

Forbo Siegling Danmark A/S

Kirkebjerg Parkvej 34
2605 Brøndby
Denmark

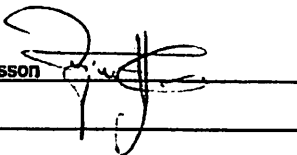
CVR no. 88 10 88 17

Annual report 2018

The annual report was presented and approved at
the Company's annual general meeting on

31 May 2019

Biörn Gunnar Andersson
chairman



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Forbo Siegling Danmark A/S
Annual report 2018
CVR no. 88 10 88 17

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Forbo Siegling Danmark A/S for the financial year 1 January – 31 December 2018.

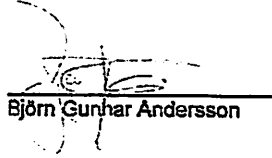
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

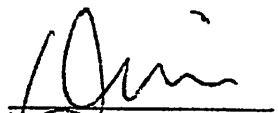
We recommend that the annual report be approved at the annual general meeting.

Brøndby, 31 May 2019
Executive Board:



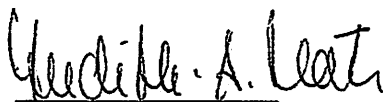
Björn Gunhar Andersson

Board of Directors:



Marc Richard Deimling
Chairman

Janne Lisbeth Glæsel



Judith-Anne Matz

Pennec dokumentnøgle: X046Y-SGCTE-VX3UG-UES6R-32P31-YQER5



Independent auditor's report

To the shareholders of Forbo Siegling Danmark A/S

Opinion

We have audited the financial statements of Forbo Siegling Danmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



Independent auditor's report

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Kolding, 31 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

Forbo Siegling Danmark A/S
Annual report 2018
CVR no. 88 10 88 17

Management's review

Company details

Forbo Siegling Danmark A/S
Kirkebjerg Parkvej 34
2605 Brøndby
Denmark

Telephone: +45 43 43 10 33
CVR no.: 88 10 88 17
Registered office: Brøndby
Financial year: 1 January – 31 December

Board of Directors

Marc Richard Deimling, Chairman
Janne Lisbeth Glæsel
Judith-Anne Matz

Executive Board

Björn Gunnar Andersson

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Annual general meeting

The annual general meeting will be held on 31 May 2019.

Management's review

Operating review

Principal activities

The Company's activities consist of manufacturing, purchasing, marketing and sales of Forbo Siegling conveyor, process and modular belts.

Development in activities and financial position

The income statement of the Company for 2018 shows a loss of DKK 2,695 thousand as against a loss of DKK 5,402 thousand for 2017. Equity in the balance sheet of the Company at 31 December 2018 stood at DKK 16,312 thousand as against equity of DKK 19,007 thousand at 31 December 2017. Given the difficult market situation in 2018, Management considers this to be in line with expectations and satisfactory.

Outlook

The strategy of the Company is to increase its market share locally and on export markets, including for the year to come. The Company's expectations for 2019 are positive, and results for 2019 are expected to be up on 2018.

Capital resources

The Parent Company has confirmed not to require the repayment of any outstanding account within a 12-month period unless other creditors have been paid.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross profit		24,112,595	20,854,878
Staff costs	2	-19,509,136	-18,779,957
Depreciation on property plant and equipment		<u>-6,878,240</u>	<u>-7,074,650</u>
Operating profit/loss		-2,274,781	-4,999,729
Financial income		296,578	71,181
Financial expenses	3	<u>-1,433,654</u>	<u>-1,299,392</u>
Profit/loss before tax		-3,411,857	-6,227,940
Tax on profit/loss for the year	4	<u>716,769</u>	<u>825,506</u>
Profit/loss for the year		<u><u>-2,695,088</u></u>	<u><u>-5,402,434</u></u>
Proposed distribution of loss			
Retained earnings		<u><u>-2,695,088</u></u>	<u><u>-5,402,434</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Land and buildings		9,851,431	10,004,480
Property, plant and equipment under construction		6,382,730	4,264,672
Fixtures and fittings, tools and equipment		<u>29,729,277</u>	<u>26,532,452</u>
		<u>45,963,438</u>	<u>40,801,604</u>
Investments			
Deposits		<u>236,167</u>	<u>303,931</u>
Total fixed assets		<u>46,199,605</u>	<u>41,105,535</u>
Current assets			
Inventories			
Raw materials and consumables		25,205,823	23,344,875
Finished goods and goods for resale		<u>789,662</u>	<u>910,234</u>
		<u>25,995,485</u>	<u>24,255,109</u>
Receivables			
Trade receivables		5,214,629	6,523,393
Receivables from group entities		5,875,682	3,562,450
Other receivables		2,826,938	1,646,601
Corporation tax		1,576,083	1,766,506
Prepayments		<u>179,124</u>	<u>157,525</u>
		<u>15,672,456</u>	<u>13,656,475</u>
Cash at bank and in hand		<u>5,249,442</u>	<u>3,574,196</u>
Total current assets		<u>46,917,383</u>	<u>41,485,780</u>
TOTAL ASSETS		<u><u>93,116,988</u></u>	<u><u>82,591,315</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		32,300,000	32,300,000
Retained earnings		<u>-15,988,092</u>	<u>-13,293,004</u>
Total equity		<u>16,311,908</u>	<u>19,006,996</u>
Liabilities			
Non-current liabilities other than provisions			
Payables to group entities	6	<u>0</u>	<u>7,000,000</u>
Current liabilities other than provisions			
Trade payables		18,266,682	13,202,561
Payables to group entities	6	55,131,772	39,722,411
Other payables		<u>3,406,626</u>	<u>3,659,347</u>
		<u>76,805,080</u>	<u>56,584,319</u>
Total liabilities		<u>76,805,080</u>	<u>63,584,319</u>
TOTAL EQUITY AND LIABILITIES		<u>93,116,988</u>	<u>82,591,315</u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	32,300,000	-13,293,004	19,006,996
Transferred over the distribution of loss	0	-2,695,088	-2,695,088
Equity at 31 December 2018	<u>32,300,000</u>	<u>-15,988,092</u>	<u>16,311,908</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Forbo Siegling Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, revenue, operating costs, other external costs and other operating income are aggregated in the financial statement caption gross profit.

Revenue

Income from the sale of goods and finished goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted in revenue.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise costs incurred in generating revenue for the year.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise expenses incurred during the year for management and administration of the Company, including other payroll-related costs.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to current rates applicable to interest allowances, and jointly taxed companies with insufficient tax payments, are, as a maximum, to pay a surcharge based on current rates applicable to interest surcharges to the management company.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, component, subsuppliers, energy consumption, staff and depreciation of machinery used.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Production buildings	33 years
Fixtures and fittings, tools and equipment	5-8 years

Land is not depreciated.

The useful life and residual value are reassessed annually. Change are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Non-current assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual review for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Investments

Investments comprise of deposits which are measured at cost.

Inventories

Inventories are measured at cost in accordance with the average-method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

DKK	<u>2018</u>	<u>2017</u>	
2 Staff costs			
Wages and salaries	17,528,545	16,906,817	
Pensions	1,316,603	1,257,972	
Other social security costs	357,036	296,941	
Other staff costs	<u>306,952</u>	<u>318,227</u>	
	<u>19,509,136</u>	<u>18,779,957</u>	
Average number of full-time employees	<u>34</u>	<u>32</u>	
3 Financial expenses			
Interest expense to group entities	1,143,801	915,217	
Other financial expenses	5,451	1,305	
Exchange adjustments costs	<u>284,402</u>	<u>382,870</u>	
	<u>1,433,654</u>	<u>1,299,392</u>	
4 Tax on profit/loss for the year			
Joint taxation contribution	<u>-716,769</u>	<u>-825,506</u>	
5 Property, plant and equipment			
DKK	Land and buildings	Property, plant and equipment under construction	Fixtures and fittings, tools and equipment
Cost at 1 January 2018	15,698,927	4,264,672	81,565,715
Additions for the year	471,916	6,382,730	5,307,377
Disposals for the year	-121,949	0	-136,315
Transfers for the year	<u>0</u>	<u>-4,264,672</u>	<u>4,264,672</u>
Cost at 31 December 2018	<u>16,048,894</u>	<u>6,382,730</u>	<u>91,001,449</u>
Depreciation and impairment losses at 1 January 2018	-5,694,447	0	-55,033,263
Depreciation for the year	-503,016	0	-6,375,224
Reversed depreciation and impairment losses on assets sold	<u>0</u>	<u>0</u>	<u>136,315</u>
Depreciation and impairment losses at 31 December 2018	<u>-6,197,463</u>	<u>0</u>	<u>-61,272,172</u>
Carrying amount at 31 December 2018	<u>9,851,431</u>	<u>6,382,730</u>	<u>29,729,277</u>

Financial statements 1 January – 31 December

Notes

6 Non-current liabilities other than provisions

The debt falls due for payment as specified below:

DKK	<u>31/12 2018</u>	<u>31/12 2017</u>
Payables to group entities		
Between 1 and 5 years	<u>0</u>	<u>7,000,000</u>
Non-current portion	0	7,000,000
Cash pool	22,437,938	15,342,964
Other current liabilities to group entities	<u>32,693,834</u>	<u>24,379,447</u>
	<u>55,131,772</u>	<u>46,722,411</u>

7 Contractual obligations, contingencies, etc.

Contingent assets

At the end of 2018, the Company has a non-recognised tax asset of DKK 9,932 thousand.

Contingent liabilities

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability.

Operating rent and lease obligations

The Company has entered into operating rent agreements and leases at the following amounts:
The remaining term of the rent agreements and leases makes up an average of 24 months with an average monthly lease payment of DKK 114 thousand, totalling DKK 2,693 thousand.

8 Related party disclosures

Forbo Siegling Danmark A/S' related parties comprise the Group's entities as well as their Board of Directors and Executive Board.

Control

Forbo Finanz AG, Lindenstrasse 8, 6340 Baar, Schweiz.

Forbo Finanz AG holds the majority of the contributed capital in the Company.

Forbo Siegling Danmark A/S is part of the consolidated financial statements of Forbo Finanz AG, Schweiz, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Forbo Finanz AG can be obtained by contacting the Company.

Penneo

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift.
Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Janne Lisbeth Glæsel

Underskriver

Serienummer: PID:9208-2002-2-828573864115

IP: 207.251.xxx.xxx

2019-05-24 13:36:06Z

NEM ID 

Penneo dokumentnøgle: XB46Y-5GCTE-VX3U6-UE568-32P31-YQE85

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>