

May 23, 2016

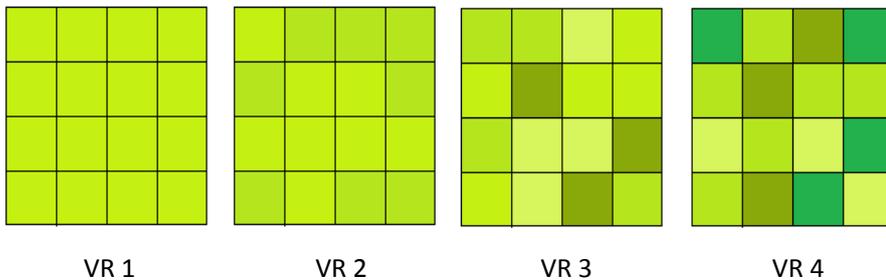
At Novalis, customer satisfaction is always our top concern. We want your customers to be happy with their shopping experience and our product. To that end, we believe it's important to manage expectations between what the customer sees in the showroom and then sees on her new floor. To best address that, we are instituting an "Appearance Variability Rating" on all our products in the form of a "VR number" to help our Distributor and Retail partners explain to their customers what to expect in the finished appearance of their new flooring. Modeled after the ceramic tile industry "V" rating system, this new VR rating is something new for vinyl flooring.

We're doing this because design trends in tiles are drifting toward more monolithic and solid coloring in larger formats, so shade variations are becoming more apparent in a given line from piece to piece. Travertine and concrete styled tiles with more solid coloring and less "veins" of differing colors in a larger formats will tend to make color variations more apparent, too.

Additionally, wood patterns with wider grain patterns or less grain in them will make color variations in the base color more visible. Plank sizes are now reaching 9" wide and 60" to 72" lengths in some cases. While woods are generally not subject to many questions of random coloring changes in an installed floor, every so often a pattern and color combination will come along with a degree of noticeable variance.

So going forward, each of our NovaFloor[®] wood and tile products will have a VR number assigned and printed on the label for all future display samples. You will also see this designation on sample photos on our website and in our brochures and folders. When coupled with our new ESIGN virtual design tool (available on www.novafloor.us later in 2016) retail sales staff will be able to fully manage the expected look of NovaFloor products to their customers.

Ratings will be displayed as VR1, VR2, VR3 and VR4. VR1 will be the least amount of variation and consistent coloring possible, and VR4 will be the most varied in shade and color. The following table was used to determine the code for each pattern:



New displays produced after June of 2016 will have this rating system incorporated on the sample boards and retro-fit labels will be printed and distributed to retail partners through their distributors. Novalis realizes that this is a new concept and it will take time to implement, but please feel free to contact your distributor reps or Novalis for any questions.