 385,49)
Net profit	901 395,90	15 368,87

Branch in Lithuania

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current assets	1 326 468,52	421 800,28
Share capital	1 185 731,24	403 218,79
Liabilities and provisions for liabilities	140 737,28	18 581,49
Sales revenue	1 662 291,64	767 512,14
Operating costs	(763 677,03)	(667 323,81)
Net profit	762 779,15	95 052,58

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Branch in Latvia

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Non-current assets	8 506,48	8 331,41
Current assets	729 792,43	172 593,72
Share capital	728 573,16	164 582,92
Liabilities and provisions for liabilities	9 725,75	16 342,21
Sales revenue	1 233 662,93	522 817,28
Operating costs	(668 094,82)	(488 551,08)
Net profit	553 631,97	17 998,48

Branch in Estonia

	01.01.2018 - 31.12.2018	01.01.2017 - 31.12.2017
Current assets	111 603,88	78 935,75
Share capital	(3 046 534,30)	(1 860 779,75)
Liabilities and provisions for liabilities	3 158 138,18	1 939 715,50
Operating costs	(1 117 389,32)	(973 696,41)
Net loss	(1 117 532,98)	(973 702,96)

As a result of aggregating the financial information of the Company and all its branches, and after appropriate eliminations and adjustments have been made, the numerical information in the financial statements ensures proper presentation in the combined financial statements in all significant aspects.

32. Identification of persons signing through electronic signatures on the financial statements

Stasys Siurkus	President of the Management Board
Grzegorz Sowiński	Member of the Management Board
Marek Skalski	Member of the Management Board
Andrzej Kubiak	Member of the Management Board

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's Report

To the Shareholders' Meeting and Supervisory Board of Tarkett Polska Sp. z o.o.

Opinion

We have audited the accompanying annual financial statements of Tarkett Polska Sp. z o.o. (the "Entity"), which comprise:

- the introduction to the financial statements;
- the balance sheet as at 31 December 2018;

and, for the period from 1 January to 31 December 2018:

- the profit and loss account;
- the statement of changes in equity;
- the cash flow statement;

and

- the supplementary information and explanations

(the "financial statements").

In our opinion, the accompanying financial statements of the Entity:

- give a true and fair view of the financial position of the Entity as at 31 December 2018 and of its financial performance and its cash flows for the financial year then ended in accordance with the accounting act dated 29 September 1994 (Official Journal from 2019, item 351) (the "Accounting Act"), related bylaws and the adopted accounting policy;
 - comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association;
 - have been prepared, in all material respects, on the basis of properly maintained accounting records in accordance with chapter 2 of the Accounting Act.
-

Basis for Opinion

We conducted our audit in accordance with:

- International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Auditing (the “NSA”); and
- the act on certified auditors, audit firms and public oversight dated 11 May 2017 (Official Journal from 2017, item 1089 with

amendments) (the “Act on certified auditors”).

Our responsibilities under those standards are further described in the Auditor’s Responsibility for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Ethics

We are independent of the Entity in accordance with the Code of Ethics for Professional Accountants (“IFAC Code”) issued by the International Ethics Standards Board for Accountants as adopted by the resolutions of the National Council of Certified Auditors, as well as other independence and ethical requirements, applicable to audit

engagement in Poland. We have fulfilled all ethical responsibilities resulting from those requirements and IFAC Code. During our audit the key certified auditor and the audit firm remained independent of the Entity in accordance with requirements of the Act on certified auditors.

Responsibility of the Management Board and Supervisory Board of the Entity for the financial statements

The Management Board of the Entity is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act, related bylaws, the adopted accounting policy, the applicable laws and the provisions of the Entity’s articles of association and for such internal control as the Management Board of the Entity determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board of the Entity is responsible for assessing the Entity’s ability to continue as

a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Entity either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

According to the Accounting Act, the Management Board and members of the Supervisory Board of the Entity are required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Supervisory Board of the Entity are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibility 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 auditors’ 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 NSAs 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.

The scope of audit does not include assurance on the future viability of the Entity or on the efficiency or effectiveness with which the Management Board of the Entity has conducted or will conduct the affairs of the Entity.

As part of an audit in accordance with NSAs, 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Entity;
- conclude on the appropriateness of the Management Board of the Entity's use of the going concern basis of accounting and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report on the audit of the financial statements 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 auditors' report on the audit of the financial statements. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board of the Entity 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.

Report on activities

The other information comprise the report on activities of the Entity for the year ended 31 December 2018 (the "Report on activities").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Entity is responsible for the preparation of the Report on activities in accordance with applicable laws.

The Management Board and members of the Supervisory Board of the Entity are required to ensure that the Report on activities of the Entity for the year ended 31 December 2018 is in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our opinion on the financial statements does not cover the Report on activities.

In connection with our audit of the financial statements, our responsibility was to read the Report on activities and, in doing so, consider whether the Report on activities is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we

conclude that there is a material misstatement in the Report on activities, we are required to report that fact.

In accordance with the Act on certified auditors our responsibility was to report if the Report on activities was prepared in accordance with applicable laws and the information given in the Report on activities is consistent with the financial statements.

Opinion on the Report on activities

Based on the work undertaken in the course of our audit of the financial statements, in our opinion, the accompanying Report on activities, in all material respects:

- has been prepared in accordance with applicable laws, and
- is consistent with the financial statements.

Furthermore, based on our knowledge about the Entity and its environment obtained in the audit of the financial statements, we have not identified material misstatements in the Report on activities.

On behalf of audit firm

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

Signed on the Polish original

Michał Karwatka

Key Certified Auditor
Registration No. 10176
Limited Partner, Proxy

Poznań, 25 June 2019

Sprawozdanie niezależnego biegłego rewidenta z badania

**Dla Zgromadzenia Wspólników i Rady Nadzorczej
Tarkett Polska Sp. z o.o.**

Opinia

Przeprowadziliśmy badanie załączonego rocznego sprawozdania finansowego Tarkett Polska Sp. z o.o. („Jednostka”), które zawiera:

- wprowadzenie do sprawozdania finansowego;
- bilans sporządzony na dzień 31 grudnia 2018 r.;

sporządzone za rok obrotowy od 1 stycznia do 31 grudnia 2018 r.:

- rachunek zysków i strat;
- zestawienie zmian w kapitale własnym;
- rachunek przepływów pieniężnych;

oraz

- dodatkowe informacje i objaśnienia („sprawozdanie finansowe”).

Naszym zdaniem, załączone sprawozdanie finansowe Jednostki:

- przedstawia rzetelny i jasny obraz sytuacji majątkowej i finansowej Jednostki na dzień 31 grudnia 2018 r., finansowych wyników działalności oraz przepływów pieniężnych za rok obrotowy zakończony tego dnia, zgodnie z ustawą z dnia 29 września 1994 r. o rachunkowości (Dz. U. z 2019 r. poz. 351) („ustawa o rachunkowości”), wydanymi na jej podstawie przepisami wykonawczymi oraz przyjętymi zasadami (polityką) rachunkowości;
- jest zgodne, we wszystkich istotnych aspektach, co do formy i treści z obowiązującymi Jednostkę przepisami prawa oraz umową Spółki;
- zostało sporządzone, we wszystkich istotnych aspektach, na podstawie prawidłowo prowadzonych ksiąg rachunkowych, zgodnie z przepisami rozdziału 2 ustawy o rachunkowości.

Podstawa Opinii

Nasze badanie przeprowadziliśmy stosownie do postanowień:

- Międzynarodowych Standardów Badania w wersji przyjętej jako Krajowe Standardy Badania przez Krajową Radę Biegłych Rewidentów („KSB”);
- ustawy z dnia 11 maja 2017 r. o biegłych rewidentach, firmach audytorskich oraz nadzorze publicznym (Dz. U. z 2017 r. poz.

1089 z późniejszymi zmianami) („ustawa o biegłych rewidentach”).

Nasza odpowiedzialność zgodnie z tymi regulacjami została opisana w sekcji Odpowiedzialność biegłego rewidenta za badanie sprawozdania finansowego.

Uważamy, że dowody badania, które uzyskaliśmy są wystarczające i odpowiednie, aby stanowić podstawę dla naszej opinii.

Niezależność i etyka

Jesteśmy niezależni od Jednostki zgodnie z Kodeksem etyki zawodowych księgowych Międzynarodowej Federacji Księgowych („Kodeks IFAC”), przyjętym uchwałami Krajowej Rady Biegłych Rewidentów oraz z innymi wymogami etycznymi, które mają zastosowanie do badania sprawozdań

finansowych w Polsce. Spełniamy wszystkie obowiązki etyczne wynikające z tych wymogów i Kodeksu IFAC. W trakcie badania kluczowy biegły rewident oraz firma audytorska pozostali niezależni od Jednostki zgodnie z wymogami niezależności określonymi w ustawie o biegłych rewidentach.

Odpowiedzialność Kierownika i Rady Nadzorczej Jednostki za sprawozdanie finansowe

Kierownik Jednostki jest odpowiedzialny za sporządzenie, na podstawie prawidłowo prowadzonych ksiąg rachunkowych, sprawozdania finansowego przedstawiającego rzetelny i jasny obraz zgodnie z ustawą o rachunkowości, wydanymi na jej podstawie przepisami wykonawczymi, przyjętymi zasadami (polityką) rachunkowości oraz z obowiązującymi Jednostkę przepisami prawa i umową Spółki, a także za kontrolę wewnętrzną, którą Kierownik Jednostki uznaje za niezbędną, aby zapewnić sporządzenie sprawozdania finansowego niezawierającego istotnego zniekształcenia spowodowanego oszustwem lub błędem.

Sporządzając sprawozdanie finansowe Kierownik Jednostki jest odpowiedzialny za ocenę zdolności Jednostki do kontynuowania

działalności, ujawnienie, jeżeli ma to zastosowanie, kwestii związanych z kontynuacją działalności oraz za przyjęcie założenia kontynuacji działalności jako podstawy rachunkowości, z wyjątkiem sytuacji kiedy Kierownik Jednostki albo zamierza dokonać likwidacji Jednostki, zaniechać prowadzenia działalności, albo gdy nie ma żadnej realnej alternatywy dla likwidacji lub zaniechania prowadzenia działalności.

Zgodnie z ustawą o rachunkowości Kierownik Jednostki oraz członkowie Rady Nadzorczej są zobowiązani do zapewnienia, aby sprawozdanie finansowe spełniało wymagania przewidziane w tej ustawie. Członkowie Rady Nadzorczej Jednostki są odpowiedzialni za nadzór nad procesem sprawozdawczości finansowej Jednostki.

Odpowiedzialność biegłego rewidenta za badanie sprawozdania finansowego

Celem badania jest uzyskanie racjonalnej pewności, czy sprawozdanie finansowe jako całość nie zawiera istotnego zniekształcenia spowodowanego oszustwem lub błędem oraz wydanie sprawozdania z badania zawierającego naszą opinię. Racjonalna pewność jest wysokim poziomem pewności, ale nie gwarantuje, że badanie przeprowadzone zgodnie z KSB zawsze wykryje istniejące istotne zniekształcenie. Zniekształcenia mogą powstawać na skutek oszustwa lub błędu i są uważane za istotne, jeżeli można racjonalnie oczekiwać, że

pojedynczo lub łącznie mogłyby wpłynąć na decyzje ekonomiczne użytkowników podejmowane na podstawie sprawozdania finansowego.

Zakres badania nie obejmuje zapewnienia co do przyszłej rentowności Jednostki ani efektywności lub skuteczności prowadzenia jej spraw przez Kierownika Jednostki, obecnie lub w przyszłości.

Podczas badania zgodnego z KSB stosujemy zawodowy osąd i zachowujemy zawodowy sceptycyzm, a także:

- identyfikujemy i szacujemy ryzyka istotnego zniekształcenia sprawozdania finansowego spowodowanego oszustwem lub błędem, projektujemy i przeprowadzamy procedury badania odpowiadające tym ryzykom i uzyskujemy dowody badania, które są wystarczające i odpowiednie, aby stanowić podstawę dla naszej opinii. Ryzyko niewykrycia istotnego zniekształcenia wynikającego z oszustwa jest większe niż istotnego zniekształcenia wynikającego z błędu, ponieważ oszustwo może obejmować zomę, fałszerstwo, celowe pominięcie, wprowadzenie w bład lub obejście systemu kontroli wewnętrznej;
- uzyskujemy zrozumienie kontroli wewnętrznej stosownej dla badania w celu zaprojektowania procedur badania, które są odpowiednie w danych okolicznościach, ale nie w celu wyrażenia opinii na temat skuteczności działania kontroli wewnętrznej Jednostki;
- oceniamy odpowiedniość zastosowanych zasad (polityki) rachunkowości oraz zasadność szacunków księgowych oraz powiązanych z nimi ujawnień dokonanych przez Kierownika Jednostki;
- wyciągamy wniosek na temat odpowiedniości zastosowania przez Kierownika Jednostki zasady kontynuacji działalności jako podstawy rachunkowości oraz, na podstawie uzyskanych dowodów

badania, oceniamy, czy istnieje istotna niepewność związana ze zdarzeniami lub okolicznościami, które mogą poddawać w znaczącą wątpliwość zdolność Jednostki do kontynuacji działalności. Jeżeli dochodzimy do wniosku, że istnieje istotna niepewność, wymagane jest od nas zwrócenie uwagi w sprawozdaniu z badania sprawozdania finansowego na powiązane ujawnienia w sprawozdaniu finansowym lub, jeżeli takie ujawnienia są nieodpowiednie, modyfikujemy naszą opinię. Nasze wnioski są oparte na dowodach badania uzyskanych do dnia sporządzenia sprawozdania z badania sprawozdania finansowego. Przyszłe zdarzenia lub warunki mogą spowodować, że Jednostka zaprzestanie kontynuacji działalności;

- oceniamy ogólną prezentację, strukturę i treść sprawozdania finansowego, w tym ujawnienia, a także czy sprawozdanie finansowe odzwierciedla stanowiące ich podstawę transakcje i zdarzenia w sposób zapewniający rzetelną prezentację.

Przekazujemy Radzie Nadzorczej Jednostki informacje między innymi o planowanym zakresie i terminie przeprowadzenia badania oraz znaczących ustaleniach badania, w tym wszelkich znaczących słabościach kontroli wewnętrznej, które zidentyfikujemy podczas badania.

Sprawozdanie z działalności

Na inne informacje składa się sprawozdanie z działalności Jednostki za rok obrotowy

zakończony 31 grudnia 2018 r. („Sprawozdanie z działalności”).

Odpowiedzialność Kierownika i Rady Nadzorczej Jednostki

Kierownik Jednostki jest odpowiedzialny za sporządzenie Sprawozdania z działalności zgodnie z mającymi zastosowanie przepisami prawa.

Kierownik Jednostki oraz członkowie Rady Nadzorczej są zobowiązani do zapewnienia, aby Sprawozdanie z działalności Jednostki za rok obrotowy zakończony 31 grudnia 2018 r. spełniało wymagania przewidziane w ustawie o rachunkowości.

Odpowiedzialność biegłego rewidenta

Nasza opinia z badania sprawozdania finansowego nie obejmuje Sprawozdania z działalności.

W związku z badaniem sprawozdania finansowego naszym obowiązkiem jest zapoznanie się ze Sprawozdaniem z działalności, i czyniąc to, rozważenie, czy nie jest ono istotnie niespójne ze sprawozdaniem

finansowym, z naszą wiedzą uzyskaną w trakcie badania, lub w inny sposób wydaje się być istotnie zniekształcone. Jeżeli na podstawie wykonanej pracy stwierdzimy istotne zniekształcenie w Sprawozdaniu z działalności, to jesteśmy zobowiązani poinformować o tym w naszym sprawozdaniu z badania.

Naszym obowiązkiem zgodnie z wymogami ustawy o biegłych rewidentach jest również wydanie opinii, czy Sprawozdanie z działalności zostało sporządzone zgodnie

Opinia o Sprawozdaniu z działalności

Na podstawie pracy wykonanej w trakcie badania sprawozdania finansowego, naszym zdaniem, Sprawozdanie z działalności, we wszystkich istotnych aspektach:

- zostało sporządzone zgodnie z mającymi zastosowanie przepisami prawa; oraz
- jest zgodne z informacjami zawartymi w sprawozdaniu finansowym.

z mającymi zastosowanie przepisami prawa oraz czy jest zgodne z informacjami zawartymi w rocznym sprawozdaniu finansowym.

Ponadto oświadczamy, że w świetle wiedzy o Jednostce i jej otoczeniu uzyskanej podczas naszego badania sprawozdania finansowego nie stwierdziliśmy w Sprawozdaniu z działalności istotnych zniekształceń.

W imieniu firmy audytorskiej

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Nr na liście firm audytorskich: 3546



Dokument podpisany
przez MICHAŁ
KARWATKA
Data: 2019.06.25
16:12:44 CEST

Michał Karwatka

Kluczowy biegły rewident

Nr w rejestrze 10176

Komandytariusz, Pełnomocnik

Poznań, 25 czerwca 2019 r.

Sidevahendid

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