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AD HOC ANNOUNCEMENT PURSUANT TO ARTICLE 53 OF THE SIX EXCHANGE REGULATION LISTING RULES

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Double-digit sales growth in all regions – Distinctive increase in operating profits& margins – Adjusted for currency effects, sales& earnings above 2019 pre-pandemic levels – Dividend CHF 25 per share

The Forbo Group – a leading manufacturer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions – reported net sales of CHF 1,254.0 million in the 2021 business year (previous year: CHF 1,117.7 million). This equates to an increase of 12.2% in the corporate currency and 11.8% in local currencies, due to slightly positive currency effects. Operating profit (EBIT) increased by 30.7% to CHF 179.0 million (previous year: CHF 137.0 million). Group profit increased by 33.0% to CHF 141.2 million (previous year: CHF 106.2 million).

Baar, March 3, 2022

Forbo can look back on a successful reporting year. Adjusted for currency fluctuations, sales and earnings both exceeded the pre-pandemic levels of 2019. This performance was achieved in the context of a volatile and challenging environment affected by restrictions in the availability of raw materials and significant cost increases.

During this phase of the pandemic, it was important to recruit qualified staff in sufficient numbers and fill all positions with suitable candidates to manage the upturn successfully. Raw materials had to be procured at the right time and at acceptable prices and other costs which had risen sharply across the board, such as logistics and energy, either offset or passed on.

Forbo's strategy of not expanding into high-volume business and instead offering high-quality, sustainable products and services continued to prove successful even in these unusual times. The focus continued to be on the development of application-specific innovations and successfully completed extensive projects, especially for product lines and emerging markets with above-average growth. Investment remained at a constant level throughout, always in line with sustainable developments and modernizations. Forbo's global market position, its strong brand, and its long-standing and trusting relationships with customers combined to help participate quickly and effectively in the upswing.

Operating profit and margins were significantly increased thanks to the much-improved utilization of production sites and the sales price rises as a result of massive cost increases for raw materials.

Double-digit sales growth in all regions

In the year under review, Forbo generated net sales of CHF 1,254.0 million (previous year: CHF 1,117.7 million), a gain of 12.2% in the corporate currency; this is reflected in a local currency sales increase of 11.8%, due to slightly positive currency effects. All three regions contributed to this with double-digit growth in local currencies: +13.8% in the Americas, +12.6% in Asia/Pacific, and +11.0% in Europe. Adjusted for currency effects, sales were higher than the pre-pandemic levels of 2019 in both divisions.

Distinctive increase in operating profits and margins

Operating profits rose significantly, with an increase that was proportionately higher related to sales growth. This effect was the result in particular of better utilization of production and fabrication capacities due to the rise in sales, increased productivity based on optimized operating structures, and a consistent focus on costs. This was counteracted by a sharp rise in raw material prices and significantly higher energy and freight costs, necessitating price increases on our part.

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Operating profit before depreciation and amortization (EBITDA) rose by CHF 43.6 million, or 22.7%, to CHF 235.6 million (previous year: CHF 192.0 million). Group operating profit (EBIT) increased by CHF 42.0 million, or 30.7%, to CHF 179.0 million (previous year: CHF 137.0 million). This resulted in an EBITDA margin of 18.8% (previous year: 17.2%) and an EBIT margin of 14.3% (previous year: 12.3%).

Significant increase in Group profit

Based on the higher operating profit (EBIT), a slightly higher tax rate of 22.1% (previous year: 22.0%) and a positive financial result of CHF 2.2 million (previous year: CHF -0.9 million), due to exchange rate gains on foreign currencies, Group profit increased by 33.0% or CHF 35.0 million to CHF 141.2 million (previous year: CHF 106.2 million).

Performance of the divisions

The **Forbo Flooring Systems** division posted net sales of CHF 851.8 million in the 2021 business year (previous year: CHF 757.0 million), a rise of 12.5% in the corporate currency (11.7% in local currencies). The division accounted for 67.9% of Group sales in 2021. The increase was achieved despite the growing shortage and price rises affecting construction materials and a lack of installation capacity at customer projects in certain markets, which led to some orders being delayed. There was an increase in the number of projects in healthcare, education facilities, and shop fittings, whereas demand in the office and hospitality segments in particular remained moderate. All three regions recorded substantial sales growth, also due to some successful international key account activities: Asia/Pacific saw the greatest effect, with double-digit growth also in the Americas and a similarly positive picture in Europe.

Operating profit (EBIT) increased by 19.4% to CHF 131.2 million (previous year: CHF 109.9 million), mainly because of the improved capacity utilization of production plants due to higher sales, and an increase in productivity. This was counteracted by a sharp rise in raw material prices and freight costs, although these negative effects were offset to some extent by price increases on our part. The EBIT margin was up by 0.9 percentage points to 15.4% (previous year: 14.5%).

The **Forbo Movement Systems** division generated net sales of CHF 402.2 million in the year under review (previous year: CHF 360.7 million), which was equivalent to an increase of 11.5% year on year in the corporate currency (11.9% in local currencies). The division accounted for 32.1% of Group sales in 2021. All three regions and product lines contributed to this growth, including newly concluded key account contracts for products and services. This increase was driven by the logistics segment in particular, with online commerce, postal distribution centers, and global courier service providers all showing growth, as well as increased activity at airports. Belts for industrial manufacturing saw an above-average increase in demand, followed also by treadmill belts for fitness centers. Sales growth was strongest in Europe, also reached two digits in the Americas, and was somewhat lower in Asia/Pacific. Operating profit (EBIT) increased sharply by 51.3% to CHF 54.3 million (previous year: CHF 35.9 million), due primarily to improved utilization of production and fabrication capacities. The positive impact of these economies of scale is based on optimized operating structures, increased productivity, and improved efficiency. Pricing adjustments on our part made a further contribution. The EBIT margin rose accordingly by 3.5 percentage points to 13.5% (previous year: 10.0%).

The conversion of local sales into the corporate currency generated contrasting results. Flooring Systems recorded positive currency effects, while for Movement Systems the outcome was negative overall due to the proportionately greater dependence on the considerably weaker Japanese yen and the slightly weaker US dollar. The currency effects on sales and earnings were insignificant overall, however.

Strong balance sheet

Net cash came to CHF 56.2 million at year-end 2021 (previous year: CHF 255.9 million). This decrease is primarily attributable to the current share buyback program 2019–2022, for which an investment of CHF 269.2 million was made. As at December 31, 2021, Forbo held treasury shares with a value of CHF 421.0 million valued at the year-end price 2021. Of this, CHF 281.7 million (150,625 shares) is earmarked for cancellation in 2022 as part of the share buyback program.

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The share buyback program resulted in a reduction of the equity ratio to 53.2% (previous year: 61.5%).

The undiluted earnings per share reflect the higher earnings and the reduction in the number of shares outstanding. It rose by 37.6% to CHF 91.63 (previous year: CHF 66.60).

Proposals to the Ordinary General Meeting Elections to the Board of Directors

Apart from Dr. Reto Müller, all the current members of the Board of Directors will stand for re-election for a further one-year term of office. The Board of Directors will propose Dr. Eveline Saupper and Jens Fankhänel for election to the Board of Directors.

The Board of Directors would like to thank Dr. Reto Müller for his very valuable and extremely able contribution to the development of the company and is also delighted to have found two new candidates to join the Board of Directors who come with proven expertise in the fields of taxation, finance, and human resources as well as digitization, automation technologies, and strategy implementation.

Dividend adjusted to the increase in earnings

Due to the successful business performance, the healthy cash flow and the strong equity base, the Board of Directors will propose to the Ordinary General Meeting that the dividend for the 2021 business year should be CHF 25 per share (previous year: CHF 20 per share), corresponding to an increase of 25%.

Share buyback program

The Board of Directors will propose to the Ordinary General Meeting that the shares repurchased in the buyback program 2019–2022 up until the Ordinary General Meeting in 2022 should be canceled, the capital reduced, and the Articles of Association amended accordingly.

Priorities and outlook for 2022

Focus on implementing current strategy

Even after this time of pandemic, Forbo maintains considerable earnings power, a strong capital structure, and, thanks to a robust cash flow, a high level of liquidity. Forbo's innovative and sustainable product portfolio, its global presence, and its leading market positions allow

the company to implement its strategy without faltering. Forbo was therefore able to pursue and implement all strategically important projects in the reporting year despite the challenges of the times. The focus for 2022 is on strengthening sales organizations, expanding the product portfolio, and introducing measures to improve efficiency through digitization. External opportunities for growth will be exploited if they can create long-term added value.

Outlook for 2022

Forbo expects the pandemic to remain with us during the 2022 business year, albeit on a lesser scale in terms of its impact. Rising prices for raw materials, freight and energy costs, and significantly higher wage costs will challenge Forbo also in the new year. The additional costs will be compensated to a great extent through increases in efficiency and price adjustments.

Forbo anticipates that the company will be able to achieve a moderate increase both in sales in local currency terms and Group profit in the 2022 business year compared with the previous year.

You can find further information in the version of the 2021 Annual Report published this morning on the Internet:
www.forbo.com – Investors

Forbo is a leading producer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. Forbo's linoleum floor coverings are made from natural raw materials. They are biodegradable and CO₂-neutral (cradle to gate), without off-setting. In the manufacture of its heterogeneous vinyl floor coverings, Forbo uses phthalate-free plasticizers of the latest generation. Vinyl floor coverings also contain up to 25% recycled material in relation to their total product weight. The BioBelt™ is a biologically degradable conveyor belt made largely from renewable, plant-based materials. The AmpMiser™ conveyor belt enables energy savings and therefore also a reduction in CO₂ emissions of up to 50%.

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For Forbo as a responsible manufacturer, the careful use of all resources for a sustainable future is a guiding principle.

Forbo employs about 5,500 people and has an international network of 25 sites with production and distribution, 6 fabrication centers, and 49 sales organizations in a total of 39 countries around the world. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

Forbo Holding Ltd is listed on SIX Swiss Exchange (security number 354151, ISIN CH0003541510, Bloomberg FORN SW, Reuters FORN.S).

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Financial overview of the Forbo Group

	2021 CHF m	2020 CHF m	Corporate currency	Change Local currencies
Net sales	1,254.0	1,117.7	+12.2%	+11.8%
Flooring Systems	851.8	757.0	+12.5%	+11.7%
Movement Systems	402.2	360.7	+11.5%	+11.9%
Operating profit before depreciation and amortization (EBITDA)	235.6	192.0	+22.7%	
EBITDA margin	18.8%	17.2%		
Operating profit (EBIT)	179.0	137.0	+30.7%	
EBIT margin	14.3%	12.3%		
Group profit	141.2	106.2	+33.0%	
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	2021 CHF	2020 CHF		
Earnings per share (undiluted)	91.63	66.60	+37.6%	
Equity ratio	53.2%	61.5%		