ANNUAL REPORT 2023

# CONNECT.

**AMBIENCE.**
**EFFICIENCY.**

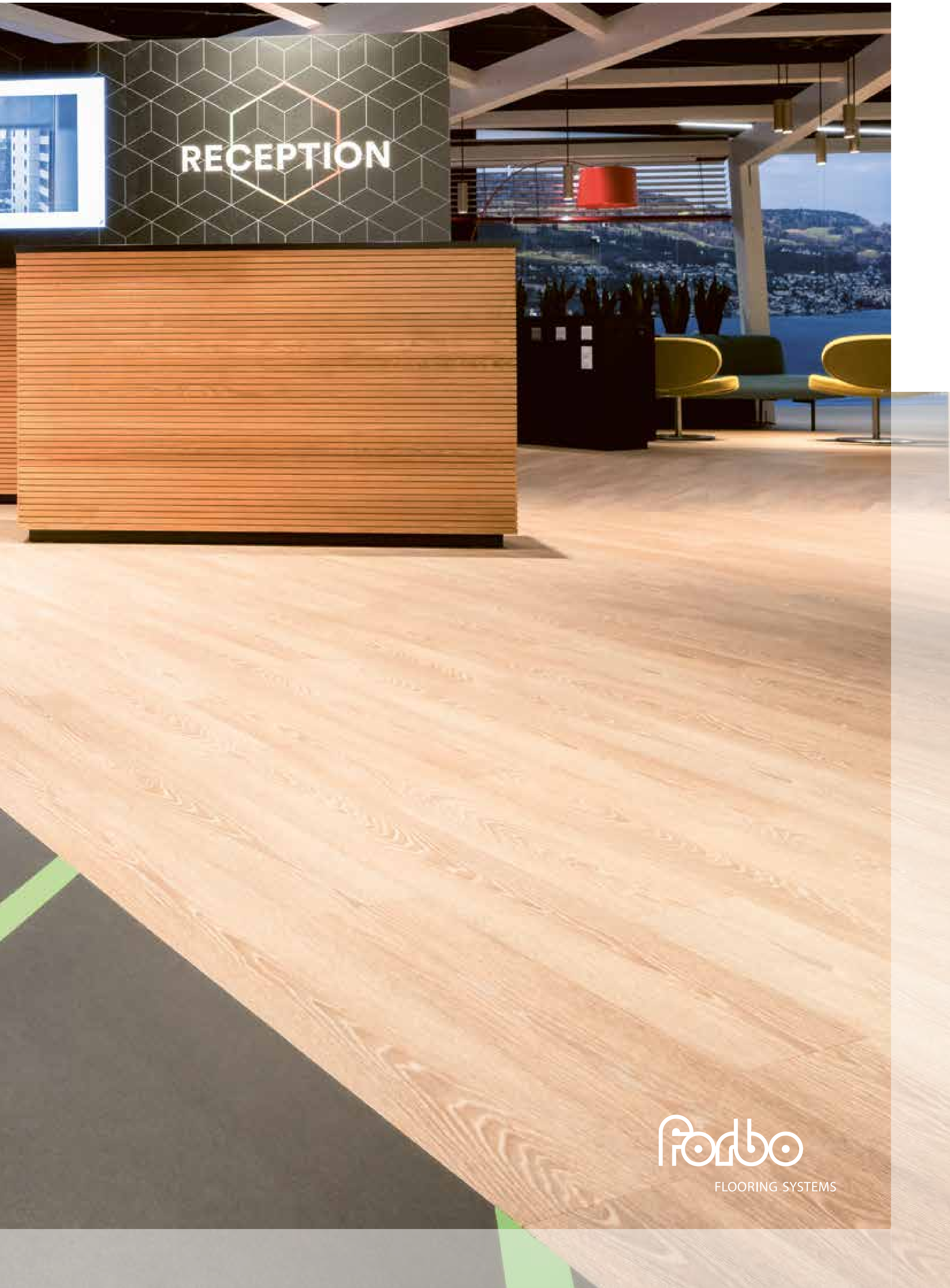
**FORBO IN EVERYDAY LIFE**

**flooring. movement.**

# AMBIENCE.

Quality, looks, and a dynamic relationship with the space are the hallmarks of premium-quality floor coverings. The wide range of floor coverings in our portfolio offers ideal combinations to meet the requirements of diverse areas of application in terms of design, originality, creativity, and durability. Textile and vinyl floor coverings are available in designs and formats with a natural look such as wood or stone and can also be designed to order using digital print technology. Sustainability is an ever-present theme, from the use of recycled and recyclable materials to production plants powered by renewable energy and loose-lay installation options.

**creating better environments**




forbo
FLOORING SYSTEMS


Siegling – total belting solutions

# EFFICIENCY.

Conveyor belts are deployed in various ways to ensure the trouble-free flow of goods and efficient operating procedures. In the food industry, hygiene, precision, and the reliability of processing belts are the crucial factors. Thanks to their varied characteristics, our processing belts ensure the smooth running of every stage of production processes, from conveying, positioning, heating, and cooling to drying, cutting, and packaging, and meet the highest standards of hygiene.

forbo
MOVEMENT SYSTEMS

**This E. Schneider**
Chairman of the Board of Directors

**Jens Fankhänel**
Chief Executive Officer

'Forbo is looking back on another challenging year. Adverse currency effects and a very gloomy economic environment with a significant drop in demand have increasingly challenged us in the second half of the year.

The resulting lower volumes, higher personnel cost due to inflation, and continued high energy cost required consistent optimization measures and strict resource management.

At the same time, despite the economic challenges, we continued to pursue strategic topics such as innovative and sustainable additions to our product portfolio, digitalization, and new production technologies.'

# TO OUR SHAREHOLDERS

## Dear Madam, dear Sir

After the first glimmers of hope in a challenging market environment and a slight recovery in the first half of the year, the geopolitical and macroeconomic situation deteriorated increasingly from the third quarter onwards. As a result, Forbo also experienced a slowdown in market momentum and a resulting decline in demand, which intensified in the fourth quarter and was reflected in lower volumes. In addition, the year was characterized by significant adverse currency effects on net sales and earnings.

We implemented targeted measures to improve profitability and efficiency and further operational improvements. Our operating structures were adapted to the lower volumes, inventories were reduced, and the necessary sales price increases were implemented. These measures compensated for the increased personnel cost due to inflation and the continuing high energy cost. Overall, we achieved a significantly higher cash generation.

Translating local results into the corporate currency resulted in significant currency losses on net sales (CHF 80 million) and EBIT (CHF 10 million).

## Significant decline in demand from third quarter 2023 onwards

**Slight decline in net sales in local currencies**

In the year under review, Forbo generated net sales of CHF 1,175.2 million (previous year: CHF 1,293.2 million). In local currencies, this represents a decline of 2.9% and corresponds to a decrease in net sales of 9.1% in the corporate currency due to strongly adverse currency effects. In local currencies, the three regions contributed as follows: Asia/Pacific +6.6%, Europe –3.3%, and the Americas –8.0%.

Forbo's customers' investment activity slowed noticeably due to increasing global uncertainties. This development was evident in both divisions and across all regions.

Net sales of Flooring Systems fell by 3.1% in local currencies to CHF 796.5 million (previous year: CHF 878.0 million). In corporate currency, this represents a decline of 9.3%. Activity in the construction industry slowed significantly due to higher interest rates and a massive increase in construction cost. At the same time, customers shifted their renovation investments from flooring replacements to energy-saving investments.

Movement Systems generated net sales of CHF 378.7 million (previous year: CHF 415.2 million), a decrease of 2.6% in local currencies and 8.8% in corporate currency. Demand in the globally important logistics segment remained subdued after several years of growth. Demand in the other segments was stable overall. The expected economic recovery has yet to occur in the crucial Chinese market.

# Operating profit impacted by lower demand and adverse currency effects

**Double-digit EBIT margin**

Operating profit before depreciation and amortization (EBITDA) decreased by CHF 13.5 million (– 7.0%) to CHF 179.9 million (previous year: CHF 193.4 million). Group operating profit (EBIT) decreased by CHF 2.7 million (– 2.0%) to CHF 129.9 million (previous year: CHF 132.6 million, including one-time impacts). This resulted in an EBITDA margin of 15.3% (previous year: 15.0%) and an EBIT margin of 11.1% (previous year: 10.3%).

A double-digit EBIT margin was achieved despite a difficult market environment with declining demand and a corresponding significant decline in sales volumes (– 9%), significantly adverse currency effects, higher personnel cost due to inflation, and continuing high energy cost. This was achieved thanks to adjusted operating structures, efficiency measures, and sales price increases (+ 6%).

The partial decline in raw material prices in the second half of the year had only a minor impact on profitability for the entire year.

# Group profit slightly higher than previous year

**Positive financial result**

Based on the slightly lower operating result, a comparable tax rate of 22.4% (previous year: 22.6%) and a positive financial result of CHF + 1.9 million (previous year: CHF – 1.6 million) due to foreign exchange gains and interest income, the Group profit increased by 0.9% or CHF 0.9 million to CHF 102.3 million (previous year: CHF 101.4 million).

# Solid balance sheet

**Strong equity base**

Due to strict inventory management and optimized sales and production planning, inventories were reduced by 16.4%, or CHF 52.0 million, to CHF 264.2 million (previous year: CHF 316.2 million). Net cash and cash equivalents amounted to CHF 69.0 million at the end of 2023 (previous year: CHF 21.4 million). This increase is mainly due to the significant reduction in operating working capital. In addition, Forbo held treasury shares of CHF 81.8 million as at December 31, 2023, valued at the 2023 year-end price. Free cash flow of CHF 115.9 million more than doubled (previous year: CHF 50.5 million) due to the targeted optimization of inventories.

The equity ratio is very solid and has increased to 61.4% (previous year: 57.3%). Undiluted earnings per share reflect the slight improvement in earnings and increased by 1.1% to CHF 72.55 (previous year: CHF 71.76).

# Good progress on sustainability topics

**Ongoing reduction of $CO_2$ footprint**

We aim to reduce $CO_2$ emissions further in both divisions by continuously increasing the proportion of renewable or recycled raw materials used in the manufacturing of our product portfolio. Further measures include expanding local take-back programs for products at the end of their life cycle and increasing the use of renewable energy.

In the year under review, we laid the foundations for measuring Scope 1, 2, and 3 emissions following current requirements, which are being reported for the first time for the entire Forbo Group in 2023.

# Change on the Executive Board

**New Chief Executive Officer**
Jens Fankhänel took over as Chief Executive Officer and Chairman of the Executive Board of the Forbo Group at the beginning of March 2023, succeeding This E. Schneider (Chairman of the Board of Directors), who had held this position on an interim basis since the end of November 2022.

# Information and proposals to the Ordinary General Meeting

**Changes on the Board of Directors**
Dr. Peter Altorfer will not be standing for re-election after almost 20 years with the company. He has made a significant and pivotal contribution to the further development of the Forbo Group with his legal expertise, profound financial knowledge, and many years of professional experience. The Board of Directors owes him an outstanding debt of gratitude for his exceptional commitment and the trust and cooperation he has shown and wishes him all the best for the future.

The Board of Directors will propose Jörg Kampmeyer and Bernhard Merki for election to the Board of Directors at the Ordinary General Meeting. Bernhard Merki has worked as an entrepreneur since 2019 and is a professional and independent board member with seats in various national and international companies. Jörg Kampmeyer is a managing partner of Gebr. Knauf KG, one of the world's largest producers of building materials.

In Bernhard Merki, we have gained a Board member with extensive industrial experience in both of Forbo's divisions. With Jörg Kampmeyer, we have gained an excellent executive leader with expertise in the global supply of construction materials and in marketing and digitalization.

**Increase in the dividend**
Based on the substantial increase in free cash flow and the solid equity base, the Board of Directors will propose to the Ordinary General Meeting a dividend of CHF 25 per share (previous year: CHF 23 per share), representing an increase of 9% and a payout ratio of 34%.

# Priorities and outlook for 2024

**Priorities for 2024**
Attractive product and service offerings, high product availability, reliable delivery quality, and customer intimacy will be critical success factors, especially in the current market environment. Therefore, we will actively implement our defined sales and marketing activities and important operational excellence initiatives. In a geopolitically volatile and still tense climate, it is also crucial to deploy our funds and resources in an entrepreneurial and focused manner.

Forbo will continue to pursue the successful strategy of the past years. We have an attractive product portfolio in both divisions. We will continue to invest in our sustainable product and service offering and growth markets. We will focus on further efficiency improvements and progress in all sustainability areas through digitalization, new production technologies, and technology enhancements. We will exploit external growth opportunities if and when they create long-term value.

**Outlook for 2024**

There is currently no sign of recovery in the market environment in the short term and, therefore, 2024 will continue to challenge us in all areas of the organization.

However, we are well prepared to face the currently very challenging market environment with a solid financial foundation that is both sound and without debts, a proven strategy, and leading market positions. Thanks to our targeted investments and strategic initiatives, we will strengthen our competitiveness and create the base to take full advantage of increasing demand.

Provided the geopolitical and economic environment does not change significantly, we expect net sales and Group profit to grow in local currencies. With foreign exchange rates at current levels, we expect net sales of around CHF 1.2 billion and Group profit of up to CHF 110 million.

# Acknowledging our stakeholders

**Great commitment and cooperation**

The reporting year once again demanded a special and above-average commitment from our employees to meet the various challenges in the best possible way. With great dedication, flexibility, agility, perseverance, good communication, and teamwork, we responded to the changing circumstances and served our customers reliably and competently. Many thanks to our teams for their tireless and much-appreciated commitment.

We would also like to thank our customers, business partners, and suppliers for their excellent cooperation during these challenging times.

On behalf of the Board of Directors and Group Executive Board, we would also like to thank our valued shareholders for your continued trust and loyalty to our company.

Baar, March 2024

This E. Schneider
Chairman of the Board of Directors

Jens Fankhänel
Chief Executive Officer

# 2024

**Financial calendar**

Ordinary General Meeting
**Friday, April 5, 2024**

Publication of
Half-Year Report 2024
**Friday, July 26, 2024**

# 2025

**Financial calendar**

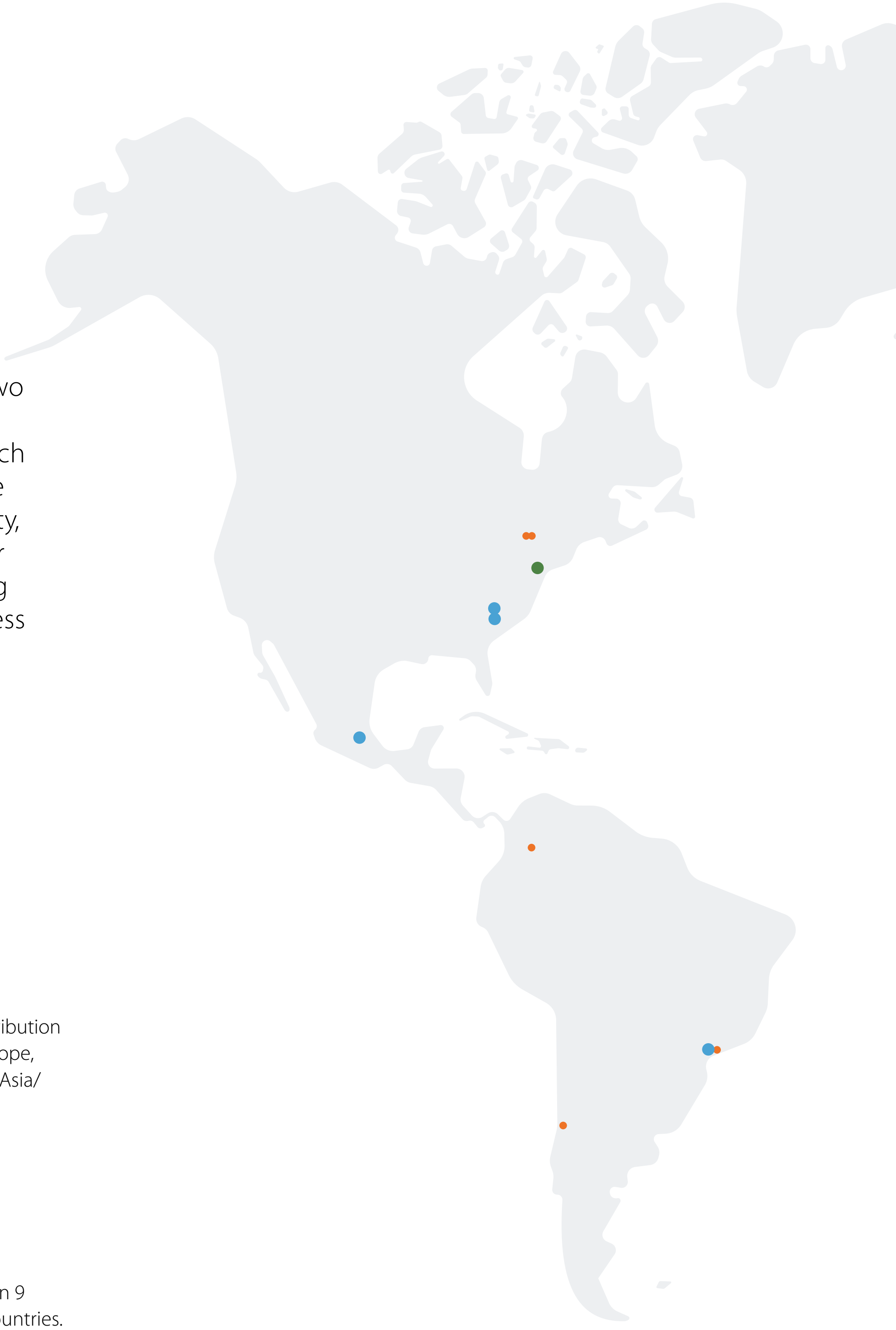
Publication of
Annual Report 2024
**Tuesday, March 4, 2025**

# ACTIVITY REPORT

# FORBO IS A LEADING PRODUCER OF FLOOR COVERINGS, BUILDING AND CONSTRUCTION ADHESIVES, AS WELL AS BELTS FOR POWER TRANSMISSION AND LIGHTWEIGHT CONVEYOR TECHNOLOGY.

The company employs about 5,200 people and has an international network of 25 production and distribution companies, 6 fabrication centers, and 47 pure sales organizations in a total of 39 countries. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

# FORBO IN FIGURES



Forbo is a global player, and its two divisions supply a wide range of industries. The Group's global reach means that it is close to attractive markets and customers. The quality, longevity, and performance of our products and systems lead to long standing relations with our business partners.

**Flooring Systems**

15 production facilities in 7 countries and distribution companies in 27 countries. Sales offices in Europe, North, Central, and South America, as well as Asia/Pacific.

- Floor coverings production facilities
- Building and construction adhesives production facilities
- Other local distribution companies

**Movement Systems**

10 production sites and 6 fabrication centers in 9 countries and distribution companies in 32 countries. Over 300 sales offices and service points worldwide.

- Production facilities and fabrication centers
- Other local distribution companies

Net sales
**CHF 1,175.2 million**

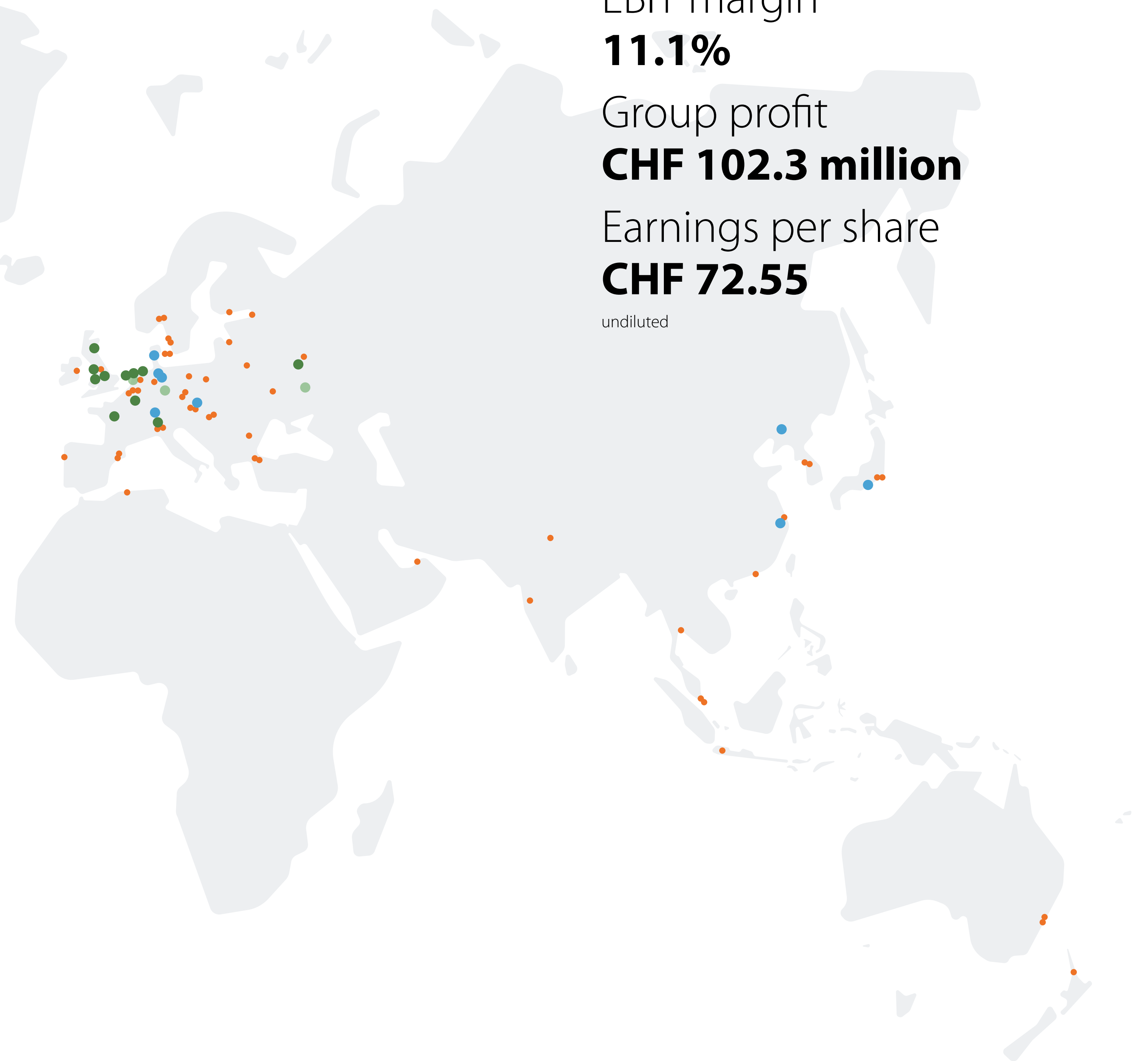
EBIT
**CHF 129.9 million**

EBIT margin
**11.1%**

Group profit
**CHF 102.3 million**

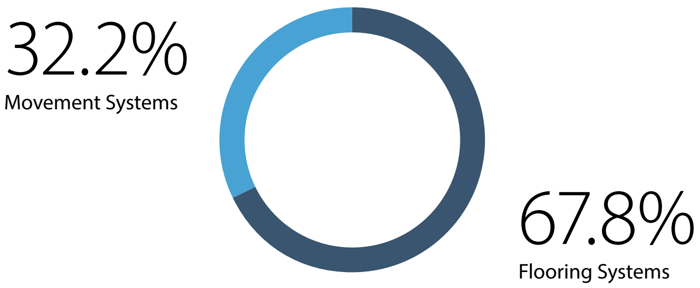
Earnings per share
**CHF 72.55**

undiluted



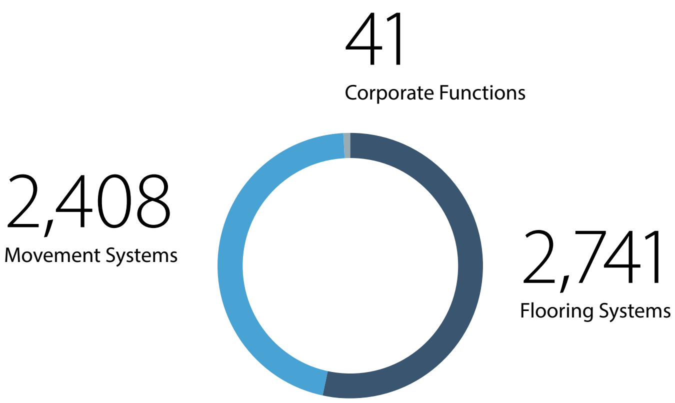
# Net sales by division

| | | Change on previous year | | |
|---|---|---|---|---|
| | 2023 CHF m | in % | in local currencies in % | In % of total |
| Flooring Systems | 796.5 | – 9.3 | – 3.1 | 67.8 |
| Movement Systems | 378.7 | – 8.8 | – 2.6 | 32.2 |
| **Total** | **1,175.2** | **– 9.1** | **– 2.9** | **100.0** |




# Employees by division

| | 2023 number | Change on previous year in % | In % of total |
|---|---|---|---|
| Flooring Systems | 2,741 | – 5.2 | 52.8 |
| Movement Systems | 2,408 | – 2.1 | 46.4 |
| Corporate Functions | 41 | 2.5 | 0.8 |
| **Total** | **5,190** | **– 3.7** | **100.0** |



# Financial overview Forbo Group

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| **Income statement** | CHF m | CHF m | EUR m[1] | EUR m[1] |
| Net sales | 1,175.2 | 1,293.2 | 1,209.7 | 1,288.0 |
| Flooring Systems | 796.5 | 878.0 | 819.9 | 874.5 |
| Movement Systems | 378.7 | 415.2 | 389.8 | 413.5 |
| Operating profit before depreciation and amortization (EBITDA) | 179.9 | 193.4 | 185.2 | 192.6 |
| Operating profit (EBIT) | 129.9 | 132.6 | 130.6 | 132.1 |
| Group profit | 102.3 | 101.4 | 105.3 | 101.0 |
| | | | | |
| **Balance sheet** | CHF m | CHF m | EUR m[1] | EUR m[1] |
| Total assets | 901.4 | 960.2 | 927.8 | 956.4 |
| Operating assets | 801.5 | 879.2 | 825.0 | 875.7 |
| Shareholders' equity | 553.7 | 550.1 | 569.9 | 547.9 |
| Net cash[2] | 69.0 | 21.4 | 71.0 | 21.3 |
| | | | | |
| **Cash flow statement** | CHF m | CHF m | EUR m[1] | EUR m[1] |
| Cash flow from operating activities | 160.0 | 80.6 | 164.7 | 80.3 |
| Cash flow from investing activities | – 44.1 | – 30.1 | – 45.4 | – 30.0 |
| Free cash flow | 115.9 | 50.5 | 119.3 | 50.3 |
| | | | | |
| **Key ratios** | % | % | | |
| ROS (EBITDA/net sales) | 15.3 | 15.0 | | |
| Equity ratio (shareholders' equity/total assets) | 61.4 | 57.3 | | |
| Gearing (net debt/shareholders' equity) | – 12.5 | – 3.9 | | |
| | | | | |
| **Employees (as at December 31)** | Number | Number | | |
| Total employees | 5,190 | 5,390 | | |
| | | | | |
| **Ratios per share** | CHF | CHF | EUR[1] | EUR[1] |
| Earnings per share (undiluted)[3] | 72.55 | 71.76 | 74.68 | 71.47 |
| Equity (undiluted) | 392.76 | 389.16 | 404.28 | 387.61 |
| Dividend | 25.00[4] | 23.00[5] | 25.73[4] | 22.91[5] |
| | | | | |
| **Stock market capitalization (as at December 31)** | CHF m | CHF m | EUR m[1] | EUR m[1] |
| Stock market capitalization[6] | 1,565.2 | 1,615.7 | 1,611.1 | 1,609.3 |

1) Euro values translated at the average annual exchange rate of CHF 0.9715/1 EUR (2023) and CHF 1.0040/1 EUR (2022).
2) Liquidity plus financial assets less financial liabilities, excluding leasing liabilities.
3) See note 11 'Earnings per share' on page 142 of the financial report.
4) The Board of Directors proposes to the Ordinary General Meeting of April 5, 2024, the distribution of a dividend in the amount of CHF 25.00 per registered share.
5) Approval of a dividend of CHF 23.00 per registered share at the Ordinary General Meeting of March 30, 2023.
6) Total number of shares multiplied by year-end share price.

# MARKET ENVIRONMENT AFFECTS SALES AND EARNINGS

The reporting year was once again very challenging for both Forbo divisions. The geopolitical and macroeconomic environments worsened from the third quarter with corresponding effects on markets and industries. Overall, there was a marked slump in demand in Europe and the USA, reflected in declining volumes in both divisions. In addition, strongly negative currency effects, and inflationary rises in cost had a significant impact on the result.

The application of sales price increases in a highly competitive market environment, ongoing measures to increase efficiency and a strict resource management made it possible to offset the majority of these effects.

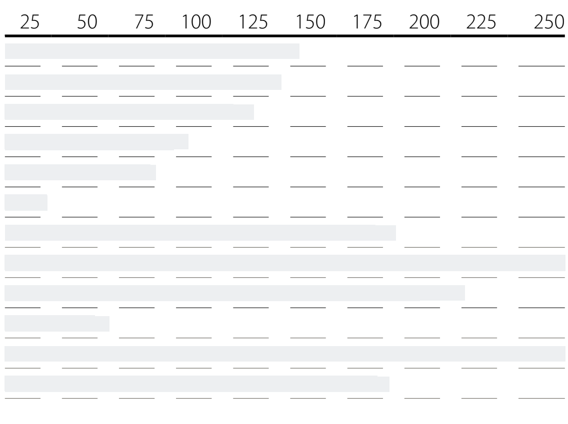
The delivery of important strategic projects continued to be a focus, alongside the development and introduction of attractive and sustainable products supported by targeted sales and marketing activities.

**Slowdown in demand leads to slight slump in net sales in local currencies**

The Group's net sales declined by 2.9% in local currencies to CHF 1,175.2 million (previous year: CHF 1,293.2 million). This corresponds to a decrease of 9.1% in the corporate currency, once strongly negative currency effects of CHF 80 million are factored in. Overall, there was a growth in net sales in the Asia/Pacific region, whilst Europe and the Americas recorded a decrease.

## Net sales by geographic area

| | | Change on previous year | | |
|---|---|---|---|---|
| | 2023 in % | in % | in local currencies in % | 2023 CHF m |
| Germany | 11.7 | – 10.6 | – 7.6 | 137.9 |
| France | 11.1 | – 16.1 | – 13.2 | 130.1 |
| Benelux | 10.0 | – 3.6 | – 0.3 | 118.1 |
| Scandinavia | 7.1 | – 13.2 | – 5.2 | 83.3 |
| Great Britain/Ireland | 6.4 | – 5.1 | – 0.3 | 75.6 |
| Switzerland | 2.4 | – 8.0 | – 8.0 | 28.6 |
| Other countries Europe | 15.4 | – 3.1 | 7.0 | 179.9 |
| ***Europe*** | ***64.1*** | ***– 8.6*** | ***– 3.3*** | ***753.5*** |
| USA | 16.2 | – 16.7 | – 11.5 | 190.7 |
| Other countries Americas | 4.7 | 0.9 | 6.6 | 54.7 |
| ***Americas*** | ***20.9*** | ***– 13.3*** | ***– 8.0*** | ***245.4*** |
| ***Asia/Pacific and Africa*** | ***15.0*** | ***– 5.3*** | ***6.6*** | ***176.3*** |
| **Total** | **100.0** | **– 9.1** | **– 2.9** | **1,175.2** |



The Flooring Systems division generated net sales of CHF 796.5 million (previous year: CHF 878.0 million), representing a decrease of 3.1% in local currencies (– 9.3% in the corporate currency). The Asia/Pacific region achieved gratifying sales growth in local currencies, whereas Europe and the Americas reported declines.

The Movement Systems division generated net sales of CHF 378.7 million (previous year: CHF 415.2 million), representing a decrease of 2.6% in local currencies (– 8.8% in the corporate currency). In the Asia/Pacific region, sales rose in almost all country organizations, whereas Europe recorded a slight decrease and the Americas a pronounced drop.

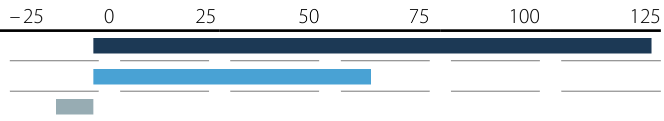
**Double-digit EBIT margin**

Despite the substantial market-driven reduction in sales volumes, clearly negative currency effects, higher personnel cost due to inflation, and ongoing high energy cost, a double-digit EBIT margin has been achieved. This was the result of strict resource management, ongoing measures to increase efficiency as well as sales price rises, among others.

The Group saw operating profit before depreciation and amortization (EBITDA) declining by 7.0% to CHF 179.9 million (previous year: CHF 193.4 million). EBITDA at Flooring Systems declined by 3.2% to CHF 123.2 million (previous year: CHF 127.3 million, including one-time impacts). At Movement Systems, EBITDA reduced by 13.1% to CHF 65.5 million (previous year: CHF 75.4 million).

# EBITDA by division

| | 2023 CHF m | Change on previous year in % |
|---|---|---|
| Flooring Systems | 123.2 | – 3.2 |
| Movement Systems | 65.5 | – 13.1 |
| Corporate | – 8.8 | 5.4 |




The Group achieved an EBITDA margin of 15.3% (previous year: 15.0%). The EBITDA margin for Flooring Systems increased by 1.0 percentage points to 15.5% (previous year: 14.5%). The EBITDA margin for Movement Systems declined by 0.9 percentage points to 17.3% (previous year: 18.2%).

Group operating profit (EBIT) was 2.0% lower at CHF 129.9 million (previous year: CHF 132.6 million, including one-time impacts). The Group EBIT margin increased from 10.3% the previous year to 11.1% in the year under review.

Based on the slightly lower operating profit (EBIT), a comparable tax rate and a positive financial result thanks to exchange rate gains made on foreign currencies, and interest income, Group profit increased by 0.9% to CHF 102.3 million (previous year: CHF 101.4 million, including one-time impacts).

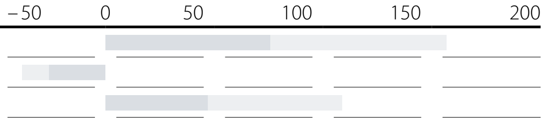
**Taxes and financial result**

The tax rate in the year under review was 22.4% (previous year: 22.6%), slightly below the long-term average.

Financial expense in 2023 came to CHF 3.8 million (previous year: CHF 2.5 million) and was primarily made up of higher interest expenses in the year under review. Offsetting this was financial income of CHF 5.7 million, significantly higher than in the previous year (previous year: CHF 0.9 million), comprising higher interest receipts and gains from currency translations. Overall, this produced a net financial result of CHF + 1.9 million (previous year: CHF – 1.6 million).

# Free cash flow

| | 2023 CHF m | 2022 CHF m |
|---|---|---|
| Cash flow from operating activities | 160.0 | 80.6 |
| Cash flow from investing activities | – 44.1 | – 30.1 |
| Free cash flow | 115.9 | 50.5 |




### Significant increase in free cash flow

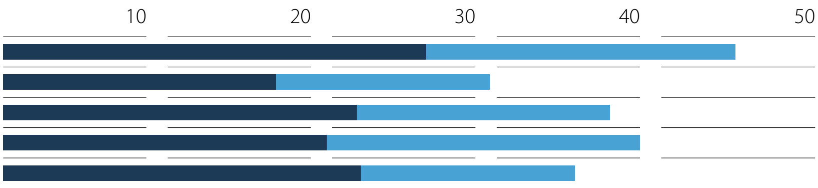
In the reporting year, cash flow from operating activities reached CHF 160.0 million (previous year: CHF 80.6 million). This was predominantly the result of a better inventory management. Along with inventories, trade receivables were also reduced. Cash flow from investments increased, due in particular to strategic long-term investments in both divisions and came to net CHF – 44.1 million (previous year: CHF – 30.1 million). As a result, free cash flow reached CHF 115.9 million (previous year: CHF 50.5 million).

### Solid balance sheet

Total assets as at December 31, 2023, reduced by CHF 58.8 million and stood at CHF 901.4 million (previous year: CHF 960.2 million). This was mainly attributable to the reduction of inventories and trade receivables as well as currency translation differences. Net cash increased by CHF 47.6 million to CHF 69.0 million (previous year: CHF 21.4 million), primarily due to the significantly reduced net working capital. Shareholders' equity rose by CHF 3.6 million net and as at the end of December 2023 stood at CHF 553.7 million (previous year: CHF 550.1 million). The equity ratio remains solid, standing at 61.4% (previous year: 57.3%).

# Investments 2019–2023

| | Flooring Systems CHF m | Movement Systems CHF m | Total CHF m |
|---|---|---|---|
| 2023 | 27 | 18 | 45 |
| 2022 | 18 | 13 | 31 |
| 2021 | 23 | 15 | 38 |
| 2020 | 21 | 19 | 40 |
| 2019 | 23 | 13 | 36 |




### Significantly more invested

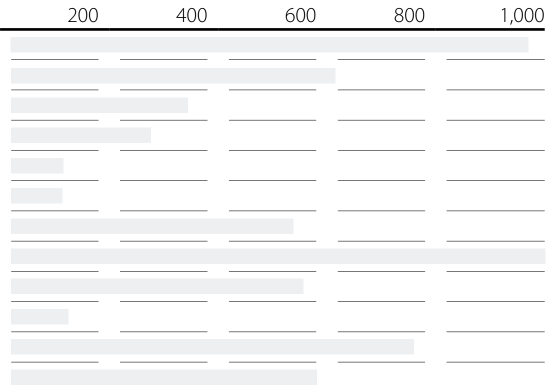
In the reporting year, both divisions invested in important activities and strategic projects relating to product portfolio, technology, infrastructure, and capacity expansion projects. Total Group investments in property, plant, and equipment and intangible assets in 2023 were CHF 45.3 million (previous year: CHF 30.9 million), corresponding to a significant increase of 46.6%. Overall, 52% of the investments were replacement investments and 48% went towards rationalization and expansion programs.

In the reporting period, Flooring Systems invested CHF 26.8 million (previous year: CHF 17.9 million), corresponding to a marked increase of 49.7%. A significant proportion of this amount went into the expansion of the production plant for Flotex floor coverings in the USA. Further funds were deployed for new technology for vinyl floorings, designed to transform used floor coverings into recyclate, thereby supporting initiatives to optimize the circular economy. The conversion to new mist filter technology at the Coevorden plant progressed according to plan during the reporting year and will achieve significant reductions in gas use and $CO_2$ emissions. In addition, a diverse range of modernizations were introduced at a number of production plants to support more efficient production processes and simplify work steps.

Investment in property, plant, and equipment at Movement Systems came to CHF 17.8 million (previous year: CHF 13.0 million), corresponding to a significant increase of 36.9%. The majority of the funds went towards the additional production line for Transilon belts at the manufacturing site in Pinghu/China and the modernization of the production plant in Fukuroi/Japan. New high-frequency welding machines for fabricating extra-wide roller shutters were installed at the fabrication plants in the USA and Slovakia. At the US plants, further camera-based product inspection systems were introduced to increase efficiency in the quality assurance process. Other investments included modernizations of production facilities, the establishment of new service centers and the installation of further photovoltaic systems in Europe.

# Employees by geographic area

| | 2023 in % | Change on previous year in % | 2023 number |
|---|---|---|---|
| Benelux | 19.1 | –6.6 | 991 |
| Germany | 12.3 | –6.6 | 636 |
| Great Britain/Ireland | 9.2 | –3.4 | 480 |
| France | 7.8 | –0.7 | 404 |
| Switzerland | 3.5 | –3.2 | 180 |
| Scandinavia | 3.4 | –2.7 | 178 |
| Other countries Europe | 14.1 | –3.5 | 735 |
| ***Europe*** | ***69.4*** | ***–4.6*** | ***3,604*** |
| USA | 11.1 | –2.0 | 576 |
| Other countries Americas | 3.9 | 2.5 | 204 |
| ***Americas*** | ***15.0*** | ***–0.9*** | ***780*** |
| ***Asia/Pacific and Africa*** | ***15.6*** | ***–2.4*** | ***806*** |
| **Total** | **100.0** | **–3.7** | **5,190** |




**Prudent personnel management**
At year-end 2023, the Forbo Group employed 5,190 people. This is a total of 200 fewer employees than at the end of the previous year. The individual percentage changes in staffing levels mostly reflect the trend in the markets and the business performance in the various countries and regions. They mirror the situation on the balance sheet date at the end of the year. Following adjustments to operating structures in the previous year, a prudent approach to personnel management was exercised, with recruitment aligned to business development. In consequence of the significant decline in demand from the third quarter changes to the various local working and shift models were implemented.

# TWO DIVISIONS WITH LEADING MARKET POSITIONS

Forbo operates primarily in business areas in which it has or can achieve a leading global market position – something it has achieved for both Flooring Systems and Movement Systems.

## Strategic directions

To be successful in the marketplace as a Group with differently aligned operations, the individual divisions act independently and flexibly, but always along the strategic directions defined for the Group as a whole:

- Based on a pronounced customer focus, a high level of service, innovation, sustainability, digital transformation, and a strong global brand, we are creating global leadership positions in clearly defined market segments.
- Thanks to a strong market orientation, we shape markets and drive profitable growth.
- We are developing significant positions in growth markets.
- We are acquiring companies to extend our product range, to consolidate, and/or reinforce market access.
- We are developing a high-performance culture and providing the relevant skills and competences at all levels.

## Flooring Systems

Thanks to their excellent technical properties and attractive designs, floor coverings from Flooring Systems are invariably the first choice for public buildings, department stores, hospitals, and other healthcare facilities, schools, libraries, commercial and office spaces, leisure centers, shops, hotels, restaurants, and cafeterias as well as for applications in the residential market. With a market share of about 70 percent, Forbo is the world leader in linoleum.

Flooring Systems also provides ready-made adhesives for floor covering installations, parquet flooring, and ceramic tiles, leveling compounds for the construction industry, as well as liquid floors under the trade name Eurocol.

## Movement Systems

Products from Movement Systems are known under the brand name Siegling. They are used in a wide range of applications in industry, trade, and the service sector, including conveyor and processing belts in the food industry, treadmill belts in fitness studios, and flat belts in mail distribution centers.

**AMBIENCE.**

# FLOORING SYSTEMS

The Flooring Systems division offers a sustainable, broad, and attractive range of environmentally friendly natural linoleum, high-quality vinyl floors, entrance flooring systems, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring.

**EFFICIENCY.**

# MOVEMENT SYSTEMS

Movement Systems is a global industry leader for sophisticated conveyor and processing belts, plastic modular belts, top-quality power transmission belts, as well as timing and flat belts made of synthetic materials.

# FLOORING SYSTEMS

**Customized designs**

The design of flooring for a particular space has to take a number of considerations into account, principally those of appearance, functionality, and sustainability. When selecting the floor covering, designers have to consider the atmosphere of the space, as well as the technical requirements. Thanks to digital printing technology, vinyl and Flotex coverings can be made to customer specifications. In Flooring Systems' digital design library, users can visualize the design, color scheme, and surface textures to fit every kind of room configuration. Concepts become reality: from linear or abstract motifs to realistic imagery.

# DIFFICULT MARKET ENVIRONMENT

**Jean-Michel Wins**
Executive Vice President
Flooring Systems

'The sustained difficult market environment in the construction industry again posed a stern challenge in this reporting year. Core markets like France, Germany, and the USA were heavily affected. The subdued demand and associated decline in volumes impacted the efficiency and profitability of plants. Strict resource management cushioned these effects. In a highly competitive environment, we were able to increase sales prices. We introduced attractive collections in all our product lines and developed further new innovative products for introduction in 2024. We committed diverse investments aimed at contributing to an optimized circular economy. The expansion of the production plant for Flotex floor coverings in the USA progressed as planned.'

The Flooring Systems division generated net sales of CHF 796.5 million in the 2023 business year (previous year: CHF 878.0 million), corresponding to a decrease of 3.1% in local currencies and 9.3% in the corporate currency due to marked negative currency effects. Demand was strongly affected by the reduced levels of activity in the construction industry caused by inflationary cost increases and higher interest rates. In addition, customers shifted their capital expenditure from renovation projects to energy-saving investment objects. The division accounted for 67.8% of Group net sales in 2023. Operating profit (EBIT) increased by 7.4% to CHF 94.9 million (previous year: CHF 88.4 million, including one-time impacts). The market-driven negative volume development and the corresponding decline in capacity utilization, the higher personnel cost due to inflation, and very negative currency effects had a significant effect on operating profits. These were offset to some extent by sales price adjustments and a slight easing of the raw material prices in the second half of the year. The EBIT margin increased by 1.8 percentage points to 11.9% (previous year: 10.1%).

**Heterogenous market environment in the construction industry impacts sales picture**

A significant decline in demand was seen in the Americas and Europe in particular, whereas Asia/Pacific recorded a gratifyingly sales increase. In local currencies, the sales development was as follows: Europe – 3.4%, Americas – 7.0%, and Asia/Pacific + 6.6%.

In Europe, Italy, Portugal, and certain markets in Eastern Europe achieved pleasing growth. Based on an increase in public sector projects, net sales in Great Britain matched the previous year's level. France and Germany recorded the most pronounced decreases. The business with building and construction adhesives showed a pleasing increase, driven mainly by the Netherlands as well as certain markets in Eastern Europe, and supported by the introduction of innovative products.

In the Americas, the main USA market suffered particularly as a result of restrained investment. After some years of subdued development, Canada showed some growth again, and Brazil was able to build on its success of the previous year.

The significant sales growth in Asia/Pacific is attributable in particular to projects in the segments of healthcare, industry, transport, and gastronomy. Australia, South Korea, and Southeast Asia contributed to the positive result, whereas China and Japan were not able to achieve the levels of the previous year.

### Innovative collections

For all our product lines, we have developed and introduced high-quality collections made using sustainable materials with fashionable designs, wide-ranging color palettes, and a variety of installation options.

In the linoleum business, we launched 'marmoleum cocoa', a particularly sustainable collection that contains recycled linoleum from post-consumer material for the first time and features scattered cocoa bean husks to lend the floor covering a special surface structure. The completely revamped high-quality 'marmoleum solid' collection was prepared for introduction in January 2024. It is climate-positive for the first time, available in sound-absorbing versions in discreet, modern, natural colors, and lends itself particularly to an inviting ambience in the hotel, gastronomy, and retail sectors.

In the vinyl business, the completely redesigned collections of the 'allura' luxury vinyl tiles were launched on the market in March. Along with new colors and designs, there is also a revised sound-absorbing selection with additional installation options. During the year under review, with 'surestep', another innovative collection with unique selling propositions was developed. This is set for launch in the first quarter of 2024.

In the textile business, the 'tessera union' carpet tile collection was launched in September. It combines three design families and is particularly suitable for use in office environments. The soft natural tones can be complemented as desired with accordingly aligned vinyl floor coverings to create a pleasant workspace. Since September, 'flotex next' has been available for the first time, a loose-lay, high-performance Flotex floor covering that can be printed with digital bespoke designs according to customer's desires and is particularly suitable for spaces in the hospitality and leisure sectors.

We opened a new showroom in the heart of Paris in June to present these latest innovations to end customers, architects, designers, distributors, and floor fitters.

## 'Strict resource management has reduced the negative effects of the subdued market environment'

**Jean-Michel Wins**

### Development of product lines

Most of the individual product lines reported a decline in demand in line with the difficult market environment. Carpet tiles and needlefelt floor coverings showed slight growth in a competitive environment. This was attributable to the newly introduced collections and a catch-up effect regarding office spaces in Great Britain. The other product lines reported decreases in net sales to varying degrees.

### Investments in efficiency and environmental added value

As well as revamping the product ranges, we invested in technologies to make production processes more efficient and support an optimized circular economy.

At the linoleum plant in Assendelft/Netherlands, various technical upgrades were installed to improve the efficiency of production processes. At the vinyl production sites in Coevorden/Netherlands and Reims/France, capacity was expanded to allow used floor coverings to be sorted, cut, and milled for reuse as recycled material. The switch to a new mist filter technology for afterburners in Coevorden progressed as planned, enabling significant reductions in gas consumption and $CO_2$ emissions. As part of the finishing process in the production of homogenous vinyl floor coverings, newly installed equipment is aiding the handling of heavy rolls and making work processes more efficient.

The expansion of the production plant for Flotex floor coverings in the USA is progressing. The construction work for a new warehouse, the conversion of the production building and the installation of the new production equipment with two production lines for digital printing will take place in 2024.

### Focused implementation of sales and marketing activities a priority in 2024

At present, there is no sign of an imminent recovery in the construction industry. Attractive products and services, improved product availability and reliable supply quality allied with proximity to the customer will be key success factors in the present market environment. Our focus will be on targeted implementation of the sales and marketing activities initiated.

In a sustained tense environment, it remains crucial to deploy our funds and resources in an entrepreneurial and focused manner and to continue to react quickly and flexibly to changing market conditions.

# CIRCULAR FLOORING SOLUTIONS

Forbo floor coverings fuse functionality and high product quality with innovative design. They enhance interiors in accordance with the needs of users. With every new development, we strive to make our products and production processes more sustainable and meet the highest functional demands. We keep our finger on the pulse of technical innovation and design trends by maintaining an open dialogue with designers, architects, builders, and suppliers.

Our floor coverings are mostly designed for applications in the project business, which means that they have to be very hard-wearing. They are based on proven, state-of-the-art production and digital printing technologies and combine trendy designs, broad color palettes, innovative embossed structures, and a wide range of installation options using environmentally friendly materials. The new products developed in the year under review meet exacting demands and are suitable for a wide range of applications.

**‘Design, trends, and sustainability combined’**

### Climate positive linoleum

The newly launched ‘marmoleum cocoa’ collection is made exclusively from natural raw materials and now also contains a consistent proportion of recycled linoleum from post-consumer material recovered through our ‘back to the floor’ program, which we offer in 13 countries. The recycled portion is subject to comprehensive health and safety checks prior to inclusion. Thanks to this further step in the circular economy, this offer is climate positive for the first time. A scattering of cocoa bean husks lends the linoleum a characteristic surface structure. Natural and matte color shades give large spaces with modern décor a calming and cozy ambience.

This novel combination of raw materials was adapted to create another linoleum collection, leading to a completely new high-quality ‘marmoleum solid’ offering which was prepared for launch in January 2024. The various design themes using natural and subtle color combinations are available in sound-absorbing finishes. They are very versatile in application in modern workplaces and large public spaces and are the preferred choice for hotels, restaurants, and retail outlets.

### Loose-lay Flotex collection

Flotex is a distinctive and extremely hard-wearing textile floor covering. The flock surface and robust waterproof vinyl backing combine the properties of elastic and textile floor coverings. The newly launched ‘Flotex next’ collection makes the product available for the first time as a loose-lay option, which facilitates rapid installing and saves time and cost at the end of the product’s life cycle when it is replaced and recycled. Digital printing technology enables the creation of diverse individual and broad bespoke designs, customized to meet individual customer requirements. The Flotex range is particularly well suited for flooring in highly frequented spaces in hospitality and leisure facilities.

### Innovative vinyl collections for specific applications

In the year under review, two innovative vinyl collections ‘surestep’ and ‘onyx+’ were developed for specific applications, and launched in the first quarter of 2024.

The range of ‘surestep’ safety floor coverings meets the highest standards of anti-slip flooring for the entrance areas of buildings open to the public as well as in the barefoot areas of wet rooms. A scattering of particles ensures non-slip safety underfoot for the product’s entire life cycle. The modern designs and colors available include new color tones as well as wood- and stone-look finishes. Matte color tones were created especially for the care sector. The collection is now also available in loos-lay option.

A combination of ‘surestep’ and ‘onyx+’ wall coverings are used in many areas of healthcare. Accordingly, the ‘onyx+’ collection was extended with new design options, ensuring that the two collections optimally match.

The 'onyx+' vinyl wall coverings are used in healthcare wet rooms

The 'marmoleum cocoa' linoleum collection contains linoleum from post-consumer material for the first time and is climate positive

The 'flotex next' range is available with colors and bespoke designs to meet individual requirements thanks to digital printing technology and is now also offered as a loose-lay option

The range of 'surestep' vinyl safety floorings meet high requirements for non-slip floor coverings

# MOVEMENT SYSTEMS

**Hygienically reliable**
Drawing on our application-specific know-how, we work with our customers to develop solutions designed to meet the exact requirements of their process steps. These vary according to the particular application, be it processing of confectionery, dough, dairy produce, fish, poultry, or seafood. Coating materials with low surface tension ensure excellent release properties. Hydrolysis-proof belts are resistant to oils, fats, moisture, and bacteria. Additional sealing of belt edges ensures the highest standards of hygiene and protects foods from external contaminants.

# LOWER LEVELS OF CAPACITY UTILIZATION IN PLANTS

**Marc Deimling**
Executive Vice President
Movement Systems

'The significant decrease in operational and investment activity at our customers due to the tough economic environment has posed a challenge in many areas. In some of our key markets, such as the USA, Italy, and the DACH region, we have seen declining net sales. The associated decrease in volumes and higher personnel cost due to inflation have had a considerable effect on profitability and presented us with additional operational challenges. For our customers, we have developed sustainable and application-specific belts, selectively set up local service centers, modernized production plants, and made targeted investments in capacity expansion.'

The Movement Systems division generated net sales of CHF 378.7 million in the year under review (previous year: CHF 415.2 million), which was equivalent to a decrease of 2.6% year-on-year in local currencies. The very negative currency effects led to a decline of 8.8% in the corporate currency. After years of growth, demand in the globally important logistics customer segment was very subdued. In addition, there was no economic recovery in China, a key market for Movement Systems. The division accounted for 32.2% of Group net sales in 2023. Operating profit (EBIT) decreased by 18.0% to CHF 44.3 million (previous year: CHF 54.0 million), which is attributable to the decline in net sales, the decrease in volumes and resulting underutilization of capacity at plants, strong negative currency effects, higher personnel cost due to inflation, and sustained high energy prices. These effects were offset to some extent by sales price adjustments. The EBIT margin declined by 1.3 percentage points to 11.7% (previous year: 13.0%).

**Demand noticeably slower**
A significant decline in demand was seen in the USA and Europe in particular. Asia/Pacific achieved a pleasing growth in net sales. In local currencies, the sales development was as follows: Europe – 2.9%, Americas – 9.0%, and Asia/Pacific + 6.6%.

In Europe, France, Spain, and Eastern Europe recorded a pleasing rise in net sales. Germany, Switzerland, Italy, Denmark, Great Britain, and the Netherlands were experiencing net sales declines of varying degrees. Owing to the increasing global uncertainties, the operational and investment activity of Movement Systems' customers has shown a marked slowdown overall. This was especially evident in the main market of Germany in the fourth quarter.

In the Americas, performance in the main market USA was particularly affected by the logistics segment, with its above-average importance for the region as a whole. In addition, further optimizations to operating processes aimed at achieving higher delivery capacity, and the extension of the corresponding service levels are required. Canada and Mexico reported substantial growth, with Mexico benefiting from the well-established local food industry.

In Asia/Pacific, all markets except South Korea achieved growth. Well-established local entities such as Japan, Australia, and India, as well as growth markets in Southeast Asia, made a positive contribution to this success. After the pandemic-affected performance of previous years, the main market of China saw some growth, albeit at a low level as there was still no evidence of an economic recovery.

**Varied development of segments**

The different segments presented a varied sales picture. Activities in the logistics segment, which has a broad global base, remain very subdued and on a downward trend, particularly plant engineering and construction in the e-commerce sector. Net sales of processing belts for the food industry showed a slight rise in local currencies, especially in the dough processing industry. Business performance was at the previous year's level overall in the industrial production, raw material processing, textiles, paper and print, and sports treadmills segments.

**Innovations for specific customer applications**

Based on our expertise in the field, we developed during the year under review tailored applications for specific customers, offering them advantages in production and processing and enhanced efficiency.

In the Fullsan product line additional belt types were introduced with various surface structures for use in the food industry. Depending on the properties of the belt, they are suitable for the meat, poultry, and fish industry, for vegetable, fruit, and dough preparation as well as in dairies and cheesemaking.

## 'Downturns in volumes have presented us with operational challenges and significantly impaired profitability'

**Marc Deimling**

In the Transilon product line, two conveyor belt types specifically designed with sustainability in mind were developed for logistics applications. Both contain tension members made of recyclate from PET bottles and feature the AmpMiser coating that contributes to additional energy savings. They are particularly suitable for parcel transport, high-speed conveyors, and luggage transportation after check-in at airports.

The Extremultus range features a high-performance elastic belt designed primarily for the paper and packaging industry. It is a reliable component for factory applications and can serve as a machine tape in letter sorting machines.

A new hard-wearing Transtex processing belt was developed specially for moving agricultural produce, ensuring the reliable processing of fruit, vegetables, fish, meat, and seafood in line with hygiene regulations.

**Higher investments**

We have invested in infrastructure, technology upgrades, increased efficiency, and capacity expansion at many of our fabrication and production sites, as well as in application-specific product developments.

At the production site in Pinghu/China, a new production line for Transilon belts was commissioned. The equipment was installed, and the first products manufactured during the year under review. The ramp-up of all planned production items will be completed in 2024.

The production site at Fukoroi/Japan is being completely renewed. During the year under review, the conversion of buildings and infrastructure took place, and a new dust-free production hall was built in readiness for the installation of the new production line. The supply and assembly of the new coating machines will take place in 2024.

At the fabrication plants in the USA and Slovakia, new high-frequency welding machines for fabricating roller shutters were installed. These allow seam-free welding of overwidth items allied with greatly enhanced productivity. At the US plants, further camera-based product inspection systems were introduced to increase efficiency in the quality assurance process, and the production site in Switzerland invested in improved efficiency. Additional photovoltaic systems were fitted at several sites.

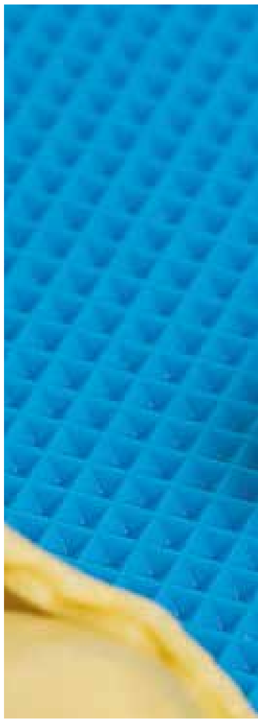
The new service centers built during the year under review have been increasing customer proximity in Lyon/France for the local industrial production customers, in Vitoria/Spain for the local automotive industry and in Florida/USA for the local food industry.

**Good delivery capacity and customer proximity key for 2024**

Economic development in the core markets for Movement Systems will likely remain volatile for the present. The clear slowdown in Germany over the past months and the subdued outlook for China demand agility and flexibility to respond to local market and customer requirements. Service centers to support local industries, good delivery capability optimally aligned with sales and production planning, along with prudent resource management will, together, be important success factors.

Key projects in 2024 are the qualification of products on the new production line in China, the assembly of the new coating machines in Japan, and the addition to the Prolink plastic modular belts portfolio of a new series specifically for the production of electric vehicles.

# APPLICATION-SPECIFIC BELT DEVELOPMENTS



Wherever drive forces are being transmitted and automated production and conveying processes are running smoothly, Movement Systems is usually not far away. Our solutions for a wide range of configurations and demands in numerous industries are renowned for innovation, precision, reliability, and cost-effectiveness. We draw on our know-how to stand out as a competent partner in developing industry-specific and individual solutions.

With our application know-how in a wide range of production and manufacturing processes, our customers enjoy real benefits and are able to increase their efficiency. Inspired by these experiences, we developed new products for various customer segments during the year under review.

**Hygiene safety for the food industry**

A huge variety of food products are carried by conveyor belts during manufacture, processing, and packaging, and the specifications of the conveyor belts and their surface coatings have to be just as varied to meet the particular requirements in terms of quality, hygiene, efficiency, and careful handling at all stages of the production process.

In the reporting year, three new high-quality belt types were added to the homogenous Fullsan product line launched the previous year. Their properties ensure the highest level of hygiene for the food industry. They are easy to clean, UVC resistant, and designed for use at temperatures ranging from – 10 °C to + 70 °C during all stages of processing.

A new belt with an inverted pyramid surface structure for processing dough, vegetables, fruit, meat, poultry, and fish is particularly suitable for carrying unpackaged foodstuffs. It reduces the product contact area and improves product release with no sticking. It is resistant to hot water and therefore particularly suitable for frequent cleaning.

Two further belt types with smooth surface structures are used especially for processing fruit and vegetables, as well as in the production of cheese and other dairy products. They are particularly resistant to oils and grease.

A new robust Transtex processing belt was developed specially for application in agricultural harvesting. It is used particularly for handling fruit and vegetables, as well as in processing meat, fish, and seafood. A smooth surface structure improves product grip and has excellent oil and grease resistance.

**Sustainable and energy-saving logistics applications**

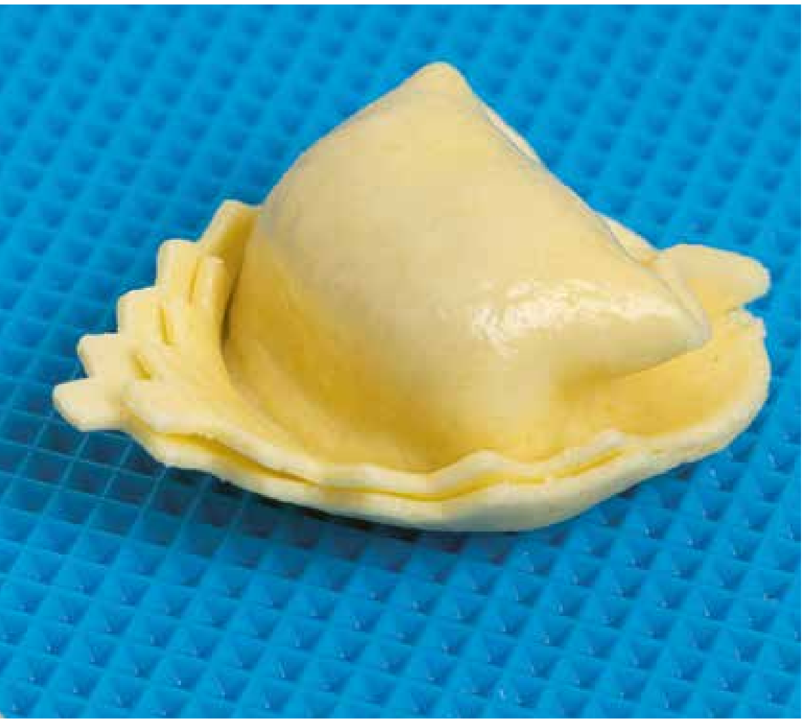
Two especially sustainable belt types for logistics applications were developed for the Transilon product line. They are both antistatic, contain a low-noise woven fabric, and have tension members made of PET recyclate. They are flame retardant and have an AmpMiser coating, which achieves up to 50% savings in operating energy.

One of the belts has a surface structure with longitudinal grooves. It is suitable for use in high-speed production lines as an accelerator, cycle or brake belt, or as a pre-sorting conveyor.

The second belt, with a smooth surface coating, was developed specially for conveying luggage after check-in at airports. It is also used in specific applications in parcel transport systems, where it is used by logistics service providers for horizontal transport or as a collecting or accumulating conveyor.

**‘Belt construction contributes to sustainability’**

Fullsan belt with smooth surface structure for processing vegetables and fruit



Fullsan belt with inverted pyramid surface structure for the dough-processing industry

Transilon belt for logistics applications in high-speed lines

Transilon belt for luggage transport after check-in at airports

# ORGANIZATION

# EXECUTIVE BOARD

**Jean-Michel Wins, Andreas Jaeger, Jens Fankhänel, Marc Deimling**

## Jens Fankhänel

**Chief Executive Officer**

Jens Fankhänel was born in 1965 and is a German citizen. He studied at the University of Chemnitz in Germany and graduated in electronic engineering, specializing in automation technology and technical cybernetics. In 1994, he entered professional life at io-Consultants in Germany, first as a Project Manager and later as Director and Business Unit Manager Consulting and Engineering. After eight years, he moved to Swisslog, where he was Managing Director ANZAC from 2002 to 2005. He then worked for Dematic GmbH in Germany as CEO of its Central European Hub from 2005 to 2008, at which point he returned to Swisslog Holding AG for just over three years, holding the post of Managing Director WDS Central Europe. Since 2011, he has worked at Kardex Holding AG in Switzerland, until the end of 2018 he was Head Kardex Remstar Division, and he has been CEO of Kardex Holding AG since 2016. Jens Fankhänel was a member of the Board of Directors of Forbo Holding Ltd from April 2022 until March 2023. He was appointed CEO of the Forbo Group with effect from beginning of March 2023, and therefore retired from the Board of Directors accordingly at the Ordinary General Meeting 2023.

## Andreas Jaeger

**Chief Financial Officer**

Andreas Jaeger, born in 1972, is a Swiss citizen. He has a degree in Business Administration from the University of Applied Sciences in Zurich and an Executive Master's in European and International Business Law from the University of St. Gallen. He is also a certified public accountant. He began his professional career as an accountant at PricewaterhouseCoopers in 1998 and was promoted to a management position in 2002. He subsequently worked for IBM Business Consulting Services and ifb Suisse as a managing consultant from 2003 to 2006. In 2006, he joined Holcim Group Support Ltd as Corporate Controller, and in 2008 took on the role of Head of Corporate Reporting. From 2012 to 2016, he was Chief Financial Officer at Holcim in Ecuador. Back in Switzerland, he worked as Head of Corporate Controlling at the Geberit Group from 2016 until the end of 2020. Andreas Jaeger joined the Forbo Group in January 2021 as Chief Financial Officer and a member of the Executive Board.

## Jean-Michel Wins

**Executive Vice President Flooring Systems**

Jean-Michel Wins was born in 1967 and is a Belgian as well as German citizen. He studied business administration and languages at the IPET in Nivelles, Belgium, and began his professional career in Germany at Calberson GmbH, where he held various specialist functions. He then moved to Simut Sicherheit GmbH for two years, where he was in charge of sales and marketing. From 1992 to 1996 he was Export Manager at Brabus GmbH, and from 1996 to 2002 he held various sales and managerial functions at Hirschmann Electronics. In 2002 he switched to Grammer AG, headquartered in Germany, where he held a number of international sales and senior management positions; in 2009 he was appointed Vice President responsible for the Offroad Seating Business Unit. As a member of the Executive Board, Jean-Michel Wins took over management of the Movement Systems division in January 2013. He was appointed Head of the Flooring Systems division in January 2018.

## Marc Deimling

**Executive Vice President Movement Systems**

Marc Deimling was born in 1970 and is a German citizen. He holds a degree in economics from the Westphalian Wilhelm University in Münster, Germany, and launched his professional career as assistant to the management of M-Tec Textilmaschinenbau GmbH. In 1999 he moved to Dörries Scharmann Technologie GmbH for six years, where he was Head of the Service Division. From 2005 to 2008 he was a member of management at Gehring GmbH, where he was responsible for the areas of distribution, project planning, project management, production, after-sales, and marketing. He was then Chief Executive Officer at TMS Turnkey Manufacturing Solutions GmbH in Austria until the end of 2017, where he was responsible for finance/controlling, IT, procurement, design, production, quality, after-sales, and marketing. Marc Deimling was appointed to head the Movement Systems division as a member of the Executive Board in January 2018.

The auditors reviewed the activities at other companies.

# GROUP STRUCTURE

Forbo Holding Ltd, the parent company of the Forbo Group, is a limited company under Swiss Law. It is headquartered in Baar and listed on the SIX Swiss Exchange in Switzerland. It holds investments directly or indirectly in the companies listed as of page 162.

The top leadership is assumed by the Board of Directors, which is advised by four standing committees in preparation for decisions. As a basic principle, decisions are made collectively by the Board as a whole.

The committees deal with clearly defined topics of overriding importance and have a mainly advisory and monitoring role.

The CEO is the Chairman of the Executive Board, to which both Executive Vice Presidents of the two divisions and the CFO belong. The Group functions responsible for coordinating and implementing Group-wide decisions report to the CEO or the CFO.

The two globally operating divisions are structured according to sales region on the one hand (Europe, the Americas, and Asia/Pacific) and, on the other, product lines which are responsible for the development, production, and supply of the respective product portfolios.

**AFC** Audit and Finance Committee
**HRNC** Human Resources and Nomination Committee
**RC** Remuneration Committee
**SSC** Strategy and Sustainability Committee

**Board of Directors**
(AFC / HRNC / RC / SSC)

Chairman of the Board of Directors

- Board of Directors Office
- Internal Audit
- Compliance

**Chief Executive Officer**

- Strategy / M & A / Sustainability
- Corporate Development & Investor Relations
- Corporate HR & Communications

**Executive Vice President Flooring Systems**

- Northern/Central/Eastern Europe
- Southern Europe/ Middle East/Africa
- Americas
- Asia/Pacific
- Linoleum Floor Coverings
- Vinyl Floor Coverings
- Textile Floor Coverings
- Building and Construction Adhesives
- Operational Areas
- Business Development and Marketing
- Finance and IT
- Human Resources

**Executive Vice President Movement Systems**

- Europe/Middle East/Africa
- Americas
- Asia/Pacific
- Conveyor and Process Belts
- Plastic Modular Belts
- Flat Belts
- Operational Areas
- Business and Product Development
- Marketing
- Finance and IT
- Human Resources

**Chief Financial Officer**

- Corporate Controlling and Reporting
- Corporate Treasury and Insurances
- Corporate Tax
- Risk Management
- Corporate Legal Services
- Corporate IT
- F & A Managers Group Companies

Member of the Executive Board

# BOARD OF DIRECTORS

**Vincent Studer, Dr. Peter Altorfer, Dr. Eveline Saupper, This E. Schneider, Claudia Coninx-Kaczynski, Michael Pieper**

## This E. Schneider

**Chairman**

## Michael Pieper

**Vice Chairman and independent[1] member**

Owner of Artemis Holding AG, Hergiswil

Chairman of the Management Board of Artemis Group, Hergiswil

Board of Directors of Franke Holding AG, Aarburg

Member of the Board of Directors of various Artemis and Franke subsidiaries worldwide

Member of the Board of Directors of Arbonia AG, Arbon

Member of the Board of Directors of Autoneum Holding AG, Winterthur

Member of the Board of Directors of Bergos AG, Zurich

Member of the Supervisory Board of Duravit AG, Hornberg, Germany

Member of the Board of Directors of Reppisch-Werke AG, Dietikon

## Dr. Peter Altorfer

**Vice Chairman and independent[1] member**

Legal advisor at the law firm Wenger & Vieli AG, Zurich

Member of the Board of Directors of Schweizerische Cement-Industrie-Aktiengesellschaft, Rapperswil-Jona

Vice Chairman of the Board of Directors of Privatbank Bellerive AG, Zurich

Vice Chairman of the Board of Directors of Nomura Bank (Schweiz) AG, Zurich

Member of the Board of Directors of H. Kracht's Erben AG, Zurich

Further mandates with non-listed investment and real estate companies as well as charitable foundations in Switzerland

## Claudia Coninx-Kaczynski

**Independent[1] member**

Member of the Board of Directors of Swisscontent AG, Zurich

Member of the Board of Directors of TX Group AG, Zurich

Member of the Board of Directors of 20 Minutes AG, Zurich

Member of the Board of Directors of Awina AG, Zurich

Member of other Boards of Trustees

## Dr. Eveline Saupper

**Independent[1] member**

Member of the Board of Directors of Clariant AG, Muttenz

Member of the Board of Directors of Georg Fischer AG, Schaffhausen

Member of the Board of Directors of Staubli Holding AG, Pfaffikon

Member of the Board of Directors of Tourismus Savognin Bivio Albula AG, Savognin

Further Foundation Board mandates

## Vincent Studer

**Independent[1] member**

Partner and member of the Board of Directors of the trust and auditing company of T + R AG, Gümligen/Berne

Member of the Board of Directors of Bank EEK AG, Berne

Member of other Boards of Directors or Boards of Trustees

The auditors reviewed the activities at other companies.

[1] Independent as defined in the 'Swiss Code of Best Practice for Corporate Governance'

# THE FORBO SHARE

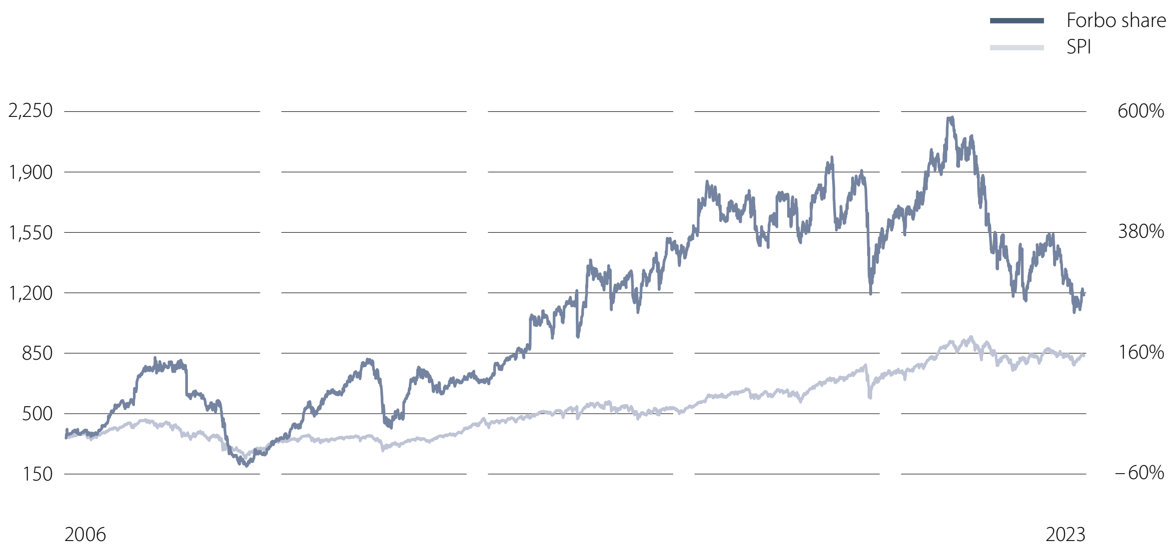
# SHARE

After recording their worst performance since 2008 in 2022, the global stock markets started the 2023 trading year much more positively. The positive beginning in January fuelled hopes among many investors that the worst might be over. However, by February the previous year's anxieties about the consequences of the war in Ukraine and high rates of inflation had already begun to dominate again. Then, in March, these anxieties were added to by fears of a worldwide banking crisis. Nevertheless, many international stock markets finished the first half-year on the plus side. The second half of the year saw a steady increase in confidence regarding an end to the cycle of interest rate hikes. However, the economic recovery in China still failed to materialize. In the fourth quarter, geopolitical uncertainties increased once again due to the war in the Middle East.

The Swiss Performance Index (SPI) temporarily reached a high of around +7% in January 2023 before performance fell back into negative terrain in mid-March. The renewed rise from the end of March saw the SPI peak at around +11% in mid-May. This was followed by a negative trend and before the end of October the SPI was back below the level seen at the start of the year. It made up some ground in the final weeks of 2023, finishing at 14,571 points – a year-on-year increase of 6.1%.

Overall, the Forbo share price followed a similar course to the SPI, though the starting point for its performance was higher than that of the SPI. In mid-June, the Forbo share reached a plus of around +27%. In the second half of the year it lost considerable ground, closing at CHF 1,054 at year-end (down – 3.1% on the previous year).

## The Forbo share in comparison with the SPI



# Share capital

| | | 2023 number | 2022 number | 2021 number | 2020 number | 2019 number |
|---|---|---|---|---|---|---|
| Issued registered shares[1] | | 1,485,000 | 1,485,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| Thereof: | | | | | | |
| Shares outstanding | | 1,407,356 | 1,412,760 | 1,424,870 | 1,579,235 | 1,601,315 |
| Share buyback programs | | 0 | 0 | 150,625 | 0 | 0 |
| Other treasury shares | | 56,225 | 50,821 | 53,086 | 49,346 | 27,266 |
| Reserve shares (without dividend rights) | | 21,419 | 21,419 | 21,419 | 21,419 | 21,419 |

# Issued nominal capital

| | | CHF | CHF | CHF | CHF | CHF |
|---|---|---|---|---|---|---|
| Total | | 148,500 | 148,500 | 165,000 | 165,000 | 165,000 |
| Thereof: | | | | | | |
| Shares outstanding | | 140,736 | 141,276 | 142,487 | 157,924 | 160,132 |
| Share buyback programs | | 0 | 0 | 15,063 | 0 | 0 |
| Other treasury shares | | 5,623 | 5,082 | 5,309 | 4,935 | 2,727 |
| Reserve shares (without dividend rights) | | 2,142 | 2,142 | 2,142 | 2,142 | 2,142 |

# Data per share

| | | CHF | CHF | CHF | CHF | CHF |
|---|---|---|---|---|---|---|
| Group shareholders' equity per share[2] | | 393 | 389 | 339 | 429 | 422 |
| Group profit per share (undiluted)[2] [3] | | 72,6 | 71.8 | 91.6 | 66.6 | 86.3 |
| Gross dividend and cash distribution | | 25[4] | 23 | 25 | 20 | 23 |
| Gross dividend yield (in %)[4] [5] | High | 1.8[4] [5] | 1.2[5] | 1.2[5] | 1.2[5] | 1.3[5] |
| | Low | 2.6[4] [5] | 2.3[5] | 1.7[5] | 1.9[5] | 1.7[5] |
| Payout ratio[6] (in %) | | 34 | 32 | 27 | 30 | 27 |

# Stock market statistics

| | | CHF | CHF | CHF | CHF | CHF |
|---|---|---|---|---|---|---|
| Share price | High | 1,386 | 1,922 | 2,040 | 1,729 | 1,799 |
| | Low | 957 | 1,020 | 1,498 | 1,044 | 1,353 |
| | Year-end | 1,054 | 1,088 | 1,870 | 1,518 | 1,648 |
| Market capitalization (million)[7] | High | 2,058 | 2,854 | 3,366 | 2,853 | 2,968 |
| | Low | 1,421 | 1,515 | 2,472 | 1,723 | 2,232 |
| | Year-end | 1,565 | 1,616 | 3,086 | 2,505 | 2,719 |

1) Par value per share in 2023, 2022, 2021, 2020 and 2019: CHF 0.10.
2) Based on the weighted average of the number of shares as set out in note 11 'Earnings per share' on page 142 of the financial report.
3) See note 11 'Earnings per share' on page 142 of the financial report.
4) Proposal of the Board of Directors to the 2024 Ordinary General Meeting.
5) Calculated on the basis of a cash distribution in the form of a dividend.
6) Gross cash distribution as a percentage of Group profit.
7) Total number of shares multiplied by the corresponding share price.

# SUSTAINABILITY REPORT

# INTRODUCTION

The sustainable production of environmentally friendly products has long been an integral part of our strategy. In the coming years, we will continue to implement further optimizations in this regard along the entire value chain and expand our product portfolio with additional environmentally friendly products.

**'Committed to sustainability for almost 100 years'**

## Consistently sustainable

Sustainability has a long tradition at Forbo. We have been producing linoleum, a biodegradable floor covering made almost exclusively from renewable raw materials, since 1928. Our linoleum has a negative $CO_2$ balance (cradle to gate) and is, therefore, climate-positive without purchasing compensation certificates.

Over the past 20 years, we have reduced our $CO_2$ emissions (Scope 1 and 2) per square meter of flooring produced by 53%. We have continuously increased the proportion of recycled raw materials in our floor coverings. We are now also developing belts with recycled PET content. With a specially coated conveyor belt, we enable our customers to save up to 50% of energy in their applications.

With our environmentally friendly and durable products, we can offer our customers a wide range of solutions and actively support them in their sustainability ambitions.

The preservation of the environment and the generation of ecological added value are essential decision-making factors in our developments and investments. We continuously optimize our production processes to reduce emissions, water, and energy consumption, reuse heat generated in the production process, and reduce or recycle waste material. In this way, we actively contribute to minimizing the impact of our business activities on the environment.

Acting in an economically sustainable and responsible manner is of central importance to us. Our fundamental business principles and values, based on the 'Forbo Way to Win' and the Code of Conduct, support our ambition to create long-term added value for all stakeholders.

We will resolutely pursue our efforts and continue to invest in optimization projects that will enable us and our society to have a more sustainable future.

The Board of Directors of Forbo Holding Ltd approved the 2023 Sustainability Report.

This E. Schneider
Chairman of the
Board of Directors

Jens Fankhänel
Chief Executive Officer

# KEY ACHIEVEMENTS/ HIGHLIGHTS 2023

TÜV Rheinland has certified that the AmpMiser conveyor belt can achieve energy savings of up to 50%

**94%**

In Flooring Systems, 94% of the electricity used comes from sustainable sources

**36%**

Flooring Systems has reduced its Scope 1 and 2 $CO_2$ emissions by 36% since 2019

marmoleum®
climate positive
CRADLE TO GATE

Our linoleum is no longer just climate-neutral, but now climate-positive (cradle to gate)

Flooring Systems' 'back to the floor program' (take-back and recycling of floor coverings) introduced in 13 countries

The newly developed Transilon conveyor belt 'ecofiber' uses a tension member material made of recycled PET

**50%**

The average proportion of natural, recycled, or abundant materials in our floor coverings is 50%

Movement Systems has installed numerous photo-voltaic installations at several plants

# Environmentally friendly products

As a leading producer of floor coverings, building and construction adhesives, as well as belts for power transmission and lightweight conveyor belt technology, with an international network of 25 production sites and 6 fabrication centers, we offer exceptionally environmentally friendly and durable products in both divisions. This means we can offer our customers a wide range of solutions in all regions and actively support them in their sustainability ambitions:

**Flooring Systems**
- Forbo has been producing linoleum, a floor covering that consists of more than 97% renewable raw materials and is biodegradable, since 1928. Today, our linoleum not only combines ecological values with modern design, but is also carbon negative (cradle to gate), without offsetting. With a market share of around 70%, Flooring Systems is the global market leader in linoleum.
- Vinyl floor coverings acquire their elasticity, pliability, and flexibility from plasticizers. We use phthalate-free plasticizers of the latest generation. In 2023, the recycled content across our entire vinyl product portfolio increased to 18%. The Colorex Plus collection even contains 69% recycled content. Our homogeneous vinyl floor coverings are also particularly suitable for recycling at the end of their life cycle and thus contribute to the circular economy.
- The fibers used for Tessera Create Space 1 carpet tiles are produced using ECONYL® yarn, which is made from 100% recycled materials. In 2023, the recycled content across our entire textile product portfolio was 45%.
- The raw materials used to produce our floor coverings consist of 50% natural, recycled, or abundant materials.

**Movement Systems**
- With our Sustainable Performance belts, we actively support customers in reducing energy consumption when operating their systems. These belts also allow for reduced-noise operation, which benefits their employees.
- Our BioBelt is the world's first conveyor belt that consists of at least 20% renewable raw materials and is comparable to standard belts in terms of its physical and dynamic properties.
- The AmpMiser conveyor belt significantly reduces the friction that occurs when operating the systems, which allows customers to achieve up to 50% savings in operating energy.
- We have developed conveyor and process belts with tension members made of recycled PET.

# Specialized production know-how

As a leading manufacturer, we develop and produce a large part of our entire product portfolio ourselves. We have an in-depth understanding of a wide range of customer needs. This enables us to continually develop innovations with corresponding added value. We have highly specific expertise in development and production, which enables us to offer environmentally friendly products with unique selling propositions. In our production processes we focus on reducing emissions as well as water and energy consumption, reusing heat generated, and reducing or recycling waste material. In this way, we actively contribute to reducing the impact of our business activities on the environment.

**>97%**

of our linoleum is made from renewable raw materials

**45%**

is the average recycled content in our textile floor coverings

# FOUNDATION

## Group Sustainability Report

This is the first Sustainability Report Forbo has published that covers the activities of the Group as a whole. Our two divisions have been publishing independent Sustainability Reports for several years, with Flooring Systems doing so since 2005. The content of the reports has been continually expanded over time.

The divisions, with their various products and services, operate in different business areas and their respective stakeholders have different requirements. Therefore, they will continue to publish separate, detailed Sustainability Reports in addition to the Group Sustainability Report. In this way, we can address the transparency demands of all stakeholders.

The present sustainability report meets the legal requirements of general reporting on non-financial matters (Article 964a-c of the Swiss Code of Obligations) as well as due diligence and reporting (Article 964j-l of the Swiss Code of Obligations). At the same time, the report reflects our concepts and ambitions in relation to ESG – Environmental, Social, and Governance. The latter aspect is dealt with in the separate Corporate Governance report (starting on page 81 of this Annual Report).

We aim to anticipate new reporting requirements at an early stage. In addition, we are continually working to expand our reporting to communicate our sustainability efforts, successes, and ambitions to all stakeholders.

### Sustainability Reports of our two divisions

This standalone report does not address all of the sustainability aspects discussed by our two divisions in their Sustainability Reports. Both reports containing detailed information can be found on our website at the following link:
→ www.forbo.com → Sustainability

**Sustainability Reports**

### Code of Conduct

Likewise, this standalone report does not address all aspects of our Code of Conduct. The full Code of Conduct can be found on our website at the following link:
→ www.forbo.com → Sustainability

**Code of Conduct**

# Organization

The Strategy and Sustainability Committee of the Board of Directors (SSC) advises and supports the Board of Directors in the strategic development of the company on the one hand and, on the other hand, the SSC suggests to the Board of Directors priorities for relevant sustainability issues in the areas of Environmental, Social, and Governance (ESG).

The SSC meets at least twice a year. The Chairman of the SSC reports at the meetings of the Board of Directors on the activities of the committee and the opinions and recommendations of the SSC.

The Executive Board implements the priorities defined by the Board of Directors. It addresses relevant sustainability issues at its regular Executive Board meetings, including the respective sustainability strategies, ambitions, and activities proposed by the divisions.

The Corporate Sustainability Officer actively leads and manages the various sustainability initiatives and activities of the divisions and the Group. He reports directly to the Chief Executive Officer.

In each of the two divisions, divisional management forms the steering committee for sustainability issues. Both divisions each have a Sustainability Officer.

# Materiality analysis

To align our ambitions in the area of sustainability with the expectations of our stakeholders, both divisions regularly conduct materiality analyses.

The key topic areas are identified as part of an evaluation of the significance of individual sustainability issues from the perspective of various stakeholders and in the course of an assessment of the impact of our business activities on the environment and society.

The materiality analyses of the two divisions are assessed and consolidated at Group level. The most important substantive focus topics are:

- Responsible sourcing of sustainable raw materials for sustainable products and services
- Resource and energy efficiency
- Quality of products and services
- Transparency in environmental matters
- Health and safety of employees

This report shows how we address these and other topic areas.

# Report scope

Unless otherwise stated, the environmental data published in this report applies to all Flooring Systems' production sites for floor coverings and building and construction adhesives and the production sites of Movement Systems, which together account for approximately 95% of the production volume, as well as the fabrication centers. The sales offices and warehouses of our two divisions were not included. The units included in the scope of the report are considered to be the most significant in terms of the environmental impact of our business.

Unless otherwise stated, the data published in the Social section of this report covers all our locations, including sales offices and warehouses.

Movement Systems' joint venture companies in Brazil and Chile were not included.

# Standards used and memberships/partnerships

This report was prepared in reference to the guidelines of the internationally established standard of the Global Reporting Initiative (GRI).

$CO_2$ emissions are calculated in accordance with the standards of the Greenhouse Gas Protocol, the global standard for calculating greenhouse gas emissions.

The Life Cycle Assessments (LCA) of Flooring Systems were developed in the year 2000 in cooperation with Leiden University in the Netherlands. Today's LCA calculations comply with international standards. Flooring Systems' Environmental Product Declarations (EPD) conform to the internationally standardized format and are verified by UL Environment. The EPDs are based on so-called Product Category Rules (PCR) defined in EN 15804, EN 16810, and ISO 14025 standards. The LCA calculations and EPDs guarantee full transparency regarding the life cycle of the products.

Our quality management system according to ISO 9001 is certified at all of Flooring Systems' major production sites. The main production sites of Flooring Systems and numerous sites of Movement Systems have ISO 14001 environmental management certification. Several sites of Movement Systems have EN ISO 50001 certification (energy management). Flooring Systems has implemented SA8000 (Social Responsibility Management System) in its production facilities.

Both divisions maintain various memberships and partnerships. They each report on this in detail in their respective sustainability reports.

Flooring Systems and Movement Systems contribute to the following Sustainable Development Goals of the United Nations (The 17 Global Goals): 3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land; 17 Partnerships for the Goals.


## Data collection

We have been collecting various environmental and social data for many years. The collection of relevant data has been gradually expanded in recent years. For example, in 2023, Scope 3 emissions data from the building and construction adhesives business and the Movement Systems division were collected for the first time.

When preparing this report, we take the greatest possible care with regard to data quality. Despite all efforts to ensure accuracy and completeness, inaccuracies cannot be completely ruled out.

# DESCRIPTION OF THE BUSINESS MODELS

## Two well-positioned divisions

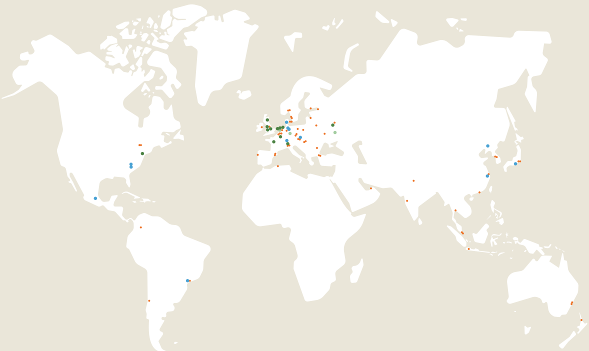
Forbo is a leading producer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. Flooring Systems and Movement Systems occupy leading market positions. They operate in various business areas with their products and services and serve customers in different segments.

## Global reach

Forbo operates worldwide. The Group's global reach means that it is close to attractive markets, making Forbo the first choice as a local partner for customers that have similar global requirements.

Flooring Systems has 15 production facilities in 7 countries and sales companies in 27 countries – with sales organizations in Europe, North, Central, and South America, as well as Asia/Pacific.

Movement Systems has 10 production facilities and 6 fabrication centers in 9 countries as well as sales organizations in 32 countries – with over 300 sales and service points worldwide.



## Products, markets, and sales channels

Both divisions maintain direct relationships with their customers. The relationships are often long term in nature.

**Flooring Systems**
In the direct business of Flooring Systems, we can position our range of floor coverings for commercial use directly to the relevant decision-makers (architects, project planners, general contractors, builders, etc.). There is also an international network of specialized distributors.

The product portfolio includes environmentally friendly and natural linoleum, high-quality homogeneous and heterogeneous vinyl floor coverings, ESD flooring solutions, entrance flooring systems, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring. We offer our floor coverings in different formats and with a wide range of installation options.

Under the brand name Eurocol we also produce ready-made adhesives for flooring installations, parquet, and ceramic tiles, as well as leveling compounds for the construction industry and liquid floors, sold primarily through a network of distributors.

Two divisions

Movement Systems

Flooring Systems

**Movement Systems**
Movement Systems has direct contact with OEMs and end customers around the globe.

Movement Systems holds a leading position worldwide as a provider of high-quality conveyor and processing belts, plastic modular belts, first-class power transmission belts, as well as timing and flat belts made from synthetic materials. These products are known under the brand name Siegling.

They are used in a wide range of applications in industry, trade, and logistics, including conveyor and processing belts in the food industry and in various logistics applications, as treadmill belts in fitness studios, and flat belts in mail distribution centers.

## Differentiating factors

**Positioning of Flooring Systems**
With our distribution model and the associated access to decision-makers, we can optimally position our offering. We maintain long-term customer relationships. Our in-depth market knowledge and close customer relationships mean that we understand the needs of both customers and the market. We develop innovative, design-oriented, high-quality, and sustainable products with unique selling propositions. We have a diversified customer base in various industries, segments, and regions.

**Positioning of Movement Systems**
We have distinctive and broad application expertise as well as an in-depth understanding of a wide range of customer needs. This enables us to regularly develop innovations with corresponding added value. Our direct access to OEMs and end customers enables us to develop tailored solutions and promote repeat replacement business. We serve our customers globally and locally through over 300 sales and service points around the globe. We have a broadly diversified customer base in all regions, covering a wide variety of industries and segments.

**Sustainability – a crucial success factor**
An ever-increasing number of our customers at Flooring Systems have engaged us in an intensive dialog about sustainable solutions for many years. In Movement Systems we are also noticing increasing demand for topics related to sustainability. The dialog with our customers allows us to align our offering not only to current but also to anticipated demand.

We can also rely on our specialized production know-how.

# ENVIRONMENT

The responsible use of resources is very important to us. We are committed to protecting the environment and investing in optimization projects that contribute to a more sustainable future for us and society at large.

Both divisions offer a series of environmentally friendly products. This enables our customers to operate more sustainably in their activities. Together we are contributing to a more sustainable use of resources.

Protection of the environment and the generation of environmental added value are important factors in our development and investment decisions. We work constantly on optimizing our production processes to reduce emissions as well as water and energy consumption, reuse heat generated in the production process, and reduce or recycle waste material. In this way, we actively contribute to reducing the impact of our business activities on the environment.

## Environmental concepts of our divisions

Raw materials used in production companies have a major influence on the environmental pollution emitted. We are constantly developing new products and optimizing existing products to improve properties and minimize the ecological footprint. We also work closely with our suppliers.

The use of natural resources that are renewable and regenerative is our preferred solution. We also attach great importance to the use of recycled raw materials, which means we actively contribute to the circular economy.

We want to consistently reduce the proportion of non-renewable raw materials and virgin raw materials.

In addition, we have already set up systems in various countries for taking back end-of-life products. Where possible, we separate and reuse the materials we take back.

The development and manufacture of high-quality products is one of our key success factors. The production technologies deployed at our 25 production sites have a decisive impact on the environment.

We reuse resources wherever possible, for example heat generated in the production process, water consumed, and scrap material.

When purchasing energy, we rely largely on renewable resources, but we also produce renewable energy ourselves at various locations.

We will systematically pursue these efforts and continue to invest in optimization projects that contribute to a more sustainable future for us and for society at large.

We measure and document our progress and act transparently in publishing the data. Our past progress in the field of sustainability confirms the effectiveness of our concepts and associated actions.

# Greenhouse gas emissions

The $CO_2$ emissions recorded below were calculated in accordance with the criteria of the Greenhouse Gas Protocol, the global standard for calculating greenhouse gas emissions.

**Scopes 1, 2, and 3**
Scope 1 includes emissions generated directly within the company. Scope 2 records indirectly generated emissions that arise from purchased energy. Scope 3 covers all other indirect emissions in the upstream and downstream value chain (e.g., emissions occurring from the production of raw materials we purchase, from the use of our products during their service life, from the disposal of our products at the end of their service life, etc.).

Greenhouse gas emissions are expressed in tonnes of carbon dioxide equivalents ($CO_2e$), i.e. the amount in tonnes of $CO_2$ emissions with the same warming potential as one tonne of another greenhouse gas.

**Greenhouse gas emission intensity**
Greenhouse gas emission intensity measures Scope 1 and 2 $CO_2$ emissions (in kilograms) per square meter of flooring produced or per square meter of belt produced.

| **Greenhouse gas emission intensity, Scope 1 and 2** | 2023 | 2022 | Change over previous year |
|---|---|---|---|
| Kilograms | | | |
| Emissions per square meter of flooring produced | 0.77 | 0.79 | – 3% |
| Emissions per square meter of belt produced | 6.91 | not comparable | |

Flooring Systems was able to further reduce greenhouse gas emission intensity in 2023 (–3%). Over the last 20 years, there has been a 53% decrease. The greenhouse gas emission intensity of the production of building and construction adhesives is not taken into account because it is relatively low, owing to the manufacturing process. In 2023, Movement Systems adapted data collection for Scope 1 and 2 emissions to international standards, which is why no comparison with the previous year is available.

**Consolidated greenhouse gas emissions**

| **Scope 1 and 2 emissions** | 2023 | 2022 | Change over previous year |
|---|---|---|---|
| Tonnes | | | |
| Flooring Systems | 34,463 | 41,368 | – 17% |
| Movement Systems | 33,840 | not comparable | |
| **Total** | **68,303** | **not comparable** | |

Flooring Systems further reduced its Scope 1 and 2 emissions (–17%). In 2023, Movement Systems adapted data collection for Scope 1 and 2 emissions to international standards, which is why no comparison with the previous year is available.

| Scope 3 emissions | 2023 | 2022 | Change over previous year |
| --- | --- | --- | --- |
| Tonnes | | | |
| Flooring Systems | 388,173 | not comparable | |
| Movement Systems | 81,157 | not comparable | |
| **Total** | **469,330** | **not comparable** | |

The methods for calculating Scope 3 emissions were adjusted by Flooring Systems in 2023. In addition, Scope 3 emissions resulting from the building and construction adhesives business were recorded for the first time by Flooring Systems. Movement Systems calculated Scope 3 emissions for the first time in 2023. Accordingly, no comparison with the previous year is available.

# Energy

### Energy intensity

Energy intensity measures the energy required (in megajoules) per square meter of flooring produced or per square meter of belt produced.

| Energy intensity | 2023 | 2022 | Change over previous year |
| --- | --- | --- | --- |
| Megajoules | | | |
| Energy requirement per square meter of flooring produced | 19.7 | 20.0 | – 2% |
| Energy requirement per square meter of belt produced | 75.4 | not comparable | |

Flooring Systems was able to further reduce energy intensity in 2023 (–2%). The energy intensity of the production of building and construction adhesives is not taken into account because it is relatively low, owing to the manufacturing process. Movement Systems adjusted the calculation in 2023, which is why no comparison with the previous year is available.

### Energy consumption and energy mix

| Energy consumption and energy mix | 2023 | 2022 | Change over previous year |
| --- | --- | --- | --- |
| Gigajoules | | | |
| **Flooring Systems** | | | |
| Electricity from renewable sources | 303,608 | 350,294 | – 13% |
| Electricity from non-renewable sources | 19,044 | 19,303 | – 1% |
| Gas | 554,375 | 674,456 | – 18% |
| Biogas | 10,437 | 10,221 | 2% |
| Diesel and oil | 9,860 | 11,793 | – 16% |
| District heating and self-generated electricity | 5,477 | 4,356 | 26% |
| **Total** | **902,801** | **1,070,423** | **– 16%** |
| **Movement Systems** | | | |
| Electricity from renewable sources | 31,412 | 26,137 | 20% |
| Electricity from non-renewable sources | 107,406 | 120,978 | – 11% |
| Gas | 208,139 | 236,305 | – 12% |
| Biogas | – | – | – |
| Diesel and oil | 23,262 | 18,541 | 25% |
| District heating and self-generated electricity | – | – | – |
| **Total** | **370,219** | **401,961** | **– 8%** |

Around 94% of the electricity used at Flooring Systems production sites comes from renewable sources. Movement Systems slightly increased the comparatively low share of electricity from renewable sources in 2023.

# Water

The manufacturing processes for our products in both divisions are not water-intensive. An exception is the building and construction adhesives business, where water is a component of many products. We are continually working to reduce our water consumption. Many locations have closed-circuit water systems. Individual raw materials that we purchase from our suppliers require water for manufacture, for example during the growth of natural raw materials.

Movement Systems develops belts that require less water to clean during use. In this way, we actively support our customers in their ambitions to use less water.

# Scrap material

### Scrap material and waste

| **Scrap material and waste** | 2023 | 2022 | Change over previous year |
|---|---|---|---|
| Tonnes | | | |
| **Flooring Systems** | | | |
| Recycled | 23,308 | 23,410 | – 0% |
| Disposed | 7,215 | 6,853 | 5% |
| **Total** | **30,523** | **30,263** | **1%** |
| **Movement Systems** | | | |
| Recycled | 828 | 106 | > 100% |
| Disposed | 3,769 | 5,201 | – 28% |
| **Total** | **4,597** | **5,307** | **– 14%** |

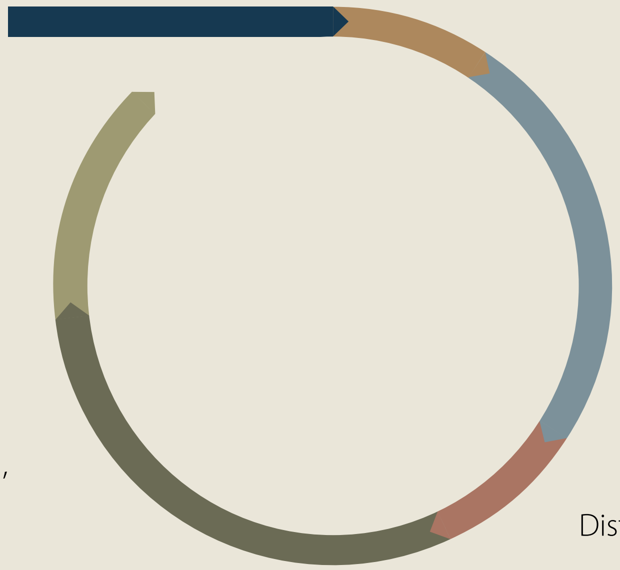
An important goal of all of our production facilities is the reduction of scrap material and waste. We have also developed processes to reuse such materials to some extent and thus minimize consumption. At Flooring Systems, around 76% of scrap material and waste is recycled. At Movement Systems the figure is around 18%.

We are also actively committed to the circular economy system. For further information, see the section ‘Circular economy’ on page 65 of this report.

# Raw materials

Raw materials used in production companies have a major influence on the environmental pollution emitted. The use of natural resources that are renewable and can be harvested annually is therefore our preferred solution. The use of recycled raw materials is also becoming increasingly important, however. We are constantly developing new products and optimizing existing products to improve properties and minimize the environmental footprint. We also work closely with our suppliers.

# Circular economy




A circular economy can be defined as a system that focuses on the reusability of products and raw materials and the use of renewable resources, thus minimizing the loss of value in the overall system. In order to make this happen, the circular economy requires focus on the design of the product to allow better reuse, repair in the reuse phase, and the recycling of installation waste and end-of-life products. In the circular economy model there are two loops, each operating in its own area – one with technical materials and the other with bio-based materials. Bio-based materials are materials based on renewable raw materials. They often follow the strategies of the technical material loop, considering that bio-based products can also be redesigned, reused, and recycled.

With the natural raw materials we use and the recycled raw materials we employ, we actively contribute to the circular economy. We want to consistently reduce the proportion of non-renewable raw materials and virgin raw materials. Also important are homogeneous products (such as our homogeneous flooring, our plastic modular belts, and our homogeneous belts) because they are easier to recycle.

In addition, Flooring Systems has already established processes for taking back end-of-life products in various countries as part of the Back to the Floor recycling program. In 2023, we took back 250 tonnes of material. Where possible, we separate and reuse the materials we take back. 'going round, moving forward' is the guiding principle of Flooring Systems' sustainability approach. This is linked to the determination to align our activities even more closely with a circular economy.

GOING ROUND
MOVING FORWARD

# Significant environmental risks

The most significant environmental risks arise in the production of our raw materials, to a much lesser degree during the processing of raw materials in the manufacture of our products, and to a significant degree again when our products reach the end of their life cycle.

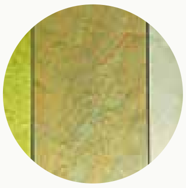
As detailed in this report, we reduce associated risks through many initiatives across the value chain.

# Ambitions

Our ambitions in the area of sustainability concern improvements in all relevant areas of our company, in the upstream value chain, during usage, and at the end of the life cycle of our products. We constantly face up to the changing challenges in all areas.

# Goals

We are committed to pursuing our efforts with the same resolve that has already seen both divisions achieve considerable success. We have set ourselves the following goals:



**To continue building on our track record in reducing $CO_2$ emissions**

Over the last 20 years, we have reduced our $CO_2$ emissions (Scope 1 and 2) per square meter of flooring produced by 53%.

**To make our contribution to achieving a society with net-zero greenhouse gas emissions**

We aim to achieve this goal through our own efforts and, as much as possible, avoid purchasing offset certificates.

**To further increase the proportion of recycled materials**

The average proportion of natural, recycled, or abundant materials in our floor coverings is already 50%.

**To significantly increase the take-back of end-of-life products**

We have already established processes in a number of countries for taking back end-of-life products.

**To be a promoter of the circular economy**

We want to consistently reduce the proportion of non-renewable and non-recycled raw materials.

# SOCIAL

As a global company, social responsibility and acting morally and within the law are fundamental principles for Forbo. Our corporate culture with the Code of Conduct and the Forbo values, together with our commitment to our employees and the community, are important components of this aspect of sustainability.

## Employees

Our employees are Forbo's most important ambassadors. They represent Forbo in daily contact with customers and many other stakeholders. It is therefore important at all levels of the organization to understand what the company stands for, what it wants to achieve and how employees can contribute to this in their respective areas of work. Accordingly, we communicate regularly both globally and locally using different formats, presentations, and meetings. Together with our employees, we create a working environment that motivates, opens up perspectives, and encourages and challenges employees according to their skills and interests.

### Corporate culture

Forbo's corporate culture is based on our strategic principles, our Code of Conduct, and our corporate values. It represents our ambitions, what makes us successful, and how we work together. It promotes a company-wide, success-oriented culture of ideas and solutions that is based on shared values and leads to verifiable success. The Forbo brand stands for our values, our standards, and our performance and creates identification among all stakeholders. The quality, longevity, and performance of our sustainable products and services reflect the quality and stability of our relationships with our employees and our business partners.

**Our Code of Conduct**

Forbo aims to be a role model for ethical, sustainable, and socially responsible business practices. The Code of Conduct achieves this goal with specific content and offers definitive and binding guidance. It contains our most important business principles and values. It is central to how we protect and develop our reputation. It is based on the principles of integrity, transparency, and fairness and describes the way we act. It demonstrates our committment to acting ethically and with integrity in every situation while respecting the rights of the individual. We expect this from every employee as well as from our business partners. High standards in our business relationships are the foundation for ongoing success.

In order to fully live up to these business principles and values, Forbo offers the opportunity to report any compliance issues to the Corporate Compliance Officer via Forbo's Integrity Line.

**Corporate values**

Forbo maintains a high-performance culture that meets the exacting demands of our customers and business partners as well as our own expectations. We therefore promote appropriate skills and competencies at all organizational levels. To identify a strong and comprehensive value culture and to promote a sense of community across the entire Group, we have defined three core values under the 'Forbo Way to Win' as guiding principles:

| Caring | Inspiring | Daring |
| --- | --- | --- |
| Challenging and encouraging oneself and others | Developing ideas and seizing opportunities | Taking bold and decisive action |
| Taking responsibility and making a difference | Knowing what matters and focusing on it | Giving our all with power and passion |
| Leading by example to shared success | Raising enthusiasm and convincing others | Achieving goals with determination and stamina |

These values serve as a reference system for employees, helping them make decisions, guiding their behavior and actions, and building trust and mutual appreciation. They foster a sense of community that promotes loyalty, taking on responsibility, and thus contributes to long-term cooperation. Our employees are convincing ambassadors for our company and the Forbo brand.

Our values are integrated into the feedback and annual review processes and, in addition to introductory training, play a significant role in employee and management training.

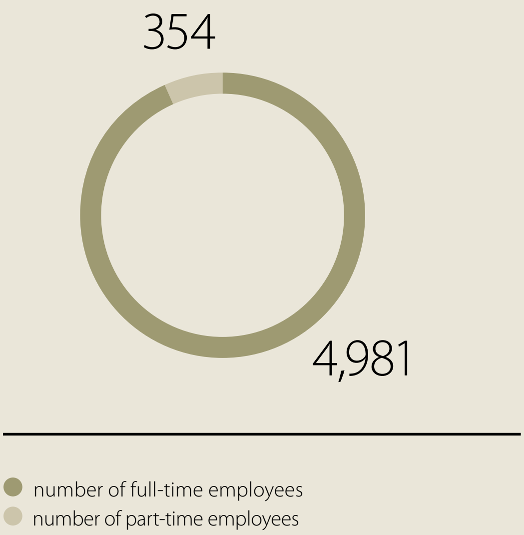
# Attractive employer

Employees with specific know-how, good training, motivation, and commitment are crucial to our success. Physical and psychological well-being at work is a fundamental requirement in this regard. All employees should feel equally valued and supported in their diversity and be able to develop their potential in the company without any discrimination. Forbo offers local and international career opportunities where craft skills, engineering, design, and sales find common ground. The company offers hybrid and part-time working models, invests in numerous training and education programs, and promotes health in the workplace.

Forbo works closely with local universities in many countries; at Flooring Systems often with aspiring designers and architects, at Movement Systems with graduates of technical or chemical faculties or application-specific vocational courses. Forbo cares about the training of young, motivated school leavers. A basic principle applying to the recruitment and promotion of trainees is that the apprenticeships offered by Forbo are open to all applicants, irrespective of gender, and the same requirements are placed on everybody. We offer trainees the foundation for a professional career in mostly commercial, industrial, or technical areas. Another important task is to ensure continuity through the transfer of know-how and experience assimilated over the years by the older generation for the benefit of younger recruits.

Potential employees are primarily addressed through the various digital channels. It is important to us to maintain a healthy balance between long-standing, highly experienced, valued, and motivated employees and new team members who inspire others with new ideas, challenge existing procedures and processes, and thus contribute to the continued development of our company.

**Employees**




# Continuous development of our employees

Sustainable growth is closely linked to highly trained staff and utilization of employee potential. A cooperative leadership style, targeted development, and individual functional training programs as well as management and leadership programs promote commitment and support the continued development of the company.

We therefore promote appropriate skills and competencies at all organizational levels and support this internally through training and educational activities. We do this in different ways, through e-learning, internal and external webinars, and face-to-face events. The divisions provide internal training in a wide range of areas covering products and applications, sustainability, sales and marketing, finance, operations, software application programs, project management, strategy content and implementation, as well as instruction in Forbo's values. Continuous, intensive training in health and safety includes measures relating to accident prevention, risk awareness, and occupational health and safety.

Regular training on the Code of Conduct, competition law, the fight against corruption, respectful behavior, and various topics relating to IT security and data protection is provided across the entire Group. A module on respectful behavior addresses and raises awareness of subjects including discrimination, bullying, and sexual harassment in the workplace.

Alongside these diverse activities, we support and coordinate regular feedback and development discussions, actively promoting the personal and professional development of employees across all fields of activity, functions, and age groups.

At Group level, Forbo offers an internal management training program in collaboration with the University of St. Gallen as well as other external partners, and internal experts. This practice-oriented further training program for various management levels and people in key positions comprises different weekly training sessions with modules from the areas of leadership, management, sales and marketing, as well as operations. They focus on areas of strategy implementation and leadership in combination with appropriate tools to facilitate communication and collaboration in international, culturally diverse teams.

In addition, we offer external training courses tailored to the individual needs of selected employees.

In 2023, we invested CHF 1.5 million in third-party costs for the training and continuing education of our employees.

**Number of positions filled internally at senior management level**
Number

**7**

## Versatile career prospects for specialists and managers

Forbo offers new recruits a wide range of career prospects and development opportunities. In addition, we aim to fill the majority of vacancies requiring specialist knowledge as well as management positions internally. The basis is provided by well-established succession planning processes, which we continue to develop, not only at management level. The continued development of production and manufacturing employees for a wide range of areas of application and the corresponding know-how is essential for us as a manufacturing company.

At management level, possible development steps and directions are discussed based on our feedback and annual reviews, and selective engagement in international, strategic, or larger local projects with specific tasks is facilitated. This supports employees in pursuing a specialist or more management-oriented career path within the company and at the same time promotes intercultural exchange and understanding of global aspects.

## Occupational health and safety a high priority

Forbo has established high standards of occupational health and safety to offer our employees a safe working environment. The health and safety of our employees in the workplace is also the focus of various local training programs with the aim of reducing the number of accidents or preventing them altogether. Occupational health and safety is an important management and role model function that requires continuous teamwork in order to raise lasting awareness. We therefore encourage all employees to use their knowledge and experience to make a contribution to responsible and preventive action. Ongoing dialog in relation to best practices and accident analyses contributes to the development of safety standards and a targeted improvement in safety levels.

Forbo regularly engages with authorities, professional associations, and trade unions. Together with the local works councils, agreements are made in our companies on issues such as personal protective equipment, conduct, mandatory work processes, reporting processes, regular inspections, as well as training and education.

**LTIFR**
Number of lost time injuries multiplied by 1,000,000, divided by the total hours worked. 12-month moving average.

**24.9**
LTIFR

**Days lost due to accidents**
Absence longer than one working day

**1,292**
Number of days lost due to accidents

Developments relating to these issues are regularly presented at divisional management meetings, where they are then analyzed, and appropriate measures drawn up and implemented. In addition, results and trends are discussed and decisions on further activities are made at Executive Board level.

Forbo is committed to protecting, preserving, and strengthening the physical, mental, and social well-being of our employees. We achieve this through measures and activities in areas such as occupational safety and hygiene, workplace ergonomics, as well as health-related topics such as exercise, sport, and nutrition to promote well-being.

Throughout the reporting year, a large number of activities were carried out with the aim of improving the health of employees or reducing risks to health. Regular optimizations are carried out as part of the modernization of work processes and systems, including the reduction of noise emissions and the use of robots and lifting aids. Issues relating to workplace ergonomics and fitness were also discussed and related activities were promoted, as was access to free medical check-ups.

## Diversity, inclusion, and equal treatment as part of social responsibility

At Forbo, diversity in the workplace includes a variety of people with different backgrounds and personalities. Mutual respect is a given in our international and multicultural environment. In addition, different experiences, training, skills, and beliefs ensure diversity in the workplace. We want to continually provide a diverse and inclusive working environment that is characterized by appreciative collaboration among motivated employees.

Our products are manufactured and processed using technically complex production processes and physically demanding fabrication processes. The lived experience of diversity and flexibility in team-based working models also reinforces the attractiveness of our company, which offers a good work-life balance for employees and specialists. Forbo ensures fair treatment of all employees and is committed to the highest internationally recognized standards of fairness, honesty, and integrity.

As a future-oriented company, Forbo draws on and consciously leverages the diversity of the population as a resource. This means employees have equal opportunities and feel welcome to get involved and actively participate.

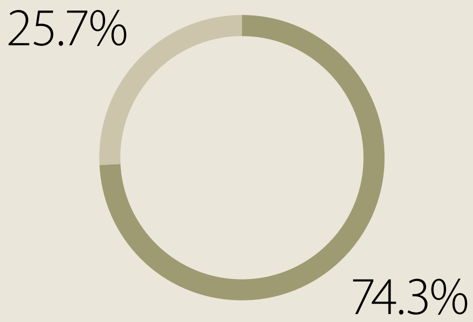
It is also important to us that work of equal value is rewarded with equal pay. The criteria for salaries comprise personal elements such as training, diplomas, language skills, relevant professional experience, as well as employer-related factors such as requirements profile, level of responsibility, and specific specialized know-how.

Female employees at Forbo mostly work in the areas of finance, administration, human resources, marketing as well as manufacturing, supply chain, or purchasing. In Flooring Systems, positions in design and sales are often filled by women.

The professional instruction of trainees is important to us. Especially at larger locations with diverse and demanding work areas, we have motivated teams with appropriate professional experience, qualified trainers, and suitable workplaces. We use engaging teaching methods to impart the appropriate skills for professional, independent, and responsible performance of tasks. We also offer technical and business students the opportunity to complete an internship with us.

Forbo is committed to the inclusion of people with disabilities and works with relevant companies and institutions in various countries to promote their integration into the world of work and business. We therefore fulfill our social responsibility in a variety of ways.

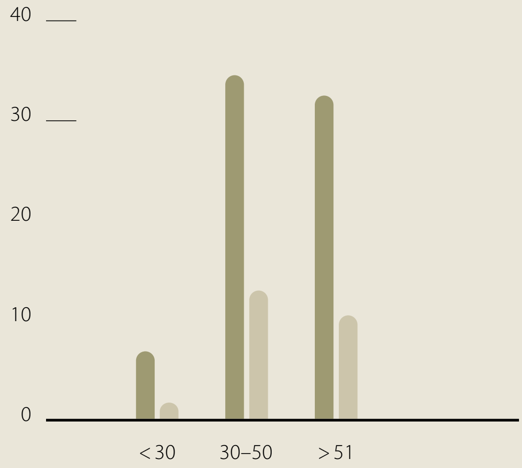
## Percentage of women/men




Men
Women

## Age structure

In percent




Men
Women

## Apprentices and trainees

Number

**50**

## Persons with disabilities

Number

**84**

# Respectful behavior

Mutual respect is a given in our multicultural environment.

Forbo does not tolerate discrimination or bullying and strives to offer its employees a safe working environment free from all forms of violence, including threats, threatening gestures, intimidation, attacks, and similar conduct, at all times.

# Reporting compliance issues

We encourage our employees to report incidents that violate applicable law, ethical standards, or the Code of Conduct. By raising concerns, they contribute to their own protection, that of their colleagues, and the protection of Forbo’s rights and interests.

If an incident occurs, employees can speak to their supervisor in person. Alternatively, the Forbo Integrity Line is available in the respective national language. Employees can use this to draw attention to any compliance issues, anonymously if they wish.

## Human rights

We assume responsibility for respecting human rights as part of our business activities. Respecting and enforcing human rights can only be successful if all stakeholders involved make their contribution. We are therefore committed to taking appropriate measures to prevent human rights violations in connection with our business activities.

If, in exceptional cases, we do not meet our own standards, affected employees and third parties have the opportunity to report violations. Valid concerns related to human rights violations within the Group or in the supply chain can be reported via the Forbo Integrity Line, which can be accessed on the Forbo Group website. Reports can be submitted anonymously. Reports may also be sent to the widely communicated email address compliance@forbo.com, which is intended specifically for this purpose.

### Forced labor, freedom of association, and the right to collective bargaining

Our Code of Conduct expressly states that Forbo rejects any form of forced or compulsory labor. We also respect our employees' freedom of association and collective bargaining rights. They are essential for social dialog on an equal footing. We use internal audits to ensure compliance with our global labor and social standards. We also expect fair and ethical employee management from our business partners.

### Combatting child labor

Child labor is harmful to children's physical and social development and affects their education. Forbo respects the rights of children and has implemented processes to combat child labor. As part of these processes, due diligence checks are also carried out and, if necessary, corrective measures are taken. The Code of Conduct sets out the most important business principles and values of the Forbo Group. It emphasizes that Forbo refrains from any form of child labor. Forbo also requires its business partners to comply with our or equivalent standards, including the entire supply chain.

## Responsible sourcing

### Our commitment

For Forbo, responsible sourcing not only means complying with the legal framework, but also setting standards together and overcoming challenges within the supply chain. We are convinced that by implementing the principles of responsible sourcing, we not only have a positive impact on society and the environment, but also contribute significantly to the resilience and reliability of our own supply chain.

Fair and ethical supplier management is the basis of cooperation with our suppliers. Our supplier requirements are part of our contracts. They include requirements relating to quality, environmental impact, anti-corruption, human rights, health and safety, social responsibility, and financial risks.

We expect our partners in the supply chain, their upstream suppliers, subcontractors, and service providers to comply with the minimum social standards applicable in their country and also have a valid sustainability strategy. Because only together can we achieve the goal of a completely sustainable supply chain. Compliance with these principles is checked through regular risk assessments and, if necessary, through on-site supplier audits.

# Report on child labor in the supply chain in accordance with Article 964j CO

According to Article 964j CO, Forbo is obliged to report annually on compliance with due diligence obligations in the supply chain with regard to child labor. The supply chain audit initially involves categorizing the countries in which Forbo operates, with reference to the UNICEF Children's Rights in the Workplace Index, which establishes a child labor risk assessment for each country. The categories of the index are 'basic', 'enhanced', and 'heightened'. Forbo sometimes also operates in countries whose 'due diligence response' is not classified as 'basic' by UNICEF. For these countries, further checks are carried out for all suppliers using a detailed, risk-based approach. Our buyers assess the risk of child labor associated with each procurement category in the respective supply chain. These checks have shown that there is no reasonable suspicion of the use of child labor. Forbo is therefore exempt from due diligence and reporting obligations in accordance with Article 5 Paragraph 2 of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO). This assessment is continually reviewed.

In order to keep the risk of child labor in our supply chain low in the future, we have taken preventive measures. As part of the supply chain policy, the issue of child labor has been integrated into the current supplier and procurement guidelines of the divisions as well as into the contracts and agreements with suppliers. The regulations are based on the ILO Convention No. 138 on the minimum age and No. 182 on the worst forms of child labor, the ILO-IOE Child Labor Guidance Tool for Business and the OECD Guidelines for Multinational Enterprises, respectively the UN Guiding Principles for Business and Human Rights. If we deem it appropriate based on the risk assessment, we also require self-disclosures and certifications from our suppliers and carry out on-site supplier audits. The results and respectively effectiveness of these measures are regularly analyzed in order to identify potential for improvement.

# Report on conflict minerals in accordance with Article 964j CO

Forbo does not exceed the quantities of minerals and metals specified in Annex 1 DDTrO and is therefore exempt from the due diligence and reporting obligations with regard to conflict minerals and metals. The evaluation took place involving all Group companies and is continually reviewed.

# Prevention of corruption

## Our commitment

Corruption distorts competition, leads to higher costs, destroys the trust of customers and suppliers, and ultimately endangers jobs. For these reasons, Forbo rejects any impairment or distortion of competition through corruption in the spirit of zero tolerance.

## Concepts and processes

In our Code of Conduct, the chapter 'Business integrity: no tolerance of any form of corruption' forms the basis for our efforts in the field of combating corruption. Forbo prohibits the offering, giving, or taking of bribes in whatever form. This includes improper commission payments or other means of providing improper benefits to customers, agents, suppliers, officials, or business partners. Gifts received by Forbo employees must be brought to the attention of their superiors. Donations to political parties, political organizations, or holders of political office are strictly prohibited at Forbo.

The careful review of business partners is part of the standard process, which includes desktop analyses as well as consultation of global databases, risk analysis using sources such as Transparency International's 'Corruption Perceptions Index', and self-declarations by business partners.

Furthermore, Forbo strives to ensure that the applicability of the Code of Conduct or an equivalent code of conduct of the business partner is contractually secured.

As part of the internal compliance reviews regularly carried out under the leadership of the Corporate Compliance Officer, the adherence to and effectiveness of these processes are checked on a sample basis.

## Risk management

From both a geographical and industry-specific perspective, Forbo operates in markets where corruption risks exist. We therefore take our responsibility to prevent corruption seriously wherever we operate.

Forbo's compliance management system in the area of anti-corruption includes regular online training specifically on anti-corruption and annual online training on the Code of Conduct in general. All employees in areas susceptible to corruption receive specific training.

# Social commitment

## Commitment to the community

For almost 100 years, Forbo, as an employer, has been committed to creating attractive workplaces and, thanks to profitable growth, continually provides added value for regional economies, suppliers, and business partners. In doing so, Forbo assumes social responsibility in a comprehensive sense.

Forbo attaches particular importance to sound training and education as well as equal opportunities for all employees. We employ trainees in a variety of demanding roles with the aim of imparting all the relevant skills that are required for the professional and responsible practice of their chosen profession.

We conserve resources through our sustainable products and the partial use of green energy.

We work with external institutions to outsource simple work to workshops for disadvantaged people and thus also promote external, inclusive jobs.

Forbo strives to make a positive contribution to the well-being of society and the local communities in which we are active. Forbo is aware of its social responsibility and takes it seriously. Communication and cooperation with local authorities, institutions, interest groups, and educational institutions, especially in the vicinity of larger manufacturing companies, is based on proactive dialog. This creates trustful ways of working together on creative, social, and sustainability topics.

## Social commitment/ charitable activities

Forbo also contributes to the common good by making individual contributions to support social and environmental projects at both Group and local level.

With product donations and support for flooring installations, we enable institutions in need to gain additional benefit for their commitment.

Social commitment is based on long-term partnerships with social institutions and programs with partners. At global level, selectively targeted funds are directed to social and charitable institutions or to relief organizations to alleviate acute suffering or local disasters. Local companies and employees around the world do charitable work and support social and health promotion projects through team events.

# Ambitions

Our ambition when it comes to social responsibility is to be a role model for ethical, environmentally friendly, and socially responsible conduct. We achieve this by encouraging and challenging our employees, offering an appreciative, safe, and progressive working environment, and promoting innovation and a high level of service orientation for our stakeholders. We engage actively for the common good by making individual contributions globally to support social and environmental projects.

# GOVERNANCE

The separate Corporate Governance report starting on page 81 of this Annual Report deals with the topic of governance in detail.

# CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

At Forbo, the concept of corporate governance encompasses the entire set of principles and rules on organization, conduct, and transparency that are designed to protect the company's long-term interests. Forbo's aim is to strike a careful balance between management and control. The central rules are contained in the Articles of Association, the Organizational Regulations, and the Regulations of the Committees of the Board of Directors. The following information is set out in line with the Directive on Information relating to Corporate Governance (DCG) and the relevant publications of SIX Swiss Exchange.

## Group structure and shareholders

**Group structure**
Forbo Holding Ltd, domiciled at Lindenstrasse 8, 6340 Baar, is a limited company under Swiss law. The holding company holds all subsidiaries, directly or indirectly, that belong to the Forbo Group. The shares of Forbo Holding Ltd (security number 000354151/ISIN CH0003541510) are listed on SIX Swiss Exchange. A financial overview of the Forbo Group (including market capitalization) can be found on page 19. The operational structure of the Group is shown in the organizational chart on page 43. The scope of consolidation of Forbo Holding Ltd does not include any listed companies. The non-listed companies within the scope of consolidation of Forbo Holding Ltd are listed in the section 'Group companies' starting on page 162 in the financial report section. The company name and domicile, share capital, and percentage of participation, along with information relating to the allocation of the Group company to the Group's businesses, can also be found in that section of this Annual Report.

**Significant shareholders**
As of December 31, 2023, 4,286 shareholders were listed in the share register of Forbo Holding Ltd, 41 (0.9%) fewer than in the previous year. As of December 31, 2023, Forbo Holding Ltd knew of the following significant shareholders with a holding of more than 3%:

| | 31.12.2023 as a percentage |
|---|---|
| Michael Pieper[1] | 27.88 |
| Forbo Holding Ltd[2] | 5.23 |
| This E. Schneider | 3.06 |
| UBS Fund Management (Switzerland) AG | 3–5 |
| Credit Suisse Funds AG | 3–5 |
| J. Safra Sarasin Investment Funds AG | 3–5 |

1) Michael Pieper holds his interest directly and indirectly through Artemis Beteiligungen I AG.
2) Forbo Holding Ltd holds its shareholding directly and indirectly via Forbo Management SA.

Disclosure of significant shareholders and significant shareholder groups and their holdings is effected in accordance with the disclosure notices made in the year under review pursuant to Article 120 of the Financial Market Infrastructure Act (FMIA) and the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIO-FINMA).

Below is a summary of the current notified shareholdings published in the year under review:

On March 3, 2023, Swisscanto Fondsleitung AG reported that it had fallen below the 3% threshold.

This E. Schneider reported on June 27, 2023, that he had exceeded the 3% threshold and held 44,898 shares, corresponding to 3.02% of the voting rights.

Forbo Holding Ltd reported on June 27, 2023, that it had exceeded the threshold of 5% and held 83,030 of its own shares directly or indirectly through Forbo Management SA, Baar, corresponding to 5.59% of the voting rights.

On December 7, 2023, J. Safra Sarasin Investment Funds AG reported that it had exceeded the 3% threshold and held 44,627 shares, corresponding to 3.01% of the voting rights.

Full disclosure reports and all further published disclosure notices can be consulted on the publication platform of the disclosure office of the SIX Swiss Exchange (www.ser-ag.com → Fundamentals → Notices Market Participants → Significant Shareholders).

**Cross-shareholdings**
Forbo Holding Ltd has not entered into any cross-shareholdings with mutual capital shareholdings or voting rights.

# Capital structure

**Share capital**
As of December 31, 2023, Forbo Holding Ltd had a fully paid-up share capital of CHF 148,500, divided into 1,485,000 listed registered shares, each with a par value of CHF 0.10. Of this amount:

– 72.4% were registered in the name of 4,263 shareholders with voting rights
– 22.5% were shares held by banks or SIX SIS AG pending registration of transfer
– 5.1% were registered in the share register without voting rights

There are no different categories of shares. Each share entitles the owner to one vote. Further information on the Forbo share can be found on pages 48 and 49. Further information on the rights of participation associated with the Forbo share can be found on pages 94 and 95 of this Annual Report.

By resolution of the Ordinary General Meeting of Forbo Holding Ltd on March 30, 2023, the Board of Directors was authorized to buy back 10% of the share capital over a period of three years either via a second trading line on the SIX Swiss Exchange or by another means. These shares will be definitively canceled. Up to December 31, 2023, the Board of Directors had made no use of this authorization.

**Conditional and authorized capital**
Pursuant to Clause 4 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), Forbo Holding Ltd has a maximum conditional capital of CHF 16,645, corresponding to 166,450 registered shares to be paid up in full with a par value of CHF 0.10 each. If the conditional capital were drawn on in full, the share capital would increase by CHF 16,645, or 11.21%, from the current level of CHF 148,500 to CHF 165,145. The capital increase takes place in accordance with the Articles of Association through the exercise of option and convertible rights granted in connection with the bonds issued by the company or one of its subsidiaries, or through the exercise of option rights granted to shareholders. Except for shareholder options, shareholders have no right of subscription. Holders of option or convertible rights are entitled to subscribe to new share issues. The registration of new shares is subject to the general restriction set out in Clause 6 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), which stipulates that shareholders are entered in the share register with voting rights only if they declare expressly that they have acquired the shares in their own name and for their own account.

There is no authorized capital.

**Changes in capital**
No changes to the capital of Forbo Holding Ltd were made in 2023.

The Ordinary General Meeting of Forbo Holding Ltd on April 1, 2022, decided, based on the audit report of a licensed audit expert, to reduce the ordinary share capital of the company by CHF 16,500 from CHF 165,000 to CHF 148,500 by canceling 165,000 shares with a par value of CHF 0.10 each. It was further resolved to amend the Articles of Association accordingly. The capital reduction was effected, and the new share capital of CHF 148,500 was entered in the Commercial Register on June 21, 2022.

No changes to the capital of Forbo Holding Ltd were made in 2021.

**Participation certificates and non-voting equity securities ('Genussscheine')**
Forbo Holding Ltd has issued neither participation certificates nor non-voting equity securities.

**Limitations on transferability and nominee registrations**
Forbo Holding Ltd does not have any percentage limitations on voting rights. The Board of Directors may only refuse to register shares in the share register if the purchaser of the shares does not expressly declare that he/she has acquired the shares in his/her own name and for his/her own account.

Pursuant to Clause 6 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), nominees may be entered in the share register with voting rights for up to a maximum of 0.3% of the share capital entered in the Commercial Register. Over and above this limit, nominees are only entered provided the name, address, and shareholding of those persons are disclosed for whose account the nominee holds a total of 0.3% or more of the registered share capital entered in the Commercial Register.

No statutory privileges exist, and there is no restriction on the transferability of the shares of Forbo Holding Ltd.

**Convertible bonds and warrants/options**
Forbo Holding Ltd has no outstanding convertible bonds nor has it issued any marketable warrants/options. Details on the long-term incentive plan for the Executive Board, under which future subscription rights are outstanding, can be found on pages 109 to 114 as well as on pages 152, 153, and 161 of this Annual Report.

# Board of Directors

**Members of the Board of Directors**
The cut-off date for the following information is December 31, 2023.

The Board of Directors brings together expertise and competencies in all the relevant areas (in particular entrepreneurial skills and leadership, industry and technology, strategy, sales and distribution, international markets, sustainability, innovation, digitization, risk management, audit, and financial know-how).

With the exception of This E. Schneider, who held the post of Executive Chairman of the Board of Directors up to the Ordinary General Meeting of March 30, 2023, none of the members of the Board of Directors listed below holds or has held any operational management positions for Forbo Holding Ltd or its Group companies. With the exception of This E. Schneider, who assumed the role of Chief Executive Officer and Chairman of the Executive Board of the Forbo Group on an interim basis from the end of November 2022 until the beginning of March 2023 and who sits on the Executive Board of selected Group companies, in the three business years preceding the reporting period, no member of the Board of Directors was a member of the Executive Board of Forbo Holding Ltd and no Board of Directors member sat on the Executive Board of any of its subsidiaries. There are no significant business relationships between the members of the Board of Directors and Forbo Holding Ltd or its Group companies. The tasks of the Chairman of the Board are described on page 91 of the Annual Report.

**This E. Schneider, Chairman**
This E. Schneider, born in 1952, is a Swiss citizen. He studied economics at the University of St. Gallen (lic. oec. HSG) and at the Graduate School of Business, Stanford University, California, USA. After holding various management functions in Europe and the USA, he joined the Executive Board of Schmidt Agence AG, where he was responsible for strategic planning, operations, and logistics from 1984 to 1990. From 1991 to 1993, he was Chairman and CEO of the publicly listed company SAFAA, Paris. In 1994, he became a member of the Executive Board of Valora, with responsibility for the canteen and catering division. From 1997 to 2002, he was Delegate and Vice-President of the Board of Directors of Selecta Group. From March 2004 to December 2013, This E. Schneider was Delegate of the Board of Directors and CEO, and from January to April 2014 Delegate of the Board of Directors of the Forbo Group. He has been the Executive Chairman of the Board of Directors since the Ordinary General Meeting of 2014. Due to the change of CEO, he assumed the role of CEO of the Forbo Group on an interim basis from the end of November 2022 until the beginning of March 2023. Since the Ordinary General Meeting 2023 he is not in an active executive role anymore.

# Independent[1] members of the Board of Directors

**Michael Pieper, Vice-Chairman**
Michael Pieper, born in 1946, is a Swiss citizen. He studied economics (lic. oec. HSG) at the University of St. Gallen. He has been with the Artemis Group (formerly the Franke Group) since 1986 and has been its owner and CEO since 1989. Since 1986, he has been a member of the Board of Directors at Franke Holding AG and various subsidiaries of Artemis and Franke around the world. He is also a member of the Boards of Directors of Arbonia AG in Arbon, Autoneum Holding AG in Winterthur, Bergos AG in Zurich, Reppisch-Werke AG in Dietikon, and a member of the Supervisory Board of Duravit AG in Hornberg, Germany. He was first elected to the Board of Directors of Forbo Holding Ltd in 2000.

[1] Independent as defined in the 'Swiss code of best practice for corporate governance'

**Dr. Peter Altorfer, Vice-Chairman**
Peter Altorfer, born in 1953, is a Swiss citizen. He studied law at the University of Zurich, where he took his doctorate in law (Dr. iur.). He was admitted to the bar as an attorney-at-law in 1982. He attended the PED program at the IMD, Lausanne. Until 1988, he worked at Bank Leu AG. He subsequently joined the law firm Wenger & Vieli in Zurich, where he is now a consultant, specializing in bank and company law as well as estate planning. Peter Altorfer sits on the Boards of Directors of several companies, including Schweizerische Cement-Industrie-Aktiengesellschaft in Rapperswil-Jona, Privatbank Bellerive AG in Zurich, Nomura Bank (Schweiz) AG in Zurich, H. Kracht's Erben AG in Zurich, and further non-listed investment and real estate companies as well as charitable foundations in Switzerland. He has been a member of the Board of Directors of Forbo Holding Ltd since March 2005.
Serving on the Board of Directors for many years, Dr. Peter Altorfer will no longer stand for re-election at the upcoming Ordinary General Meeting on April 5, 2024.

**Claudia Coninx-Kaczynski**
Claudia Coninx-Kaczynski, born in 1973, is a Swiss citizen. She took a degree in law at the University of Zurich (lic. iur.) and earned her Master of Law (LL. M.) at the London School of Economics and Political Sciences (LSE). From 2006 to 2011, she managed the business of Faerbi Immobilien AG (subsequently Rietpark Immobilien AG) in Zurich as a member of the Board of Directors. Subsequently, until 2014, she implemented various projects for P. A. Media AG and Swisscontent AG in Zurich (M & A among others). Between 2013 and 2016, she was a member of the Board of Directors of TX Group AG (formerly Tamedia AG), where from 2017 to 2023 she was appointed Chairwoman of the Pool of Majority Shareholders. Since April 2023, she has again been a member of the Board of Directors of TX Group AG and the Remunration Committee as well as the media company 20 Minutes. She is also a member of the Board of Directors of Swisscontent AG and Awina AG in Zurich as well as other Boards of Trustees. She has been a member of the Board of Directors of Forbo Holding Ltd since April 2014.

**Dr. Eveline Saupper**
Dr. Eveline Saupper was born in 1958 and is a Swiss citizen. She graduated in law from the University of St. Gallen and went on to obtain her doctorate (Dr. iur.). She was admitted to the bar in Zurich and is also a qualified tax expert. She began her career in 1983, working as a tax consultant at Peat Markwick Mitchell (now KPMG) in Zurich. From 1985 to 2017, she worked for Homburger AG in Zurich as an attorney and tax advisor, serving for around twenty years of that period as a partner and for over two years as Of Counsel. In 1990 she was in Chicago as a lawyer with Baker & McKenzie. Since 2017, she has been running her own legal practice. Dr. Eveline Saupper sits on the Boards of Directors of a number of companies, including Clariant AG in Muttenz, Georg Fischer AG in Schaffhausen, Stäubli Holding AG in Pfäffikon, and Tourismus Savognin Bivio Albula AG. She is also a member of several Boards of Trustees. She has been a member of the Board of Directors of Forbo Holding AG since April 2022.

**Vincent Studer**
Vincent Studer, born in 1962, is a Swiss citizen. He graduated from the University of Applied Sciences, Berne, and trained as a Swiss certified public accountant. In addition, he has completed various national and international training courses. From 1991 to 2008, Vincent Studer worked at Ernst & Young AG as an external auditor and was head auditor responsible for auditing the statements of national and international companies in various industries. In 2001, he was appointed a partner in the area of Auditing. Since 2008, he has been a partner and since 2015 also a member of the Board of the accountancy and auditing firm T + R AG, Gümligen/Berne. From 2008 to 2021, he was a member of the management and Head of the auditing business unit there. Vincent Studer is a member of the Board of Directors of Bank EEK AG in Berne. He holds further directorships at other companies and foundations. He has been a member of the Board of Directors of Forbo Holding Ltd since April 2009.

# Board of Directors of Forbo Holding Ltd as per December 31, 2023

| | First elected at OGM | AFC | HRNC | RC | SSC |
|---|---|---|---|---|---|
| **Chairman** | | | | | |
| THIS E. SCHNEIDER | 2004 | | | | C |
| Non-executive director | | | | | |
| **Vice-Chairmen** | | | | | |
| MICHAEL PIEPER | 2000 | | M | M | |
| Independent[1] non-executive director | | | | | |
| DR. PETER ALTORFER | 2005 | M | C | C | |
| Independent[1] non-executive director | | | | | |
| **Members** | | | | | |
| CLAUDIA CONINX-KACZYNSKI | 2014 | | M | M | |
| Independent[1] non-executive director | | | | | |
| DR. EVELINE SAUPPER | 2022 | M | | | M |
| Independent[1] non-executive director | | | | | |
| VINCENT STUDER | 2009 | C | | | |
| Independent[1] non-executive director | | | | | |
| **Secretary of the Board of Directors** | | | | | |
| NICOLE GRAF | | | | | |
| Non-member | | | | | |

OGM: Ordinary General Meeting
AFC: Audit and Finance Committee
HRNC: Human Resources and Nomination Committee
RC: Remuneration Committee
SSC: Strategy and Sustainability Committee
C: Chair
M: Member
[1]: Independent as defined by the 'Swiss code of best practice for corporate governance'

**Changes to the Board of Directors**

Jens Fankhänel succeeded Michael Schumacher as Chief Executive Officer and Chairman of the Executive Board of the Forbo Group at the beginning of March 2023. Accordingly, he did not stand for re-election to the Board of Directors at the Ordinary General Meeting of March 30, 2023.

**Statutory regulations governing the number of permissible activities pursuant to Article 626 Paragraph 2 Clause 1 CO**

In accordance with Clause 22 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), members of the Board of Directors may hold no more than five mandates in listed and twenty mandates in non-listed legal entities. A mandate is defined as any activity on the senior managerial or supervisory bodies of legal entities that are entered in the Swiss Commercial Register or comparable foreign registers and do not belong to the Forbo Group. Mandates with associated companies outside the Forbo Group are deemed to be a single mandate.

**Election and term of office**

The members of the Board of Directors are elected in individual votes for a one-year term of office, in accordance with the statutory provisions. A year is defined as the period between two Ordinary General Meetings. In accordance with the Organizational Regulations of Forbo Holding Ltd, members who have reached their 70th birthday resign from the Board of Directors at the following Ordinary General Meeting. The Board of Directors may, however, approve exceptions. In determining the composition of the Board of Directors, importance is attached to the election of independent individuals with international experience in industrial companies as well as in the financial and consultancy sectors.

The Articles of Association of Forbo Holding Ltd do not contain any regulations that deviate from the statutory provisions for the appointment of the Chairman, the members of the Remuneration Committee, and the independent proxy.

**Internal organizational structure**

The allocation of tasks within the Board of Directors and the composition of the Board committees are shown in the table on page 87.

Decisions are as a general rule taken by the full Board of Directors. The Board constitutes four standing committees from its own ranks – the Audit and Finance Committee (AFC), the Human Resources and Nomination Committee (HRNC), the Strategy and Sustainability Committee (SSC), and the Remuneration Committee (RC) – to deal with clearly defined subject areas of overriding importance. These four committees have mainly advisory and control functions. The members of the AFC, SSC, and HRNC are elected by the Board of Directors on an annual basis and can be dismissed at any time. The members of the RC are elected annually by the General Meeting.

As a rule, the Chairman of the Board of Directors chairs the meetings of the Board and the General Meeting. He plans and conducts the meetings of the Board and the General Meeting. The meetings of the Board and the relevant items on the agenda are prepared by the Chairman. He monitors the execution of the measures adopted by the Board. He is the direct superior of the CEO, is in regular contact with him, and has an advisory and supervisory function. In addition, the Chairman represents the Board and the Forbo Group vis-à-vis the public, the authorities, and the shareholders. The tasks of the Chairman of the Board are set out in the section 'Areas of responsibility' on pages 90 and 91.

The Vice-Chairmen are tasked with deputizing for the Chairman should the latter be prevented from attending for any reason. In accordance with the Organizational Regulations and actual practice, the Vice-Chairmen have no further duties.

The Vice-Chairmen are elected by the Board of Directors.

The Board of Directors meets on being convened by the Chairman as often as business requires but at least four times a year. The items on the agenda must be announced at least five working days before the day of the meeting. This notification period may be shortened in urgent cases. In 2023, the Board of Directors held eight meetings with members physically in attendance, as well as one telephone conference call. The meetings each lasted a whole day, while the conference call took around one hour. Every Board member participated in all the meetings.

The Chairman may invite members of the Executive Board and other senior employees to attend Board meetings for individual items. In the 2023 business year, members of the Executive Board and other senior employees participated in the physical meetings of the Board of Directors for the agenda items that affected them. No members of the Executive Board nor any other senior employees participated in the Board meeting held by conference call. External consultants may participate in the meetings of the Board of Directors, the AFC, SSC, HRNC, or RC only in exceptional circumstances to deal with particular items. In the 2023 business year, no external consultants participated in the meetings of the Board of Directors. Participation by external consultants in meetings of the AFC, SSC, HRNC, and RC are listed in the chapters on the AFC, SSC, HRNC, and RC on pages 89, 90, and 102 to 104.

**Audit and Finance Committee**

The AFC advises the Board of Directors in respect of its duties on behalf of the Group in the areas of financial reporting, the accounting standards and systems used, and decisions with significant financial implications. The AFC monitors the activities of the internal auditors and the external auditors. Moreover, it establishes the audit program of the internal auditors and proposes to the Board of Directors the choice of the external auditors for the attention of the General Meeting. The CEO and the CFO are regularly requested to attend meetings in an advisory capacity, while representatives of the internal and external auditors may attend by special invitation.

The AFC convenes as often as business requires, but at least twice a year. In the 2023 business year, two meetings were held, each lasting about half a day. All members of the AFC were present at both meetings. The external auditors were present for selected items on the agenda of the AFC's meeting on the financial statements and at the meeting to discuss the scope of the audit and the audit fee. The Ernst & Young representatives responsible for internal audit attended the discussions of the internal audit reports at both meetings. No external consultants participated in the meetings of the AFC in the year under review.

The AFC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous responsibilities/mandates. The relevant information can be found on pages 85 and 86 of this Annual Report.

**Strategy and Sustainability Committee**

The SSC advises and provides support for the Board of Directors on basic questions of corporate strategy and the strategic development of the company. It follows, supports, and reviews the management's preparation with regard to the acquisition and disposal of companies and shareholdings for decision-making by the Board of Directors and helps the Board of Directors to fulfil its responsibilities with regard to monitoring the implementation of strategy. The SSC then engages with topics relating to the environment, social issues, and corporate governance, it supports and assists the management with the analysis of relevant aspects of sustainability, risk assessment, the development of sustainability plans, and with appropriate reporting. It also regularly monitors the progress made.

The SSC convenes at least twice a year. In the 2023 business year, two one-day meetings were held. All members of the SSC were present at both meetings. The members of the Executive Board and other senior employees participated in the one-day meeting for the agenda items that affected them. Neither the external nor the internal auditors were present at the meetings of the SSC. No external consultants participated in any SSC meetings.

The SSC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous functions in responsible positions. The relevant information can be found on pages 85 and 86 of this Annual Report.

**Human Resources and Nomination Committee**

We refer to the explanations in the remuneration report on pages 102 and 103.

**Remuneration Committee**

We refer to the explanations in the remuneration report on pages 103 and 104.

**Areas of responsibility**

The Board of Directors bears ultimate responsibility for the management of Forbo Holding Ltd. The main duties of the Board of Directors are the following non-transferable and inalienable tasks pursuant to the Swiss Code of Obligations and the Articles of Association:

- overall management of the company and issuing of the necessary directives
- definition of the organizational structure
- determination of accounting, financial controlling, and financial planning principles
- appointment and dismissal of persons entrusted with the management of the company
- overall supervision of the persons entrusted with managing the company, particularly with respect to compliance with the law, Articles of Association, regulations, and directives
- preparation of the Annual Report as well as of the General Meeting and implementation of its resolutions
- preparation of the remuneration report
- filing an application for a debt restructuring moratorium and notification of the court in the event of over-indebtedness

The Board of Directors bears ultimate responsibility for supervising and monitoring the management of the company and is responsible for the corporate strategy. It issues guidelines for business policy and is regularly briefed on the current state of business.

Business to be dealt with by the Board of Directors is regularly submitted in advance to the AFC, SSC, HRNC, and RC, ad hoc committees, or individual members, depending on the subject, for review or an opinion. With the exception of its non-transferable and inalienable tasks, the Board of Directors may transfer tasks and responsibilities in full or in part to individual members of the Board or to third parties.

The Board of Directors is empowered to take decisions on all matters which are not reserved or transferred to the General Meeting or another body of Forbo by law, the Articles of Association, or regulations.

Tasks of the Chairman of the Board of Directors:

– chairing of the Board of Directors
– preparation and monitoring of the execution of the decisions of the Board of Directors
– representation and positioning of the Group in the public
– preparation and submission of strategy-, personnel-, and finance-relevant business matters to the Board of Directors for consultation and decision-making
– regular communication with the CEO and Executive Board, exercising an advisory and supervisory role
– chairing of the Internal Audit and the Compliance Committee

Tasks of the Chief Executive Officer:

– operational management of the Group
– chairing of the Executive Board
– development and operational implementation of strategies
– development and implementation of multi-year planning and budgets
– supporting the Chairman of the Board of Directors in preparing important business matters relating to strategic, personnel, and finance topics

The CEO reports to the Chairman of the Board of Directors and as a rule participates in all Board meetings dealing with topics that are relevant for the exercise of his function. He is not a member of the Board of Directors, though. All business management tasks that are not allocated to the Board of Directors or the Chairman of the Board and that do not require the approval of the Board of Directors are delegated to the CEO and are carried out by him on his own responsibility. The CEO is responsible for ensuring compliance with the provisions of the law, the Articles of Association, and regulations throughout the Forbo Group.

In carrying out his tasks, the CEO is supported by the members of the Executive Board, who report to him. The Executive Board comprises the CEO, CFO, and the Executive Vice-Presidents of both divisions; it is responsible for the long-term success and market-driven management of the Forbo Group.

The members of the Executive Board are responsible for their particular area of activity and also bear joint responsibility for safeguarding the interests of the Group and achieving the financial Group result.

**Information and control instruments vis-à-vis the Executive Board**
At the meetings of the Board of Directors, any member may request information about any matter concerning the Forbo Group. Outside the meetings, such requests for information are to be addressed to the Chairman. The CEO and the other members of the Executive Board inform the Board of Directors at each regular meeting about the current state of business, important business events, and significant deviations from the budget.

The Chairmen of the AFC, HRNC, SSC, and RC report at the Board of Directors meetings on the activities of their committees and express the opinions and recommendations of the AFC, SSC, HRNC, or RC on the business items on which decisions are to be taken. Each member of the Board of Directors has the right to inspect the minutes of the AFC, SSC, HRNC, and RC meetings. The Executive Board reports to the AFC through the CFO in consultation with the CEO; it reports to the HRNC, SSC, and RC through the CEO.

The Board is also regularly briefed outside meetings about events and challenges the Group is facing and the general performance of the divisions. In addition, the Chairman and the two Vice-Chairmen are in regular contact when essential policy issues are involved. For important, particularly urgent events, the CEO informs the Chairman of the Board of Directors immediately.

The Executive Board meets as often as business requires, normally once a month. In the 2023 business year, eleven meetings were held, with the meetings usually lasting half a day. In addition, the Executive Board also met for a two-day strategy workshop during the 2023 business year.

The CEO chairs the meetings of the Executive Board. For details concerning the participation of members of the Executive Board in meetings of the Board of Directors and its committees, refer to the sections on internal organization and on the AFC, SSC, HRNC, and RC on pages 89 and 90, and 102 to 104.

The Board of Directors also fulfills its supervisory and monitoring obligations by means of financial reporting and its role in the planning cycle. The internal and external auditors may assist the Board in this task. However, neither the external auditors nor the internal auditors were invited to any meetings of the Board of Directors in 2023, as there were no special incidents or topics for discussion.

As part of financial reporting, the Board of Directors is informed as a rule once a month in writing about the company's current business performance and earnings situation by means of annotated income statements, key ratios, and deviation analyses.

The Board of Directors is, moreover, closely involved in the company's planning cycle. As a rule, the existing strategy is subjected to a thorough review by the Board of Directors in the first half of the year. The revised strategy is quantified in the three-year medium-term plan, which is normally approved at mid-year by the Board of Directors. Based on the medium-term plan, the Board of Directors sets the budget objectives for the coming business year. These budget objectives form the basis of the detailed budget, which is discussed and adopted by the Board of Directors in the fourth quarter.

The current business year is always assessed in a first estimate at the end of May, and a second estimate is made in mid-October. On completion of the business year, the extent to which the budget has been met is checked and deviations are analyzed. This analysis is used to derive appropriate measures, which are then implemented in the next planning cycle.

Internal audit is effected by Ernst & Young, which has been commissioned for this purpose. Internal audit is administratively subordinated to the Chairman of the Board of Directors, is functionally independent, and reports directly to the AFC.

The audits are conducted in accordance with an annual plan approved by the AFC. A distinction is made between ordinary and special engagement audits. The latter consist of limited reviews, follow-up reviews, compliance audits, and other special engagements. Where necessary, the risks and weaknesses identified in these audits are minimized or eliminated by measures adopted by management and are constantly monitored.

In 2023, seven Group companies were audited by Ernst & Young on the occasion of seven internal audits. The internal audits included, among others, the audit of control points defined in the framework of the internal control system (ICS) as well as various compliance reviews (including data protection) related to the audited business processes. Lastly, additional risks and controls in connection with the audited business processes were analyzed. Four companies in Forbo Flooring Systems and three companies in Forbo Movement Systems were audited in the course of the internal audits.

By means of self-assessments and management controls by division management, the implementation and reliability of the controls introduced with the ICS were examined to ensure that deviations were identified and that appropriate corrective measures were implemented.

**Risk management**

The ongoing and systematic evaluation of current and future risks invariably involves identifying and capitalizing on opportunities. Forbo regards risk management as a managerial and working tool designed, among other things, to safeguard the tangible and intangible assets of the Group.

The Board of Directors ensures that it identifies risks and is able to determine suitable measures and according implementation of them. It has a Group-wide risk assessment carried out annually. As regards business risks, Forbo addresses strategic risks as well as market and financial risks. In the area of market risks, interest and currency risks are centrally monitored and hedged in certain cases. The liquidity and financing of subsidiaries are also monitored centrally.

Forbo has a risk-based insurance coverage in line with industry practice and has appropriately insured in particular operational risks such as property damage, business interruption, and liability. The risks specifically in the areas of property damage and business interruption are examined in the context of periodic risk engineering reports by external experts. For this purpose, production companies are visited at regular intervals, and comprehensive surveys are worked through with local management. Action plans are drawn up and implemented based on the risks identified. These risk engineering audits have been prepared since 1990.

For further details of risk assessment, refer to the relevant explanations on pages 156 to 160 (note 23 'Risk assessment and financial risk management') of the Financial Report section of the Annual Report.

**Compliance**

Under the guidance of the Corporate Compliance Officer, Forbo maintains a Compliance Management System developed in line with internationally recognized standards. The Corporate Compliance Officer is an independent role, reporting directly to the Chairman of the Board of Directors of the Forbo Group and forming part of the Compliance Committee along with the CEO of the Forbo Group and the Chairman of the Board of Directors.

The role of Corporate Compliance is to secure and consolidate a culture of ethical conduct throughout the Forbo Group. The Corporate Compliance Officer coordinates various initiatives within the Compliance Management System, supporting the organization's conformity with internal and external rules and regulations. The responsibilities of the role include regularly monitoring the Compliance Management System for effectiveness and compliance with internationally recognized standards and recommending improvements to the Compliance Committee, developing, implementing, and improving specific compliance standards and guidelines in line with the Forbo Code of Conduct and Compliance Strategy, the maintenance of the Forbo Integrity Line, and the assessment of compliance risks as part of the Forbo Group's risk management process.

In consultation with the Compliance Committee, the Corporate Compliance Officer reports on a regular basis to the Audit and Finance Committee of the Board of Directors. He also attends Executive Board meetings where compliance-related matters are on the agenda, taking part in those agenda items.

# Executive Board

**Members of the Executive Board, other activities, and vested interests**
The members of the Executive Board, their nationality, function, training, and professional career, as well as other activities and vested interests, are set out on page 41 of this Annual Report.

**Statutory regulations governing the number of permissible activities pursuant to Article 626 Paragraph 2 Clause 1 CO**
In accordance with Clause 22 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), members of the Executive Board may hold no more than two mandates in listed and seven mandates in non-listed legal entities. The acceptance of mandates by members of the Executive Board is subject to prior approval by the Board of Directors. A mandate is defined as any activity on the senior managerial or supervisory bodies of legal entities that are entered in the Swiss Commercial Register or comparable foreign registers and do not belong to the Forbo Group. Mandates with associated companies outside the Forbo Group are deemed to be a single mandate.

**Changes to the Executive Board**
Jens Fankhänel took over as Chief Executive Officer of the Forbo Group at the beginning of March 2023, replacing This E. Schneider, who had occupied the role on an interim basis since the end of November 2022.

**Management contracts**
Forbo Holding Ltd has concluded no management contracts with third parties.

# Compensation, shareholdings, and loans

For information on this subject, refer to the remuneration report from page 101.

# Shareholders' participation rights

**Voting right restriction and representation**
The registration of shares with voting rights in the share register requires the consent of the Board of Directors. Such consent may be withheld if the purchaser does not expressly declare that he/she has acquired and is holding the shares in his/her own name and for his/her own account. Pursuant to the Articles of Association, nominees may be entered in the share register with voting rights for up to a maximum of 0.3% of the registered share capital entered in the Commercial Register. The restriction also applies to shares that are subscribed or acquired through the exercise of a subscription, option, or convertible right. Resolutions on the amendment or abrogation of the clause on the registration of registered shares require a majority of two-thirds of the votes represented at the General Meeting and the absolute majority of the par value of the shares represented.

Deviating from Article 689 Paragraph 2 oldCO, shareholders who are unable to attend the General Meeting in person may not be represented by any third party of their choosing. They may only be represented by the legal representative, the independent proxy, or another shareholder who is registered in the share register.

**Electronic participation in the General Meeting**

Clause 12 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting) defines the rules for electronic issuing of instructions to the independent proxy; the precise modalities for this are defined by the Board of Directors. In accordance with Clause 14 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), voting and elections at the General Meeting are in principle conducted electronically, unless the General Meeting decides that the ballot should be in writing or by a show of hands or the Chairman orders such a ballot procedure.

**Statutory quorums**

The Articles of Association of Forbo Holding Ltd do not provide for quorums that are larger than those stipulated by law for decisions of the General Meeting.

**Convening of the General Meeting**

The General Meeting is convened in accordance with the statutory provisions.

**Agenda**

Shareholders who represent at least 1% of the share capital may request that an item be placed on the agenda. This request must be communicated to the Board of Directors in writing, indicating the proposals, at least 45 days before the date of the General Meeting.

**Entry in the share register**

In accordance with Clause 12 of the Articles of Association (www.forbo.com → Investors → Ordinary General Meeting), the Board of Directors, in its invitation to the General Meeting, announces the cut-off date for entries in the share register authorizing shareholder participation and voting.

# Changes in control and defense measures

**Duty to make an offer**

The Articles of Association of Forbo Holding Ltd neither contain an 'opting-up' clause nor an 'opting-out' clause pursuant to Articles 135 and 125 (respectively) of the Financial Market Infrastructure Act.

**Clause on changes of control**

As per year-end 2023, no clauses on changes of control existed in agreements or plans involving members of the Board of Directors, the Executive Board, or other members of management.

# Auditors

**Duration of the mandate and term of office of the Auditor in Charge**

KPMG has been the Forbo Group's auditors since 2015. The auditors are elected every year by the Ordinary General Meeting on a proposal by the Board of Directors. On April 1, 2022, Regula Tobler took on the role of Auditor in Charge. The term of office of the Auditor in Charge is limited to seven years.

**Auditing fees**

The auditing fees levied by the Group's auditors for auditing the consolidated financial statements, including the statutory audit of the individual financial statements of the holding company and the consolidated subsidiaries, amounted to CHF 0.8 million in the year under review.

**Additional fees**
The additional consultancy fees that were invoiced by the auditing company amounted to CHF 0.1 million in 2023. These fees were charged for the provision of support services in connection with the statutory reporting.

**Information instruments of the external auditors**
Where required, the external auditors prepare for the Chairman of the Board of Directors, the CEO, and the CFO an annual management letter reporting on their work and the results of their audit at Group level in the year under review. The key points are submitted to the Board of Directors in the form of a comprehensive report. The external auditors also prepare management letters on the subsidiaries they have audited. The AFC assesses and evaluates the proposals and statements thus received and appraises the corrective measures taken by management. At the AFC's invitation, representatives of the external auditors attend the AFC meetings in an advisory capacity. The Chairman of the AFC reports on the activities of the AFC and its assessment of the external auditors at the meetings of the Board of Directors. Any member of the Board of Directors may inspect the minutes of the AFC meetings.

At its meetings, the AFC assesses the performance and fees of the external auditors as well as their independence in both their auditing and their non-auditing capacities. This evaluation is based on the documents prepared by the external auditors and the discussions held with the external auditors in the meetings. It also draws on the evaluation of the CFO, who, if required, obtains the opinion of local management with regard to the audit work for the subsidiaries. The criteria for the evaluation of the external auditors include, in particular, their technical and operational competency, their independence and objectivity, punctual delivery of audit reports, the scope and focus of the audits, and the ability to provide effective and practical recommendations. The assessment by the AFC forms the basis of the proposal made by the Board of Directors to the Ordinary General Meeting regarding the choice of the external auditors.

# Blackout periods

Forbo has specified general blackout periods associated with the publication of the Annual and Half-Year Reports. Each general blackout period comes into effect on the first day following the respective reporting period and applies until 23:59 CET on the day of publication of the Annual and Half-Year Reports. The general blackout period covers all Forbo securities and applies regardless of whether or not the persons concerned are in possession of insider information as defined in Article 2 FMIA. The general blackout period applies to all members of the Board of Directors and the Executive Board of Forbo Holding Ltd, all employees at the Forbo Group head office in Baar, Switzerland, the members of the management boards of both divisions and their assistants, and all employees who have insight into the financial figures of a division, and any persons closely associated with them. The Securities Trading Compliance Committee, comprising the CFO, Head Corporate Treasury, and Head Corporate Legal Services, checks the list of those subject to the general blackout periods on a half-yearly basis, amending it as required. In each case, the Securities Trading Compliance Committee gives the persons affected by the general blackout period prior notification by email. During the reporting year, there were no exceptions to the above rules in connection with the general blackout periods.

In addition to the general blackout periods, special blackout periods can be imposed at any time, with the duration, scope, affected personnel, and any exceptions being defined separately in each case.

As an exception, a transaction with Forbo securities is permitted during a blackout period if it is the result of a plan drawn up outside the blackout period, the main details of the transaction (quantity, price, date) were specified beforehand and the transaction cannot be influenced by the person concerned during the blackout period. Any exceptions must be approved by the Securities Trading Compliance Committee, with the approval being given outside the blackout period only.

# Information policy

**Transparency for investors**
Forbo provides objective and periodic communication to its shareholders, the capital market, the media, and the public by reporting in a timely fashion on business trends and activities relevant to the company. The Chairman of the Board of Directors can be contacted directly for such information.

Shareholders receive summary reports on the business year as well as half-year reports. The Annual Report, like all other published documents, is available in printed form as well as online at www.forbo.com → Investors. The General Meeting is an additional source of information. Periodic publication of media releases, the media and analysts' conference on the publication of the Annual Report and Half-Year Report, and road shows are further information tools for the media and the capital market.

**Ad hoc communication**
Registration for the automated dissemination of ad hoc releases in accordance with the guideline on ad hoc publicity of the SIX Swiss Exchange is available at the following address:

www.forbo.com → Media → Media releases 'subscription service'

Notification to shareholders takes place through publication in the company's official publication provided no other form of information is stipulated by law. Written notification to shareholders takes place through a simple letter to the addresses listed in the share register.

A financial calendar with the key dates can be found on page 11 of this Annual Report. Further information on the Forbo share is printed on pages 48 and 49 of this Annual Report.

Publications may be ordered by email or telephone:
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# REMUNERATION REPORT

# REMUNERATION REPORT

## Introduction

This report complies with the SIX guidance on the Corporate Governance Directive, which came into effect on January 1, 2023, replacing the previously applicable provisions of the Ordinance against Excessive Remuneration in Listed Public Companies (OaER). The report consequently meets the requirements of the Swiss Code of Obligations.

Once a year, in a separate and binding ballot, the Ordinary General Meeting approves the maximum sum for the total remuneration to be paid to the Board of Directors for the business year following the Ordinary General Meeting. In addition, a vote is taken on the maximum total amount of fixed remuneration to be paid to the Executive Board for the business year following the Ordinary General Meeting, the amount of short-term variable remuneration (bonus/short-term incentive) to be paid to the Executive Board for the business year preceding the Ordinary General Meeting, as well as the maximum total amount of the long-term participation (long-term incentive) for the Executive Board for the year of the respective Ordinary General Meeting.

The variable remuneration model for the Executive Board with the short-term incentive was supplemented by a long-term participation (long-term incentive) component, effective as of January 1, 2017. This long-term incentive consists of a performance share unit plan. Its aim is to link a significant portion of the Executive Board's remuneration even more closely with the company's long-term success and to make it more responsive to shareholders' interests. Details on the long-term incentive can be found in the chapter 'Elements of remuneration of the Executive Board' on pages 109 to 111. An amendment to the Articles of Association concerning this matter was approved by a large majority at the Ordinary General Meeting on April 6, 2017.

The shareholders will vote separately on the following four compensation motions at the 2024 Ordinary General Meeting:

- Maximum total remuneration for the Board of Directors for 2025
- Maximum fixed remuneration for the Executive Board for 2025
- Short-term variable remuneration of the Executive Board for 2023 (bonus/short-term incentive)
- Maximum total amount of the long-term participation for the Executive Board for 2024 (Long-Term Incentive Plan 2024 – 2026)

The total remuneration was approved by a large majority in a consultative vote on the 2022 remuneration report at the Ordinary General Meeting of March 30, 2023 (agenda item 5.1). Participants in the 2024 Ordinary General Meeting will also be invited to vote in a consultative ballot on the entire 2023 remuneration report.

## Content and methodology for determining the remuneration

**The Human Resources and Nomination Committee (HRNC): task and function**
The Human Resources and Nomination Committee (HRNC) advises the Board of Directors in exercising its responsibilities for the Group in matters relating to human resources and nominations for both the Board of Directors and the most senior level of management. More specifically, the HRNC formulates personnel policy proposals for appointments to the Board of Directors and to the posts of Chairman, CEO, and other Executive Board members for submission to the Board of Directors. Furthermore, it assesses and approves the proposals of the Chairman of the Board and the CEO regarding Executive Board appointments and employment contracts. It also approves the acceptance of mandates by members of the Executive Board in companies that are not part of the Forbo Group.

The Human Resources and Nomination Committee meets as often as business requires, but at least twice a year. In the 2023 business year, the HRNC held four meetings with personal presence, each lasting a couple of hours. No external consultants participated in these meetings.

The Human Resources and Nomination Committee consists of at least two members of the Board of Directors. The Ordinary General Meeting of March 30, 2023, elected Dr. Peter Altorfer (Chair), Claudia Coninx-Kaczynski, and Michael Pieper to the HRNC for the 2023 business year.

The HRNC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous responsibilities/mandates. The relevant information can be found on pages 85 and 86 of this Annual Report.

**The Remuneration Committee (RC): task and function**
The Remuneration Committee supports the Board of Directors in defining the principles of remuneration policy and in determining the remuneration paid to members of the Board of Directors and the Executive Board out of the total sum of remuneration as approved by the Ordinary General Meeting. It supports the Board of Directors in drawing up participation programs and in all other tasks related to remuneration. The Remuneration Committee formulates appropriate recommendations for submission to the Board of Directors. The Board of Directors may delegate further duties and powers to the Remuneration Committee. The Chairman of the Board of Directors is regularly invited to its meetings in an advisory capacity, as is the CEO in certain circumstances. Agenda items and matters directly affecting the function or the person of the Chairman of the Board of Directors or the CEO are deliberated in their absence.

The Remuneration Committee meets as often as business requires, but at least twice a year. In the 2023 business year, the Remuneration Committee held three meetings with personal presence, each lasting a couple of hours. No external consultants participated in these meetings.

The Remuneration Committee consists of at least two members of the Board of Directors. The Ordinary General Meeting of March 30, 2023, elected Dr. Peter Altorfer (Chair), Claudia Coninx-Kaczynski, and Michael Pieper to the Remuneration Committee for the 2023 business year. The members of the Remuneration Committee are independent (non-executive) members of the Board of Directors, i.e. they have never belonged to the management of Forbo and have no, or only negligible, business relations with the company, though they may be shareholders.

The RC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous responsibilities/mandates. The relevant information can be found on pages 85 and 86 of this Annual Report.

**Decision-making process of the Remuneration Committee**
The maximum amount of the total remuneration paid to the Board of Directors and the maximum fixed remuneration paid to the Executive Board are usually determined by the Remuneration Committee once a year in the spring for the following business year and are submitted to the Board of Directors for acceptance at its February meeting. The amount of the short-term variable remuneration (bonus/short-term incentive) and the definition and objectives of the long-term participation (long-term incentive) for the Executive Board are determined by the Remuneration Committee once a year in November for the following year.

The Chairman of the Board of Directors is regularly invited to the meetings of the Remuneration Committee in an advisory capacity, as is the CEO in certain circumstances. Agenda items and matters directly affecting the function or the person of the Chairman of the Board of Directors or the CEO are deliberated in their absence. The other members of the Executive Board are not entitled to attend or participate in these meetings.

| | Proposal | Acceptance | Approval |
|---|---|---|---|
| **Remuneration budget** | | | |
| Maximum total remuneration of the Board of Directors | RC | BoD | Ordinary General Meeting for the following business year |
| Maximum fixed remuneration of the Executive Board | RC | BoD | Ordinary General Meeting for the following business year |
| Short-term variable remuneration of the Executive Board (bonus/short-term incentive) | RC | BoD | Ordinary General Meeting for the preceding business year |
| Maximum total amount of the long-term participation for the Executive Board (long-term incentive) | RC | BoD | Ordinary General Meeting for the current business year |
| **Performance targets** | | | |
| Performance targets – Executive Board regarding short-term variable remuneration (bonus/short-term incentive) | RC | BoD | |
| Performance targets – Executive Board regarding long-term participation (long-term incentive) | RC | BoD | |
| Performance targets – CEO | RC | BoD | |

# Important changes in 2023

No important changes to the remuneration system were made in 2023. For the Board of Directors, the compensation structure of the Chairman of the Board of Directors was adjusted. To involve him to an even greater extent in the entrepreneurial risk, he is solely compensated in Forbo Holding Ltd shares, with the former cash component being completely omitted. The shares are locked up for a period of three years.

# Principles of remuneration for the Board of Directors and the Executive Board

Forbo's remuneration strategy is geared to long-term and sustainable corporate development. The aim is to remunerate employees appropriately for their achievements, commitment, and performance, and thereby encourage their long-term loyalty to the company. The purpose of paying part of the remuneration in the form of shares is to link the interests of the managers to those of the shareholders. The portion of the remuneration paid in shares is derived from a fixed remuneration amount.

The members of the Board of Directors receive a fixed remuneration, the amount of which is determined based on whether the member is Board Chairman, a simple Board member, or also a member of one of the Board committees. The remuneration is paid out to members of the Board of Directors partly in the form of locked-up shares in Forbo Holding Ltd.

The members of the Executive Board receive a fixed and a variable remuneration. The fixed remuneration is paid mainly in cash but may also include shares of Forbo Holding Ltd. The portion paid in shares is derived from a fixed remuneration amount. The variable remuneration consists of a short-term remuneration (bonus/short-term incentive) and a long-term participation (long-term incentive).

The bonus/short-term incentive is a short-term, performance-related remuneration, at least 50% of which must be taken in the form of locked-up shares of Forbo Holding Ltd (see the description of the management investment plan [MIP] on pages 109 and 110 of this Remuneration Report). The portion paid in shares is derived from a fixed remuneration amount. The bonus is derived from the achievement of individual (qualitative) targets by each Executive Board member and of financial (quantitative) targets by the company. Depending on the function and responsibilities of the Executive Board member in question, these financial targets may be derived from Group and/or divisional objectives. It may not exceed 184% of the fixed remuneration of the individual Executive Board member.

The long-term incentive is a long-term participation plan consisting of a performance share unit plan. At the start of the performance period, each member of the Executive Board is granted a given number of future subscription rights in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share. The size of the PSU allocation corresponds to a defined percentage of the fixed remuneration. The PSUs are subject to a three-year vesting period. They are converted into vested shares only on condition that the Group's performance objectives are achieved. At the end of the performance period, the company will determine whether the objectives set by the Board of Directors at the start of the performance period for the performance indicators have been reached. Depending on the degree to which the objectives have been reached, a given percentage of the PSUs will be converted into shares, which are subject to a three-year vesting period up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, the PSUs will be converted, after the three-year performance period, into shares that are subject to a vesting period of one year. This was specified by the Remuneration Committee in November 2022.

The relevant statutory provisions governing the principles of performance-related remuneration, the distribution of shares, and the additional sum for remuneration of new members of the Executive Board who are appointed after the Ordinary General Meeting are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd. These can be found at:
www.forbo.com ➝ Investors ➝ Ordinary General Meeting

# Determining the remuneration of the Board of Directors

In order to determine the remuneration of the Board of Directors, the compensation paid to Board members of Forbo Holding Ltd is compared periodically with that paid to Board members of comparable industrial companies based on information that is available from publicly accessible sources and from respected market data providers or is known to Board members from their experience of office in similar companies. Industrial companies are regarded as comparable if they are globally active and domiciled in Switzerland, report sales of between CHF 0.5 and 2.5 billion, have a market capitalization of CHF 1 to 4 billion, and employ 2,000 to 10,000 people, or if they are globally active, publicly listed corporations operating in the same business areas as Forbo. The remuneration for the Chairman of the Board of Directors takes into account that the remuneration is predominantly in restricted shares (solely as of the year under review) with a vesting period for three years to ensure a long-term orientation for the company. As a general rule, no external consultants are co-opted for determining the remuneration.

The relevant statutory provisions governing the principles of performance-driven remuneration and the distribution of shares are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd. These can be found at:
www.forbo.com ➝ Investors ➝ Ordinary General Meeting

# Elements of remuneration for the Board of Directors

**Non-executive members of the Board of Directors**
The non-executive members of the Board of Directors receive a fixed remuneration, the amount of which is determined based on whether the member is Board Chairman, a simple Board member, or also a member of the Audit and Finance Committee (AFC), the Remuneration Committee (RC), the Human Resources and Nomination Committee (HRNC), and the SCC (Strategy and Sustainability Committee). Of the remuneration, 40% is paid to the Board of Directors in shares of Forbo Holding Ltd. The portion paid in shares is derived from a fixed remuneration amount. These shares have a lockup period of three years. The number of shares issued is determined on the basis of the average price in the ten stock market days after distribution of a dividend or repayment of par value. If no dividend is distributed or no par value repayment made, the average price during the first ten stock market days starting on June 1 of the relevant business year applies. The settlement or payment of the shares usually takes place in November.

For the purpose of reporting the remuneration, the shares issued are valued at fair value on the date of allocation. The total compensation for the non-executive members of the Board of Directors also includes a lump sum for expenses plus employer contributions to the usual social insurances.

The non-executive Board members do not participate in the management investment plan (MIP).

**Chairman of the Board of Directors**
The compensation for the Chairman of the Board of Directors is disclosed separately and included under total remuneration to the Board of Directors. Up until the Ordinary General Meeting of March 30, 2023, the Chairman of the Board of Directors operated as Executive Chairman, performing the additional role of CEO on an interim basis up to the beginning of March 2023. Since April 2023, the Chairman of the Board of Directors has had no executive role. To involve him to an even greater extent in the entrepreneurial risk, he has been solely compensated in shares since the year under review, with the former cash component of the base remuneration being completely omitted. The allocated shares are locked up for a period of three years.

With this share package, all compensations such as short-term and long-term variable remuneration elements are settled. This share package may not be either pledged or assigned and can be sold in three years at the earliest. This compensation model is thus also geared to long-term and sustainable corporate development and is fully consistent with the interests of the company and its shareholders.

The underlying share price used to calculate the number of shares is the weighted average price of the first ten days on which Forbo Holding Ltd shares were traded on the stock market in the calander year. In 2023, the corresponding market value was CHF 1,150.20 (previous year: CHF 1,876.00). The share package corresponds to annual compensation at market value of CHF 3,401,141 (2,957 shares); previous year: CHF 2,264,336 (1,207 shares). In the year under review, the cash remuneration was CHF 0 (previous year: CHF 918,983).

The total compensation for the Chairman of the Board of Directors came to CHF 3,538,614 for the year under review (previous year: CHF 3,621,910). Contained in this amount and reported in the column 'Other payments' are employer contributions to the usual social insurances (which in the previous year also included employer contributions to the pension fund), private use of a company car, contributions for accident and health insurance, and location expenses.

**Remuneration paid**
For the remuneration paid to the Board of Directors in the year under review and the details concerning valuation of the shares, the reader is referred to pages 112 to 114 of this remuneration report.

# Determining the remuneration of the Executive Board

**Basic principles**

In order to determine the remuneration of the Executive Board, criteria such as function, responsibility, and experience are taken into account, and the remuneration paid to Forbo Executive Board members is compared with that paid to Executive Board members in comparable industrial companies. This is based on information that is available from publicly accessible sources and from respected market data providers or is known to the members of the Remuneration Committee from their experience of office in similar companies. Industrial companies are regarded as comparable if they are globally active and domiciled in Switzerland, report sales of between CHF 0.5 and 2.5 billion, have a market capitalization of CHF 1 to 4 billion, and employ 2,000 to 10,000 people, or if they are globally active, publicly listed corporations operating in the same business areas as Forbo. As a general rule, no external consultants are co-opted for determining the remuneration.

**Alignment of performance-based remuneration with the corporate strategy**

The remuneration strategy of Forbo is geared to its current corporate strategy and linked to the relevant key ratios. This is reflected in the choice of performance criteria that are derived from Group and/or divisional objectives depending on the function of the individual Executive Board member; these include net sales, organic growth, EBIT, net working capital, return on net assets, and growth in earnings per share. The criteria for determining the remuneration paid to Executive Board members are thus transparent.

The Board of Directors is closely involved in the company's planning cycle. As a rule, the current corporate strategy is subjected to an in-depth review by the Board in the first half of the year. Once it has been confirmed or revised, the strategy is quantified in the three-year medium-term plan, which is approved at mid-year by the Board of Directors. Based on the medium-term plan, the Board of Directors sets the budget objectives for the coming business year. These budget objectives are the basis for the detailed budget, which is examined and adopted by the Board of Directors in the fourth quarter.

The Board of Directors assesses the current business year by means of an initial estimate at the end of May and a second estimate in mid-October. On completion of the business year, the extent to which the budget has been reached is checked and deviations are analyzed. The actual amount of the variable remuneration paid out to the Executive Board is determined on the basis of the achievement of these individual targets. The Board of Directors defines the relation between budget target achievement and payment ratio.

The short-term, variable remuneration (bonus/short-term incentive) for the previous year is paid out on completion of the business year and after approval by the shareholders. In the case of the long-term participation (long-term incentive), the performance share units are allocated after approval by the Ordinary General Meeting; any entitlement arising therefrom is determined in March on completion of the three-year performance period and converted into vested shares.

The contributing factors/performance criteria determining the amount of the payout/share allocation of the variable remuneration components are linked directly to the company's success.

The chart below provides a detailed breakdown of the timeline and the interdependence of the corporate targets and the remuneration.

# Planning cycle

| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter |
|---|---|---|---|---|
| **Ordinary General Meeting** | | ■ | | |
| **Corporate strategy** | | | | |
| Reviewing/amending strategy | | ■ | | |
| Establishing mid-term plan | | ■ | | |
| Establishing budget | | | ■ | ■ |
| **Working out remuneration** | | | | |
| Defining maximum total remuneration of Board of Directors | ■ | | | |
| Defining maximum total remuneration of Executive Board | ■ | | | |
| Approving total remuneration of Board of Directors and fixed remuneration of Executive Board for the following business year by the Ordinary General Meeting | | ■ | | |
| Setting targets for Executive Board | | | | ■ |
| Assessing target achievement and proposal for variable remuneration elements of Executive Board | ■ | | | |
| Approving short-term, variable remuneration of Executive Board for the previous business year (bonus/short-term incentive) | | ■ | | |
| Approving maximum total amount of long-term participation of Executive Board for the current business year (long-term incentive) | | ■ | | |

■ Decision period

# Elements of remuneration of the Executive Board

Remuneration of the members of the Executive Board consists of a fixed base salary and two variable compensation component: the bonus/short-term incentive and the long-term incentive.

**Fixed remuneration**
The fixed base remuneration paid to the Executive Board in the reporting year consists of the gross base salary, private company car use, and social security payments made by the company. The Remuneration Committee may also decide that part of the remuneration will be paid in the form of shares in Forbo Holding Ltd (lockup period of five years).

**Short-term variable remuneration (bonus/short-term incentive)**
The bonus/short-term incentive is derived from qualitative (individual) and quantitative (financial) targets, which are defined in accordance with the operational responsibility of the Executive Board member in question. The Board of Directors defines and weights the individual and financial targets.

The qualitative targets are geared to the company's long-term sustainable development and may account for 10% of the bonus/short-term incentive. The remaining 90% depends on the achievement of the financial (quantitative) targets. The main targets for members of the Executive Board are: net sales of the Group and/or a division (30% to 40% of the variable remuneration), as well as EBIT of the Group and/or a division (50% to 60% of the variable remuneration).

Whereas achievement of the financial (quantitative) objectives (90%) can be objectively measured, assessing whether some qualitative objectives (10%) have been met may in certain cases involve discretionary decisions. The qualitative objectives contain a proportion of sustainability elements.

The defined objectives of the short-term variable remuneration are equivalent to 100% target achievement. The maximum target achievement is 145%. If a given threshold for a particular target is not reached, no bonus for that target is paid. Depending on the function, the variable remuneration may be as much as 127% of the fixed remuneration if targets are fully met. If the targets are exceeded, the variable remuneration may be as much as 184% of the fixed remuneration.

The amount of the short-term variable remuneration, which is based on achievement of the individual and Group targets, is set in March after completion of the business year and is submitted to shareholders for approval at the Ordinary General Meeting.

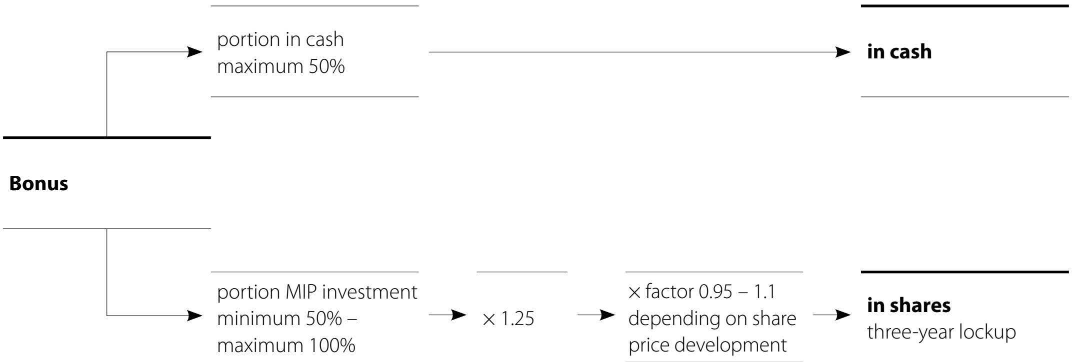
**Conversion of remuneration into shares in the management investment plan (MIP)**
The bonus payment from the bonus/short-term incentive is linked to the management investment plan (MIP), which was introduced in 2006 and amended in 2012. According to this plan, at least 50% of the annual short-term variable remuneration of Executive Board members must be paid into the MIP. The portion paid in shares is derived from a fixed remuneration amount.

As for the remaining 50% of the annual short-term variable remuneration, the Executive Board members may either draw all or part of it in cash or pay it into the MIP. The Executive Board members may redefine the allocation of this remaining 50% every year. The portion paid in shares is derived from a fixed remuneration amount.

Following the amendment of the MIP, all the sums paid into it will be invested solely in shares of Forbo Holding Ltd as of January 1, 2013. As a first step, the amount invested in the MIP will be increased by 25%, partly in order to take account of the three-year lockup period. In addition, this amount will be multiplied by a factor that tracks the share price movement. This factor is calculated as follows:

((SPA – SPP)/SPP) + 1, where 'SPA' stands for the share price applicable for the allocation of shares in the year of allocation and 'SPP' for the applicable share price in the previous year. The upper limit for this factor is 1.1 and the lower limit is 0.95.

The relevant share price for the allocation of shares is calculated based on the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year. The shares are locked up for a period of three years. They cannot be sold or pledged during this time.




Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.

**Long-term participation plan (long-term incentive)**
The previous variable model for remuneration of the Executive Board, consisting of a short-term performance-related remuneration (bonus/short-term incentive), was supplemented by a long-term participation plan (long-term incentive), effective from January 1, 2017. The amendment was approved by the Ordinary General Meeting of April 6, 2017.

The aim of the long-term incentive is to link part of the remuneration of the Executive Board even more closely with the company's long-term success.

The long-term incentive consists of a performance share unit plan. At the start of the performance period, each member of the Executive Board is granted a given number of future subscription rights in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share. The size of the PSU allocation corresponds to a defined percentage of the Executive Board member's fixed remuneration; the percentage may vary from 46% to 92%. The PSUs are subject to a three-year vesting period. They are converted into vested shares only on condition that the Group's performance objectives are achieved. At the end of the performance period, the company will determine whether the objectives set by the Board of Directors at the start of the performance period for the performance indicators have been reached. Depending on the degree to which the objectives are reached, a given percentage of the PSUs will be converted into shares after the three-year vesting period. Converted shares are locked up for a period of three years up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, they are subject to a vesting period of one year. They cannot be sold or pledged during this time. Immediately on termination of the plan participant's employment contract, regardless of whether the plan participant has terminated the contract or the company has terminated the contract with the plan participant, all PSUs are forfeited.

The relevant share price for the allocation of PSUs at the start of the performance period is calculated based on the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the relevant year.

The performance indicators of the long-term incentive are geared to the long-term and sustainable development of the company and consist of three evenly weighted objectives. These are organic growth, the return on net assets (RONA), and growth in earnings per share (EPS) adjusted for the share buybacks. The target achievement is in each case clearly measurable. There are no discretionary elements for the decisions.

The long-term incentive objectives are based on a target achievement of 100%. It is not possible to exceed the maximum target achievement level of 100%. If a member fails to reach a given threshold for an objective, no PSUs are converted into shares for this indicator.

Foreign members of the Executive Board may draw stock awards rather than shares when the PSUs are converted. The relevant shares are transferred after three years up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, the relevant shares are transferred after one year.

The degree to which objectives have been achieved is determined in March after conclusion of the three-year performance period.

**Actual bonus payments**
Readers are referred to pages 112 to 114 of this remuneration report for the amount of the actual short-term variable remuneration (bonus/short-term incentive) paid to the Executive Board in the year under review and for details on the valuation and allocation of shares. The number of future subscription rights in the form of performance share units for the Executive Board as part of the long-term incentive can also be found on these pages.

There are no option plans.

# Employment contracts of the Executive Board members

The employment contracts of the Executive Board members are concluded for an indefinite duration with a maximum period of notice of twelve months.

The Board of Directors can order that lockup periods stipulated in the employment contracts of Executive Board members in connection with the MIP or the long-term incentive be revoked wholly or in part upon the occurrence of defined events (e.g. change of control, termination of employment, retirement, or death).

Should changes in control of the company occur, no additional remuneration or benefits will be paid out.

No severance payments have been agreed with Executive Board members.

# Disclosure of remuneration for the Board of Directors and the Executive Board

**Remuneration of the Board of Directors**
The total remuneration paid to the non-executive members of the Board of Directors came to CHF 918,325 in the year under review (previous year: CHF 918,633). This sum consists of the base salary in cash (60% of the remuneration), amounting to CHF 494,195 (previous year: CHF 465,327) and the base remuneration in shares (40% of the remuneration) of CHF 355,287 (previous year: CHF 380,746). This corresponds to 272 shares (previous year: 261 shares) at a market value of CHF 1,306.20 each (previous year: CHF 1,458.80). The portion paid in shares is derived from a fixed remuneration amount. This total remuneration includes a lump sum for expenses plus employer contributions to the usual social insurances, which are reported separately in the column 'Other remuneration'.

The remuneration paid to the Chairman of the Board of Directors is explained in detail on page 106 of this remuneration report.

**Remuneration of the Executive Board**
The total remuneration paid to the members of the Executive Board came to CHF 3,991,264 in the year under review (previous year: CHF 2,964,710), subject to approval of the variable portion by the 2024 Ordinary General Meeting. This sum includes a fixed base salary of CHF 2,116,614 (previous year: CHF 1,526,623) and short-term variable bonus remuneration (short-term incentive) of CHF 364,636 (previous year: CHF 657,970), a long-term participation (long-term incentive) of CHF 911,153 (previous year: CHF 360,460) plus the private use of a company car, and employer contributions to the pension fund as well as other usual social insurances, which are reported separately in the column 'Other remuneration'.

The fixed portion of the base salary paid in shares (lockup period of five years) came to CHF 85,914 (previous year: CHF 80,762). The portion paid in shares is derived from a fixed remuneration amount. The portion of the variable remuneration (short-term incentive) paid in shares in connection with the MIP (lockup period of three years) came to CHF 100,614 (previous year: CHF 498,714), which is subject to approval by the 2024 Ordinary General Meeting. The portion paid in shares is derived from a fixed remuneration amount.

For the three actual long-term incentive plans, a total of 1,213 future subscription rights in the form of performance share units were issued.

| Plan | Allocation of subscription rights | Performance period | Vesting date (PSUs) | Unlocking of shares | Number of PSUs allocated | Value of PSUs in CHF (allocation) |
|---|---|---|---|---|---|---|
| 2021 – 2023 | April 2021 | 2021 – 2023 | April 2024 | April 2027 | 222 | 343,921 |
| 2022 – 2024 | April 2022 | 2022 – 2024 | April 2025 | April 2028 | 198 | 360,460 |
| 2023 – 2025 | April 2023 | 2023 – 2025 | April 2026 | April 2029 | 793 | 911,153 |

## Disclosure of remuneration of the Board of Directors and Executive Board

| **Remuneration**<br>For the year 2023[1)]<br>(audited) | Base salary | | | Variable remunerations | | | | | Other remunera-tion[4)] | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Bonus/short-term incentive[2)] | | | Long-term incentive[3)] | | | |
| | Cash | | Shares | Cash | | Shares | Allocation Perfor-mance Share Units | | | |
| Name and function | CHF | Number | CHF | CHF | Number | CHF | Number | CHF | CHF | CHF |
| This E. Schneider, Chairman5[5)] | 0 | 2,957 | 3,401,141 | | | | | | 137,473 | 3,538,614 |
| Michael Pieper, Vice Chairman | 86,874 | 53 | 69,229 | | | | | | 12,927 | 169,030 |
| Dr. Peter Altorfer, Vice Chairman | 130,424 | 68 | 88,822 | | | | | | 17,106 | 236,352 |
| Claudia Coninx-Kaczynski, member | 74,551 | 46 | 60,085 | | | | | | 14,096 | 148,732 |
| Jens Fankhänel, member[6)] | 31,250 | 0 | 0 | | | | | | 3,524 | 34,774 |
| Dr. Eveline Saupper member | 81,415 | 50 | 65,310 | | | | | | 12,318 | 159,043 |
| Vincent Studer, member | 89,681 | 55 | 71,841 | | | | | | 8,872 | 170,394 |
| **Board of Directors total[7)]** | **494,195** | **3,229** | **3,756,428** | | | | | | **206,316** | **4,456,939** |
| **Executive Board[8)9)10)] total** | **2,030,700** | **82** | **85,914** | **264,022** | **100** | **100,614** | **793** | **911,153** | **598,861** | **3,991,264** |
| Of which highest-paid member of Executive Board (Jens Fankhänel)[11)] | 541,667 | 0 | 0 | 0 | 54 | 54,332 | 433 | 500,000 | 199,333 | 1,295,332 |

1) The remuneration of the Board of Directors and the Executive Board is reported gross before deduction of employee social insurance contributions. The amounts shown in the table are based on the valuation models used and disclosed in the consolidated financial statements.

2) The variable short-term remuneration of the Executive Board (bonus/short-term incentive) corresponds to the actual degree to which targets were reached in 2023 and will be submitted to the April 2024 Ordinary General Meeting for approval. The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year in connection with the MIP. The allocation takes place in April (subject to approval by the Ordinary General Meeting) for the period from January to December of the previous year. The value at allocation was CHF 1,006.14. The shares are locked up for a period of three years.

3) The long-term incentive for the Executive Board corresponds to the long-term participation plan for 2023 (Long-Term Incentive Plan 2023–2025) and to the number of future subscription rights allocated to the plan in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share and is subject to a three-year vesting period.

4) 'Other remuneration' includes in particular employer contributions to the usual social insurances, private use of a company car, and lump sum or on-site expenses.

5) Please refer to page 106 of this remuneration report for details on the structure of the remuneration of the Chairman of the Board of Directors. These details also contain the criterion for determining the number of shares issued and their lockup periods.

6) The 2023 remuneration for Jens Fankhänel was paid pro rata temporis (3 months).

7) The criterion for determining the number of shares issued for the non-executive members of the Board of Directors is the average share price in the ten trading days after payment of the dividend or repayment of the par value: CHF 1,306.20. The allocation is made at the discounted tax value of CHF 1,096.71. The shares are locked up for a period of three years and are reported at market value in the table above.

8) The criterion for determining the number of shares issued for the base salary is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares are allocated in April for the period from May of the previous year to April of the year of allocation. The shares are locked up for a period of five years. The value of the shares allocated was CHF 1,154.34 for 2023 and for 2024 CHF 1,006.14.

9) The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares for the bonus for the 2023 business year will be allocated in April 2024, subject to approval by the 2024 Ordinary General Meeting. The shares are locked up for a period of three years. The value at allocation was CHF 1,006.14. Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.

10) The remuneration of the Executive Board for 2023 includes the pro rata remuneration relating to the change of CEO.

11) The remuneration was paid pro rata temporis (10 months).

**Remuneration**
For the year 2022[1)]
(audited)

| | Base salary | | | Variable remunerations | | | | | Other remune-ration[4)] | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Bonus/short-term incentive[2)] | | | Long-term incentive[3)] | | | |
| | Cash | Shares | | Cash | Shares | | Allocation Performance Share Units | | | |
| Name and function | CHF | Number | CHF | CHF | Number | CHF | Number | CHF | CHF | CHF |
| This E. Schneider, Chairman[5)] | 918,983 | 1,207 | 2,264,336 | | | | | | 438,591 | 3,621,910 |
| Michael Pieper, Vice-Chairman | 79,884 | 45 | 65,646 | | | | | | 12,231 | 157,761 |
| Dr. Peter Altorfer, Vice-Chairman and Lead Independent Director | 103,962 | 58 | 84,610 | | | | | | 15,016 | 203,588 |
| Claudia Coninx-Kaczynski, member | 71,008 | 40 | 58,352 | | | | | | 13,676 | 143,036 |
| Jens Fankhänel, member[6)] | 53,256 | 30 | 43,764 | | | | | | 10,257 | 107,277 |
| Dr. Reto Müller, member[6)] | 17,752 | 10 | 14,588 | | | | | | 2,797 | 35,137 |
| Dr. Eveline Saupper, member[6)] | 53,256 | 30 | 43,764 | | | | | | 9,842 | 106,862 |
| Vincent Studer, member | 86,209 | 48 | 70,022 | | | | | | 8,741 | 164,972 |
| **Board of Directors total[7)]** | **1,384,310** | **1,468** | **2,645,082** | | | | | | **511,151** | **4,540,543** |
| **Executive Board[8)9)] total** | **1,445,861** | **62** | **80,762** | **159,256** | **432** | **498,714** | **198** | **360,460** | **419,657** | **2,964,710** |
| Of which highest-paid member of Executive Board (Michael Schumacher) | 600,000 | 0 | 0 | 71,250 | 220 | 253,975 | 0 | 0 | 173,739 | 1,098,964 |

1) The remuneration of the Board of Directors and the Executive Board is reported gross before deduction of employee social insurance contributions. The amounts shown in the table are based on the valuation models used and disclosed in the consolidated financial statements.

2) The variable short-term remuneration of the Executive Board (bonus/short-term incentive) corresponds to the actual degree to which targets were reached in 2022 and will be submitted to the April 2023 Ordinary General Meeting for approval. The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year in connection with the MIP. The allocation takes place in April (subject to approval by the Ordinary General Meeting) for the period from January to December of the previous year. The value at allocation was CHF 1,154.34. The shares are locked up for a period of three years.

3) The long-term incentive for the Executive Board corresponds to the long-term participation plan for 2022 (Long-Term Incentive Plan 2022–2024) and to the number of future subscription rights allocated to the plan in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share and is subject to a three-year vesting period.

4) 'Other remuneration' includes in particular employer contributions to the usual social insurances, private use of a company car, and lump sum or on-site expenses.

5) Please refer to page 106 of this remuneration report for details on the structure of the remuneration of the Executive Chairman of the Board of Directors. These details also contain the criterion for determining the number of shares issued and their lockup periods.

6) The 2022 remuneration of the following individuals was paid pro rata temporis: Dr. Reto Müller until the 2022 Ordinary General Meeting (3 months); Jens Fankhänel and Dr. Eveline Saupper from the 2022 Ordinary General Meeting (9 months).

7) The criterion for determining the number of shares issued for the non-executive members of the Board of Directors is the average share price in the ten trading days after payment of the dividend or repayment of the par value: CHF 1,458.80. The allocation is made at the discounted tax value of CHF 1,224.80. The shares are locked up for a period of three years and are reported at market value in the table above.

8) The criterion for determining the number of shares issued for the base salary is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares are allocated in April for the period from May of the previous year to April of the year of allocation. The shares are locked up for a period of five years. The value of the shares allocated was CHF 1,861.14 for 2022 and for 2023 CHF 1,154.34.

9) The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares for the bonus for the 2022 business year will be allocated in April 2023, subject to approval by the 2023 Ordinary General Meeting. The shares are locked up for a period of three years. The value at allocation was CHF 1,154.34. Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.

**Advances and loans (audited)**
As of December 31, 2023, no advances or loans to members of the Board of Directors or the Executive Board were outstanding.

The relevant statutory provisions concerning advances, loans, and employee benefits for members of the Board of Directors and the Executive Board are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd, which can be downloaded at:
www.forbo.com → Investors → Ordinary General Meeting

# Disclosure of shareholdings pursuant to Article 734d CO

**2023 business year**
As at December 31, 2023, the individual members of the Board of Directors and the Executive Board (including related parties) held the following number of shares in Forbo Holding Ltd:

**Shareholdings 2023**
(audited)

| Name and function | Number of shares |
|---|---|
| This E. Schneider, Chairman | 45,513 |
| Michael Pieper, Vice-Chairman and independent[1] member | 414,985 |
| Dr. Peter Altorfer, Vice-Chairman, independent[1] member | 1,579 |
| Claudia Coninx-Kaczynski, independent[1] member | 412 |
| Dr. Eveline Saupper, independent[1] member | 1,330 |
| Vincent Studer, independent[1] member | 1,161 |
| **Total Board of Directors** | **464,980** |
| Jens Fankhänel, Chief Executive Officer | 1,380 |
| Marc Deimling, Executive Vice President Movement Systems | 219 |
| Andreas Jaeger, Chief Financial Officer | 185 |
| Jean-Michel Wins, Executive Vice President Flooring Systems | 723 |
| **Total Executive Board** | **2,507** |

1) Independent as defined in the 'Swiss code of best practice for corporate governance'

As at December 31, 2022, the individual members of the Board of Directors and the Executive Board (including related parties) held the following number of shares in Forbo Holding Ltd:

**Shareholdings 2022**
(audited)

| Name and function | Number of shares |
|---|---|
| This E. Schneider, Executive Chairman | 39,914 |
| Michael Pieper, Vice-Chairman and independent[1] member | 413,832 |
| Dr. Peter Altorfer, Vice-Chairman, independent[1] member and Lead Independent Director | 1,511 |
| Claudia Coninx-Kaczynski, independent[1] member | 429 |
| Jens Fankhänel, independent[1] member | 210 |
| Dr. Eveline Saupper, independent[1] member | 280 |
| Vincent Studer, independent[1] member | 1,106 |
| **Total Board of Directors** | **457,282** |
| Michael Schumacher, Chief Executive Officer | 0 |
| Marc Deimling, Executive Vice-President Movement Systems | 175 |
| Andreas Jaeger, Chief Financial Officer | 111 |
| Jean-Michel Wins, Executive Vice-President Flooring Systems | 534 |
| **Total Executive Board** | **820** |

1) Independent as defined in the 'Swiss code of best practice for corporate governance'

# Report of the statutory auditor

KPMG

# Report of the statutory auditor

**To the General Meeting of Forbo Holding Ltd., Baar**

## Report on the Audit of the Remuneration Report

**Opinion**

We have audited the Remuneration Report of Forbo Holding Ltd. (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on pages 113 to 116 of the remuneration report, as well as the sections marked “audited” on pages 41 to 45 of the annual report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Remuneration Report complies with Swiss law and the Company’s articles of incorporation.

**Basis for Opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Remuneration Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables and sections marked “audited” in the remuneration and annual report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Report of the statutory auditor

**Board of Directors' Responsibilities for the Remuneration Report**
The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's Responsibilities for the Audit of the Remuneration Report**
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 Swiss law and SA-CH 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 this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG

KPMG AG

Regula Tobler
Licensed Audit Expert
Auditor in Charge

André Stampfli
Licensed Audit Expert

Zurich, 4 March 2024

# FINANCIAL REPORT

# Consolidated balance sheet

| | | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Assets** | | | |
| CHF m | Note | | |
| **Current assets** | | **523.2** | **571.6** |
| Cash and cash equivalents | 22 | 69.1 | 46.7 |
| Trade receivables | 12 | 138.9 | 155.2 |
| Other receivables | | 35.9 | 39.2 |
| Accrued income and deferred expenses | | 15.1 | 14.3 |
| Inventories | 13 | 264.2 | 316.2 |
| **Non-current assets** | | **378.2** | **388.6** |
| Non-current financial assets | 22 | 1.9 | 1.8 |
| Deferred tax assets | 10 | 30.7 | 34.3 |
| Property, plant, and equipment | 14/21 | 266.6 | 267.6 |
| Intangible assets and goodwill | 15 | 79.0 | 84.9 |
| **Total assets** | | **901.4** | **960.2** |
| | | | |
| **Shareholders' equity and liabilities** | | | |
| CHF m | Note | | |
| **Current liabilities** | | **219.3** | **291.6** |
| Current financial liabilities | 22 | 13.2 | 39.0 |
| Trade payables | 22 | 86.9 | 102.5 |
| Other current liabilities | | 22.4 | 29.9 |
| Current tax liabilities | | 16.2 | 21.2 |
| Accrued expenses and deferred income | 16 | 73.1 | 76.2 |
| Current provisions | 17 | 7.5 | 22.8 |
| **Non-current liabilities** | | **128.4** | **118.5** |
| Non-current financial liabilities | 22 | 26.9 | 26.6 |
| Deferred tax liabilities | 10 | 7.4 | 8.2 |
| Non-current provisions | 17 | 44.9 | 42.7 |
| Employee benefit obligations | 18 | 49.2 | 41.0 |
| **Total liabilities** | | **347.7** | **410.1** |
| **Shareholders' equity** | | **553.7** | **550.1** |
| Share capital | 20 | 0.1 | 0.1 |
| Treasury shares | 20 | – 0.0 | – 0.0 |
| Reserves and retained earnings | | 553.6 | 550.0 |
| **Total shareholders' equity and liabilities** | | **901.4** | **960.2** |

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated income statement

| 1.1. – 31.12. | | 2023 | 2022 |
|---|---|---|---|
| CHF m | Note | | |
| **Net sales** | 5 | **1,175.2** | **1,293.2** |
| Cost of goods sold | | – 773.5 | – 852.4 |
| **Gross profit** | | **401.7** | **440.8** |
| Development costs | 6 | – 15.7 | – 15.6 |
| Marketing and distribution costs | | – 168.5 | – 178.6 |
| Administrative costs | | – 80.1 | – 94.2 |
| Other operating expenses | 7 | – 17.2 | – 27.7 |
| Other operating income | 8 | 9.7 | 7.9 |
| **Operating profit** | | **129.9** | **132.6** |
| Financial income | | 5.7 | 0.9 |
| Financial expenses | | – 3.8 | – 2.5 |
| **Group profit before taxes** | | **131.8** | **131.0** |
| Income taxes | 10 | – 29.5 | – 29.6 |
| **Group profit for the year** | | **102.3** | **101.4** |
| Group profit attributable to shareholders of Forbo Holding Ltd | | 102.3 | 101.4 |

| *Earnings per share* | | | |
|---|---|---|---|
| CHF | Note | | |
| Basic earnings per share | 11 | 72.55 | 71.76 |
| Diluted earnings per share | 11 | 72.55 | 71.76 |

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated comprehensive income statement

| 1.1. – 31.12. | | 2023 | 2022 |
|---|---|---|---|
| CHF m | Note | | |
| **Group profit for the year** | | **102.3** | **101.4** |
| Items that will not be reclassified to the income statement: | | | |
| Remeasurements of employee benefit obligations, net of taxes | 10 | – 11.1 | 19.2 |
| Items that are or may be subsequently reclassified to the income statement: | | | |
| Translation differences | | – 47.3 | – 36.3 |
| **Other comprehensive income for the year, net of tax** | | **– 58.4** | **– 17.1** |
| **Total comprehensive income** | | **43.9** | **84.3** |
| Total comprehensive income attributable to the shareholders of Forbo Holding Ltd | | 43.9 | 84.3 |

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of changes in equity

**2023**

| CHF m | Note | Share capital | Treasury shares | Reserves | Translation differences | Total |
|---|---|---|---|---|---|---|
| **January 1, 2023** | | **0.1** | **– 0.0** | **947.3** | **– 397.3** | **550.1** |
| Group profit for the year | | | | 102.3 | | 102.3 |
| Other comprehensive income for the year, net of tax | | | | – 11.1 | – 47.3 | – 58.4 |
| **Total comprehensive income** | | | | **91.2** | **– 47.3** | **43.9** |
| Share-based payments | 19 | | | 4.0 | | 4.0 |
| Treasury shares | 20 | | | – 11.7 | | – 11.7 |
| Dividend payment | | | | – 32.6 | | – 32.6 |
| **December 31, 2023** | | **0.1** | **– 0.0** | **998.2** | **– 444.6** | **553.7** |

**2022**

| CHF m | Note | Share capital | Treasury shares | Reserves | Translation differences | Total |
|---|---|---|---|---|---|---|
| **January 1, 2022** | | **0.2** | **– 0.1** | **882.7** | **– 361.0** | **521.8** |
| Group profit for the year | | | | 101.4 | | 101.4 |
| Other comprehensive income for the year, net of tax | | | | 19.2 | – 36.3 | – 17.1 |
| **Total comprehensive income** | | | | **120.6** | **– 36.3** | **84.3** |
| Share-based payments | 19 | | | 4.7 | | 4.7 |
| Treasury shares | 20 | – 0.1 | 0.1 | – 25.4 | | – 25.4 |
| Dividend payment | | | | – 35.3 | | – 35.3 |
| **December 31, 2022** | | **0.1** | **– 0.0** | **947.3** | **– 397.3** | **550.1** |

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated cash flow statement

| 1.1. – 31.12. | | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| CHF m | Note | | |
| **Group profit for the year** | | **102.3** | **101.4** |
| Income taxes | 10 | 29.5 | 29.6 |
| Financial result | | – 1.9 | 1.6 |
| Depreciation and impairment of property, plant, and equipment and right-of-use assets | 14 | 46.4 | 55.7 |
| Amortization and impairment of intangible assets | 15 | 3.7 | 5.1 |
| Share-based payments | 9 | 4.0 | 4.7 |
| Income tax paid | | – 33.0 | – 36.5 |
| Increase in provisions and employee benefit obligations | | 0.9 | 3.5 |
| Decrease/Increase (–) in trade receivables | | 5.2 | – 10.0 |
| Decrease/Increase (–) in inventories | | 29.7 | – 65.8 |
| Decrease in trade payables | | – 9.4 | – 3.9 |
| Increase in other net working capital | | – 17.4 | – 4.8 |
| **Net cash flow from operating activities** | | **160.0** | **80.6** |
| **Cash flow from investing activities** | | | |
| CHF m | Note | | |
| Purchase of non-current assets | | – 45.3 | – 30.9 |
| Interest received | | 1.2 | 0.8 |
| **Net cash flow from investing activities** | | **– 44.1** | **– 30.1** |
| **Cash flow from financing activities** | | | |
| CHF m | Note | | |
| Payment of lease liabilities | 21 | – 16.7 | – 18.4 |
| Decrease of current financial liabilities | 22 | – 24.6 | – 11.7 |
| Interest paid | 21 | – 2.4 | – 1.0 |
| Purchase of treasury shares | | – 18.1 | – 27.5 |
| Proceeds from sale of treasury shares | | 6.5 | 0.0 |
| Dividend payment | | – 32.6 | – 35.3 |
| **Net cash flow from financing activities** | | **– 87.9** | **– 93.9** |
| **Change in cash and cash equivalents** | | **28.0** | **– 43.4** |
| CHF m | Note | | |
| **Total cash and cash equivalents at beginning of year** | | **46.7** | **93.3** |
| Increase/Decrease (–) in cash and cash equivalents | | 28.0 | – 43.4 |
| Translation differences on cash and cash equivalents | | – 5.6 | – 3.2 |
| **Total cash and cash equivalents at year-end** | | **69.1** | **46.7** |

The accompanying notes are an integral part of the consolidated financial statements.

# Notes – accounting principles

## 1 General information

Forbo Holding Ltd and its subsidiaries (together constituting the 'Group') manufacture floorings, construction adhesives, and belts for drive and conveyor technology. The Group has a global network of locations with production and distribution as well as pure sales companies.

Forbo Holding Ltd is a public limited company under Swiss law, domiciled in Baar, Switzerland. It is listed on the SIX Swiss Exchange (FORN).

These financial statements were approved by the Board of Directors on March 4, 2024, and released for publication on March 5, 2024. This financial report is subject to approval by the Ordinary General Meeting of April 5, 2024.

## 2 Accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**
The consolidated financial statements of Forbo Holding Ltd were prepared in accordance with the IFRS Accounting Standards and in compliance with Swiss law.

The consolidated financial statements are prepared in Swiss francs. The Swiss franc is both the functional currency and the reporting currency of the company. Unless otherwise noted, all sums are stated in millions of Swiss francs (CHF m) and are generally rounded to one decimal place.

The consolidation was done on the basis of the audited financial statements of the subsidiaries prepared according to uniform corporate accounting policies. The reporting date for all Group companies is December 31.

The consolidated financial statements were prepared in accordance with the principle of historical costs, with the exception of:

- derivatives measured at fair value
- non-monetary balance sheet items of subsidiaries in hyperinflationary economies that are adjusted to the current price index
- pension fund liabilities measured at the net value of the discounted defined benefit obligations less the fair value of the plan assets

The preparation of the consolidated financial statements requires management to make discretionary judgments, estimates and assumptions that can affect the application of accounting methods and reported revenues, expenses, assets, liabilities, and contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates and assumptions. Estimates and the underlying assumptions are being reviewed continually. Revised versions of estimates and assumptions are recognized prospectively. Information about discretionary judgments as well as assumptions and uncertainty involved in estimates are contained in note 3 'Critical judgments, estimates and appraisals by management'.

**Scope and principles of consolidation**
Subsidiaries are companies that are controlled by the Group. The Group exercises control over a company if it is exposed to variable returns from its involvement in the company or possesses rights to the returns and is able to influence these returns by means of its discretionary control over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the point at which control begins.

Goodwill is the excess of the purchase consideration of the business combination and the amount of the non-controlling interest over the identifiable net assets assessed at fair value.

Inter-company transactions, balances, and unrealized gains or losses on transactions between Group companies are eliminated.

*Changes in the scope of consolidation*
In the prior-year period, the two sales companies Tema S.r.l. and Realbelt GmbH in the Movement Systems segment were absorbed by their respective parent companies Forbo Siegling Italia S.p.A. and Forbo Siegling GmbH for the purpose of simplifying the Group structure.

The subsidiaries included in the group of consolidated companies are listed under 'Group companies' (from page 162 of this report).

**Foreign currency translation**

*Transactions in foreign currencies*
The individual companies prepare their financial statements in their functional currency. The functional currency is the currency of the primary economic environment in which the company operates and generally corresponds to the local currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

*Foreign operations*
The annual financial statements of foreign Group companies stated in foreign currencies are translated into Swiss francs as follows: assets and liabilities at year-end exchange rates; the income statement and cash flow statement at average exchange rates for the year. Currency translation differences arising from the translation of items at average and year-end exchange rates and from equity capital transactions are recognized in other comprehensive income and taken to profit or loss for the period (reclassified) in the event the foreign Group company is disposed of.

On consolidation, exchange differences arising from the translation of net investments in foreign business operations are recognized in other comprehensive income.

The following exchange rates against the Swiss franc have been applied for the most important currencies concerned:

| | | | Income statement (average exchange rates for the year) | | Balance sheet (year-end exchange rates) | |
|---|---|---|---|---|---|---|
| | | | 2023 | 2022 | 2023 | 2022 |
| **Exchange rates** | | | | | | |
| Euro zone | EUR | 1 | 0.9715 | 1.0040 | 0.9335 | 0.9841 |
| USA | USD | 1 | 0.8980 | 0.9543 | 0.8433 | 0.9234 |
| Great Britain | GBP | 1 | 1.1170 | 1.1772 | 1.0749 | 1.1123 |
| Japan | JPY | 100 | 0.6387 | 0.7267 | 0.5961 | 0.6960 |
| China | CNY | 100 | 12.7406 | 14.1860 | 11.9611 | 13.2600 |
| Sweden | SEK | 100 | 8.4641 | 9.4366 | 8.4011 | 8.8186 |

**Net sales and revenue recognition**

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customer. The revenue is based on the contractually agreed transaction price, i.e. the amount to which the Group can be expected to be entitled in return for the transfer of the goods or services to a customer.

| *Type of product or service* | *Type and time of the fulfillment of performance obligation, significant terms of payment* |
|---|---|
| Flooring Systems | The revenue is generated predominantly by the sale of goods that are recognized at a point in time, in accordance with the agreed terms. The sale of goods is based on fixed prices. In some cases, goal-oriented, variable volume rebates are granted. Volume rebates are deducted from sales in the same amount as expected cash outflows. The payment terms are in line with general business terms and conditions, with payment due dates ranging from 30 to 60 days.<br><br>The warranty periods granted for goods are in line with the general business terms and conditions in the sector; in some cases, these may be longer than defined by law. Provisions are made on the basis of the expected cash outflow for known warranty claims and those expected in future. |
| Movement Systems | The type and time of the fulfillment of the performance obligation and the terms of payment are identical with those for Flooring Systems.<br><br>Movement Systems, in addition, provides services in connection with the servicing, maintenance, and seamless connection of belting products. These services are recognized separately as revenue at the time the service is provided. |

**Earnings per share**
The number of shares used for calculating earnings per share is determined on the basis of the weighted average number of the shares issued less the weighted average number of treasury shares held. To calculate diluted earnings per share, an adjusted number of shares is determined from the total number of shares used to calculate earnings per share plus the potentially dilutive effects of shares from employee incentive plans. To take account of the dilutive effect of employee incentive plans, the number of shares is determined that could have been purchased at the market price on the basis of the cumulative difference between the market price and the strike price of the future subscription rights. The market price used for this purpose corresponds to the average price of the shares in the business year under review.

**Income taxes**
Income taxes constitute the total of current and deferred income taxes.

Current income taxes are determined on the basis of taxable profits and the applicable tax laws of the individual countries. They are recognized as an expense in the accounting period in which the profits are made.

Deferred tax assets and tax liabilities are measured at the tax rates that are expected to be enacted in the period in which the asset will be realized or the liability will be settled. Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting group, relate to the same tax authority, the legal right to offset exists, and they are intended to be settled net or realized simultaneously.

Current and deferred income taxes are recognized as an income tax benefit or expense in the income statement, with the exception of items posted directly to equity or recognized in other comprehensive income. In this case, the corresponding tax effect is also to be recognized directly in shareholders' equity or in other comprehensive income.

**Property, plant, and equipment**
Land is recognized at cost on acquisition. Land is not depreciated, but allowances are set aside for impairments that have occurred. All other tangible assets are accounted at cost on acquisition less depreciation and impairments incurred with the exception of assets in construction which are not written down during the project phase but only when they are ready for their intended use and have been reclassified to the relevant category of tangible asset.

Depreciation is calculated according to the straight-line method over the following estimated useful life:

| | |
|---|---|
| **Land and buildings** | |
| Land | no depreciation |
| Buildings | 20 to 40 years |
| Modifications and installations | 5 to 10 years or duration of rental contract |
| **Machinery and equipment** | |
| Machines, equipment and tools | 5 to 10 years |
| **Vehicles and other property, plant, and equipment** | |
| Vehicles | 5 years |
| IT hardware | 3 to 5 years |
| Other operational assets | 3 to 10 years |
| **Assets under construction** | |
| Assets under construction | no depreciation |

If there are signs of an impairment, the recoverable amount of the asset is determined. If the carrying amount exceeds the recoverable value, the carrying amount of the asset is reduced accordingly and the difference charged to the income statement.

**Leasing**
The Group is the lessee for various items of property, plant, and equipment; buildings and vehicles constitute the vast majority of leasing agreements.

Exceptions are made for short-term leases and for leases for low-value assets used by the company. These lease payments are recognized as expenditure over the lease term.

The Group recognizes right-of-use assets under 'Property, plant, and equipment' and leasing liabilities under 'Financial liabilities' in the balance sheet. Further information is disclosed in note 21 'Leasing'.

**Intangible assets and goodwill**
The goodwill generated in connection with business combinations is measured at the cost of acquisition less cumulative impairment losses.

The acquisition costs of trademarks, licenses, customer relationships, and technologies acquired in a business combination correspond to the fair value at the date of acquisition.

Intangible assets with an indefinite useful life (goodwill and trademarks) are not subject to amortization but are tested for impairment annually at cash-generating unit level. This is carried out using a standardized method with discounted cash flow for calculating the value in use. Cash flow for the first three years is estimated on the basis of the plan approved by management (detailed planning period). Cash inflows after the detailed planning period are extrapolated to the value of a going concern by means of recoverable earnings. The intangible assets with an indefinite useful life are also subject to impairment testing in the form of sensitivity analyses.

Other intangible assets that are acquired by the Group and have a finite useful life are carried at acquisition or production costs less cumulative amortization and impairments. The amortization of other intangible assets with a finite useful life uses the straight-line method; the following estimated useful lives are applied:

| | |
|---|---|
| IT software | 3 to 5 years |
| Customer relations | 5 to 15 years |
| Technologies | up to 30 years |

**Financial instruments**
*Recognition and initial measurement*
Trade receivables are recognized when they occur. All other financial instruments are recognized when the Group becomes a contracting party.

Financial assets (with the exception of trade receivables with no essential financing component) and financial liabilities are initially recognized at fair value. Transaction costs, which are directly attributable to acquisition or issuance, are added in addition for financial instruments that are not measured at fair value through profit or loss. Trade receivables with no essential financing components are initially recognized at the transaction price.

*Classification and subsequent measurement of financial assets*
Financial assets are measured and classified in accordance with the following categories:

– 'Amortized cost'
– 'Fair value through profit or loss'

Essentially, the financial assets in the Group consist of cash and cash equivalents and trade receivables that are reported at amortized cost using the effective interest method less valuation allowances for expected credit losses. Cash and cash equivalents are stated at nominal value. This includes cash on hand, bank accounts, and fixed-term deposits with maturities up to three months from the date of acquisition.

Derivatives are valued at their fair value through profit or loss. The derivatives used are accounted for on the day the trade is conducted. Derivative financial instruments are classified in the balance sheet in 'Current financial liabilities'.

The Group recognizes allowances for expected credit losses on financial instruments that are reported at amortized costs. The Group applies a permissible, simplified model of valuation allowances ('provision matrix') for trade receivables. In this valuation allowance table, expected losses on receivables are determined on the balance sheet date on the basis of past experience of default probability, and of future-oriented expectations based on experience with the customers and market conditions.

The Group considers a financial asset to be in default if it is unlikely that the borrower can pay his obligation to the Group in full without the Group having to take recourse to measures such as the realization of collateral.

*Classification and subsequent measurement of financial liabilities*
Financial liabilities are classified and measured at amortized costs or at fair value through profit or loss. The majority of financial liabilities in the Group are liabilities from leasing contracts. These are measured at amortized costs using the effective interest method. A financial liability is measured at fair value trough the income statement if it is a derivative.

**Inventories**
Inventories are measured at the lower of cost or net realizable value. Cost includes direct material and, if applicable, other direct costs and related production overheads to the extent that they are incurred in bringing the inventories to their present location and condition. The net realizable value constitutes the estimated sales price less all estimated costs up to completion, as well as the costs of marketing, sales, and distribution.

Inventories are generally measured at average cost.

**Shareholders' equity**
Registered shares are classified as share capital at their par value. Payments by shareholders above the par value are credited to reserves.

Treasury shares are deducted at their par value from share capital. The acquisition costs in excess of par value arising on the acquisition of treasury shares are debited to reserves. On the sale of treasury shares, gains or losses compared with the par value are credited or debited to reserves.

Dividends are debited to equity in the period in which the resolution on their distribution is adopted.

## 3 Critical judgments, estimates and appraisals by management

The application of the measurement and accounting principles requires that circumstances and estimates be assessed, and assumptions be made with respect to the carrying amounts of assets and liabilities. The estimates and the underlying assumptions are based on past experience and other factors regarded as relevant, including expectations of future events that appear reasonable in the given circumstances. The actual results may, of course, deviate from the estimates and assumptions of management.

Estimates and the underlying assumptions are reviewed continuously. Revised estimates are recognized prospectively. The following are the main areas in which a significant risk exists in the coming business year regarding a significant adjustment of the carrying value of assets and liabilities.

**Impairment tests**
Along with the regular periodic review of goodwill and intangible assets with an indefinite useful life, the carrying amounts of fixed and intangible assets with a finite useful life are also always reviewed if due to changed circumstances or other triggering events these amounts can possibly no longer be realized. If such a situation occurs, the recoverable amount is determined based on expected future revenues. This corresponds to either the discounted expected cash flows or the expected net sales price.

Important assumptions in the calculations underlying these impairment tests include growth rates, margins, estimates and management's expectations of the future development of net working capital and discount rates. The actual cash flows may deviate from the planned and discounted values. Likewise, the useful lives may be shortened, or non-current assets impaired in the event of a change in the use of buildings, machinery and facilities, change or abandonment of locations, or lower-than-expected revenues over the medium term. Further information on this topic can be found in note 14 'Property, plant, and equipment' and note 15 'Intangible assets and goodwill'.

**Valuation of pension plan liabilities**
Various employee pension plans exist for employees of the Group. In the valuation of defined benefit plans, actuarial assumptions are made to estimate future developments. These include assumptions and estimates relating to the discount rate, the inflation rate as well as assumptions for future wage trends. In their actuarial calculations for determining employee benefit obligations, the actuaries also use statistical information such as mortality tables and staff turnover rates. If these parameters change owing to a change in the economic situation or market conditions, the subsequent results may deviate considerably from the actuarial reports and calculations. These deviations may have a significant medium-term effect on expenses and income from the employee pension schemes and on the comprehensive income statement. Further information on this topic can be found in note 18 'Employee benefit obligations'.

**Recognition and measurement of provisions**
In the conduct of ordinary business activities, a liability of uncertain timing and/or amount may arise. Provisions are determined using available information based on reasonably expected cash outflows. Claims against Group companies may arise that may not be covered, or are covered only in part, by provisions or insurance benefits. Further information on this topic can be found in note 17 'Provisions'.

**Income taxes**
The Group is obliged to pay income taxes in various countries. Certain key assumptions are necessary in order to determine income tax in the relevant countries. There are business events which have an impact on taxation and taxable profit. Hence, the amount of the final taxation cannot be determined definitively. The measurement of current tax liabilities is subject to the interpretation of tax regulations in the relevant countries. The adequacy of this interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This may result in material changes to income tax expenses. Where the definitive taxation of these business events deviates from the previous assumptions, this will have an impact on the current and deferred taxes in the period in which the taxation is definitively determined. Furthermore, determining whether tax losses carried forward can be capitalized requires a critical estimate of the probability that they can be offset against future profits. This assessment is based on planning information. Further information on this topic can be found in note 10 'Income taxes'.

## 4 Application of new or amended accounting standards

As of January 1, 2023, the Group adopted the amendments to IAS1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies'. Although these amendments had no effect on the accounting principles themselves, they did affect the information on the accounting principles disclosed in the consolidated financial statements. The changes require the disclosure of 'material' accounting principles, rather than 'significant' accounting principles, as previously. Group management has reviewed these and updated the information given.

The Group has also adopted the amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'. These amendments introduce a mandatory temporary exception to deferred tax accounting for top-up tax, effective immediately. However, the retrospective application of this exception has no effect on the consolidated financial statements as the top-up tax had not yet been imposed or was immediately pending to be imposed as per December 31, 2022, in any country in which the Group is active and thus no related deferred taxes were booked.

The Group also adopted several other more minor amendments made by the International Accounting Standards Board (IASB) to existing standards and interpretations, which came into effect on January 1, 2023. The first-time adoption of these revised standards and interpretations had no significant impact on the consolidated financial statements presented here.

Accounting standards which had been published by the IASB but only come into effect after January 1, 2024, were not adopted early in the consolidated financial statements. No significant impact on the consolidated financial statements presented here is expected from the first-time adoption of these standards and interpretations.

# Notes

## 5 Segment reporting

The Group operates globally in the segments Flooring Systems and Movement Systems. The divisions correspond to the internal management structure and are run separately because the products they manufacture, distribute, and sell differ fundamentally in terms of production, distribution, and marketing.

In the Flooring Systems division, the Group develops, produces, and sells linoleum, vinyl floorings, entrance flooring systems, carpet tiles, needle felt floor coverings, Flotex, the washable textile flooring, and building and construction adhesives as well as various accessory products required for the laying, processing, cleaning, and care of flooring. In the Movement Systems division, the Group develops, produces, and sells high-quality conveyor and processing belts, as well as plastic modular belts, and drive, timing and flat belts made of synthetic materials. Corporate includes the costs of the Group headquarters and certain items of income and expenses that are not directly attributable to a specific segment.

The Flooring Systems and the Movement Systems divisions are reportable segments. The identification of the reportable segments is based on internal management reporting to the Chairman of the Board of Directors and to the Chief Executive Officer of the Group and hence on the financial information used to review the performance of the operational units in order to reach a decision on the allocation of resources.

The internal management reporting is based on the same accounting principles as the external reporting.

The Chairman of the Board of Directors and the Chief Executive Officer assess the performance of the reportable segments based on their operating result (EBIT). The financial result is not allocated to the segments since it is Corporate Treasury that mainly exercises central control over it. Inter-segment sales are transacted at arm's length. The segments apply the same accounting principles as the Group. Sales to third parties, as they are reported to the Chairman of the Board of Directors and the Chief Executive Officer, are identical with the sales reported in the income statement.

Segment information on the reportable segments for the reporting year:

| **2023**<br>CHF m | Flooring Systems | Movement Systems | Corporate/ Elimination | Total |
|---|---|---|---|---|
| Total net sales | 796.5 | 378.9 | – 0.2 | 1,175.2 |
| Inter-segment net sales | 0.0 | – 0.2 | 0.2 | 0.0 |
| Net sales to third parties | 796.5 | 378.7 | 0.0 | 1,175.2 |
| Operating profit (EBIT) | 94.9 | 44.3 | – 9.3 | 129.9 |
| EBITDA[1)] | 123.2 | 65.5 | – 8.8 | 179.9 |
| Operating assets | 457.8 | 311.8 | 31.9 | 801.5 |
| Capital expenditure[2)] | 26.8 | 17.8 | 0.7 | 45.3 |
| Number of employees (December 31) | 2,741 | 2,408 | 41 | 5,190 |

1) Operating profit before depreciation and amortization
2) Purchase of tangible and intangible assets (excluding leasing)

Segment information on the reportable segments for the prior year:

| **2022** CHF m | Flooring Systems | Movement Systems | Corporate/ Elimination | Total |
|---|---|---|---|---|
| Total net sales | 878.0 | 415.3 | – 0.1 | 1,293.2 |
| Inter-segment net sales | 0.0 | – 0.1 | 0.1 | 0.0 |
| Net sales to third parties | 878.0 | 415.2 | 0.0 | 1,293.2 |
| Operating profit (EBIT) | 88.4 | 54.0 | – 9.8 | 132.6 |
| EBITDA[1)] | 127.3 | 75.4 | – 9.3 | 193.4 |
| Operating assets | 517.7 | 337.4 | 24.1 | 879.2 |
| Capital expenditure[2)] | 17.9 | 13.0 | 0.0 | 30.9 |
| Number of employees (December 31) | 2,890 | 2,460 | 40 | 5,390 |

1) Operating profit before depreciation and amortization
2) Purchase of tangible and intangible assets (excluding leasing)

The one-time charges of CHF 20.0 million recorded in the prior year for impairments in Russia, above all on goodwill and property, plant and equipment, costs for structural adjustments, and for other costs, including those from provisions for various legal claims, were mainly incurred by Flooring Systems.

Reconciliation of segment information to the income statement and balance sheet:

| CHF m | 2023 | 2022 |
|---|---|---|
| **Total segment result (EBIT)** | **129.9** | **132.6** |
| Financial result | 1.9 | – 1.6 |
| **Group profit before taxes** | **131.8** | **131.0** |

| CHF m | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Total operating assets** | **801.5** | **879.2** |
| Non-operating assets | 99.9 | 81.0 |
| **Total assets** | **901.4** | **960.2** |

Operating assets include 'Trade receivables', 'Other receivables', 'Accrued income and deferred expenses', 'Inventories', 'Property, plant, and equipment', 'Intangible assets and goodwill' and 'Non-current financial assets'. Non-operating assets include 'Cash and cash equivalents' and 'Deferred tax assets'.

The following table shows revenue broken down by geographic region and by the two divisions that are identical with the reportable segments.

| | Flooring Systems | | Movement Systems | |
|---|---|---|---|---|
| CHF m | 2023 Third-party sales | 2022 Third-party sales | 2023 Third-party sales | 2022 Third-party sales |
| *Regions* | | | | |
| Europe | 598.0 | 657.5 | 155.5 | 166.6 |
| Americas | 122.3 | 140.6 | 123.1 | 142.4 |
| Asia/Pacific and Africa | 76.2 | 79.9 | 100.1 | 106.2 |
| **Total net sales to third parties** | **796.5** | **878.0** | **378.7** | **415.2** |

Net sales to third parties by destination were generated in the following regions:

| | 2023 Third-party sales | 2022 Third-party sales |
|---|---|---|
| CHF m | | |
| Switzerland (domicile) | 28.6 | 31.1 |
| Germany | 137.9 | 154.2 |
| France | 130.1 | 155.0 |
| Benelux | 118.1 | 122.5 |
| Scandinavia | 83.3 | 96.0 |
| Great Britain and Ireland | 75.6 | 79.7 |
| Other countries Europe | 179.9 | 185.6 |
| **Europe** | **753.5** | **824.1** |
| USA | 190.7 | 228.8 |
| Other countries Americas | 54.7 | 54.2 |
| **Americas** | **245.4** | **283.0** |
| **Asia/Pacific and Africa** | **176.3** | **186.1** |
| **Total net sales to third parties** | **1,175.2** | **1,293.2** |

In the period under review, sales to no single customer exceeded 10% of total Group sales.

Operating assets are distributed over the following regions:

| | 31.12.2023 Operating assets | 31.12.2022 Operating assets |
|---|---|---|
| CHF m | | |
| Switzerland (domicile) | 39.5 | 35.4 |
| Germany | 89.1 | 97.2 |
| France | 67.2 | 73.4 |
| Benelux | 193.2 | 221.8 |
| Scandinavia | 33.6 | 38.5 |
| Great Britain and Ireland | 80.0 | 89.3 |
| Other countries Europe | 53.3 | 49.8 |
| **Europe** | **555.9** | **605.4** |
| USA | 110.1 | 124.7 |
| Other countries Americas | 23.5 | 28.7 |
| **Americas** | **133.6** | **153.4** |
| **Asia/Pacific and Africa** | **112.0** | **120.4** |
| **Total operating assets** | **801.5** | **879.2** |

## 6 Development costs

'Development costs' mainly comprise costs for product development.

Costs for manufacturing trials, recipe optimization, and new collections are not reported within 'Development costs'.

As in the previous year, no development costs were capitalized during the year under review.

## 7 Other operating expenses

'Other operating expenses' comprise expenses of different kinds in connection with legal costs, allowances on inventories, taxes on capital, levies based on local legislation, and allowances for doubtful trade receivables. In the prior year 'Other operating expenses' also included impairments on goodwill and property, plant, and equipment in Russia.

## 8 Other operating income

'Other operating income' comprises a range of income, such as the release of provisions for site remediation and the release of provisions for personnel costs (in the prior year from release of provisions for legal proceedings), income from associated companies, and income from sales of material for recycling purposes.

## 9 Personnel expenses

| | 2023 | 2022 |
|---|---|---|
| **Personnel expenses** | | |
| CHF m | | |
| Salaries and wages | 275.7 | 306.9 |
| Social security contributions | 61.1 | 64.1 |
| Employee benefit expenses for defined contribution plans | 12.3 | 12.5 |
| Employee benefit expenses for defined benefit plans | 2.2 | 5.1 |
| **Total personnel expenses** | **351.3** | **388.6** |

Personnel expense decreased year-on-year due to lower average headcount and due to lower exchange rates.

Salaries and wages include share-based payment expenses of CHF 4.0 million (2022: CHF 4.7 million). A bonus program is available for around 150 managers, which is linked to achieving financial targets set for the Group, the divisions, and individual objectives (see also note 19 'Employee participation plan').

As at December 31, 2023, the headcount was 5,190 (2022: 5,390). The weighted average headcount over the year was 5,357 (2022: 5,637).

## 10 Income taxes

| | 2023 | 2022 |
|---|---|---|
| **Income taxes** | | |
| CHF m | | |
| Current income taxes | 26.9 | 33.2 |
| Deferred income taxes | 2.6 | – 3.6 |
| **Total income taxes** | **29.5** | **29.6** |

**Analysis of tax expense**

The following reconciliation explains the difference between the expected and the effective income tax expense:

| | 2023 | 2022 |
|---|---|---|
| CHF m | | |
| Group profit before taxes | 131.8 | 131.0 |
| **Tax expense at the applicable tax rate** | **– 30.3** | **– 31.0** |
| Applicable tax rate in % | 23.0 | 23.7 |
| Tax effects of: | | |
| Non-tax-deductible expenses | – 2.1 | – 1.0 |
| Tax-exempt income | 0.3 | 0.4 |
| Recognition of previously unrecognized tax losses | 0.0 | 0.1 |
| Utilization of previously unrecognized tax losses | 1.1 | 0.8 |
| Previous-year taxes and other positions | 1.5 | 1.1 |
| **Effective income tax expenses** | **– 29.5** | **– 29.6** |
| Effective income tax rate in % | 22.4 | 22.6 |

Since the Group operates in various countries with different tax laws and rates, the expected and effective income tax expense depends every year on the origin of the profits or losses in each country. The expected income tax expense is the sum of the expected individual tax expense of all subsidiaries. The expected individual income tax expense in a country is calculated by multiplying the individual profit/loss by the tax rate applicable in the country concerned.

Capitalized and non-capitalized tax loss carry-forwards all expire in more than five years.:

| | 2023 | 2022 |
|---|---|---|
| CHF m | | |
| Non capitalized | 30.0 | 20.7 |
| Capitalized | 20.2 | 32.8 |
| **Total tax loss carry-forwards** | **50.2** | **53.5** |

The following amounts are shown in the balance sheet:

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| CHF m | | |
| Deferred tax assets | 30.7 | 34.3 |
| Deferred tax liabilities | –7.4 | –8.2 |
| **Deferred taxes, net** | **23.3** | **26.1** |

Deferred tax assets and liabilities, tax credits, and tax charges from deferred taxes:

**Deferred tax assets**

| CHF m | Inventories | Property, plant, and equipment | Provisions | Loss carry-forwards | Employee benefit obligations | Other | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2022** | **7.2** | **2.2** | **8.5** | **12.3** | **13.5** | **6.2** | **49.9** |
| Changes recognized in income statement | 1.0 | 2.3 | 2.4 | – 1.1 | 0.0 | – 0.1 | 4.5 |
| Changes recognized in other comprehensive income | | | | | – 5.7 | | – 5.7 |
| Translation differences | 0.1 | 0.0 | – 0.5 | – 1.0 | – 0.8 | 0.1 | – 2.1 |
| **As at December 31, 2022** | **8.3** | **4.5** | **10.4** | **10.2** | **7.0** | **6.2** | **46.6** |
| Changes recognized in income statement | – 2.0 | 1.7 | 0.5 | – 3.6 | – 0.5 | 0.7 | – 3.2 |
| Changes recognized in other comprehensive income | | | | | 1.3 | | 1.3 |
| Translation differences | – 0.8 | – 0.8 | – 0.2 | – 0.5 | – 0.1 | – 0.2 | – 2.6 |
| **As at December 31, 2023** | **5.5** | **5.4** | **10.7** | **6.1** | **7.7** | **6.7** | **42.1** |
| Netting with deferred tax liabilities | | | | | | | – 11.4 |
| **As at December 31, 2023** | **5.5** | **5.4** | **10.7** | **6.1** | **7.7** | **6.7** | **30.7** |

**Deferred tax liabilities**

| CHF m | Inventories | Property, plant, and equipment | Provisions | Intangible assets | Employee benefit obligations | Other | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2022** | **3.4** | **6.8** | **0.1** | **8.7** | **0.0** | **3.3** | **22.3** |
| Changes recognized in income statement | 0.1 | – 0.1 | | – 1.4 | | 2.3 | 0.9 |
| Translation differences | – 0.3 | – 0.7 | 0.0 | – 1.3 | | – 0.4 | – 2.7 |
| **As at December 31, 2022** | **3.2** | **6.0** | **0.1** | **6.0** | **0.0** | **5.2** | **20.5** |
| Changes recognized in income statement | – 0.3 | 0.5 | | – 1.7 | | 0.9 | – 0.6 |
| Translation differences | – 0.1 | – 0.3 | 0.0 | – 0.5 | | – 0.2 | – 1.1 |
| **As at December 31, 2023** | **2.8** | **6.2** | **0.1** | **3.8** | **0.0** | **5.9** | **18.8** |
| Netting with deferred tax assets | | | | | | | – 11.4 |
| **As at December 31, 2023** | **2.8** | **6.2** | **0.1** | **3.8** | **0.0** | **5.9** | **7.4** |
| | | | | | | | |
| Decrease in net deferred tax assets 2022 | | | | | | | – 1.5 |
| Decrease in net deferred tax assets 2023 | | | | | | | – 2.8 |

As at December 31, 2023, no deferred income tax liabilities on undistributed profits from consolidated companies have been recognized, since this income is deemed to have been reinvested for an indefinite period. Should there be a distribution, withholding and other taxes might be incurred, which, upon decision, may be provided for accordingly.

Income tax expense and income recognized in the other comprehensive income statement:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| CHF m | Before tax | Tax expense | After tax | Before tax | Tax expense | After tax |
| Actuarial losses (–)/gains on employee benefit obligations | – 12.4 | 1.3 | – 11.1 | 24.9 | – 5.7 | 19.2 |
| Translation differences | – 47.3 | | – 47.3 | – 36.3 | | – 36.3 |
| **Other comprehensive income** | **– 59.7** | **1.3** | **– 58.4** | **– 11.4** | **– 5.7** | **– 17.1** |

**Global minimum taxation**

The Group anticipates that it will be subject to the top-up tax in relation to its business activities in Switzerland. However, as the new law was only effective as per January 1, 2024, it has no consequences for the year under review. The Group applies the mandatory exception for deferred tax accounting for global top-up tax and will record it as current income tax at the time it is incurred. Had the top-up tax been applied in 2023, the Group's effective tax rate would have risen by less than one percentage point.

## 11 Earnings per share

Earnings per share are calculated as follows:

| | 2023 | 2022 |
|---|---|---|
| Group profit for the year in CHF million | 102.3 | 101.4 |
| Weighted average number of shares | 1,409,775 | 1,413,578 |
| Amount of shares adjusted for long-term incentive plans (LTI) | 0 | 22 |
| Weighted average number of shares used to calculate diluted earnings per share | 1,409,775 | 1,413,600 |
| Basic earnings per share in CHF | 72.55 | 71.76 |
| Diluted earnings per share in CHF | 72.55 | 71.76 |

## 12 Trade receivables

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Trade receivables** | | |
| CHF m | | |
| Accounts receivable | 133.4 | 146.8 |
| Notes receivable | 10.2 | 13.3 |
| Allowance | – 4.7 | – 4.9 |
| **Total trade receivables** | **138.9** | **155.2** |

Information with regards to the Group's credit and market risks and allowances for doubtful trade receivables are found in note 23 'Risk assessment and financial risk management'.

## 13 Inventories

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Inventories** | | |
| CHF m | | |
| Raw materials and supplies | 60.7 | 74.3 |
| Work in progress | 86.0 | 93.7 |
| Finished goods | 146.4 | 182.0 |
| Allowance | – 28.9 | – 33.8 |
| **Total inventories** | **264.2** | **316.2** |

As a result of optimizations in production and sales planning, inventories could be reduced significantly compared to the prior year.

Cost of materials recognized in the reporting year came to CHF 433.7 million (2022: CHF 492.4 million).

## 14 Property, plant, and equipment

| Cost on acquisition<br>CHF m | Land and buildings | Machinery and equipment | Vehicles and other property, plant, and equipment | Assets under construction | Total property, plant, and equipment |
|---|---|---|---|---|---|
| **As at January 1, 2022** | **187.6** | **732.0** | **135.9** | **24.5** | **1,080.0** |
| Additions | 8.5 | 9.8 | 7.6 | 18.3 | 44.2 |
| Disposals | – 1.9 | – 10.3 | – 8.0 | | – 20.2 |
| Transfers | 1.0 | 24.2 | 2.0 | – 27.2 | |
| Translation differences | – 18.1 | – 40.0 | – 6.8 | – 1.1 | – 66.0 |
| **As at December 31, 2022** | **177.1** | **715.7** | **130.7** | **14.5** | **1,038.0** |
| Additions | 13.5 | 6.9 | 7.8 | 35.4 | 63.6 |
| Disposals | – 4.0 | – 27.9 | – 22.1 | | – 54.0 |
| Transfers | 1.4 | 11.3 | 1.5 | – 14.9 | – 0.7 |
| Translation differences | – 21.8 | – 38.6 | – 6.7 | – 2.2 | – 69.3 |
| **As at December 31, 2023** | **166.2** | **667.4** | **111.2** | **32.8** | **977.6** |

| Accumulated depreciation and impairments<br>CHF m | Land and buildings | Machinery and equipment | Vehicles and other property, plant, and equipment | Assets under construction | Total property, plant, and equipment |
|---|---|---|---|---|---|
| **As at January 1, 2022** | **51.5** | **614.1** | **119.6** | **0.0** | **785.2** |
| Depreciation | 15.9 | 26.4 | 8.9 | | 51.2 |
| Impairments | 2.2 | 2.0 | 0.3 | | 4.5 |
| Disposals | – 1.8 | – 10.2 | – 8.0 | | – 20.0 |
| Translation differences | – 11.0 | – 33.6 | – 5.9 | | – 50.5 |
| **As at December 31, 2022** | **56.8** | **598.7** | **114.9** | **0.0** | **770.4** |
| Depreciation | 16.3 | 22.8 | 7.3 | | 46.4 |
| Disposals | – 3.9 | – 27.9 | – 22.1 | | – 53.9 |
| Translation differences | – 14.2 | – 32.1 | – 5.6 | | – 51.9 |
| **As at December 31, 2023** | **55.0** | **561.5** | **94.5** | **0.0** | **711.0** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **As at December 31, 2022** | **120.3** | **117.0** | **15.8** | **14.5** | **267.6** |
| **As at December 31, 2023** | **111.2** | **105.9** | **16.7** | **32.8** | **266.6** |

Included under property, plant, and equipment are right-of-use assets amounting to CHF 41.7 million (2022: CHF 42.5 million). Further information can be found in note 21 'Leasing'.

Maintenance and repair costs amounted to CHF 23.6 million (2022: CHF 24.8 million). The depreciation expense of CHF 46.4 million (2022: CHF 51.2 million) is included in the items 'Cost of goods sold', 'Development costs', 'Marketing and distribution costs', and 'Administrative costs'.

As at December 31, 2023, there was no property, plant and equipment for which interest on borrowed capital was capitalized during the preparation phase.

As at December 31, 2023, the Group had outstanding purchase orders for capital goods amounting to CHF 4.6 million (2022: CHF 5.3 million).

In the prior-year period, allowances of CHF 4.5 million were set aside for impairments relating to property, plant, and equipment in Russia.

## 15 Intangible assets and goodwill

| **Cost on acquisition**<br>CHF m | Goodwill | Trademarks | Other intangible assets | Total |
|---|---|---|---|---|
| **As at January 1, 2022** | **81.4** | **32.6** | **79.5** | **193.5** |
| Additions | | | 0.2 | 0.2 |
| Disposals | | | – 0.6 | – 0.6 |
| Translation differences | – 3.2 | – 0.7 | – 6.3 | – 10.2 |
| **As at December 31, 2022** | **78.2** | **31.9** | **72.8** | **182.9** |
| Additions | | | 0.3 | 0.3 |
| Disposals | | | – 0.5 | – 0.5 |
| Transfers | | | 0.7 | 0.7 |
| Translation differences | – 3.3 | – 0.3 | – 2.7 | – 6.3 |
| **As at December 31, 2023** | **74.9** | **31.6** | **70.6** | **177.1** |

| **Accumulated amortization and impairments**<br>CHF m | Goodwill | Trademarks | Other intangible assets | Total |
|---|---|---|---|---|
| **As at January 1, 2022** | **8.5** | **26.3** | **63.1** | **97.9** |
| Amortization | | | 4.0 | 4.0 |
| Impairments | 1.1 | | | 1.1 |
| Disposals | | | – 0.6 | – 0.6 |
| Translation differences | – 0.4 | – 0.0 | – 4.0 | – 4.4 |
| **As at December 31, 2022** | **9.2** | **26.3** | **62.5** | **98.0** |
| Amortization | | | 3.7 | 3.7 |
| Disposals | | | – 0.4 | – 0.4 |
| Translation differences | – 1.0 | – 0.1 | – 2.1 | – 3.2 |
| **As at December 31, 2023** | **8.2** | **26.2** | **63.7** | **98.1** |
| | | | | |
| **Net carrying amount** | | | | |
| **As at December 31, 2022** | **69.0** | **5.6** | **10.3** | **84.9** |
| **As at December 31, 2023** | **66.7** | **5.4** | **6.9** | **79.0** |

The position 'Trademarks' consists of the trademarks acquired in connection with the acquisition of Bonar Floors in 2008. 'Other intangible assets' consists primarily of the customer relations and technologies acquired as part of the acquisition of Bonar Floors.

Goodwill is distributed among the following groups of cash-generating units:

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Flooring Systems | 63.3 | 65.3 |
| Movement Systems | 3.4 | 3.7 |
| **Total Goodwill** | **66.7** | **69.0** |

The annual impairment test of the goodwill resulted in the reporting year in a value in use that was greater than the carrying amount. In the calculation of the value in use for the detailed planning period, constant EBITDA margins are assumed, which are around 17% for Flooring Systems (2022: 19%) and around 19% for Movement Systems (2022: 19%). The growth rate upon which the final value is based corresponds to the expected level of inflation (1%). The discount rate corresponds to the total weighted cost of capital before taxes and is 9.6% (previous year: 9.4%).

In the prior year, goodwill of CHF 1.1 million arising from the acquisition of the Russian vinyl plant for the production of vinyl flooring was written off in full because of the negative business outlook resulting from the political and economic situation in Russia.

## 16 Accrued expenses and deferred income

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Accrued expenses and deferred income** | | |
| CHF m | | |
| Accrued expenses for compensation and employee benefits | 35.3 | 38.6 |
| Other accrued expenses | 37.8 | 37.6 |
| **Total accrued expenses and deferred income** | **73.1** | **76.2** |

Accrued expenses for compensation and employee benefits mainly comprise overtime accruals and commissions. Other accrued expenses include accrued volume rebates, commissions, premiums, interest and goods and services received but not yet invoiced.

## 17 Provisions

| **Provisions**<br>CHF m | Warranty provisions | Environmental provisions | Provisions for legal claims | Personnel provisions | Other provisions | Total |
|---|---|---|---|---|---|---|
| **As at January 1, 2023** | **3.8** | **3.5** | **37.7** | **19.6** | **0.9** | **65.5** |
| Additions | 2.0 | | 6.3 | 0.8 | | 9.1 |
| Used during the year | – 0.6 | | – 0.6 | – 9.3 | – 0.5 | – 11.0 |
| Released during the year | – 0.1 | – 3.5 | – 1.0 | – 6.0 | – 0.2 | – 10.8 |
| Translation differences | – 0.2 | 0.0 | – 0.1 | – 0.1 | | – 0.4 |
| **As at December 31, 2023** | **4.9** | **0.0** | **42.3** | **5.0** | **0.2** | **52.4** |
| | | | | | | |
| Of which current provisions | 2.7 | | 0.7 | 4.0 | 0.1 | 7.5 |
| Of which non-current provisions | 2.2 | | 41.6 | 1.0 | 0.1 | 44.9 |

Warranty provisions are linked to product sales and are based on past experience. The provisions for legal claims relate mainly to liability claims. Personnel provisions comprise possible obligations arising from employment contracts and structural measures. Most of the anticipated cash outflow for the non-current provisions is expected in the next two to five years.

## 18 Employee benefit obligations

The Group has established several pension plans on the basis of the specific requirements of the countries in which it operates. The Group maintains both, defined contribution and defined benefit plans that insure employees against the risks of death and invalidity and provide old-age pensions.

The liabilities and assets under the main defined benefit plans are assessed annually by independent actuaries using the 'projected unit credit method'.

**Pension plans in the United Kingdom**
The Group has two defined benefit pension plans in the United Kingdom. The main one is the Forbo Superannuation Fund (FSF), which accounts for about 52% of the Group's total pension liabilities. The FSF is a pension plan whose benefits are based on the final salary and which pays out a guaranteed pension for life to its members. The composition of the pension liabilities is as follows: 2% to active employees, 33% to deferred members and 65% to current beneficiaries.

The FSF operates under trust law and is managed and administered by the trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The FSF's assets are held by the trust. Responsibility for governance of the FSF – including investment decisions and contribution schedules – lies with the trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the FSF's regulations and British pension law.

The pension plan follows an investment strategy that is geared to the structure of the pension liabilities ('liability-driven investment' approach).

The use of any ultimate surplus is not subject to any restrictions under the FSF's articles of incorporation and can be used freely by the Group. These surpluses are therefore recognized in the balance sheet as assets in accordance with IAS 19 revised.

The FSF is closed to new entrants for years. Employees in the United Kingdom who meet certain criteria are offered a defined contribution plan.

**Pension plan in Switzerland**
The Group pays contributions to an independent pension fund as part of the occupational pension provision (known in Switzerland as the 'second pillar'). As a minimum benefit, this independent pension fund must provide the beneficiary with an old-age pension at the time of retirement. This pension is paid out of the retirement savings capital at the start of the pension. The Group meets these liabilities through agreements with pension funds that cover the pension liabilities in full.

The pension liabilities of the Swiss Group companies account for about 25% of the Group's entire pension liabilities. 96% of the liabilities are to employees and 4% to beneficiaries.

The Swiss pension system includes guarantees that expose the company to the risk that it may have to provide additional financing, for instance, if the pension fund is unable to meet its obligations or decides to end the insurance relationship. The pension fund guarantees a minimum return and is responsible for the payment of a pension for life once the insurance benefits fall due. As a result of these guarantees, Swiss pension plans are treated as defined benefit plans under IAS 19 revised, even though they contain essential elements of defined contribution plans.

The company cannot participate in any surplus of the pension plan. According to Swiss pension law (BVG), all surpluses belong to the pension plan and hence to its members.

In 2023, the pension fund announced a change to the plan rules according to which a comprehensive conversion rate will be applied from January 1, 2025. This adjustment to the plan resulted in a one-off profit of CHF 2.4 million, which was posted in the income statement.

**Other pension plans**

Other notable defined benefit plans exist in France, Germany, Japan, Sweden, and the USA. In the Netherlands, Forbo has also offered an early retirement plan since 2021. Access to this plan is available only up to December 31, 2025. The commitment from this plan increased in 2023 due to revisions to the actuarial assumptions. This led to a one-off charge of CHF 2.4 million, which was recorded in the Comprehensive Income Statement.

The latest actuarial valuations of the present values of defined benefit liabilities and of service costs were performed as at December 31, 2023, by independent actuaries using the projected unit credit method. The fair value of the plan assets was determined as at December 31, 2023, based on the information available when the annual financial statements were prepared. The weighted average duration of the pension plans ('plan duration') is 10.4 years for the United Kingdom, 15.6 years for Switzerland, and 12.5 years for the other countries.

The principal assumptions underlying the actuarial calculations are summarized as follows.

| Actuarial assumptions | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Switzerland | UK | Other | Weighted | Switzerland | UK | Other | Weighted |
| Discount rate (in %) | 1.3 | 4.5 | 3.1 | 3.5 | 2.2 | 4.8 | 3.4 | 4.0 |
| Future increases in salaries (in %) | 1.9 | 3.8 | 2.9 | 2.3 | 1.9 | 4.0 | 2.9 | 2.4 |
| Inflation rate (in %) | 1.3 | 3.1 | 2.2 | 2.6 | 1.3 | 3.3 | 2.2 | 2.8 |
| Life expectancy at age of 65 (in years) | | | | | | | | |
| Year of birth 1958 | | | | | | | | |
| Men | 22 | 21 | 21 | 21 | 22 | 21 | 21 | 21 |
| Women | 24 | 23 | 24 | 24 | 24 | 24 | 24 | 24 |
| Year of birth 1973 | | | | | | | | |
| Men | 23 | 21 | 23 | 22 | 23 | 22 | 22 | 22 |
| Women | 25 | 24 | 26 | 25 | 25 | 25 | 25 | 25 |

The pension costs for defined benefit plans recognized in the consolidated income statement can be summarized as follows:

| Pension costs | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| CHF m | Switzerland | UK | Other | Total | Switzerland | UK | Other | Total |
| Service cost | – 0.9 | 0.5 | 1.5 | 1.1 | 2.0 | 0.5 | 2.0 | 4.5 |
| Interest costs | 1.1 | 6.2 | 1.3 | 8.6 | 0.2 | 3.6 | 0.7 | 4.5 |
| Interest income on plan assets | – 1.0 | – 6.2 | – 0.3 | – 7.5 | – 0.1 | – 3.6 | – 0.2 | – 3.9 |
| **Total pension costs** | **– 0.8** | **0.5** | **2.5** | **2.2** | **2.1** | **0.5** | **2.5** | **5.1** |

Changes in pension liabilities under the defined benefit plans:

| **Benefit obligations** | | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| CHF m | Switzerland | UK | Other | Total | Switzerland | UK | Other | Total |
| **As at January 1** | **50.7** | **132.1** | **41.3** | **224.1** | **62.6** | **217.6** | **56.5** | **336.7** |
| Service cost | – 0.9 | 0.5 | 1.5 | 1.1 | 2.0 | 0.5 | 2.0 | 4.5 |
| Employee contributions | 1.0 | 0.0 | 0.0 | 1.0 | 1.0 | | 0.0 | 1.0 |
| Interest costs | 1.1 | 6.2 | 1.3 | 8.6 | 0.2 | 3.6 | 0.7 | 4.5 |
| Benefits paid | – 0.5 | – 9.4 | – 2.5 | – 12.4 | – 0.6 | – 9.3 | – 2.2 | – 12.1 |
| Actuarial losses/gains (–) | 5.9 | 0.2 | 3.3 | 9.4 | – 14.5 | – 62.6 | – 12.1 | – 89.2 |
| Translation differences | | – 4.4 | – 1.6 | – 6.0 | | – 17.7 | – 3.6 | – 21.3 |
| **As at December 31** | **57.3** | **125.2** | **43.3** | **225.8** | **50.7** | **132.1** | **41.3** | **224.1** |

Changes in plan assets of the defined benefit plans at fair value:

| **Plan assets** | | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| CHF m | Switzerland | UK | Other | Total | Switzerland | UK | Other | Total |
| **As at January 1** | **44.2** | **133.8** | **5.1** | **183.1** | **46.8** | **215.9** | **5.6** | **268.3** |
| Interest income on plan assets | 1.0 | 6.2 | 0.3 | 7.5 | 0.1 | 3.6 | 0.2 | 3.9 |
| Employer contributions | 1.9 | 0.3 | 2.5 | 4.7 | 1.7 | 0.3 | 2.1 | 4.1 |
| Employee contributions | 1.0 | | | 1.0 | 1.0 | | 0.0 | 1.0 |
| Return on pension assets (excluding amounts in interest income) | 0.5 | – 3.3 | – 0.2 | – 3.0 | – 4.8 | – 59.0 | – 0.5 | – 64.3 |
| Benefits paid | – 0.5 | – 9.4 | – 2.5 | – 12.4 | – 0.6 | – 9.3 | – 2.2 | – 12.1 |
| Translation differences | | – 4.3 | 0.0 | – 4.3 | | – 17.7 | – 0.1 | – 17.8 |
| **As at December 31** | **48.1** | **123.3** | **5.2** | **176.6** | **44.2** | **133.8** | **5.1** | **183.1** |

Actuarial gains and losses are recognized in the balance sheet under 'Pension liabilities' and accounted for directly in the Comprehensive Income Statement.

Most of the pension plans are financed in full or in part via outsourced funds. Pension liabilities amounting to CHF 25.3 million (2022: CHF 28.3 million) out of a total of CHF 225.8 million (2022: CHF 224.1 million) are unfunded.

Changes in the net liabilities of defined benefit plans recognized in the balance sheet:

| **Net liabilities/ Net assets** | | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| CHF m | Switzerland | UK | Other | Total | Switzerland | UK | Other | Total |
| **As at January 1** | **6.5** | **– 1.7** | **36.2** | **41.0** | **15.8** | **1.7** | **50.9** | **68.4** |
| Net pension cost | – 0.8 | 0.5 | 2.5 | 2.2 | 2.1 | 0.5 | 2.5 | 5.1 |
| Employer contributions | – 1.9 | – 0.3 | – 2.5 | – 4.7 | – 1.7 | – 0.3 | – 2.1 | – 4.1 |
| Actuarial losses/gains (–) | 5.4 | 3.5 | 3.5 | 12.4 | – 9.7 | – 3.6 | – 11.6 | – 24.9 |
| Translation differences | 0.0 | – 0.1 | – 1.6 | – 1.7 | | 0.0 | – 3.5 | – 3.5 |
| **Net liabilities/ Net assets (–) as at December 31** | **9.2** | **1.9** | **38.1** | **49.2** | **6.5** | **– 1.7** | **36.2** | **41.0** |

Gains and losses of defined benefit pension plans offset in the comprehensive income statement for all segments:

| **Recognized gains and losses in the comprehensive income statement** | | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| CHF m | Switzerland | UK | Other | Total | Switzerland | UK | Other | Total |
| Actuarial gains in the current period: | – 5.9 | – 0.2 | – 3.3 | – 9.4 | 14.5 | 62.6 | 12.1 | 89.2 |
| Based on adjustment of demographic assumptions | 0.0 | 2.3 | – 0.1 | 2.2 | 0.0 | 0.3 | 0.0 | 0.3 |
| Based on adjustment of financial assumptions | – 5.8 | – 2.4 | – 1.1 | – 9.3 | 15.2 | 59.8 | 12.4 | 87.4 |
| Experience adjustment | – 0.1 | – 0.1 | – 2.1 | – 2.3 | – 0.7 | 2.5 | – 0.3 | 1.5 |
| Return on pension assets (excluding amounts in interest income) | 0.5 | – 3.3 | – 0.2 | – 3.0 | – 4.8 | – 59.0 | – 0.5 | – 64.3 |
| **Total losses (–)/gains recognized in the comprehensive income statement before taxes** | **– 5.4** | **– 3.5** | **– 3.5** | **– 12.4** | **9.7** | **3.6** | **11.6** | **24.9** |

Change in the present value of defined benefit liabilities:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| **Sensitivities +50bp** | | | +50bp | | | +50bp |
| CHF m | Switzerland | UK | Other | Switzerland | UK | Other |
| Discount rate | – 4.2 | – 6.1 | – 2.4 | – 3.6 | – 6.6 | – 2.4 |
| Increases in salaries | 1.2 | 0.0 | 1.3 | 1.1 | 0.0 | 1.4 |
| Inflation rate | 0.9 | 2.9 | 2.3 | 0.8 | 2.6 | 2.2 |
| Interest credits on retirement assets | 1.1 | | | 1.1 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Sensitivities –50bp** | | | –50bp | | | –50bp |
| CHF m | Switzerland | UK | Other | Switzerland | UK | Other |
| Discount rate | 4.6 | 6.6 | 2.6 | 4.0 | 7.2 | 2.7 |
| Increases in salaries | – 1.2 | 0.0 | – 1.1 | – 1.0 | 0.0 | – 1.2 |
| Inflation rate | – 0.9 | – 3.6 | – 2.1 | – 0.8 | – 3.8 | – 2.0 |
| Interest credits on retirement assets | – 1.1 | | | – 1.0 | | |

The above table describes the effect of the principal actuarial assumptions on pension liabilities. The table shows the effect of an isolated change of a single parameter, assuming that all other parameters remain unchanged. However, sensitivities may differ for individual plans. The sensitivity analysis aims to visualize the uncertainty in valuating pension liabilities under market conditions at the date of valuation. The results cannot be extrapolated owing to possible non-linear effects in the event of changes to the actuarial assumptions. Moreover, the analysis cannot say anything about the likelihood of these changes occurring, nor can it present the view of the Group regarding anticipated future changes in pension liabilities.

Weighted average asset allocation of the defined benefit plan assets as at December 31:

| | 2023 | 2022 |
|---|---|---|
| % | | |
| Shares | 14.4 | 12.4 |
| Bonds | 32.8 | 32.2 |
| Real Estate | 21.7 | 23.4 |
| Other securities | 28.9 | 23.3 |
| Cash and cash equivalents | 2.2 | 8.7 |
| **Total plan assets as at December 31** | **100.0** | **100.0** |

'Shares', 'Bonds', 'Real Estate', and 'Other securities' were quoted investments. The plan assets did not include any direct shares or other securities of the Forbo Group.

Contributions to defined benefit plans in the following year are estimated at at the same level as in the current year.

**Other non-current benefits**
The Group does not finance any other non-current benefits. The plans for long-service bonuses and other benefits related to years of service are negligible or do not qualify as plans for other non-current benefits.

## 19 Employee participation plan

As of December 31, 2023, there existed the following share-based remuneration elements:

**Remuneration of the Board of Directors**
Since the reporting year, the remuneration of the Chairman of the Board of Directors is provided in locked-up shares. The details and figures for this remuneration model are to be found on page 161 of this Financial Report and on pages 106 as well as 112 to 114 of the Remuneration Report.

The number of shares with a three-year vesting period allocated to the non-executive members of the Board of Directors came to 272 in the reporting year (2022: 261)

**Remuneration of the Executive Board**
*Long-term incentive plan*
The Long-Term Incentive Plan consists of a performance share unit plan. At the start of the performance period, each member of the Executive Board is granted a given number of future subscription rights in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share. The PSUs are subject to a three-year vesting period. At the end of the performance period, the company will determine whether the objectives set by the Board of Directors at the start of the performance period for the performance indicators have been reached. Depending on the degree to which the objectives are reached, a given percentage of the PSUs will be converted into shares after the three-year vesting period. Until and upon completion of the Long-Term Incentive Plan 2022 – 2024, converted shares are locked up for a period of three years. As from the Long-Term Incentive Plan 2023 – 2025, they are locked up for one year. The relevant share price for the allocation of PSUs at the start of the performance period is calculated from the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the year in which the PSUs were allocated.

Within the framework of the Long-Term Incentive Plan, 90 shares (2022: 73) were allocated in the year under review. The share price at measurement date was CHF 1,154.34 (2022: CHF 1,861.14).

*Management investment plan*
Short-term variable compensation for the Executive Board is linked to the Management Investment Plan (MIP). According to this plan, at least 50% of the annual short-term variable remuneration of Executive Board members is paid into the MIP. This part is settled in shares. As for the remaining 50% of the annual short-term variable remuneration, the Executive Board members may either draw all or part of it in cash or pay it into the MIP. They may redefine the allocation of this remaining 50% every year. The shares are locked up for a period of three years.

The portion of variable remuneration that is settled in the form of shares is recognized at fair value and reported as a corresponding increase in equity. The shares distributed under the MIP are issued at the unweighted average closing price of the Forbo share for the first 14 trading days in January of the year in which they were issued.

The number of shares of Forbo Holding Ltd issued in the year under review under the MIP was 631 (2022: 682). A further 72 shares (2022: 42) were allocated to Executive Board members in the reporting year as part of the fixed base salary.

The amount charged to the income statement in application of IFRS 2 for shares issued to the Board of Directors and the Executive Board came to CHF 4.0 million in the year under review (2022: CHF 4.7 million).

## 20 Share capital and capital management

### Share capital

As at December 31, 2023, the share capital of Forbo Holding Ltd stood at CHF 148,500 (2022: CHF 148,500), divided into 1,485,000 registered shares with a par value of CHF 0.10 each. Of this amount 21,419 registered shares without voting or dividend rights continued to be at the disposal of the Board of Directors. Consequently, 1,463,581 (2022: 1,463,581) registered shares were eligible for dividends as at December 31, 2023.

At the Ordinary General Meeting held on April 1, 2022, the shareholders of Forbo Holding Ltd approved the capital reduction of 10%. It was completed with the entry in the Commercial Register of the Canton of Zug on June 16, 2022, and was published in the SHAB on June 21, 2022.

Change of shares issued and outstanding:

| | 31.12.2023 | Change | 31.12.2022 |
|---|---|---|---|
| | Number | Number | Number |
| **Total shares outstanding** | **1,485,000** | **0** | **1,485,000** |
| less: | | | |
| **Treasury shares** | | | |
| Treasury shares | – 56,225 | – 5,404 | – 50,821 |
| Own shares with no dividend rights | – 21,419 | 0 | – 21,419 |
| **Total treasury shares** | **– 77,644** | **– 5,404** | **– 72,240** |
| **Total shares issued and outstanding** | **1,407,356** | **– 5,404** | **1,412,760** |

### Capital management

By capital management, the Group means management of consolidated shareholders' equity as well as optimization of the capital employed. The former includes the fully paid-up share capital, the positions 'Treasury shares', 'Reserves', and 'Translation differences' and, as per December 31, 2023, amounted to CHF 553.7 million (2022: CHF 550.1 million).

## 21 Leasing

The Group is the lessee for various fixed assets, in particular buildings and vehicles.

The table below shows the right-of-use assets recognized under property, plant, and equipment.

| **Right-of-use assets**<br>CHF m | Land and buildings | Machinery and equipment | Vehicles and other property, plant, and equipment | Total property, plant, and equipment |
|---|---|---|---|---|
| **As at January 1, 2022** | **35.8** | **1.1** | **10.4** | **47.3** |
| Additions | 6.9 | 0.7 | 5.9 | 13.5 |
| Derecognition | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation | – 9.4 | – 0.6 | – 5.9 | – 15.9 |
| Translation differences | – 1.8 | – 0.1 | – 0.5 | – 2.4 |
| **As at December 31, 2022** | **31.5** | **1.1** | **9.9** | **42.5** |
| Additions | 11.8 | 0.6 | 6.3 | 18.7 |
| Derecognition | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation | – 10.4 | – 0.7 | – 5.6 | – 16.7 |
| Translation differences | – 2.1 | 0.0 | – 0.7 | – 2.8 |
| **As at December 31, 2023** | **30.8** | **1.0** | **9.9** | **41.7** |

Interest from lease liabilities amounted to CHF 0.9 million in the year under review (2022: CHF 0.7 million). The recognized lease liabilities came to CHF 40.0 million at year-end (2022: CHF 40.4 million), stated in the current and non-current financial liabilities (see note 22 'Financial instruments'). The lease payments for recognized lease liabilities, including interest, came to CHF 17.6 million in the reporting year (2022: CHF 19.1 million).

Expenditure and payments for short-term leases came to CHF 3.2 million (2022: CHF 4.3 million) and for leases of low-value assets to CHF 1.1 million (2022: CHF 1.3 million).

The maturity analysis of the leasing liabilities is reported in note 23 'Risk assessment and financial risk management'.

## 22 Financial instruments

### Classification and fair values

The table below shows the carrying amounts and fair values of financial assets and financial liabilities. It does not contain any information on the fair value of financial assets and financial liabilities if the book value constitutes an appropriate approximate value for their current fair value.

**Classification of financial instruments**

| | Carrying amount | | |
|---|---|---|---|
| CHF m | Fair value through profit or loss | Amortized cost | Total |
| **31.12.2023** | | | |
| Financial assets: | | | |
| Cash and cash equivalents | | 69.1 | 69.1 |
| Trade receivables | | 138.9 | 138.9 |
| Other receivables | | 5.9 | 5.9 |
| Non-current financial assets | | 1.9 | 1.9 |
| | | | |
| Financial liabilities: | | | |
| Derivative financial instruments | 0.1 | | 0.1 |
| Current financial liabilities | | 13.1 | 13.1 |
| Trade payables | | 86.9 | 86.9 |
| Other current liabilities | | 11.7 | 11.7 |
| Non-current financial liabilities | | 26.9 | 26.9 |

The item 'Derivative financial instruments' contains open foreign exchange hedging and swap transactions with a contract value at December 31, 2023, totaling CHF 32.0 million (2022: CHF 80.8 million). The foreign exchange rates can be directly observed or determined. The derivatives are therefore assigned to hierarchy level 2.

The items 'Other receivables' and 'Other current liabilities' are lower than as shown in the balance sheet since the direct and indirect tax receivables and liabilities they contain do not qualify as financial instruments.

'Current financial liabilities' and 'Non-current financial liabilities' generally correspond to the liabilities from leasing. As at December 31, 2023, 'Current financial liabilities' included current account liabilities of CHF 0 million (2022: CHF 4.9 million) and money market financing of CHF 0 (2022: CHF 19.7 million).

The carrying amount of the financial assets and financial liabilities valued at amortized cost is a reasonable approximation for the fair value. The Group did not hold any significant financial instruments measured at recurring fair value nor was there any regrouping between the levels of the fair value hierarchy.

**Classification of financial instruments**

| | Carrying amount | | |
|---|---|---|---|
| CHF m | Fair value through profit or loss | Amortized cost | Total |
| **31.12.2022** | | | |
| Financial assets: | | | |
| Cash and cash equivalents | | 46.7 | 46,7 |
| Trade receivables | | 155.2 | 155.2 |
| Other receivables | | 8.1 | 8.1 |
| Non-current financial assets | | 1.8 | 1.8 |
| | | | |
| Financial liabilities: | | | |
| Derivative financial instruments | 0.6 | | 0.6 |
| Current financial liabilities | | 38.4 | 38.4 |
| Trade payables | | 102.5 | 102.5 |
| Other current liabilities | | 14.9 | 14.9 |
| Non-current financial liabilities | | 26.6 | 26.6 |

## 23 Risk assessment and financial risk management

The tasks of the Board of Directors include identifying risks, determining suitable measures, and implementing those measures or having them implemented. The Board of Directors of Forbo Holding Ltd conducted a Group-wide risk assessment in the reporting year. The Board of Directors in consultation with the Executive Board ensures that risks are dealt with appropriately and that they are duly reported. This approach gives the Board a complete overview of the key risks and measures. This broad overview enables the Group to set priorities and allocate the necessary resources.

The following notes refer exclusively to the risk from financial instruments. The Group is exposed to the following risks arising from the use of financial instruments:

– Market risk
– Liquidity risk
– Default risk

**Market risk**
This refers to the risk that market prices, above all exchange rates and interest rates, will change. In its day-to-day operations, the Group uses derivative and non-derivative financial instruments to manage the risks and opportunities arising from fluctuations in exchange rates and interest rates. The various risks associated with existing assets and liabilities as well as planned and anticipated transactions are monitored and managed centrally – with due regard to the Group's overall risk exposure. In line with the Group's hedging policy, Corporate Treasury constantly monitors both the risk exposure and the effectiveness of the hedging instruments and issues recommendations with regard to partial or complete hedging of existing risks.

The Group uses derivative financial instruments solely to manage financial risks and not for the purpose of speculation. To hedge its currency risks, the Group uses mainly currency cash transactions, forward currency contracts, and currency swap transactions. In order to manage counterparty risk, derivative financial transactions are concluded only with first-class banks. The creditworthiness of these institutions is assessed on the basis of evaluations by leading rating agencies.

As in the previous year, no hedge accounting was used in this context in the year under review.

*Foreign exchange risk management*
Risks arising from short-term currency exposure created by purchases and sales of goods and services (transaction risks) are identified, and selective hedging strategies are implemented in line with an ongoing assessment of exchange rate movements. The Group uses foreign exchange forward and option contracts with maturities of up to 15 months to hedge against transaction risk.

Furthermore, risks associated with the translation of assets and liabilities denominated in foreign currencies (translation risks) are managed by establishing an appropriate financing policy.

A realistic assessment of changes in exchange rates for the US dollar, the euro, the pound sterling, and the Swiss franc has no significant impact on the result and the equity of the Group from the valuation of transactions with financial instruments.

*Interest rate risks*
Interest rate risks arise from changes in the fair value of interest-bearing assets and liabilities caused by fluctuations in interest rates. Since these risks may have a negative effect on net financial profit and shareholders' equity, the Group uses derivatives to manage them on a case-by-case basis. A realistic assessment of changes in interest rates for the US dollar, the euro, the pound sterling, and the Swiss franc has no significant impact on the result and the equity of the Group from the valuation of transactions with financial instruments.

**Liquidity risk**
Liquidity risk is the risk that the Group may possibly be unable to meet contractually agreed financial obligations that are settled by delivering cash or other financial assets. Group companies need sufficient cash in order to meet their commitments. Corporate Treasury is responsible for managing liquidity. The share of the aggregate cash and cash equivalents managed by Corporate Treasury was around 50% on December 31, 2023. At present, the Group regards a cash level of roughly CHF 60 million as sufficient to meet its payment obligations at all times.

The maturity structure of the existing financial liabilities is shown in the following table. These liabilities correspond to contractually agreed maturities and represent nominal payment outflows. Inflows and outflows of funds from derivative financial instruments are shown separately.

**As at December 31, 2023**

| CHF m | Total Cash outflow | Remaining term to maturity up to 1 year | Remaining term to maturity 1 – 2 years | Remaining term to maturity 2 – 5 years | Remaining term to maturity over 5 years |
|---|---|---|---|---|---|
| Interest-free liabilities | 98.6 | 98.6 | | | |
| Liabilities from leasing | 44.3 | 14.6 | 11.9 | 13.2 | 4.6 |
| Cash outflow from financial derivatives | 0.1 | 0.1 | | | |

**As at December 31, 2022**

| CHF m | Total Cash outflow | Remaining term to maturity up to 1 year | Remaining term to maturity 1 – 2 years | Remaining term to maturity 2 – 5 years | Remaining term to maturity over 5 years |
|---|---|---|---|---|---|
| Interest-free liabilities | 117.4 | 117.4 | | | |
| Liabilities from leasing | 42.5 | 14.5 | 11.4 | 10.8 | 5.8 |
| Liabilities from money market financing | 19.7 | 19.7 | | | |
| Current account liabilities | 4.9 | 4.9 | | | |
| Cash outflow from financial derivatives | 0.6 | 0.6 | | | |

**Default risk**

Default risk is the risk of financial losses in the event that a customer or the counterparty in a financial instrument fails to meet his or its obligations. The risk consists mainly of trade receivables and bank accounts or short-term deposits with banks. The maximum amount of the default risk is the book value of the financial assets.

The Group recognizes allowances for expected credit losses on financial instruments that are reported at amortized costs. It assesses at the end of each reporting period whether there is an objective basis for further impairment of a financial asset and whether the allowances made are still appropriate.

The Group considers a financial asset to be in default if it is unlikely that the borrower can pay his obligation to the Group in full without the Group having to take recourse to measures such as the realization of collateral.

*Cash and cash equivalents*

With regard to counterparty risk exposure to banks, Group-wide directives stipulate that financial investments and other financial transactions are to be made only with first-class banks. Given the credit ratings of these counterparties, the Group does not anticipate any defaults.

*Trade receivables*
The Group's default risk is affected mainly by the individual characteristics of its customers. Management, however, also takes into account the characteristics of the customer base as a whole, including the default risk of the sector and of the countries in which the customers operate, since these factors may also affect the default risk. To manage this risk adequately, the financial creditworthiness of various customers is constantly monitored. Credit risks are diversified by the company's broad customer base in various industries and geographic regions and are covered in part by credit insurance policies.

Carrying amounts of trade receivables by currency:

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| CHF m | | |
| CHF | 1.4 | 1.8 |
| EUR | 66.3 | 72.6 |
| USD | 22.0 | 27.1 |
| JPY | 10.8 | 11.7 |
| GBP | 8.2 | 9.0 |
| CNY | 5.6 | 6.4 |
| SEK | 3.4 | 3.8 |
| Other | 25.9 | 27.7 |
| **Total trade receivables, before loss allowance** | **143.6** | **160.1** |

The Group employs a model of valuation allowances ('provision matrix') for trade receivables. In this valuation allowance table, expected losses on receivables are determined on the balance sheet date on the basis of past experience of default probability and of future-oriented expectations based on experience with the customers and market conditions.

| **As at December 31, 2023** | | | | |
|---|---|---|---|---|
| CHF m | Gross carrying amount | Loss allowance | Weighted average loss rate | Credit impaired |
| Not due | 123.0 | 1.6 | 1.3% | 0.0 |
| Overdue ≤ 30 days | 10.5 | 0.1 | 1.0% | 0.0 |
| Overdue 31 – 90 days | 5.5 | 0.5 | 9.1% | 0.0 |
| Overdue 91 – 180 days | 2.6 | 0.7 | 26.9% | 0.0 |
| Overdue > 180 days | 2.0 | 1.0 | 50.0% | 0.8 |
| **Total** | **143.6** | **3.9** | **2.7%** | **0.8** |

| **As at December 31, 2022** | | | | |
|---|---|---|---|---|
| CHF m | Gross carrying amount | Loss allowance | Weighted average loss rate | Credit impaired |
| Not due | 139.2 | 1.6 | 1.1% | 0.0 |
| Overdue ≤ 30 days | 9.3 | 0.3 | 3.2% | 0.0 |
| Overdue 31 – 90 days | 6.2 | 0.4 | 6.5% | 0.0 |
| Overdue 91 – 180 days | 2.8 | 0.3 | 10.7% | 0.1 |
| Overdue > 180 days | 2.6 | 1.8 | 69.2% | 0.4 |
| **Total** | **160.1** | **4.4** | **2.7%** | **0.5** |

Changes in valuation allowances for doubtful trade receivables during the reporting year:

| | 2023 | 2022 |
|---|---|---|
| CHF m | | |
| **January 1** | **– 4.9** | **– 4.8** |
| Additions | – 1.3 | – 1.1 |
| Release | 0.8 | 0.4 |
| Use | 0.3 | 0.3 |
| Translation differences | 0.4 | 0.3 |
| **As at December 31** | **– 4.7** | **– 4.9** |

The creation and release of allowances for doubtful trade receivables are included in 'Other operating expenses and income' in the income statement.

## 24 Related party transactions

Compensation paid to members of the Board of Directors and Executive Board:

| | Executive Board | | Board of Directors | | Total | |
|---|---|---|---|---|---|---|
| CHF m | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Remuneration | 2.57 | 1.81 | 0.70 | 1.72 | 3.27 | 3.53 |
| Employer contributions to the pension scheme | 0.32 | 0.21 | 0.00 | 0.18 | 0.32 | 0.39 |
| Share-based payments | 0.19 | 0.68 | 3.76 | 2.64 | 3.95 | 3.32 |
| **Total payments** | **3.08** | **2.70** | **4.46** | **4.54** | **7.54** | **7.24** |

The compensation paid to the Executive Board consists of a fixed gross base salary in cash, short-term variable remuneration in cash, private use of the company car, and social security payments made by the company. Employer contributions to the pension fund are reported separately. The share-based remuneration paid to the Executive Board consists of a following elements: a fixed base salary portion, which is paid in shares; short-term variable remuneration under the Management Investment Plan (MIP) for the reporting year; and the future subscription rights, awarded pro rata for the reporting year and weighted in accordance with target achievement in the reporting year in the form of performance share units for the long-term incentive plans 2021 – 2023, 2022 – 2024 and 2023 – 2025 (see note 19 'Employee participation plan').

The remuneration paid to the Board of Directors includes a gross base remuneration in cash, employer contributions to the usual social insurances, lump sum and on-site expenses, and private use of a company car (only for the Chairman).

The share-based remuneration paid to the Board of Directors includes a gross base remuneration in shares, consisting on the one hand of a 40% portion of the remuneration in shares for the Board members and, on the other hand, of the share-based portion of the remuneration for the Chairman.

As at December 31, 2023 and 2022, the Group had no significant receivables due from or liabilities to related parties.

## 25 Events after the balance sheet date

Between the balance sheet date and the date of publication of this annual report no event occurred that could have a significant effect on the 2023 annual financial statements.

# Group companies (as at December 31, 2023)

| Group company | Registered office | | Currency | Share capital | Equity interest | Flooring Systems | Move-ment Systems | Holding/ Services |
|---|---|---|---|---|---|---|---|---|
| **Australia** | | | | | | | | |
| Forbo Floorcoverings Pty. Ltd. | Wetherill Park, NSW | | AUD | 1,400,000 | 100% | S | | |
| Forbo Siegling Pty. Ltd. | Wetherill Park, NSW | | AUD | 7,100,000 | 100% | | S | |
| **Austria** | | | | | | | | |
| Forbo Flooring Austria GmbH | Vienna | | EUR | 72,673 | 100% | S | | |
| Forbo Siegling Austria Ges.m.b.H. | Vienna | | EUR | 330,000 | 100% | | S | |
| **Belgium** | | | | | | | | |
| Forbo Flooring N.V. | Groot-Bijgaarden | | EUR | 250,000 | 100% | S | | |
| **Brazil** | | | | | | | | |
| Forbo Pisos Ltda. | São Paulo | | BRL | 16,564,200 | 100% | S | | |
| Forbo Siegling Brasil Ltda. | São Paulo | | BRL | 7,008,746 | 50% | | MS | |
| **Canada** | | | | | | | | |
| Forbo Flooring Canada Corp. | Halifax | | CAD | 500,200 | 100% | S | | |
| Forbo Siegling Canada Corp. | Halifax | | CAD | 501,000 | 100% | | S | |
| **Chile** | | | | | | | | |
| Forbo Siegling Chile S.A. | Santiago | | CLP | 313,090,945 | 50% | | S | |
| **Colombia** | | | | | | | | |
| Forbo Siegling Colombia S.A.S. | Bogotá, D.C. | | COP | 2,250,000,000 | 100% | | S | |
| **Czech Republic** | | | | | | | | |
| Forbo Siegling Česká republika s.r.o. | Liberec | | CZK | 100,000 | 100% | | S | |
| Forbo s.r.o. | Prague | | CZK | 500,000 | 100% | S | | |
| **Denmark** | | | | | | | | |
| Forbo Flooring A/S | Glostrup | | DKK | 500,000 | 100% | S | | |
| Forbo Siegling Danmark A/S | Brøndby | | DKK | 33,000,000 | 100% | | MS | |
| **Finland** | | | | | | | | |
| Forbo Flooring Finland Oy | Helsinki | | EUR | 33,638 | 100% | S | | |
| **France** | | | | | | | | |
| Forbo Château-Renault S.A.S. | Château-Renault | | EUR | 1,000,000 | 100% | MS | | |
| Forbo Participations S.A.S. | Reims | D | EUR | 5,000,000 | 100% | | | H |
| Forbo Reims SNC | Reims | | EUR | 3,879,810 | 100% | MS | | |
| Forbo Sarlino S.A.S. | Reims | | EUR | 6,415,500 | 100% | S | | |
| Forbo Siegling France S.A.S. | Lomme | | EUR | 819,000 | 100% | | S | |

S Sales
MS Manufacturing and Sales
H Holding/Services
D Direct participation of Forbo Holding Ltd

| Group company | Registered office | | Currency | Share capital | Equity interest | Flooring Systems | Move-ment Systems | Holding/ Services |
|---|---|---|---|---|---|---|---|---|
| **Germany** | | | | | | | | |
| Forbo Beteiligungen GmbH | Hanover | D | EUR | 15,400,000 | 100% | | | H |
| Forbo Eurocol Deutschland GmbH | Erfurt | | EUR | 2,050,000 | 100% | MS | | |
| Forbo Flooring GmbH | Paderborn | | EUR | 500,000 | 100% | S | | |
| Forbo Siegling GmbH | Hanover | | EUR | 10,230,000 | 100% | | MS | |
| | | | | | | | | |
| **Great Britain** | | | | | | | | |
| Forbo Flooring UK Ltd. | Derbyshire | | GBP | 22,000,000 | 100% | MS | | |
| Forbo Floors UK Ltd. | Kirkcaldy | | GBP | 4 | 100% | | | H |
| Forbo-Nairn Ltd. | Derbyshire | | GBP | 8,000,000 | 100% | | | H |
| Forbo Siegling (UK) Ltd. | Dukinfield | | GBP | 50,774 | 100% | | S | |
| Forbo UK Ltd. | Derbyshire | | GBP | 49,500,000 | 100% | | | H |
| Westbond Ltd. | Derbyshire | | GBP | 400,000 | 100% | | | H |
| | | | | | | | | |
| **Hong Kong** | | | | | | | | |
| Forbo International Hong Kong Ltd. | Hong Kong | | HKD | 1 | 100% | | | H |
| | | | | | | | | |
| **India** | | | | | | | | |
| Forbo Flooring India Pvt. Ltd. | Delhi | | INR | 15,000,000 | 100% | S | | |
| Forbo Siegling Movement Systems India Pvt. Ltd. | Pune | | INR | 26,000,000 | 100% | | S | |
| | | | | | | | | |
| **Indonesia** | | | | | | | | |
| PT Forbo Siegling Indonesia | Kabupaten Bandung | | IDR | 6,344,580,000 | 100% | | S | |
| | | | | | | | | |
| **Ireland** | | | | | | | | |
| Forbo Ireland Ltd. | Dublin | | EUR | 125,000 | 100% | S | | |
| | | | | | | | | |
| **Italy** | | | | | | | | |
| Forbo Resilienti S.r.l. | Segrate (Milan) | | EUR | 60,000 | 100% | S | | |
| Forbo Siegling Italia S.p.A. | Paderno Dugnano (Milan) | | EUR | 120,000 | 100% | | S | |
| | | | | | | | | |
| **Japan** | | | | | | | | |
| Forbo Siegling Japan Ltd. | Tokyo | | JPY | 330,000,000 | 100% | | MS | |
| | | | | | | | | |
| **Malaysia** | | | | | | | | |
| Forbo Siegling SDN. BHD. | Johor Bahru | | MYR | 2,500,002 | 100% | | S | |
| | | | | | | | | |
| **Mexico** | | | | | | | | |
| Forbo Siegling, S.A. de C.V. | Tlalnepantla | D | MXN | 24,676,404 | 100% | | MS | |

S Sales
MS Manufacturing and Sales
H Holding/Services
D Direct participation of Forbo Holding Ltd

| Group company | Registered office | | Currency | Share capital | Equity interest | Flooring Systems | Movement Systems | Holding/ Services |
|---|---|---|---|---|---|---|---|---|
| **Netherlands** | | | | | | | | |
| Forbo Eurocol Nederland B.V. | Zaanstad | | EUR | 454,000 | 100% | MS | | |
| Forbo Flooring B.V. | Krommenie | | EUR | 11,350,000 | 100% | MS | | |
| Forbo Flooring Coral N.V. | Krommenie | | EUR | 1,944,500 | 100% | MS | | |
| Forbo NL Holding B.V. | Krommenie | | EUR | 13,500,000 | 100% | | | H |
| Forbo-Novilon B.V. | Coevorden | | EUR | 3,624,000 | 100% | MS | | |
| Forbo Siegling Nederland B.V. | Spankeren | | EUR | 113,445 | 100% | | S | |
| | | | | | | | | |
| **New Zealand** | | | | | | | | |
| Forbo Siegling Ltd. | Auckland | | NZD | 650,000 | 100% | | S | |
| | | | | | | | | |
| **Norway** | | | | | | | | |
| Forbo Flooring AS | Asker | | NOK | 1,000,000 | 100% | S | | |
| Forbo Siegling Norge AS | Oslo | | NOK | 100,000 | 100% | | S | |
| | | | | | | | | |
| **People's Republic of China** | | | | | | | | |
| Forbo Movement Systems (China) Co., Ltd. | Pinghu | | USD | 25,000,000 | 100% | | MS | |
| Forbo Shanghai Co., Ltd. | Shanghai | | CHF | 4,000,000 | 100% | S | | |
| Forbo Siegling (China) Co., Ltd. | Shenyang | | USD | 16,221,000 | 100% | | MS | |
| | | | | | | | | |
| **Poland** | | | | | | | | |
| Forbo Siegling Poland sp. z o.o. | Łódź | | PLN | 600,000 | 100% | | S | |
| | | | | | | | | |
| **Portugal** | | | | | | | | |
| Forbo-Revestimentos, S.A. | Maia (Porto) | | EUR | 74,850 | 100% | S | | |
| | | | | | | | | |
| **Romania** | | | | | | | | |
| Forbo Siegling Romania S.R.L. | Bucharest | | RON | 38,000 | 100% | | S | |
| | | | | | | | | |
| **Russia** | | | | | | | | |
| OOO 'Forbo Flooring' | Moscow | | RUB | 500,000 | 100% | S | | |
| OOO 'Forbo Kaluga' | Moscow | | RUB | 158,313,780 | 100% | MS | | |
| OOO 'Forbo Siegling CIS' | Saint Petersburg | | RUB | 400,000 | 100% | | S | |
| OOO 'Forbo Eurocol RUS' | Stary Oskol | | RUB | 187,181,000 | 100% | MS | | |
| | | | | | | | | |
| **Slovakia** | | | | | | | | |
| Forbo Siegling s.r.o. | Malacky | | EUR | 1,000,000 | 100% | | MS | |
| | | | | | | | | |
| **South Korea** | | | | | | | | |
| Forbo Korea Ltd. | Seoul | | KRW | 900,000,000 | 100% | S | S | |

S Sales
MS Manufacturing and Sales
H Holding/Services
D Direct participation of Forbo Holding Ltd

| Group company | Registered office | | Currency | Share capital | Equity interest | Flooring Systems | Move-ment Systems | Holding/ Services |
|---|---|---|---|---|---|---|---|---|
| **Spain** | | | | | | | | |
| Forbo Pavimentos, S.A. | Barcelona | | EUR | 60,101 | 100% | S | | |
| Forbo Siegling Iberica, S.A.U. | Montcada i Reixac (Barcelona) | | EUR | 1,532,550 | 100% | | S | |
| **Sweden** | | | | | | | | |
| Forbo Flooring AB | Gothenburg | | SEK | 8,000,000 | 100% | S | | |
| Forbo Siegling Svenska AB | Kållered (Gothenburg) | | SEK | 1,000,000 | 100% | | S | |
| **Switzerland** | | | | | | | | |
| Forbo Management SA | Baar | D | CHF | 100,000 | 100% | | | H |
| Forbo-Giubiasco SA | Bellinzona | | CHF | 100,000 | 100% | MS | | |
| Forbo Siegling Schweiz AG | Wallbach | | CHF | 100,000 | 100% | | MS | |
| **Thailand** | | | | | | | | |
| Forbo Siegling (Thailand) Co. Ltd. | Samut Prakan | D | THB | 13,005,000 | 100% | | S | |
| **Turkey** | | | | | | | | |
| Forbo Hareket ve Zemin Sistemleri Ticaret Limited Şirketi | Istanbul | | TRY | 17,500,000 | 100% | S | S | |
| **Ukraine** | | | | | | | | |
| TOB 'Forbo Flooring Ukraine' | Kyiv | | UAH | 2,000,000 | 100% | S | | |
| **United Arab Emirates** | | | | | | | | |
| Forbo Flooring Middle East DMCC | Dubai | | AED | 499,000 | 100% | S | | |
| **USA** | | | | | | | | |
| Forbo America Inc. | Wilmington, DE | D | USD | 19,957,259 | 100% | | | H |
| Forbo America Services Inc. | Wilmington, DE | | USD | 50,000 | 100% | | | H |
| Forbo Flooring, Inc. | Wilmington, DE | | USD | 3,517,000 | 100% | S | | |
| Forbo Siegling, LLC | Wilmington, DE | | USD | 15,455,000 | 100% | | MS | |

S Sales
MS Manufacturing and Sales
H Holding/Services
D Direct participation of Forbo Holding Ltd

# Report of the statutory auditor

KPMG

# Statutory Auditor's Report

**To the General Meeting of Forbo Holding Ltd., Baar**

## Report on the Audit of the Consolidated Financial Statements

**Opinion**

We have audited the consolidated financial statements of Forbo Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 122 to 165) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

**Basis for Opinion**

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Key Audit Matters**

**VALUATION OF INVENTORIES**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**VALUATION OF INVENTORIES**

**Key Audit Matter**

Inventory as at 31 December 2023 amounted to CHF 264.2 million (31 December 2022: CHF 316.2 million) and represents one of the most material asset positions. Valuation allowance for inventories as at 31 December 2023 amounted to CHF -28.4 million (31 December 2022: CHF -33.8 million). Valuation of inventories is consequently of significance to an understanding of the financial statements.

**Our response**

We mainly performed the following audit procedures:

– We obtained an understanding of the process related to the identification and valuation obsolete inventories. Based on this, we critically assessed whether transactions are completely and accurately recorded in the accounts.

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Inventory is recognized at acquisition or manufacturing costs and periodically assessed in terms of recoverability. There is a risk that for work in progress and finished goods the manufacturing costs exceed the actual sales price less selling, distribution and administrative costs (net realizable value).

Furthermore, determining valuation allowances therefore involves a certain degree of judgment.

- Considering the diverse design of internal control of individual subsidiaries, we tested the efficacy of key controls in connection with the valuation of inventories. In particular, we participated in the inventory stock counts and performed test counts.
- We assessed the adequacy of the processes to identify obsolete inventories and critically evaluated the basis and methodology used to value these inventories. We verified the calculation of the allowance for obsolete inventories and tested the underlying input parameters.
- Furthermore, in testing the valuation of inventories at lower of cost or net realizable value, we compared costs and sales prices. This was done on a case-by-case basis based on a sample or mass data analysis.

For further information on inventories refer to the following:

— Note 2 – Summary of significant accounting policies: Inventories page 132

— Note 13 – Inventories, page 143

**Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the tables and sections marked “audited” in the remuneration and annual report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors’ Responsibilities for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

# Report of the statutory auditor

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISA and SA-CH 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Regula Tobler
Licensed Audit Expert
Auditor in Charge

André Stampfli
Licensed Audit Expert

Zurich, 4 March 2024

# Consolidated balance sheets 2019 – 2023

| | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| CHF m | | | | | |
| **Current assets** | **523.2** | **571.6** | **553.6** | **668.7** | **652.1** |
| Cash and cash equivalents | 69.1 | 46.7 | 93.3 | 255.8 | 217.7 |
| Current financial assets | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Trade receivables | 138.9 | 155.2 | 153.4 | 141.4 | 160.4 |
| Other receivables | 35.9 | 39.2 | 32.2 | 39.7 | 23.7 |
| Accrued income and deferred expenses | 15.1 | 14.3 | 11.8 | 13.2 | 14.8 |
| Inventories | 264.2 | 316.2 | 262.9 | 218.5 | 235.5 |
| **Non-current assets** | **378.2** | **388.6** | **428.0** | **442.1** | **445.3** |
| Non-current financial assets | 1.9 | 1.8 | 0.2 | 0.2 | 0.2 |
| Deferred tax assets | 30.7 | 34.3 | 37.4 | 45.4 | 45.4 |
| Property, plant, and equipment | 266.6 | 267.6 | 294.8 | 295.7 | 291.8 |
| Intangible assets and goodwill | 79.0 | 84.9 | 95.6 | 100.8 | 107.9 |
| **Total assets** | **901.4** | **960.2** | **981.6** | **1,110.8** | **1,097.4** |

| | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|---|---|---|---|---|---|
| **Shareholders' equity and liabilities** | | | | | |
| CHF m | | | | | |
| **Current liabilities** | **219.3** | **291.6** | **314,5** | **251.5** | **257.3** |
| Current financial liabilities | 13.2 | 39.0 | 50.8 | 14.1 | 13.4 |
| Trade payables | 86.9 | 102.5 | 112.2 | 94.4 | 98.1 |
| Other current liabilities | 22.4 | 29.9 | 30.0 | 30.4 | 28.2 |
| Current tax liabilities | 16.2 | 21.2 | 20.4 | 16.6 | 19.0 |
| Current provisions, accrued expenses, and deferred income | 80.6 | 99.0 | 101.1 | 96.0 | 98.6 |
| **Non-current liabilities** | **128.4** | **118.5** | **145.3** | **175.8** | **163.5** |
| Non-current financial liabilities | 26.9 | 26.6 | 31.6 | 31.1 | 26.8 |
| Deferred tax liabilities | 7.4 | 8.2 | 9.8 | 8.9 | 11.2 |
| Non-current provisions | 44.9 | 42.7 | 35.5 | 46.5 | 46.9 |
| Employee benefit obligations | 49.2 | 41.0 | 68.4 | 89.3 | 78.6 |
| **Total liabilities** | **347.7** | **410.1** | **459.8** | **427.3** | **420.8** |
| **Shareholders' equity** | **553.7** | **550.1** | **521.8** | **683.5** | **676.6** |
| Share capital | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| Treasury shares | – 0.0 | – 0.0 | – 0.1 | – 0.1 | – 0.1 |
| Reserves and retained earnings | 553.6 | 550.0 | 521.7 | 683.4 | 676.5 |
| **Total shareholders' equity and liabilities** | **901.4** | **960.2** | **981.6** | **1,110.8** | **1,097.4** |

# Consolidated income statements 2019 – 2023

| 1.1. – 31.12. | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| CHF m | | | | | |
| **Net sales** | **1,175.2** | **1,293.2** | **1,254.0** | **1,117.7** | **1,282.2** |
| Cost of goods sold | – 773.5 | – 852.4 | – 803.0 | – 707.5 | – 788.6 |
| **Gross profit** | **401.7** | **440.8** | **451.0** | **410.2** | **493.6** |
| Development costs | – 15.7 | – 15.6 | – 15.9 | – 15.2 | – 16.0 |
| Marketing and distribution costs | – 168.5 | – 178.6 | – 175.3 | – 171.3 | – 191.4 |
| Administrative costs | – 80.1 | – 94.2 | – 92.8 | – 86.4 | – 92.8 |
| Other operating expenses | – 17.2 | – 27.7 | – 7.2 | – 15.2 | – 26.2 |
| Other operating income | 9.7 | 7.9 | 19.2 | 14.9 | 9.1 |
| **Operating profit** | **129.9** | **132.6** | **179.0** | **137.0** | **176.3** |
| Financial income | 5.7 | 0.9 | 3.0 | 0.7 | 0.8 |
| Financial expenses | – 3.8 | – 2.5 | – 0.8 | – 1.6 | – 1.8 |
| **Group profit before taxes** | **131.8** | **131.0** | **181.2** | **136.1** | **175.3** |
| Income taxes | – 29.5 | – 29.6 | – 40.0 | – 29.9 | – 37.0 |
| **Group profit for the year** | **102.3** | **101.4** | **141.2** | **106.2** | **138.3** |

# FINANCIAL REPORT

# Balance sheet for Forbo Holding Ltd

| | | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Assets** | | | |
| CHF m | Note | | |
| **Current assets** | | **102.3** | **0.5** |
| Cash and cash equivalents | | 0.1 | 0.1 |
| Other receivables from Group companies | 2 | 101.9 | 0.1 |
| Accrued income and deferred expenses | | 0.3 | 0.3 |
| **Non-current assets** | | **312.5** | **385.6** |
| Loans to Group companies | 3 | 23.2 | 96.3 |
| Investments in Group companies | 4 | 289.3 | 289.3 |
| **Total assets** | | **414.8** | **386.1** |

| | | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Shareholders' equity and liabilities** | | | |
| CHF m | Note | | |
| **Current liabilities** | | **0.8** | **17.2** |
| Current liabilities to third parties | | 0.1 | 0.1 |
| Other liabilities to Group companies | 2 | 0.5 | 16.8 |
| Accrued expenses and deferred income | | 0.2 | 0.3 |
| **Shareholders' equity** | | **414.0** | **368.9** |
| Share capital | 6 | 0.1 | 0.1 |
| Statutory reserves: | | | |
| General reserves | | 15.6 | 15.6 |
| Capital contribution reserves | | 0.0 | 0.0 |
| Reserves for treasury shares | 8 | 1.2 | 2.5 |
| Available earnings: | | | |
| Retained earnings | | 387.5 | 283.8 |
| Net profit for the year | | 87.2 | 139.0 |
| Treasury shares | 8 | – 77.6 | – 72.1 |
| **Total shareholders' equity and liabilities** | | **414.8** | **386.1** |

# Income statement for Forbo Holding Ltd

| 1.1. – 31.12. | | 2023 | 2022 |
|---|---|---|---|
| **Income** | | | |
| CHF m | Note | | |
| Financial income: | | | |
| From investments in Group companies | | 94.8 | 149.6 |
| From securities and current investments | | 1.7 | 0.5 |
| **Total income** | | **96.5** | **150.1** |

| 1.1. – 31.12. | | 2023 | 2022 |
|---|---|---|---|
| **Expenses** | | | |
| CHF m | Note | | |
| Administrative expenses | 9 | 5.5 | 5.4 |
| Financial expenses | 10 | 3.8 | 5.7 |
| Direct taxes | 5 | 0.0 | 0.0 |
| **Total expenses** | | **9.3** | **11.1** |
| **Net profit for the year** | | **87.2** | **139.0** |

# Notes to the financial statements for Forbo Holding Ltd

## 1 Accounting

These financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (32nd title of the Swiss Code of Obligations). Forbo Holding Ltd publishes consolidated financial statements according to a generally accepted accounting standard (IFRS). Therefore, in accordance with the provisions on accounting and financial reporting, the financial statements are presented without disclosure notes relating to audit fees or a cash flow statement.

## 2 Other receivables from and liabilities to Group companies

'Other receivables from Group companies' comprise the claims on cash pool accounts and 'Other liabilities to Group companies' include primarily the credit balances on cash pool accounts.

## 3 Loans to Group companies

The loans to Group companies were valued at the rate prevailing on the balance sheet date; unrealized exchange losses were booked, while unrealized exchange gains were not recognized. The item contained loans at a level of EUR 24.8 million (2022: EUR 97.8 million).

## 4 Investments in Group companies

'Investments in Group companies' are measured at the cost of acquisition less necessary valuation allowances.

As at December 31, 2023, Forbo Holding Ltd held the following direct investments:

**Investments in Group companies**

| Company | Registered office | Activity | Currency | Share capital (in 1,000) | Equity interest |
|---|---|---|---|---|---|
| Forbo America Inc. | US-Wilmington, DE | Holding/Services | USD | 19,957 | 100% |
| Forbo Beteiligungen GmbH | DE-Hanover | Holding/Services | EUR | 15,400 | 100% |
| Forbo Management SA | CH-Baar | Holding/Services | CHF | 100 | 100% |
| Forbo Participations S.A.S. | FR-Reims | Holding/Services | EUR | 5,000 | 100% |
| Forbo Siegling, S.A. de C.V. | MX-Tlalnepantla | Manufacturing and Sales | MXN | 24,676 | < 0.1% |
| Forbo Siegling (Thailand) Co. Ltd. | TH-Samut Prakan | Sales | THB | 13,005 | 69.1% |

## 5 Direct taxes

The item contains only withholding taxes. As in the previous year, Forbo Holding Ltd was able to claim the entire participation deduction on dividend income.

## 6 Share capital

As at December 31, 2023, the share capital of Forbo Holding Ltd totaled CHF 148,500 (2022: CHF 148,500), divided into 1,485,000 registered shares with a par value of CHF 0.10 each. 21,419 registered shares without voting or dividend rights are at the disposal of the Board of Directors.

As part of the share buyback program approved by the Ordinary General Meeting of April 5, 2019, Forbo Holding Ltd bought back a total of 165,000 Forbo registered shares between March 22, 2021, and March 16, 2022. The shares were repurchased either via the second trading line on the SIX Swiss Exchange (90,165 shares) or at a fixed price (74,835 shares). At the Ordinary General Meeting held on April 1, 2022, the shareholders of Forbo Holding Ltd authorized the capital reduction of 10% of the share capital from CHF 165,000 to CHF 148,500 with the corresponding amendment to the Articles of Association. The capital reduction was completed with the entry in the Commercial Register of the Canton of Zug on June 16, 2022, and was published in the SHAB on June 21, 2022. The exchange adjustment took place on the same day.

## 7 Conditional capital

Originally, conditional capital of CHF 8.5 million for the exercise of shareholder options and warrants in connection with a bond issue was created by a resolution of the Annual General Meeting held on April 27, 1994. Following the exercise of options in 1994, 1995, and 1997 and reductions in the par value by CHF 22 per share in 2003, CHF 8 per share in 2004, CHF 6 per share in 2007, CHF 10 per share in 2008, and CHF 3.90 per share in 2009, the conditional capital on December 31, 2023, remained unchanged against the previous year at CHF 16,645.

## 8 Treasury shares

The treasury shares directly held in Forbo Holding Ltd amounting to CHF 77.6 million on the balance sheet date correspond to the value of all treasury shares valued at cost. The item 'Reserve for treasury shares' reflects the treasury shares held by subsidiaries of Forbo Holding Ltd, amounting to CHF 1.2 million. Overall, the treasury shares held directly and indirectly developed as follows over the period under review:

| **Treasury shares** | Cost CHF | Number of registered shares |
|---|---|---|
| As at January 1, 2023 | 74.5 | 72,240 |
| Additions | 18.1 | 15,072 |
| Disposals | – 13.8 | – 9,668 |
| **As at December 31, 2023** | **78.8** | **77,644** |

## 9 Administrative expenses

Administrative expenses included stewardship costs, the fees paid to the members of the Board of Directors, the auditor's fees, and usual administrative costs, mainly for the Ordinary General Meeting, the share register, insurance, and legally required announcements. Forbo Holding Ltd does not employ any personnel.

## 10 Financial expenses

The financial expenses reflect primarily foreign currency losses on loans to Group companies.

## 11 Contingent liabilities

Guarantees and letters of support to third parties in favor of Group companies amounted to CHF 8.3 million at year-end 2023 (2022: CHF 5.9 million), of which none were utilized.

The Group companies in Switzerland are treated for purposes of value-added tax as a single-entity subject to value-added tax (group taxation regime, Article 13, Federal Act on Value-Added Tax). If one of the Group companies is unable to meet its payment obligations to the Federal Tax Administration, the other Group companies bear joint and several liability.

## 12 Events after the balance sheet date

Between the balance sheet date and the date of publication of this annual report no event occurred that could have a significant effect on the 2023 annual financial statements.

# Proposal for appropriation of available earnings of Forbo Holding Ltd

The Board of Directors proposes to the Ordinary General Meeting that the available retained earnings, consisting of:

| | 2023 |
|---|---|
| CHF m | |
| Net profit | 87.2 |
| Retained earnings | 387.5 |
| Treasury shares | – 77.6 |
| **Total at the shareholders' meeting's disposal** | **397.1** |

be appropriated as follows:

| | 2023 |
|---|---|
| CHF m | |
| Distribution ordinary dividend | 35.2 |
| To be carried forward | 361.9 |
| **Total at the shareholders' meeting's disposal** | **397.1** |

At the Ordinary General Meeting of April 5, 2024, the Board of Directors will propose an ordinary gross dividend of CHF 25.00 per registered share (2022: CHF 23.00). No distribution will be made for treasury shares held by Forbo Holding Ltd or any of its subsidiaries on the record date, which explains why the amount for distribution as ordinary dividends may still change.

# Report of the statutory auditor

KPMG

# Statutory Auditor's Report

**To the General Meeting of Forbo Holding Ltd., Baar**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Forbo Holding Ltd. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 174 to 178) comply with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards 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 provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the tables and sections marked "audited" in the remuneration and annual report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information 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 have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' Responsibilities for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors 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 Board of Directors 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 unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' 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 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.

We communicate with the Board of Directors or its relevant committee 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Report of the statutory auditor

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Regula Tobler
Licensed Audit Expert
Auditor in Charge

André Stampfli
Licensed Audit Expert

Zurich, 4 March 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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Our Annual Report appears in **German** language and in **English** translation and can be downloaded from our website www.forbo.com. The printed German version is authoritative.

In this annual report, gender-specific wording has mostly been disregarded solely for the sake of better readability. The masculine forms used are to be understood as gender neutral.

All statements in this report that do not refer to historical facts are forward-looking statements which are no guarantee of future performance. They are based on assumptions and involve risks and uncertainties as well as other factors beyond the control of the company.

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