JENSEN-GROUP

ANNUAL REPORT 2018

The Dutch language text of the Annual Report is the official version. The English language version is provided as a courtesy to our shareholders. JENSEN-GROUP has verified the two language versions and assumes full responsibility for matching both language versions.

In this report, the terms “JENSEN-GROUP” or “Group” refer to JENSEN-GROUP NV and its consolidated companies in general. The terms “JENSEN-GROUP NV” and “the Company” refer to the holding company, registered in Belgium. Business activities are conducted by operating subsidiaries throughout the world. The terms “we”, “our”, and “us” are used to describe the Group.

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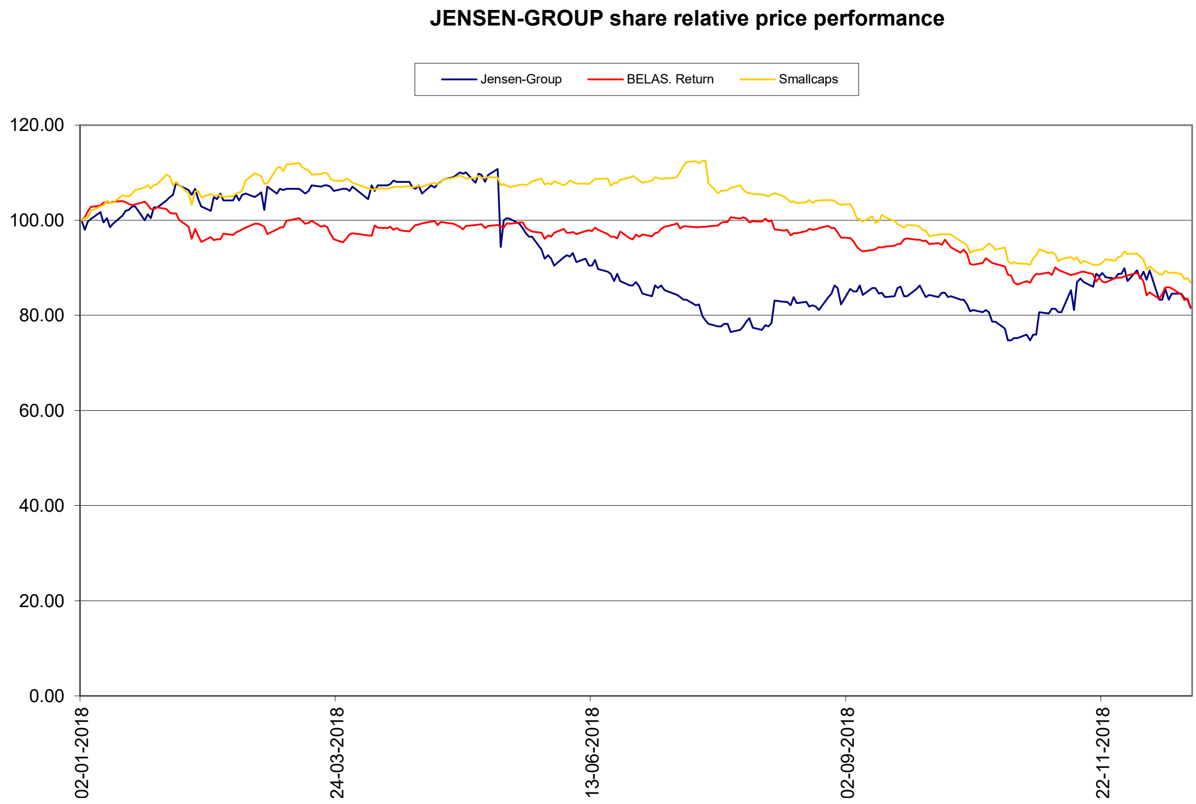
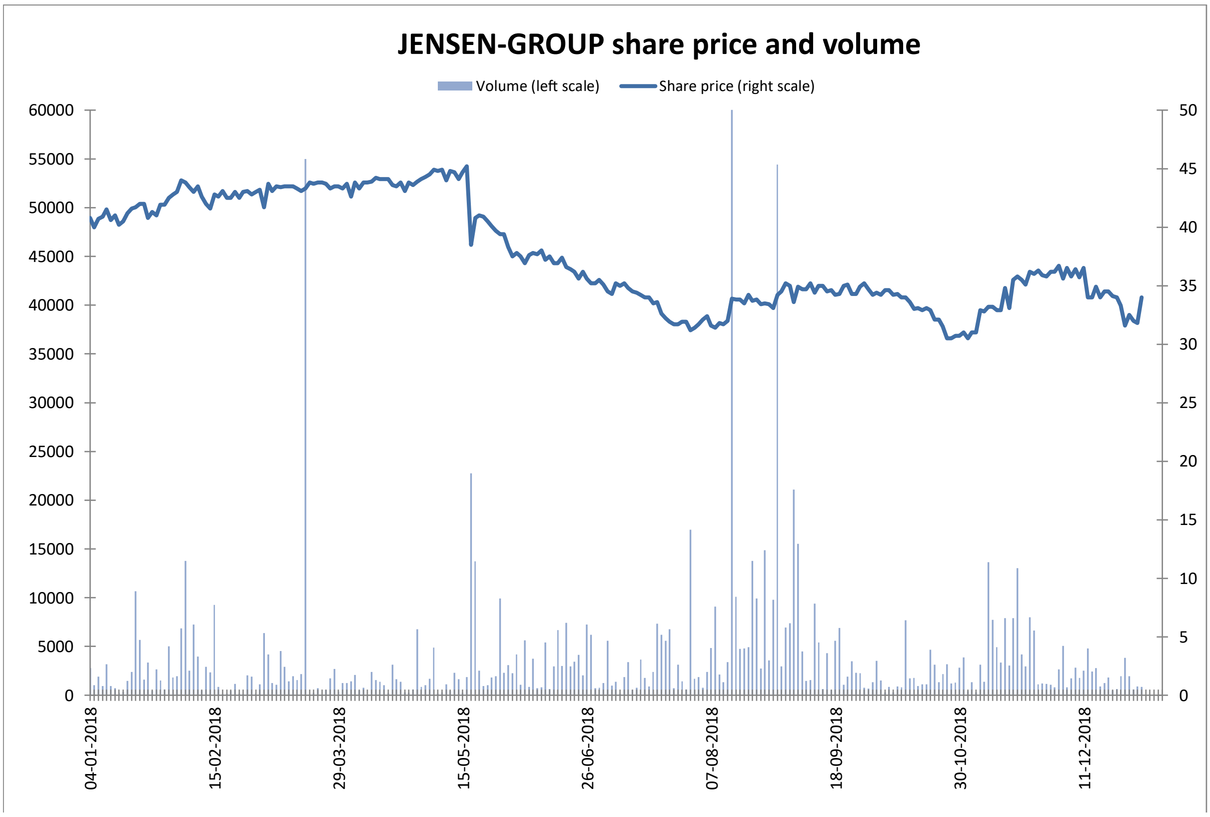
Key figures per share Financial year ended (in euro)	December 31 2018	December 31 2017
Operating cash flow (EBITDA)	4.29	4.38
Net profit share of the Group (= earnings per share)	2.44	2.70
Net cash flow	3.29	3.26
Equity (= book value)	16.11	14.52
Gross dividend	1.00	0.50
Number of shares outstanding (average)	7,818,999	7,818,999
Number of shares outstanding (year-end)	7,818,999	7,818,999
Share price (high)	45.20	44.39
Share price (low)	30.50	32.40
Share price (average)	37.60	40.76
Share price (December 31)	34.00	39.90
Price/earnings (high)	18.50	16.40
Price/earnings (low)	12.50	12.00
Price/earnings (average)	15.40	15.10
Price/earnings (December 31)	13.90	14.80


JENSEN-GROUP share relative price performance
Jensen-Group
BELAS. Return
Smallcaps
120.00
100.00
80.00
60.00
40.00
20.00
0.00
02-01-2018
24-03-2018
13-06-2018
02-09-2018
22-11-2018


JENSEN-GROUP share price and volume
Volume (left scale)
Share price (right scale)
60000
55000
50000
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
50
45
40
35
30
25
20
15
10
5
0
04-01-2018
15-02-2018
29-03-2018
15-05-2018
26-06-2018
07-08-2018
18-09-2018
30-10-2018
11-12-2018

Consolidated Key Figures Financial Year Ended Key Figures (in thousands of euro)	December 31 2018	December 31 2017
Revenue	343,782	338,088
Operating profit (EBIT)	26,936	29,882
Operating cash flow (EBITDA)	33,525	34,244
Net interest charges	447	473
Profit before taxes	25,601	29,148
Net profit continuing operations	18,039	20,375
Result from assets held for sale	-128	23
Result of companies consolidated under equity method	866	589
Result attributable to Non Controlling Interest	-331	-119
Net profit (= share of the Group)	19,108	21,106
Added value	139,984	142,467
Net cash flow	25,697	25,468
Equity	125,969	113,506
Net financial debt (+)/Net cash (-)	-5,354	-23,038
Working capital	132,743	105,526
Non-Current Assets (NCA)	28,462	31,284
Capital Employed (CE)	161,206	136,811
Market capitalization (high)	353,419	347,085
Market capitalization (low)	238,479	253,336
Market capitalization (average)	293,994	318,702
Market capitalization (December 31)	265,846	311,978
Entreprise value (December 31) (EV)	260,492	288,940
RATIOS		
EBIT/Revenue	7.84%	8.84%
EBITDA/Revenue	9.75%	10.13%
ROCE (EBIT/CE)	18.08%	21.83%
ROE (Net profit/Equity)	15.96%	19.75%
Gearing (Net debt/Equity)	-	-
EBITDA Interest coverage	75.01	72.40
Net financial debt/EBITDA	-0.42	-0.38
Working capital/Revenue	34.65%	31.00%
EV/EBITDA (December 31)	7.77	8.44

DEFINITIONS

- Added value: Operating profit plus remuneration, social security and pension charges plus depreciation and amortization, amounts written off on inventories and trade debtors, impairment losses and provisions for liabilities and charges.
- Capital Employed (CE): Working capital plus intangible and tangible fixed assets. The average CE is used for ratios, being the beginning balance + ending balance divided by two.
- EBITDA Interest Coverage: EBITDA relative to net interest charges.
- EBITDA: Earnings before interest, taxes, depreciation and amortization. Equals operating profit plus depreciation and amortization, amounts written off on inventories and trade debtors, impairment losses and provisions for other liabilities and charges.
- Enterprise value (EV): Net financial debt plus market capitalization.
- Gearing: Net financial debt in relation to equity.
- Net cash flow: Net profit plus depreciation and amortization, amounts written off on inventories and trade debtors, impairment losses and provisions for liabilities and charges.
- Non-current assets: Intangible and tangible fixed assets.
- Price/earnings ratio: Share price divided by net profit.
- Return on Capital Employed (ROCE): Operating profit relative to capital employed. The average capital employed is used for ratios, being the beginning balance + ending balance divided by two.
- Return on Equity (ROE): Net profi t in relation to equity. The average equity is used for ratios, being the beginning balance + the ending balance divided by two.
- Working capital: Inventories plus current trade debtors and gross amounts due from customers for contract work minus trade payables minus advances received on contracts in progress. Average working capital is used for ratios, being the beginning balance + ending balance divided by two.

Message to our Shareholders

Creating the future in laundry automation

After an excellent start of the year with record first half-year revenues, sales level in the second half were similar to last year. This gave us again record revenue for the full year. The full year profitability is however affected by the impact of hurricane Michael which hit our American facility on October 10, causing extensive damage. Our American colleagues showed great dedication and worked relentlessly to implement immediately our disaster recovery plan. By the end of October, JENSEN USA was running close to normal capacity again. The concerted effort in the US and the support from the entire workforce of the JENSEN-GROUP was a true expression of the JENSEN Spirit. Discussion with our insurance company is ongoing. We believe our insurance coverage is adequate.

We maintain our strategy of building a local presence in every significant market, thereby increasing our global presence. We are expanding our market reach worldwide by investing in further automation of the operations of our customers as well as catering for the stand-alone market with more standard solutions. This will secure growth as we create a larger customer base for our equipment and solutions. This year, JENSEN-GROUP acquired a minority shareholding in Inwatec, Denmark, to strengthen our market position and support our strategy into high-tech solutions addressing new areas in laundry automation such as laundry robotics and AI (Artificial Intelligence). In addition, we get access to complementary products like a mat roller, a mat storage unit and Xray machines. As agreed at the outset, we increased our shareholding in Tolon, Turkey.

Our dedicated Material Handling and Automation business unit helps us to better capture the opportunities that lie in improving the material flow and logistics in heavy-duty laundries. Most high-tech laundries need equipment which works seamlessly together to improve the material flow through the facility. This focus by a dedicated team ensures that their experience will be deployed world-wide. Consequently significant improvements in the execution of large projects were achieved.

After significant investments in our Chinese facility, we implemented and will further deploy our two-tier sales strategy with high-tech products from our Western factories and single machines exported from China under the 'ALPHA by JENSEN' product line. This two-tier strategy allows us to better meet our customers' requirements. In combination with our stand-alone solutions partner TOLON, we are able to cater for the needs of smaller commercial laundries as well as large on-premise laundries. The first results achieved in 2018 with our two-tier strategy are very promising for the future.

Our joint venture Gotli Labs with ABS, the leading laundry software provider, is developing positively. We continually improve our software solution GLOBE to increase our customers' productivity and expand our offering of state-of-the art software solutions to the heavy-duty laundry industry. The integration of technology and software allows customers to monitor and track production in real-time, and to use the data to improve their performance. The new software takes our industry to an unprecedented level of data management and prepares us for Industry 4.0 and the IoT (Internet of Things).

In summary, our investments in the past years are supporting our activities with two new factories, new distribution companies, the acquisition of a sub-supplier, a JV for software, an investment in robotics and a participation in TOLON, a manufacturer of stand-alone equipment. All these investments prepare the ground for future growth. Besides growing our turnover, all these ventures started to contribute to profitability this year. The Board of Directors and management strongly believe in the vision behind these investments and the growth opportunities that they offer for JENSEN-GROUP in the years to come.

Our staff and employees have contributed this year again to the JENSEN Spirit. They continuously seek to make a difference in support to our customers. We are preparing our management and employees for the future. This requires an open mind as we break down silos within the organization and develop entrepreneurial skills across all functions to improve our agility in meeting customer requirements.

In our "Go East" strategy, we continue to focus on market leadership in China. In Japan we have established a strong base to increase market share step by step by introducing new products and solutions. Our presence in the rest of South East Asia and Australia/New Zealand is further strengthened by our continued investment in sales and service. We have enjoyed strong orders in Europe and in the United States. We continue our efforts to decrease our dependence on Europe, with almost 43% of our turnover is now outside Europe.

Despite an increase in working capital due to the increased turnover and customer financing, we closed the year with a much lower debt level than during the year. The cash flow generated by the business allowed us to fund our investments and operations. Furthermore, we signed a long-term bank loan agreement at market conditions.

Continued investment in product development, alignment of our core processes and market presence are enabling us to better meet our customers' needs and expectations. Many of these developments are targeted at reducing consumption of energy and water consumption as well as increasing the throughput and up-time of our equipment. Our CleanTech products and our approach enable customers to reduce their average water and energy consumption.

Our new product developments and our latest software developments, allowing our customers to monitor the critical KPIs of typical heavy-duty laundries, will enable them to reach even lower consumption figures and costs.

Our continuing growth demonstrates our ability to adapt quickly to different market conditions, making our brand, our products and our employees stronger. Our performance in the past years confirms that our investments in Asia and in geographic expansion create healthy and sustainable growth opportunities.

Our order book at the start of 2019 is 9% lower than at the start of 2018. Nevertheless, the market continues to be very active, albeit, more volatile. Our objective is to maintain our high volume level in 2019. We rely on our highly motivated staff to continue to pursue each business opportunity in all existing markets. Furthermore, our broadened our presence makes the JENSEN-GROUP less vulnerable to a downturn in any given region of the world.

We thank our customers for their continued trust and loyalty. We will continue to meet their expectations in terms of productivity, reliability, cost effectiveness and reduced environmental impact of our products and solutions.

We also thank our staff throughout the world for their dedication, their commitment to the JENSEN-GROUP values, their ability to constantly adapt and their drive to improve. As we set our performance standards higher, we expect more from our people. We will continue to invest in our employees which will enable the Group to continue its growth.

Last but not least, we thank our shareholders for their support of the Board of Directors and management in our journey to be the leader in this industry.

Jesper Munch Jensen
Chief Executive Officer

Raf Decaluwé
Chairman of the Board of Directors

Profile of the JENSEN-GROUP

Mission statement

It is the aim of the JENSEN-GROUP to offer the best solutions to our customers worldwide in the heavy-duty laundry industry. We work for and with our customers to supply sustainable single machines, systems, turnkey solutions and laundry process automation. Laundries supplied by JENSEN reach the highest level of labor efficiency in the industry.

We will continuously grow our people and our efficiency so that we can offer environmentally friendly innovative products and services.

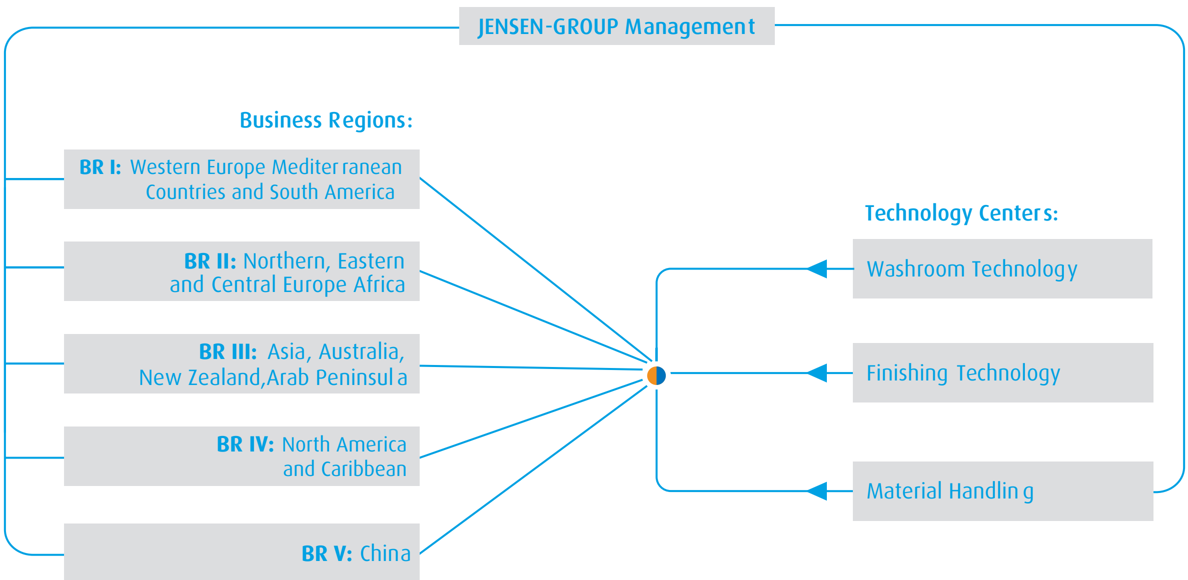
By combining our global skills and offering local presence to our customers, we are able to create profitable growth and responsible industry leadership.

Making a difference

Through technical excellence, significant investment in product development and specialized industry knowledge, the JENSEN-GROUP is able to plan, develop, manufacture, install and service everything from single machines and processing lines to complete turnkey solutions. Our partners include textile rental suppliers, industrial laundries, central laundries as well as on-premise laundries in hospitals, hotels and cruise ships

We believe that our customers know their laundry better than anybody else and that with the help of the JENSEN-GROUP's comprehensive laundry competence and experience we are able to find the right solution for their specific requirements

Organization



All products designed and manufactured by the JENSEN-GROUP are under the responsibility of three technology centers: washroom technology, finishing technology (flatwork and garment) and Material Handling and Automation. In order to better align the production structure and processing standards, the technology centers report to the Chief Operating Officer. Next to this, the JENSEN-GROUP is organized into five Business Regions spanning the world. The three technology centers develop, manufacture and deliver a full, innovative and competitive range of JENSEN products to our customers through our worldwide network of Sales and Service Centers (SSCs) and authorized local distributors. This worldwide distribution network together with our laundry design capabilities, project management expertise and our after-sales service capability make the JENSEN-GROUP uniquely positioned to act locally while meeting our customer's expectations fast and reliably whether the requirement is a single machine or a complete turnkey solution anywhere in the world.

JENSEN-GROUP (fully controlled entities)

- **JENSEN-GROUP**
  - **Sales and Service Centers**
    - JENSEN AG Burgdorf – Switzerland
    - JENSEN Asia – Asia
    - JENSEN – Benelux
    - JENSEN Brazil – Brazil
    - JENSEN China – China
    - JENSEN Denmark – Denmark
    - JENSEN France – France
    - JENSEN GmbH – Germany
    - JENSEN Italy – Italy
    - JENSEN Japan – Japan
    - JENSEN Laundry Systems – Australia
    - JENSEN – Middle East
    - JENSEN New Zealand – New Zealand
    - JENSEN Norge – Norway
    - JENSEN Österreich – Austria
    - JENSEN Spain – Spain
    - JENSEN Sverige – Sweden
    - JENSEN UK – UK
    - JENSEN USA – USA
  - **Manufacturing Companies**
    - Business Unit – Washroom Technology
      - JENSEN China – China
      - JENSEN Components – Germany
      - JENSEN GmbH – Germany
      - JENSEN USA – USA
    - Business Unit – Finishing Technology
      - JENSEN China – China
      - JENSEN Denmark – Denmark
    - Business Unit – Materhial Handling and Automation
      - JENSEN Sweden – Sweden
      - JENSEN USA – USA

Manufacturing

The JENSEN-GROUP has a manufacturing platform of six factories in five countries (three continents). Each manufacturing site focuses on specific technologies for the heavy-duty laundry industry:

- Washroom Technology: JENSEN China in Xuzhou, China, JENSEN GmbH in Harsum and JENSEN Components in Pattensen, Germany and JENSEN USA in Panama City, FL, USA;
- Finishing Technology: JENSEN China in Xuzhou, China, JENSEN Denmark in Rønne, Denmark;
- Material Handling and Automation: JENSEN Sweden in Borås, Sweden and JENSEN USA in Panama City, FL, USA.

Distribution

The JENSEN-GROUP sells its products and services under the JENSEN brand and the ALPHA by JENSEN brand through wholly-owned sales and service centers and through independent authorized distributors worldwide. The relative share of sales through our own SSCs has increased in recent years. These SSCs operate in the most important heavy-duty markets: Australia, Austria, Benelux, Brazil, China, Denmark, France, Germany, Italy, Japan, Middle East, New Zealand, North America, Norway, Singapore, Spain, Sweden, Switzerland and United Kingdom. Sales and service centers play a critical coordination role for the increasing number of complex installation projects involving several of our production companies simultaneously. Local presence enables us to deliver after-sales services on demand to our customers. On top of that, we have an experienced distributor network base in more than 40 countries.

Competitive advantage

Our market coverage, our extensive know-how, our turnkey project expertise and our range of heavy-duty machines, systems and software are unique for the heavy-duty laundry industry.

Product Development

The JENSEN-GROUP's key technologies encompass the entire laundry process, including the washroom itself, the logistics of moving linen and textiles inside the laundry, finishing with feeders, ironers and folders, as well as software technology to control the overall process. In short, a large number of different technologies are used in the process of turning soiled linen and textiles into clean linen.

Given the wide range of technologies needed to cater for the needs of our customer base, we do not focus on fundamental research and development. Our task is to make use of existing technologies and incorporate them into our industry's processes.

In recent years we have invested in further upgrading and expanding our product range in particular in laundry robotics, AI (Artificial Intelligence), automation, new software applications for our industry and in environmentally friendly products. Many developments that target natural resource and energy savings for our customers are grouped under our CleanTech brand. Together with ABS, the JENSEN-GROUP created a joint venture Gotli Labs AG. Gotli Labs will further develop our offering of state-of-the-art software solutions for the heavy-duty laundry industry. The integration of technology and software allows customers to monitor and track production in real time and use the acquired information to improve productivity based on relevant data. The new product from Gotli Labs labelled GLOBE and the investments in Inwatec for automation and AI will bring our industry up to a new level and prepare us for Industry 4.0 and the Internet of Things. Process control and production monitoring software have become crucial in offering the customer a total laundry-operation solution.

The Group has numerous particular patents on features of our machinery, and our product development teams in our various competence centers are continuously examining the possibility of protecting our innovative developments.

Patents and notarial depositions are used primarily to prove prior art. We protect our patents on a case-by-case basis and primarily in the larger markets.

In general, JENSEN-GROUP invests in the range of 2% to 3% of its turnover in Product Development every year. We believe this figure represents more or less the industry average.

JENSEN-GROUP in the World

JENSEN Sales & Service Centers

1. Paris, France
2. Ghent, Belgium
3. Nieuwegein, Netherlands
4. Odry, Czechia
5. Lodz, Poland
6. Stockholm, Sweden
7. Singapore, Asia
8. Burgdorf, Switzerland
9. Panama City, USA
10. Harsum, Germany
11. Sydney, Australia
14. Banbury, UK
15. Novedrate, Italy
16. Shanghai, China
18. Dubai, U.A.E.
19. Sao Paulo, Brazil
20. Vienna, Austria
21. Tokyo, Japan
22. Auckland, New Zealand
23. Barcelona, Spain
24. Oslo, Norway
26. Copenhagen, Denmark

JENSEN Technology Centers

Washroom Technology

9. Panama City, USA
10. Harsum, Germany
17. Xuzhou, China
25. Pattensen, Germany

Finishing Technology

12. Rønne, Denmark
17. Xuzhou, China

Material Handling

9. Panama City, USA
13. Borås, Sweden

Information for shareholders and investors

The JENSEN-GROUP NV share is quoted on the Euronext Stock Exchange under the ticker JEN (Reuters: JEN.BR Bloomberg JEN.BB) since June 1997. The ISIN code is BE0003858751. The quote of the JENSEN-GROUP shares can be found online on the following websites:

- JENSEN-GROUP: https://www.jensen-group.com/investor-relations/share-price.html
- Euronext: https://www.euronext.com/en/products/equities/BE0003858751-XBRU

Share price evolution

The JENSEN-GROUP NV stock price decreased from 39.90 euro at the end of 2017 to 34.0 euro at the end of 2018, with an average daily trading volume of 3,913 shares compared with 3,535 in 2017 (see graph page 5).

Communication strategy

JENSEN-GROUP will maintain its communication strategy based on the following principles:

- Organizing two analysts' meetings per year, following publication of the half year and the full year results;
- Communicating any major changes in the financial position and earnings of the Company;
- Distributing its press releases to professional and private investors and posting them on its corporate website;
- Posting the votes and minutes of the Shareholders' meetings on its corporate website;
- Providing all communication, including the corporate website, in English and Dutch;
- Making information on shareholdings and the financial calendar available on the corporate website;
- Attending small cap investor events upon request;
- Phone conferences with analysts and existing or potential shareholders upon request

Change in ownership structure

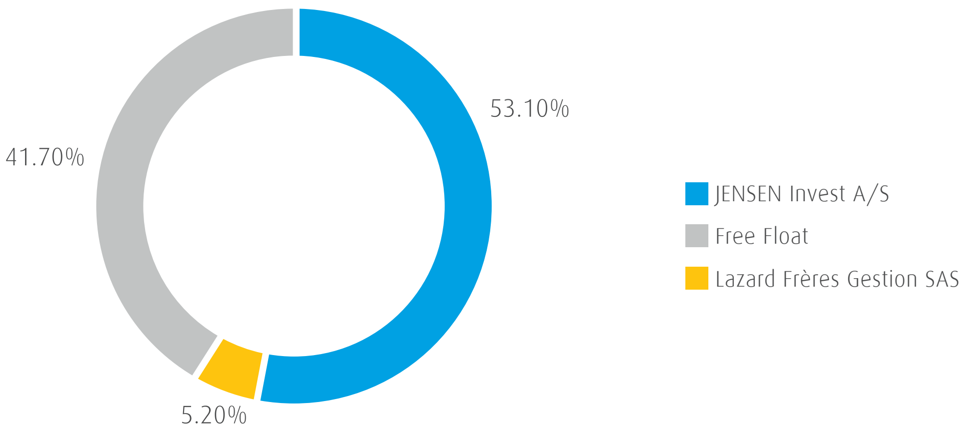
During 2018, JENSEN-GROUP received the following notifications:

A notification from LAZARD FRERES GESTION SAS that it holds 5.2% of the shares in the JENSEN-GROUP.

A notification from CAPFI DELEN Asset Management nv, that its participation has dropped below the 5% threshold;

A notification from KBC Asset Management nv, that its participation has dropped below the 5% threshold.

The ownership structure as per December 31, 2018 is set out below:



Shareholders’ calendar

- May 21, 2019: 10 a.m. Annual and Extraordinary Shareholders’ Meeting at the JENSEN-GROUP Headquarters, Ghent;
- August 2019: Half year results 2019 (analysts’ meeting);
- March 2020: Full year results 2019 (analysts’ meeting).

The Investor Relations Manager is also available to meet individual shareholders, analysts, specialized journalists and institutional investors to enable them to see the JENSEN-GROUP’s short and long-term potential, with respect to both the business as a whole and/or specific activities. Presentations, meetings and site visits are organized upon request.

The JENSEN-GROUP’s Annual Report, press releases and other information are available on the corporate website (http://www. jensen-group.com).

Shareholders wishing to convert registered shares into dematerialized shares can contact the Investor Relations Manager.

Shareholders and investors who want to receive the Annual Report, the financial statements of JENSEN-GROUP NV, press releases or other information with respect to JENSEN-GROUP can also contact the Investor Relations Manager:

JENSEN-GROUP NV
Mrs. Scarlet Janssens
Bijenstraat 6
BE 9051 Ghent (Sint-Denijs-Westrem)
Belgium
Tel. +32.9.333.83.30
E-mail: investor@jensen-group.com

FINANCIAL REPORT 2018

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Report of the Board of Directors

The JENSEN-GROUP's revenue increased from 338.1 million euro to 343.8 million euro (+1.7%). Revenue increased especially due to high activity in the first semester 2018.

During the year the workload was well balanced among the plants and the second half showed again a good activity level. The Group enjoyed the benefit of flexible employment systems and of a very flexible workforce in several countries.

The own sales and service centers (SSCs) continued to generate the majority of our turnover, confirming the importance of having our own local presence in the main markets.

On the balance sheet, working capital at closing date was 27.2 million euro higher than last year because of the increased activity level. At the end of 2018, the JENSEN-GROUP showed again a net cash position of 5.4 million euro, 17.7 million euro lower than prior year. At the end of 2018, the JENSEN-GROUP was in full compliance with its bank covenants.

Headcount decreased from 1,725 to 1,634, reflecting a prudent approach to the current activity level.

Results 2018

Operating profit decreased by 9.9% to 26.9 million euro. EBIT is affected by the impact of hurricane Michael (-2.1 million euro). Despite receiving an advance from the insurance company, JENSEN-GROUP decided to defer the income from the insurance claims until these claims are completely settled. Management believes that the insurance coverage is adequate. Recurring EBIT is estimated at 29.0 million euro or 2.9% lower than last year.

Net financial charges increased from 0.7 million euro to 1.3 million euro as JENSEN-GROUP reports a currency loss versus a currency gain last year.

Taxes decreased by 13.8% as profit before taxes decreased.

The result from companies accounted for by the equity method (participations in TOLON and Inwatec) increased from 0.6 million euro to 0.9 million euro.

The above-mentioned factors together resulted in a decrease in net profit from 21.1 million euro to 19.1 million euro (-9.5%).

Outlook 2019

In 2018, the JENSEN-GROUP received 321.8 million euro orders, 6.3% below 2017. The order book mix is composed of fewer large orders and many more smaller projects sufficient to get off to a good start into 2019.

The main business risks have not changed materially from last year. Major risk factors are the volatility in the financial markets affecting our customers' investment decisions and their capacity to find financing, competitive pressure, political instability and uncertainty in certain parts of the world. The Group does not expect a significant impact from the Brexit. The potential impact of possible protectionist movements in various parts of the world cannot be assessed today. Other risks that mainly affect our margin are exchange rate volatility and fluctuating raw material prices, energy and transportation costs.

The operational objectives for 2019 reflect continued growth in Asia and North America and stable sales and market share in Europe. In operations, the Business Unit 'Material Handling and Automation', introduced in January 2018, groups all activities around laundry logistics and drives the laundry automation initiatives. The cooperation with TOLON Global of Turkey and with Inwatec of Denmark will be further intensified in 2019. In product development we are focusing our activities on further automation, decreased use of natural resources and energy and on efficiency gains for our customers. Optimizing our internal processes remains another area of continuous improvement.

Risk factors

Net profit depends on reaching a certain level of sales to absorb overhead costs.

Any major drop of activity has an immediate effect on operating profits.

The Group has six fully-owned production sites, in the following countries:

- China
- Denmark
- Germany
- Sweden
- USA

Each production and engineering center ("PEC") is specialized in a specific part of the laundry operation (Washroom, Finishing Technology, Material Handling) or in a specific type of linen (flatwork, garment or special applications such as mats, continuous roller towels or wipers).

The Group has its own distribution channels (Sales and Service Centers – or “SSC”) in the most important markets:

- Australia
- Austria
- Benelux
- Brazil
- China
- Denmark
- France
- Germany
- Italy
- Japan
- Sweden
- Middle East
- New Zealand
- Norway
- Singapore
- Spain
- Switzerland
- UK
- US

Next to the SSCs, JENSEN-GROUP has sales representatives in:

- Czech Republic
- Poland

On top of that, JENSEN-GROUP has an experienced distributor network in more than 40 countries.

Each SSC is staffed to handle turnkey projects and systems, single machine sales and after-sales services.

In each PEC and SSC we have the supporting functions needed to administer the legal entity. In order to absorb these overheads, sufficient volume is needed. The activity level determines production volume and can be influenced by factors beyond our control. Since our products are investment goods, the international investment climate more particularly in healthcare, hospitality (hotels and restaurants) and in industrial clothing can have a significant influence on the overall market demand and sales opportunities. The impact of a sudden decrease in turnover cannot be fully offset by a decrease in overheads and infrastructure costs and as such can have a negative impact on our activity level, our financial condition and our operating results.

Largest customers are getting larger as they consolidate and become increasingly international.

An important part of the business is to deliver solutions and machines to the textile rental industry. The ongoing consolidation and internationalization in this industry is making a significantly greater part of the business dependent on relations with these larger groups.

Price fluctuations or shortages of raw materials and the possible loss of suppliers could adversely affect the operations.

JENSEN-GROUP purchases a large number of different components as well as raw materials such as black iron, stainless steel and aluminum. The price and availability of these raw materials and components are subject to changes in duties, market conditions affecting supply and demand. In a competitive market, there is no assurance that increases or decreases in raw material and other costs will be translated quickly into higher sales or lower purchase prices. Nor can there be any assurance that the loss of suppliers or components would not have a material adverse effect on our business, financial condition and results of operations. We currently do not undertake commodity hedging.

JENSEN-GROUP operates in a competitive market.

Within the worldwide heavy-duty laundry market, JENSEN-GROUP encounters several competitors, both small and large. There can be no assurance that significant new competitors or increased competition from existing competitors will not have an adverse effect on our business, financial condition and results of operations.

In addition, the Group may face competition from companies outside of the United States or Europe who have lower costs of production (including labor or raw materials). These companies may pass on these lower production costs as price decreases to customers and as a result, our revenues and profits could be adversely affected.

Currency risks and the economic and political risks of selling products in foreign countries.

Sales of equipment and projects to international customers represent a major part of the net revenues. Demand for our products is and may be affected by economic and political conditions in each of the countries in which we sell our products and by certain other risks of doing business abroad, including fluctuations in the value of currencies (which may affect demand for products produced in the euro zone). We do hedge exchange rate fluctuations between the major currencies for our operations, these being the AUD, CHF, CNY, DKK, EUR, GBP, JPY, NOK, NZD, SEK, SGD and USD.

Vendor financing.

Since the 2008 banking crisis, many customers have experienced difficulties in obtaining financing to invest in expansion or equipment renewal. Under certain specific conditions JENSEN-GROUP is offering financing solutions to customers. This creates exposure for the Company in terms of having to take back machinery over the lifetime of the financing contract. We manage our exposure by aligning the take-back price to the second-hand market values as much as possible.

Policy choices can affect the healthcare sector.

JENSEN-GROUP sells to industrial laundries which handle, amongst others, linen for the healthcare sector. Policy choices can affect the standards of hygiene or the financial capability of hospitals. This may influence sales at specific points in time as well as product development in order to find solutions for the most stringent hygiene requirements.

JENSEN-GROUP is dependent on key personnel.

JENSEN-GROUP is dependent on the continued services and performance of the senior management team and certain other key employees. The employment agreements with senior management and key employees are for an indefinite period of time. The loss of any key employee could have a material adverse effect on the business, financial condition and results of operations because of their experience and knowledge of our business and customer relationships.

The nature of the business exposes JENSEN-GROUP to potential liability for environmental claims and JENSEN-GROUP could be adversely affected by new, more stringent environmental, health and safety requirements.

The Group is subject to comprehensive and frequently changing federal, state and local, environmental, health and safety laws and regulations, including laws and regulations governing emissions of air pollutants, discharges of waste and storm water and the disposal of hazardous wastes. We cannot predict the environmental liabilities that may result from legislation or regulations adopted in the future, the effect of which could be retroactive. The enactment of more stringent laws or stricter interpretation of existing laws could require additional expenditures by us, some of which could have an adverse effect on our business, financial condition and results of operations.

The Group is also subject to liability for environmental contamination (including historical contamination caused by other parties) at the sites it owns or operates. As a result, the Group is involved, from time to time, in administrative and judicial proceedings and inquiries related to environmental matters. There can be no assurance that we will not be involved in such proceedings in the future, and we cannot be sure that our existing insurance or additional insurance will provide adequate coverage against potential liability resulting from any such administrative and judicial proceedings and inquiries. The aggregate amount of future clean-up costs and other environmental liabilities could have a material adverse effect on our business, financial condition and results of operations.

For the past several years, JENSEN-GROUP has strictly followed an environmental remediation plan relating to our former Cissell manufacturing facility in the United States. A third-party indemnity for the remediation plan exists, with Cissell as the legal beneficiary. The last sampling tests done by a third party environmental-engineering company each year, with an exhaustive review every five years, are in line with expectations. The latest projected end date for this remediation plan is 2025. However, there can be no complete assurance that significant additional civil liability or other costs will not be incurred by us in the future with respect to the Cissell facility or other facilities.

The operations are also subject to various hazards incidental to the manufacturing and transportation of heavy-duty laundry equipment. These hazards can cause personal injury and damage to and destruction of property and equipment. There can be no assurance that as a result of past or future operations, there will not be injury claims by employees or third parties. Furthermore, we also have exposure to present and future claims with respect to worker safety, workers' compensation and other matters. There can be no assurance as to the actual amount of these liabilities or the timing of them. Regulatory developments requiring changes in operating practices or influencing demand for, and the cost of providing, our products and services or the occurrence of material operational problems, including but not limited to the above events, may also have an adverse effect on our business, financial condition and results of operations.

JENSEN-GROUP may incur product liability expenses.

The Group is exposed to potential product liability risks that arise from the sale of our products. In addition to direct expenditures for damages, settlements and defense costs, there is a possibility of adverse publicity as a result of product liability claims. We cannot be sure that our existing insurance or any additional insurance will provide adequate coverage against potential liabilities and any such liabilities could adversely affect our business, financial condition and results of operations.

JENSEN-GROUP is subject to risks of future legal proceedings.

At any given time, JENSEN-GROUP is a defendant in various legal proceedings and litigation arising in the ordinary course of business. Although we maintain insurance coverage, there is no assurance that this insurance coverage will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance coverage will be available in the future at economical prices or for that matter, available at all. A significant judgment against us, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have an adverse effect on our business, financial condition and future prospects.

Interest rate fluctuations could have an adverse effect on our revenues and financial results.

The Group is exposed to market risk associated with adverse movements in interest rates. JENSEN-GROUP maintains long-term interest rate hedges and loans with fixed interest rates in order to limit this risk, but a general increase in interest rates might have an unfavorable effect on the overall investment climate and as such on our business, financial condition and results of operations.

The use of debt could adversely affect our financial health if covenants are not met.

The JENSEN-GROUP's major financial institution partners are Nordea and KBC. The Group's borrowing agreements include financial covenants with one of the financial institutions. These covenants could have a restricting effect on our financial capacity.

To service the indebtedness, JENSEN-GROUP will require a certain amount of cash flow. The ability to generate cash depends on many factors beyond our control.

The ability to make scheduled payments of principal and interest with respect to our indebtedness, to fund our planned capital expenditures and our research and development efforts and to finance our expansion in capacity, will depend on our ability to generate cash, on future financial results and the development of the major financial institutions we work with. These institutions, to a certain extent, are subject to the risk factors mentioned above.

JENSEN-GROUP operates with several information and communication technologies (ICT).

JENSEN-GROUP uses for its worldwide operations several tools, devices and software in its ICT and machine operating environment. Digital technologies, devices and media bear manifest risks and opportunities. Machinery is more interconnected and prepared for IoT (Internet of Things). As a result, the Group faces cyber risks. Any ICT failure in the area of security and systems access or in machine operating environments might cause operational disruption, damage to reputation, and financial losses. JENSEN-GROUP manages these risks by closely following the latest technological developments. Next to this, the Group selects the best suppliers for software and ICT. Cybersecurity is a major criterion when selecting these suppliers.

JENSEN-GROUP operates in several locations and is subject to natural hazards

JENSEN-GROUP operates in 23 countries and is therefore exposed to natural hazards such as earthquakes, windstorms or floods. Insurance coverage is taken when possible and compliance with specific building codes is reviewed carefully. The entities are requested to have disaster recovery plans. Any severe natural disaster could affect our business, financial conditions and operational results.

Non-financial information

In accordance with Directive 2014/95/EU (further ‘the Directive’) of the European Parliament and of the Council of 22 October 2014, we have added this separate section containing non-financial information which is considered to be relevant for the stakeholders of the JENSEN-GROUP.
In providing this information, we have taken into account the requirements defined by the Directive, while also drawing inspiration from the Global Reporting Initiative guidelines (GRI G4).

Alongside the financial information on the JENSEN-GROUP (which can be found in the ‘Financial Report 2018’ section of this Annual Report), this section describes non-financial activities which are relevant to our stakeholders and by which we make a difference.
We summarize our sustainability in three dimensions. These are

Environment

People

Society (including corporate governance)

In order to understand the different dimensions, we briefly elaborate on the business model of the JENSEN-GROUP. For more information on this model, we also refer to other sections of the Annual Report.

Business model

The aim of the JENSEN-GROUP is to offer the best solutions to its worldwide customers in the heavy-duty laundry industry. Technical excellence, significant investment in product development and specialized industry knowledge enable the JENSEN-GROUP to plan, develop, manufacture, install and service everything from single machines to complete systems, turnkey solutions and process automation.

We consider product development a key part of our business model, as scarcity of resources and a greater focus on ecology increase the need for sustainable laundry solutions.

All products designed and manufactured by the JENSEN-GROUP fall under the responsibility of three technology centers: Washroom Technology, Finishing Technology (flatwork, garments and mats) and Material Handling & Automation. The three technology centers develop, manufacture and deliver a full range of innovative and competitive JENSEN products to our customers through our worldwide network of Sales and Service Centers (SSCs) and authorized local distributors, organized into five Business Regions. This worldwide distribution network together with our laundry design capabilities, project management expertise and after-sales service make the JENSEN-GROUP a credible one-stop-shop supplier uniquely positioned to act locally, meeting our customer's requirements and expectations fast and reliably, whether for a single machine or a complete turnkey solution, anywhere in the world.

The relative share of sales through our own SSCs has increased in recent years. These SSCs operate in the most important heavy-duty markets: Australia, Austria, Benelux, Brazil, China, Denmark, France, Germany, Italy, Japan, Middle East, New Zealand, North America, Norway, Singapore, Spain, Sweden, Switzerland and United Kingdom.

The JENSEN-GROUP mission is "Creating the future in laundry automation", a one-liner that we also use in our marketing communication. The JENSEN-GROUP is committed to offering the best solutions to heavy-duty laundries worldwide. For this we are in a constant dialogue with our customers, through local presence, in order to identify the best solutions for them. Based on our global experience, these solutions consider the total cost of ownership and are aimed at continuously raising productivity and reducing the ecological impact of our equipment and our own processes. In recent years, we have invested in further upgrading and expanding our product range in particular in laundry robotics, AI (Artificial Intelligence), automation, new software application for our industry and in environmentally friendly products. We are committed, engaged, dedicated and responsible every time we interact with our customers.

Finally, part of our business model is to expand geographically. We have recently enlarged our offices in China, Dubai and Japan as part of our 'Go East' strategy. Believing in the benefits of local presence, we continue to expand throughout the world in order to keep communication lines with our end-customers as short as possible.

ENVIRONMENT

Nowadays our customers, and by extension all of our stakeholders, face a rapidly changing environment. The JENSEN-GROUP takes sustainability and environmental protection seriously and is pursuing a continuous energy reduction strategy in order to rise to the challenges of the future like climate change and the finiteness of fossil fuels. In particular, the increasing scarcity of water and energy call for an increased focus on ecology.

We have installed appropriate internal policies to help us identify any environmental risks of our business, both internal (arising during the manufacturing process) and external (created by the use of our equipment). For further information on environmental risks we refer the reader to the 'Risk Factors' section in the Annual Report 2018.
Continued investment in product development, alignment of our core processes and in-depth market presence enable us to better meet our customers' needs. Many of these developments are targeted at reducing energy and water consumption as well as increasing the up-time of our equipment. In general, JENSEN-GROUP invests in the range of 2% to 3% of its turnover in Product Development every year.

A major share of our product development work is directed at natural resource and energy savings and the reduction of the environmental impact of our equipment. This includes continuously monitoring the performance of our equipment during the development phase. Many product developments that target natural resource and energy savings for our customers are grouped under our CleanTech concept.

CleanTech

CleanTech describes knowledge-based products and services that improve operational performance, productivity and efficiency while reducing costs, energy consumption, waste and pollution.
Our CleanTech technology has produced some remarkable resource and energy savings for our customers in recent years. Average water consumption under 3 liters per kg linen, and energy consumption under 1 KW/h per kg linen processed can be reached with our products and solutions. Our advanced solutions offer energy savings of up to 60% per year, combined with lower investment and installation costs. Productivity is up to 25% higher thanks to shorter drying and finishing cycle times.

Right now we are working to take the energy reduction program a step further through investments in software and by on-site measurement of KPIs of typical heavy-duty laundries.
These CleanTech products are detailed on our corporate website, with full details on their resource and energy savings potential (see https://www.jensen-group.com/products/jensen-cleantech.html).

Manufacturing process

The JENSEN-GROUP has a manufacturing platform of six factories in five countries on three continents. Each manufacturing s ite focuses on specific technologies for the heavy-duty industry. We develop environmentally-friendly equipment, manufactured in the most ecologically responsible way. As part of this thrust, we are continuously monitoring our factories in order to reduce their impact on the environment.

An environmentally-friendly manufacturing process starts with selecting the most appropriate supplier. As the JENSEN-GROUP wants to become a partner to our customers, the Group is constantly looking for partnerships with suppliers who can contribute to any resource and energy-savings opportunity.

Safety

the JENSEN-GROUP, the wellbeing of our employees and customers is crucial. We want our employees around the globe to work in safe and ergonomically sound environments. Health and safety are therefore a priority at each JENSEN-GROUP location. At all our production sites, the performance evaluation of plant managers includes the prevention of work accidents and remedial initiatives taken.

Our responsibility for safety continues after our equipment is manufactured and has left our premises. We consider the safety of our customers' operators and anyone using our equipment to be as important as that of our own employees. We comply with all European safety regulations (European Standards, ENs) and other local requirements. At the same time, we believe that machine safety has to go beyond regulations. Already during the product development phase, we focus on the ergonomics and overall safety of our equipment. With this mindset we have been able to reduce working accidents to an absolute minimum; even so, we consider each occupational accident as one too many. Health and safety is and will therefore remain a cornerstone of our strategy.

PEOPLE

Our second sustainability dimension relates to people. Our customers and employees are the basis of our success and they are in a constant dialogue through our local presence, in order to identify the best solution for each customer.

Employees

The JENSEN-GROUP is fully aware of its responsibility to its employees. Driven by what we call the JENSEN spirit, our culture is open and international. We offer opportunities for achievement, recognize people's contributions, give each team member as much responsibility as possible, and offer training and development opportunities. This open culture results in job satisfaction for each employee and into a long-term employment at the JENSEN-GROUP, as shown by the high average career lengths.

The JENSEN-GROUP makes no distinction whatsoever in terms of age, gender, culture, religion, origin or other diversity. We are committed to providing equal opportunity in employment and to respecting the rights and dignity of each employee. We also prohibit all forms of discrimination in recruitment and promotion. We have decided to drive the JENSEN-GROUP by culture. When we all live the JENSEN spirit, we naturally do the right things We count 44 nationalities in the JENSEN-GROUP.

Female/male (total workforce 2018)

12% 88%

Female/male (management 2018)

14% 86%

As a direct consequence of our type of business, the percentage of women is rather low, though with a higher percentage in management. Furthermore, the Belgian Law of 28 July 2011 on gender diversification requires that at least one third of the Board of Directors be female. JENSEN-GROUP is in full compliance with this law as there are two women on the Board.

People development

To fulfil our mission and to sustain our JENSEN spirit, we need to attract and retain talented people and develop the skills of our current and future leaders. In recent years, the JENSEN-GROUP has heavily invested in the development of its employees, through corporate training, local training and individual initiatives. Training is given through the JENSEN Academy to all organizational levels, through webinars and by onboarding training for new employees, new managers and new project managers. The JENSEN factories also offer apprenticeships in a range of professions. Training programs include technical and function-specific training, as well as leadership modules that help our employees develop and cooperate in a global business environment. We believe that developing our teamwork and collaboration is critical to our success.

Social dialogue

We want to further strengthen our open culture and to embed it throughout the Group. For this, we use a variety of communication channels and platforms to inform our employees about corporate targets, strategies and current developments. Jennet, the intranet of the JENSEN-GROUP, offers information on a wide range of subjects, including product information, HR information, and our Ethics Code, Principles and Guidelines. While Jennet is a valuable tool for disseminating information within the JENSEN-GROUP, we also encourage the use of internal social media, including an app on employees' smartphones, as a modern way of sharing news and interacting. The various departments then determine their own priorities using these general communication tools and implement action plans to achieve this.

With our 'we think globally, and act locally' approach, a lot of authority is shifted towards local management. We therefore need to make sure that a number of rules are respected. At the JENSEN-GROUP, these are summarized in our 'Principles and Guidelines' which can be found on the JENSEN intranet. In addition, the JENSEN-GROUP has developed a whistleblowing procedure and set up a Whistleblowing Hotline. We refer also to the paragraph below on social responsibility. We also encourage managers to enter into dialogue with their teams, putting transparency into practice.

Customers

The JENSEN culture makes the difference: our corporate culture incorporates our past, our presence with the preferred values that we live by, and our future. We want to be able to automate and duplicate our JENSEN-GROUP culture throughout the organization. Therefore, we believe that our corporate culture is a dynamic process which directly incorporates the needs of our customers. As our customers know the laundry business better than anybody else, we want to create partnerships with them. Constant dialogue with our customers, through local presence, results in long-term relationships. In this way we know their needs and can focus on efficiencies to provide sustainable laundry solutions and systems. Our CleanTech solutions are helping us gain new customers that require ecological processes to meet Corporate Social Responsibility guidelines or to obtain quality certificates.

With the JENSEN-GROUP, our customers have a strong partner they can rely on from the initial consultation, to the planning, correct installation and start-up of the equipment and through to after-sales service. This includes regular technical inspections of the JENSEN equipment and customer training. Both of these reduce maintenance costs for our customers and help avoid equipment downtime, resulting into increased productivity and profitability. We believe this strong business partnership between the JENSEN-GROUP and its customers places us both in a winning position.

SOCIETY

Our last sustainability dimension relates to all the ways the JENSEN-GROUP is making a difference for society at large. At the JENSEN-GROUP, we are convinced that our responsibility goes beyond our employees and our customers, towards the communities where we provide employment and to society at large.

Strategy and brand

Our strategy is to expand our global reach by building a local presence in every significant market. Our brand represents quality and tailor-made solutions for our customers. It is this message that we want also to convey to the wider community: we bring quality to the community by complying with all legal requirements, we make a difference by entering into local level partnerships and respecting local habits and needs. We also want our JENSEN equipment to be as efficient and as environmentally friendly as possible. We refer to the environmental dimension for further information on this topic.

In 2017, we launched a second brand, ALPHA by JENSEN. Under this brand, the JENSEN-GROUP manufactures and promotes its value-engineered machine range, made in China.

Changing markets

Today the world is becoming a global village, with people travelling more than ever before. This offers opportunities both for growth, with an increased need to process hotel and catering linen, and for increasing the JENSEN-GROUP's positive social impact through providing environmentally-friendly equipment.

The JENSEN-GROUP is keen to increase its presence in certain emerging markets. For these we develop standardized, less expensive and low wear and tear equipment. We have branded this equipment ALPHA by JENSEN. This is one example of the JENSEN-GROUP being flexible and adaptive to changing customer and society needs.

Corporate governance

As the JENSEN-GROUP NV share is quoted on the Euronext Stock Exchange, the Group has adopted the Belgian Corporate Governance Code, in its revised 2009 version, and a risk management and internal control process. For more information on these, we refer to the separate Corporate Governance chapter in the Annual Report and to the Corporate Governance Charter on our website.

We acknowledge that adopting the Corporate Governance Code positively contributes to a better society by inspiring greater trust among our investors and other stakeholders. We consider trust in our brand and our organization to be a crucial part of our strategy. We have therefore also implemented a strict policy to prevent Insider Trading as well as a whistle-blowing procedure. These policies significantly reduce the risk of improper conduct or appearance thereof. We also refer to page 37 of the Annual Report for more information on this policy.

Social responsibility initiatives

We strive to maintain an open culture throughout the organization. Our code of conduct outlines the responsibilities of or proper practices for an individual or organization. They contribute to the welfare of and respect towards all stakeholders. Next to this, we have created an environment in which personal initiatives are highly appreciated. We are strongly convinced that our employees are best placed to identify local needs in which the JENSEN-GROUP can make a difference. We believe that our people live out our value statement 'we think globally and act locally'.

The JENSEN-GROUP holds integrity, honest business practices as well as lawful conduct amongst its topmost priorities. No business requirement can justify an illegal, unethical or unprofessional act. Our success in business depends upon maintaining the trust of our employees, company directors, shareholders, customers, suppliers and other commercial partners, as well as government authorities and the public at large. In order to achieve this, the JENSEN-GROUP has developed an Ethical Business Policy Statement that reflects our values and the ethical, legal and business expectations that we have towards all our employees and stakeholders. In order to secure effective compliance with the Ethical Business Policy Statement, the JENSEN-GROUP has developed a whistleblowing procedure and set up a Whistleblowing Hotline.

Conflict of interest

Under Belgian company law, the members of the Board of Directors are required to give the Chairman prior notice of any agenda items in respect of which they have a conflict of interest with the Company, either direct or indirect, whether of a financial or other nature, and to refrain from participating in the discussions of and voting on those items. This is also a standard item on the agenda of each Board meeting. Two potential conflicts arose in the course of 2018 at the meeting of the Board of Directors which was held on March 1, 2018. During this meeting, the re-elections of Mr. Peter Rasmussen as member of the Board of Directors and the dividend proposal were discussed.

The minutes of this meeting are included below:

"On March 1, 2018 at 10.20 a.m. the Board of Directors of JENSEN-GROUP NV held a meeting at the office of JENSEN-GROUP NV, Bijenstraat 6 in 9051 Sint-Denijs-Westrem, Belgium.

The following directors were present:

- *Gobes Comm. V., represented by Mr. Raf Decaluwé*
- *SWID AG, represented by Mr. Jesper Munch Jensen*
- *TTP bvba, represented by Mr. Erik Vanderhaegen*
- *Pubal Consult LLP, represented by Mr. Jobst Wagner*
- *Inge Buyse bvba, represented by Mrs. Inge Buyse*
- *Mr. Peter Rasmussen*

The following invitees were attending:

- *Werner Vanderhaeghe, Esq.*
- *Mr. Markus Schalch*
- *Mrs. Anne Munch Jensen*
- *Mr. Toni Drescher (in part)*

Mr. Decaluwé presided. Mr. Vanderhaeghe acted as Secretary. The Chairman welcomes Mrs. Anne Munch Jensen to the meeting and pointed out that notice of the meeting had been given by email of February 23, 2018, that all of the directors were present and that the meeting was thus validly constituted. The Chairman then suggested that the meeting consider the following items of business.

Conflict of interest

The Chairman informed the members of the Board that by letters dated February 27, 2018 and addressed to the Board of Directors and to the Corporation's statutory auditor, SWID AG and Pubal Consulting LLP had given notice of a conflict of interest in relation to the item proposal for dividend and that Mr. Rasmussen had given such notice with respect to the item re-election as a member of the Board of Directors. The letters were handed over to the Secretary for filing with the Board's records. Messrs. Jensen, Wagner and Rasmussen confirmed that they will abstain from discussion and the vote relative to those items on the agenda. The other members of the Board then confirmed that none of the items on the present agenda raised a conflict of interest.

Following a brief review of the items on the agenda by the Chairman and of the various documents relative to these items that were sent to the members of the Board, the Chairman then moved for a decision on the items that required approval of the Board and after discussion, the Board resolved as follows:

...

The Chairman then recalled for the members of the Board the issue of the expiration of the mandate of Mr. Peter Rasmussen as a director and the proposal for his reappointment by the Remuneration Committee referred to earlier in the meeting. The Chairman confirmed that Mr. Rasmussen had expressed an intention to seek reelection and that under current law, Mr. Rasmussen would maintain the qualification as an independent director. Following a brief discussion by the Committee of the incumbent director's credentials and track record on the Board and its Committees, the Chairman moved for a decision and the Committee adopted the following resolution:

(in English)
"Upon a motion duly made, the Board of Directors resolved unanimously, with Mr. Rasmussen abstaining from the discussion and vote, to propose Mr. Peter Rasmussen for reappointment by the shareholders to the Board of Directors for a term of 4 years and with the qualification as independent director; resolved further to submit such proposal for approval by the shareholders at its Annual Meeting to be held on May 15, 2018."

...

Presentation and Approval Financial statements 2017 JENSEN-GROUP NV – Preparation and approval of report to Shareholders – Proposal for dividend
The Chairman reviewed with the Board the draft financial statements and consolidated accounts of the Corporation for the year ended as at December 31, 2017, the proposal for the Report to the Shareholders on the Corporation's activities in the course of 2017 and the proposal for the payment of a dividend. Copies of the draft financial statements, the consolidated accounts and the draft Report are annexed to these minutes as Appendix 1.

At the suggestion of the Chairman, the Board resolved to adopt the following resolution:

(In English)
"Upon a motion duly made, the Board of Directors resolved unanimously to approve the financial statements of the Corporation for the year ended as at December 31, 2017 and the proposal for the Report to the Shareholders on the Corporation's activities and the Corporate Governance Statement, as presented at this meeting and as annexed to the minutes of this meeting; resolved further that the Chairman and the Managing Director are authorized to amend such Report if and when such amendments are necessary and provided such amendments are not material; resolved further that the Chairman and the Managing Director are authorized and directed to finalize and formally file the Corporation's financial statements."

"Upon a motion duly made, the Board of Directors resolved unanimously to approve the consolidated accounts for the year ended as at December 31, 2017 including the explanatory notes, as presented at this meeting and as annexed to the minutes of this meeting; resolved further that the Chairman and the Managing Director are authorized and directed

to finalize such consolidated accounts and to amend such notes if and when such amendments are necessary and provided such amendments are not material."

"Upon a motion duly made, the Board of Directors resolved unanimously, but with Messrs. Jensen and Wagner abstaining from the deliberation and vote, to approve the proposal for the payment of a dividend to the Corporation's shareholders in the amount of 1.00 Euro per share, payable as of May 31, 2018."

...

There being no further business to discuss, the meeting was adjourned at 2.30 p.m."

Investments and capital expenditures

Investments and capital expenditures in 2018 amounted to 5.5 million euro (3.4 million euro in 2017), consisting primarily of the participation of 30% in Inwatec, ApS, the increase in shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, by 6.33% to 42.66%, and equipment and vehicles. Capital expenditures in 2017 consisted primarily of the acquisition of one of the Group's major German suppliers, the increase in shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, by 6.33% to 36.33%, and equipment and vehicles.

Capex outlook 2019

The Group expects capital expenditure in 2019 to be higher than in 2018. The Group will invest primarily in its facility in USA, in IT and in machinery and intends to further increase, as foreseen in the contract, its shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey by 6.34%.

Use of financial instruments

The Company uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Company's policy not to hold derivative instruments for speculative and trading purposes.

At December 31, 2018, currency bought forward hedges existed in an amount of 7.1 million euro and currency sold forward hedges existed in an amount of 20.2 million euro. The Company also had Interest Rate Swaps (IRS) outstanding in amounts of 11.2 million DKK with maturities from 2022 to 2024 and fixed rates ranging from 4.86% to 5.11%.

Litigation

Provisions have been set up in respect of all claims that, based on prudent judgment, are reasonably founded. We keep track of all potential litigation and pending legal cases at Group level. In this chapter, we only cover cases against the Company or one of its subsidiaries. Pending issues per major category are:

Product liablity claims:

- 2 product liability claims in the USA
- 6 product liability claims in the EU

Cargo claim:

- 1 claim in the EU

Claims from employees:

- 1 claim from an employee in the USA

Commercial claims:

- 1 claim in the EU

Environmental risk:

- One ongoing case in the USA

Most of these claims are covered by insurance. Based on legal advice taken, management does not expect these claims to significantly impact the Group's financial position or profitability. Where necessary, a realistic provision has been made.

Human Resources

The number of employees at year-end has developed as follows:

	2018	2017
Number of employees	1,634	1,725

Product Development

JENSEN-GROUP does not perform fundamental research but undertakes continuous product development. These expenses in respect of the continued operations amounted to 6.2 million euro in 2018 (5.1 million euro in 2017). JENSEN-GROUP does not capitalize development expenses since its business reality makes it very difficult to distinguish product enhancements from adaptations to specific circumstances, and to define the future cash flows that will originate from these efforts. Furthermore, as the development expenses are relatively stable and are a continuous process, JENSEN-GROUP does not capitalize these efforts but expenses them as incurred.

Corporate Governance Statement

Statement on Corporate Governance

The JENSEN-GROUP NV has adopted the Belgian Corporate Governance Code in its revised 2009 version as its reference Code. The Code 2009 is available on www.corporategovernancecommittee.be. The Company has implemented the Belgian Corporate Governance Code since 2004, reviewing the major requirements of and evolution in the Code and evaluating the degree of compliance within the JENSEN-GROUP. To the best of our knowledge and belief, JENSEN-GROUP is compliant with the Corporate Governance Code.

As a result of these efforts, the Board of Directors of JENSEN-GROUP NV has adopted and has published the following charters:

- Charter of the Board of Directors, including standards of independence and requirements for Directors;
- Charter of the Remuneration and Nomination Committee;
- Charter of the Audit Committee;
- Communication Policy;
- Role and Responsibilities of the Chairperson of the Board of Directors; and
- Role and Responsibilities of the Executive Management.

These Charters can be found on our website www.jensen-group.com under Investor Relations/Corporate Governance. They are regularly reviewed and evaluated by the Board of Directors. The Charters are part of the day-to-day proceedings of the Company's Board of Directors and Board Committees, and are to the best of our knowledge and belief compliant with the Code.

According to the "comply or explain" principle, the Company may deviate from the Code provided it duly explains the reasons for such deviation. Reasons could be linked to the Company's nature, organization and/or size. Based on its internal risk assessment as well as on the size of its operations, the Company has outsourced the internal audit function to external parties. JENSEN-GROUP does not have an internal audit staff because:

- JENSEN-GROUP consists of multiple smaller entities with limited turnover, which are closely monitored by local management teams;
- The management teams are further monitored by the JENSEN-GROUP headquarters through quarterly operational and financial reviews as well as regular site visits by the management of JENSEN-GROUP headquarters;
- All JENSEN-GROUP subsidiaries are aware of the JENSEN-GROUP policies and procedures, and the relative size of the JENSEN-GROUP continues to allow for regular communication and face-to-face meetings with all local management teams;
- All JENSEN-GROUP companies are audited by the same accounting firm and significant risk factors are consistently reviewed in the external audit scopes of the different subsidiaries.

The Company's Audit Committee has concluded that an in-house internal audit function would not be an effective function. As an alternative, in consultation with the external auditor and on the basis of a risk analysis, the Audit Committee develops internal audit priorities and retains an independent outside audit firm for specific internal audit projects. It is considered that this approach is more effective than an in-house internal audit function. The Audit Committee can outsource the internal audit activity to a locally competent internal audit service provider.

The professional qualifications and duties of the Director(s) to be (re)-appointed were not stipulated in the invitation and notices to the next Annual Shareholders' Meeting, given that these qualifications are already published in several press releases and annual reports and include broad international experience, operational knowledge and adequate financial knowledge in order to function in an audit committee or remuneration and nomination committee. The professional qualifications and duties of Mrs. Anne M. Jensen were disclosed during the Shareholders' meeting of May 15, 2018.

The information found in the Corporate Governance Charter is provided "as is" and is solely intended for clarification purposes. The recommendations and policies found in the Charters are in addition to and are not intended to change or interpret any law or regulation, or the Certificate of Incorporation or Bylaws of the Company. By adopting these Charters, attachments and possible sub-charters, the Company does not enter into any obligation or contractual or unilateral commitments whatsoever. The Charters are intended as a guideline in the day-to-day proceedings of the Company. Competences and tasks attributed to the Board of Directors are to be seen as enabling clauses, not as mandatory rules or a compelling line of conduct.

Risk Management and Internal Control

In accordance with the provisions on corporate governance in the Law of December 17, 2008 and in the so-called Corporate Governance Law of April 6, 2010 (hereinafter referred to as "the Law"), JENSEN-GROUP NV has adopted and implemented a risk management and internal control process.

The following description of risk management and internal control is based on the Integrated Internal Control Framework and the Enterprise Risk Management Framework as published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Board of Directors supervises the proper functioning of risk management and internal control through the Audit Committee. The Board of Directors has delegated to the Executive Management Team the task of implementing a risk management process and an internal control system and of reporting back to the Board on both topics at regular intervals.

Risk management

Based on a framework model prepared by an external consultant, the Executive Management Team has developed a risk map describing the financial, operational, strategic and legal risks. This risk map was prepared for the first time in 2008 and is now reviewed on a regular basis. The map outlines both the probability of the different risks occurring, and the impact of their occurrence on the results. Measures to mitigate the risk exposure are evaluated. The Executive Management Team has presented the conclusions of this risk management exercise to the Audit Committee and to the Board of Directors. The Board of Directors discusses the major risks with management on an as needed basis, but at least once a year.

The Executive Management Team discloses quarterly a certain number of risk areas as reported during the quarterly review process by the reporting entities. The Executive Management Team then re-examines those risks and formulates approaches to mitigate the risk and looks at various forms of transferring these risks to third parties in the areas in which a material risk exposure to the Company remains.

Internal control

Definition

Internal control is a process, effected by the Board of Directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting; and c) Compliance with laws and regulations.

Control environment

The Board of Directors and the Executive Management Team have approved and adopted the JENSEN-GROUP Ethical Business Statement (hereinafter referred to as "the Statement"). The Statement sets forth the JENSEN-GROUP's mission as well as the Group's ethical values; it describes its rules of conduct as well as the transactions that are permissible between JENSEN-GROUP and third parties to the extent that these transactions are not covered by the legal provisions on conflict of interest. Implementation and application of the JENSEN-GROUP Ethical Business Statement is mandatory for all of the companies of JENSEN-GROUP. The review of the Statement is integrated in every training session that is organized. The Statement is available on the corporate website www.jensen-group.com under Investor Relations/ Corporate Governance.

JENSEN-GROUP has also a whistleblowing procedure that is available on its corporate website for all stakeholders.

The JENSEN-GROUP consists of several entities which are closely monitored by local management teams. JENSEN-GROUP headquarters further monitors the local management teams through quarterly operational and financial reviews. In addition, the Company's Group Control and Reporting reviews the different entities on a quarterly basis.

JENSEN-GROUP monitors its business with a view towards achieving a certain level of ROCE (Return on Capital Employed).

The local management teams are responsible for implementing the JENSEN-GROUP procedures and guidelines.

Control activities and monitoring

Conformity with reporting requirements

All applicable IFRS accounting principles, guidelines and interpretations are grouped in the accounting manual, which is part of the JENSEN-GROUP Procedures and Guidelines. The JENSEN-GROUP Procedures and Guidelines are available on the JENSEN intranet and accessible by all local management and staff of the Group. The accounting manual is updated on a regular basis. Additional reporting is undertaken as requested by management and/or the Audit Committee and where appropriate, is included in the accounting manual.

The Financial Managers of the Group meet at regular intervals. During each such seminar, the Financial Managers are informed of relevant changes in IFRS. Training is provided on an as needed basis to ensure correct implementation of such changes.

A majority of the Group companies use the same ERP system. The policy has been adopted to move all of the Group companies to the same ERP system over time. All companies of the Group use the same software to report the financial data for consolidation purposes.

Group management has introduced, after discussion with the Audit Committee, a set of key controls to provide reasonable assurance about the reliability of financial reporting and of the financial statements made available to external parties starting in 2009. Local management has implemented these key controls. The set of key controls is reassessed from time to time and amended if necessary.

Financial Reviews

Group Controlling and Reporting reviews every quarter all data submitted for consolidation for financial accuracy, consistency with and any deviations from budgets and the explanations given, in order to ensure the accuracy of the reported data. Group management then ensures proper follow up and actions on deviations from budget.

Operational reviews

Monitoring is performed during the Business Board Reviews. These quarterly reviews include a financial review which specifically focuses on major changes in P&L and balance sheet items, deviations from budgets or forecasts as well as consistency in applying IFRS rules. The internal control system is monitored on a quarterly basis.

Management's monitoring of internal controls is performed on a continuous basis. The performance of the individual companies is measured and compared to budgets and previous years' figures which may identify anomalies indicative of a control failure. Failures are promptly remedied.

All JENSEN-GROUP companies are audited or reviewed by the same accounting firm and significant risk factors are reviewed consistently in the external audits of the different subsidiaries. The external auditor reports to the Audit Committee twice a year on their findings and on significant issues.

Relevant findings by the Internal Audit (which is outsourced as described above) and/or by the Statutory Auditor are reported to both the Audit Committee and to the management concerned. Periodic follow-up is performed to ensure that corrective action has been taken.

All relevant financial information is presented to the Audit Committee and to the Board of Directors so as to enable them to analyse the financial statements. Prior to external reporting, all press releases and other financial information is subject to:

- Appropriate review and controls by JENSEN-GROUP headquarters;
- Review by the Audit Committee; and
- Approval of the Board of Directors.

The Company's Audit Committee has decided that an in-house internal audit function would not be an effective function. In consultation with the external auditor and on the basis of a risk analysis, the Audit Committee has worked out an internal audit plan and retains an independent outside audit firm for specific internal audit projects. It is considered that this approach is more effective than an in-house internal audit function. The Audit Committee can outsource the internal audit activity to a locally competent audit service provider.

In 2018, management reviewed and updated the Internal Control System. The set of key controls has been reassessed and amended where necessary.

Also in 2018, an internal review was performed on the embedded controls, sensitive access and segregation of duties on the ERP system with a view towards alignment within the Group.

Significant results from prior internal audit reports are regularly reported on with respect to progress if the related issues are not yet fully resolved.

Information and communication

Group Controlling provides management with transparent and reliable management information in a form and timeframe that enables them to effectively carry out their responsibilities.

Every year, Group Controlling prepares a financial calendar for reporting in consultation with the Board of Directors and the Executive Management Team. The financial calendar is designed to allow accurate and timely reporting to external stakeholders.

At half-year, condensed consolidated interim information is reported and at year-end the full Annual Report is published. Prior to external reporting, all press releases and other financial information are subject to appropriate controls by JENSEN-GROUP headquarters and to a review by the Audit Committee and require approval of the Board of Directors.

Composition of the Board of Directors

The members of the Board of Directors are appointed by the shareholders, voting by simple majority, during the general meeting of shareholders.

The Company's bylaws allow for appointment by cooptation. If cooptation occurs, it is considered as a transitional arrangement whereby the director-elect completes the mandate of the outgoing director as opposed to taking on a new mandate. For this reason the transition period is not considered as a mandate in the independence rule review, where the Company looks at total years of service on the Board of Directors.

The Company's bylaws require the Board of Directors to have at least three but not more than eleven members. Board members are elected for terms of office of no more than four years.

The Company's bylaws are supplemented by the Charter of the Board of Directors. This Charter outlines and details the Board's role and responsibilities and is revised from time to time. This Charter includes 4 major chapters:

1. Functioning of the Board: directors' responsibilities, number of Board and Committee meetings, Company Secretary, setting the agenda of Board meetings, director compensation, orientation and education, CEO evaluation, management succession, director access to officers and employees, use of independent advisors.
2. Board structure: size of the Board, selection of directors, required qualifications, including the criteria of independence, resignation from the Board and term limits.
3. Committees of the Board: establishment of the Audit Committee and of the Remuneration and Nomination Committee.
4. Other Board practices: directors' roles and responsibilities, terms of reference of the Chairman of the Board and of the Executive Management Team, interaction with institutional investors, analysts, media, customers and members of the public at large, limitation of liability, policy to prevent insider trading and market abuse, conflict of interest policy and code of conduct and evaluation of Board performance.

For more details, please consult our website on www.jensen-group.com under Investor Relations/Corporate Governance.

As in the past, JENSEN-GROUP NV selects its Board members in a manner that allows for a balance in the profiles of the different directors. A balance is sought between executive and non-executive directors, directors representing shareholders and independent directors, and also in respect of directors' professional backgrounds, experience and gender. A majority of the members of the Board of Directors are not related to the Company's controlling shareholders.

The composition of the Board of Directors of JENSEN-GROUP NV, the attendance records of the individual Directors, as well as their remuneration packages, is as follows:

Name	**Function**	**Independent**	**Term Expiry**	**Attendance Board meetings**	**Commit-tees**	**Attendance committees**	**Remunera-tion**
GOBES CV[1]	Chairman		2020	100%	AC[4]	100%	97,000
represented by Mr. Raf Decaluwé					NRC	100%	
SWID AG[2]	Director		2021	100%			-
represented by Mr. Jesper Munch Jensen							
TTP bvba[1]	Director		2021	100%	AC	100%	42,000
represented by Mr. Erik Vanderhaegen							
Mr. Peter Rasmussen[1]	Director	V	2022	100%	NRC	100%	37,500
Pubal Consult LLP[1]	Director	V	2019	100%	NRC	100%	41,750
represented by Mr. Jobst Wagner					AC[5]	100%	
Inge Buyse bvba[1]	Director	V	2019	100%	AC	100%	42,000
represented by Mrs. Inge Buyse							
Cross Culture Research LLC[3]	Director		2022	100%			14,625
represented by Anne Munch Jensen							
Total							**274,875**

1. Non-executive director
2. Executive director, CEO, representing the reference shareholder
3. Non-executive director, representing the reference shareholder
4. Member of the Audit Committee until November 13, 2018
5. Member of the Audit Committee as from November 13, 2018

[AC]: Audit committee

[NRC]: Nomination and Remuneration Committee

Sitting From left to right: Mrs. Anne M. Jensen, Mr. Raf Decaluwé, Mrs. Inge Buyse. Standing from left to right: Mr. Erik Vanderhaegen, Mr. Jesper Munch Jensen, Mr. Werner Vanderhaeghe, Mr. Peter Rasmussen, Mr. Jobst Wagner

Gobes Comm.V., represented by Mr. Raf Decaluwé. Mr. Decaluwé is the former CEO of the Bekaert Group. He held senior positions at Black & Decker and Fisher Price Toys prior to joining the Bekaert Group. Mr. Decaluwé is a Board member or advisor in various companies.

SWID AG, represented by Mr. Jesper Munch Jensen. Mr. Jensen is the CEO of the JENSEN-GROUP.

TTP bvba, represented by Mr. Erik Vanderhaegen. Mr. Vanderhaegen is the former CFO of the JENSEN-GROUP. He is currently CFO of Biobest Group. Before that, he was a certified auditor, M&A manager at Greenyard and corporate tax, audit and M&A manager at Bekaert NV/SA.

Mr. Peter Rasmussen is General Manager of Asia Base, a company specialized in market studies, establishments and acquisitions in China. Mr. Rasmussen holds positions as member of the Board in various companies in China.

Pubal Consult LLP, represented by Mr. Jobst Wagner. Mr. Wagner is Chairman and co-owner of the globally active Rehau Industrial Group. He holds several other positions such as vice chairman of Privatbank von Graffenried, as Board member of Avenir Suisse think tank, and as Chairman of Kunsthalle Foundation. Mr. Wagner resides in Bern, Switzerland.

Inge Buyse bvba, represented by Mrs. Inge Buyse. Mrs. Buyse is CEO of AZ Groeninge. Before that she held CEO positions in Sapa, Koramic Roof Tiles and Telindus. Mrs. Buyse is a Board member of RealDolmen and the Flemish Symphony Orchestra.

Cross Culture Research LLC represented by Mrs. Anne M. Jensen. Mrs Jensen raised in Europe and educated in the United States, where she studied cross cultural communication, Mrs. Jensen began her career as a business analyst. She later started her own wholesale and consulting company selling fine art for children, specializing in hospitals. She then returned to her original field, developing and teaching cross cultural curricula. She is currently an independent consultant, offering qualitative market research with an emphasis on identifying culturally patterned user behavior.

Werner Vanderhaeghe bvba, represented by Werner Vanderhaeghe, Esq. Mr. Vanderhaeghe, a Senior Counsel with the Olislaegers De Creus & Clerens law firm in Brussels, Belgium, is the Company Secretary and acts as General Counsel of the JENSEN-GROUP. Before that Mr. Vanderhaeghe was a partner at White & Case and he held General Counsel positions at the Bekaert Group and the Agfa-Gevaert Group.

The Board of Directors held five meetings in 2018. The topics of discussion included:

- JENSEN-GROUP overall strategy, strategic plans, organization and budgets;
- Economic and market developments;
- JENSEN-GROUP financial structure and performance and external reporting;
- Convening of the Annual Meeting of Shareholders and re-appointment of the Statutory Auditor;
- Investment and M&A projects;
- Shareholder value creation and return;
- Corporate Governance and Compliance;
- (Re)-Appointment Directors;
- Status of internal controls and risk management.

Depending on the items on the agenda, members of the Executive Management Team were invited into the meetings of the Board of Directors and of the Board Committees.

Evaluation of the Board of Directors

The Board of Directors and the Board Committees conduct from time to time a self-evaluation exercise to determine whether the Board and its Committees are functioning effectively. This process includes the completion by all members of a self-evaluation questionnaire. The Group General Counsel or an external party summarizes the results, trends and comments from the individual replies. The results, trends and comments are discussed within the Board of Directors and focus on the Board's and the Board Committees' contribution to the Company and specifically on areas in which the Board or Executive Management believes that the Board or its Committees could improve. Action points are derived and implemented.

Individual assessments of the Board members are made on an ongoing basis during Board meetings in an informal way.

In 2017, the Board of Directors conducted a self-assessment to determine whether the Board is functioning effectively. The results of this self-assessment was discussed during the Board meeting of March 2018. The self-assessment report concluded that the Board is functioning appropriately. Some recommendations were made with a view towards (i) the organization of a plant visit each year and the attendance by the Board members of trade fairs (ii) an assessment of the EMT as part of the CEO and Chairman succession planning and (iii) advising senior management on the challenges of Industry 4.0 and the Internet of Things.

Committees established by the Board of Directors

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Gobes Comm.V., represented by Mr. Raf Decaluwé, who acts as Chairman of the Committee, Pubal Consult LLP, represented by Mr. Jobst Wagner and Mr. Peter Rasmussen.

Two of the three members of the Committee qualify as independent directors. The Remuneration and Nomination Committee met twice in the course of 2018. The Committee analyzed and reviewed the remuneration and the bonuses of the Executive Management Team of the Group, the fees of the Board of Directors and discussed and approved the remuneration report. Further, the Remuneration and Nomination Committee discussed the (re-)election of Board members. The Remuneration and Nomination Committee also discussed the succession planning of the CEO and of the Board and the composition of the Audit Committee.

In 2017, the Remuneration and Nomination Committee conducted a self-assessment exercise. The results of the Remuneration and Nomination Committee's self-assessment and the proposed action points for improvement were discussed during the Remuneration and Nomination Committee meeting of March 2018. The self-assessment report concluded that the Remuneration and Nomination Committee is functioning appropriately.

The Remuneration and Nomination Committee uses its Charter as terms of reference. The Charter can be found on our website www.jensen-group.com under Investor Relations/Corporate Governance. The Charter covers:

- Authority;
- Objectives;
- Composition;
- Role of the Chairperson;
- Responsibilities;
- Meetings;
- Attendance;
- Non-consensus;
- Objectivity;
- Access to members of management;

- Reporting and appraisal;
- Remuneration report;
- Performance Evaluation.

Audit Committee

The Audit Committee consists of TTP bvba, represented by Mr. Erik Vanderhaegen, who acts as Chairman of the Committee, Gobes Comm. V., represented by Mr. Raf Decaluwé (until November 13, 2018), Inge Buyse bvba, represented by Mrs. Inge Buyse and Pubal Consult LLP, represented by Mr. Jobst Wagner (as from November 13, 2018).

Two of the three members of the Committee qualify as independent directors. The Audit Committee met five times in the course of 2018. Three meetings were held in the presence of the external auditor PwC, represented by Mrs. Lien Winne. Items on the agenda of the Audit Committee included:

- Discussion of the findings of the external auditor on the financial statements as at December 31, 2017;
- Discussion of the findings of the specified procedures on the financial statements as at June 30, 2018;
- Discussion of the financial statements including non-financial information and condensed financial statements;
- The new audit opinion including the Key Audit Matters;
- JENSEN-GROUP Financial structure;
- Self-assessment;
- Review of accounting treatments: new IFRS standards affecting the Company, mainly IFRS 16: Leases;
- Internal audit plan and internal audit findings;
- Insurances;
- Corporate Governance and Compliance;
- Tax audits;
- The Risk management and Internal Control System;
- Internal audit findings on embedded controls, sensitive access and segregation of duties in the ERP.

In 2018, the Audit Committee conducted a self-assessment to determine whether the Committee is functioning effectively. The results of this self-assessment will be discussed during the Audit Committee meeting of March 2019.

The Audit Committee uses its Charter as terms of reference. The Charter is published on our website www.jensen-group.com under Investor Relations/Corporate Governance. The Charter includes such items as:

- Roles and responsibilities;
- Number of meetings;
- Composition of the Audit Committee;
- Role of the Chairperson;
- Presence of the external auditor;
- Performance evaluation.

Senior management attends each Audit Committee meeting in part, with the remainder of the meeting reserved for an executive session with the external auditor and for the Audit Committee members only.

Conflicts of Interest within the Board of Directors

As required under Belgian Company Law, the members of the Board of Directors are expected to give the Chairman prior notice of items on the agenda in respect of which they have a direct or an indirect conflict of interest with the Company, either of a financial or other nature, and to refrain from participating in the discussion and vote on those items. The Chairman and the Board monitor constantly potential conflicts of interest that do not fall within the definition as set forth by Company Law. The review of a potential conflict of interest is a standard item on the agenda of each Board meeting.

Two potential conflicts arose in the course of 2018 at the meeting of the Board of Directors that was held on March 1, 2018. During this meeting the re-elections of Mr. Peter Rasmussen as members of the Board of Directors and the dividend proposal were discussed. The minutes of this meeting are included in the Report of the Board of Directors.

In case of doubt, written confirmation is sought from the director or the senior executive involved, stating the reasons for the absence of a conflict of interest as more broadly defined.

Policy to prevent Insider Trading

The Company has had a longstanding policy on insider trading and the prevention of improper conduct or appearance in that regard. Following the recent introduction of new EU legislation and applicable regulations on market abuse, the Board of Directors has revised its guidelines on the subject and which are set forth in a Protocol to prevent Market Abuse.

The purpose of this Protocol is, inter alia, to inform:

- any person who possesses inside information (either as a shareholder, director, member of the management team, employee, service provider or any other person by virtue of his function, duties or employment), (i) of their legal and regulatory duties regarding the prevention of insider dealing, tipping and the unlawful disclosure of inside information; and (ii) of the applicable sanctions;
- any person who has been identified as a Reference Shareholder, Key Manager, Person with Management Responsibility or Key Employee of the Company that they and, by extension, their spouses, children of age living at home and advisors, may under no circumstances trade the Company's securities during a closed period i.e.:

  (i) the period of sixty (60) calendar days immediately preceding the announcement of the Company's annual results and extending through and including 48 hours following such announcement; and

  (ii) the period of thirty (30) calendar days immediately preceding the announcement of the Company's half-year results and extending through and including 48 hours following such announcement;
- any person who has been identified as a Reference Shareholder, Key Manager, Person with Management Responsibility or Key Employee of the Company that they and, by extension, their spouses, children of age living at home and advisors, must notify the Compliance Officer of the Company and the Belgian Regulator (i.e. the Financial Services and Market Authority or, abbreviated, FSMA) of every transaction in the Company's securities if and when the total amount of transactions has reached or exceeds the threshold of EUR 5,000 within a given calendar year.

The Company requires a signed Statement from all those concerned, acknowledging that they have read the Protocol to prevent Market Abuse, that they understand its content and that they agree to comply with its provisions.

Notwithstanding the above, all trading in the Company's shares requires prior authorization from the Compliance Officer. In addition, all Directors and members of the Executive Management Team are required to inform the Compliance Officer on a quarterly basis of any trading respectively to confirm any non-trading in the Company's shares. Mrs. Scarlet Janssens is the Compliance Officer of JENSEN-GROUP NV. As of December 31, 2018, the members of the Board of Directors and the Executive Management Team together held 19,305 shares. Next to this, Mrs. Anne M. Jensen and Mr. Jesper M. Jensen own indirectly shares in JENSEN-GROUP NV, see Note 8 – Equity. No warrants are outstanding.

The Policy to prevent Insider Trading and relevant provisions of the Protocol to prevent Market Abuse are included in the Charter of the Board of Directors. The Charter can be found on our website www.jensen-group.com under Investor Relations/Corporate Governance.

Executive Management

In 2005 the Bylaws of the Company were amended so as to authorize the Board of Directors to delegate its powers of day-to-day management to an executive committee in conformity with art. 524 bis of the Company Law. The Board of Directors has not acted on that authorization to date.

In the course of 2009, an Executive Management Team (EMT) was appointed. The EMT consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Sales Officer (CSO), the Chief Operating Officer (COO) and the Executive Director Finishing Technology. The CEO chairs the Executive Management Team meetings.

The Executive Management Team is responsible for:
- The development of the overall Group strategy;
- The introduction and implementation of an internal control framework and risk management processes, in line with the nature, organization and size of the Group;
- The implementation and the deployment of the Ethical Business Statement;
- The preparation of the financial statements and disclosures;
- The report of the CEO and CFO to the Board of Directors with respect to the financial situation of the Group;
- The presentation at regular intervals to the Board of Directors of all information necessary for the Board to carry out its duties;
- Evaluation of the adequacy of the manufacturing footprint.

The Executive Management Team meets at least every quarter and consists of:

- Mr. Jesper Munch Jensen, Chief Executive Officer;
- Mr. Christoph Ansorge, Chief Operating Officer;
- Mr. Morten Rask, Executive Director Finishing Technology;
- Mr. Martin Rauch, Chief Sales Officer; and
- Mr. Markus Schalch, Chief Financial Officer.

From left to right: Mr. Markus Schalch, Mr. Jesper Munch Jensen, Mr. Christoph Ansorge, Mr. Martin Rauch and Mr. Morten Rask,.

Mr. Jesper Munch Jensen, permanent representative of SWID AG, started his career at Swiss Bank Corporation and worked as a stockbroker on the Swiss Stock Exchange (1984-1987). After obtaining an MBA degree from Lausanne Business School, he joined JENSEN-GROUP as an assistant general manager of JENSEN Holding (1991). Mr. Jensen became CEO of JENSEN-GROUP in 1996.

Mr. Christoph Ansorge is a former Vice President at Agfa-Gevaert AG and a former Member of the Vorstand of Agfa-Gevaert Aktiengesellschaft für Altersversorgung. He held senior positions in Strategy, Finance & Administration and Operations within the Agfa-Gevaert Group. Prior to that, he was Manager at Bayer AG Germany. Mr. Ansorge served as a Board member of JENSEN-GROUP NV from November 2011 until December 2013. As from October 1, 2013, Mr. Ansorge became general manager at JENSEN GmbH. Mr. Ansorge joined the Executive Management Team in January 2014 as Executive Director Washroom Technology. Mr. Ansorge became Chief Operating Officer on October 1, 2017.

Mr. Morten Rask holds a Bachelor of Science degree in Mechanical Engineering and a Bachelor of Commerce of Foreign Trade. Between 1991 and 2007 he worked for SOCO Systems, and held various positions in sales and project sales. Mr. Rask joined the JENSEN-GROUP in 2007 as Production Manager and became Managing Director at JENSEN Denmark. Mr. Rask joined the Executive Management Team in October 2015 as Executive Director Finishing Technology.

Mr. Martin Rauch holds a Bachelor of Science degree in Electrical Engineering. After his studies in 1989, he joined JENSEN AG Burgdorf and held various positions in the technical and commercial areas. Mr. Rauch became General Manager of JENSEN AG Burgdorf in 2003 and Managing Director of JENSEN SWEDEN AB following the formation of the Garment Technology Business Unit in 2006. Mr. Rauch joined the Executive Management Team as Director of Garment Technology that year and is, as per January 1, 2014, Executive Director of Sales and Innovations. Mr. Rauch became Chief Sales Officer in 2017.

Mr. Markus Schalch holds a Master of Arts in Finance and Accounting from the Hochschule St. Gallen. He started his career in an audit firm for two years prior to joining the Alstom Group in various finance positions. In 2000, Mr. Schalch joined a leading Swiss telecommunication firm where he became CFO of Swisscom Systems Ltd. (2002-2004) and was then appointed CFO of Swisscom Solutions AG (2005 till August 2007). Mr. Schalch joined the JENSEN-GROUP in September 2007 as CFO.

Remuneration Report

The remuneration policy is intended to attract and retain the qualified and talented employees that are needed to support the long-term development and growth of the Company.

By offering a competitive compensation package, the Company intends to stimulate individual performance and to align the employees' individual interests with those of the shareholders and other stakeholders.

The compensation of the Board of Directors, the CEO and the Executive Management Team are reviewed by the Remuneration and Nomination Committee and approved by the Board of Directors. The shareholders approve the Remuneration Report.

The market conformity of compensation packages of the Board of Directors and of the Executive Management Team is periodically checked with the support of external, independent advisors.

Remuneration of the Board of Directors

The remuneration of the non-executive Directors is based on their responsibility and their specific tasks within the Board of Directors. The fees for non-executive Directors, with the exception of the Chairman, consist of a fixed remuneration of 17,000 euro and an attendance fee of 3,000 euro per Board meeting and 1,000 euro if the Board meeting is by telephone. Members of Board Committees receive a fixed fee of 7,500 euro per year and an attendance fee of 1,500 euro per meeting. This does not apply to the Chairman of the Board of Directors.

The Chairman of the Board of Directors receives a fixed fee of 100,000 euro per year. Directors do not receive any variable compensation. The CEO does not receive any compensation as a member of the Board. The total fees paid to Board members and members of the Board Committees amount to 274,875 euro, which is within the amount of 350,000 euro approved by the shareholders.

JENSEN USA bought components for 175,541 USD in the course of 2018 from Global Industries A/S. Mr. Rasmussen owns 51% of the shares of this Company.

Mr. Jobst Wagner owns 16,805 shares. Mrs. Anne M. Jensen and Mr. Jesper M. Jensen indirectly own shares in JENSEN-GROUP NV, see Note 8 – Equity.

Remuneration of the Executive Management Team

The Remuneration and Nomination Committee prepares all recommendations relating to the appointment and the remuneration of the Executive Management Team based on proposals made by the Chief Executive Officer. The Committee discusses in detail the remuneration policy, pay levels and the individual performance evaluations of members of the Executive Management Team. The external auditor reviews the conformity of the remuneration paid out to the Executive Management Team with the amounts proposed by the Remuneration and Nomination Committee and approved by the Board of Directors. The Remuneration Report is approved by the shareholders.

The Executive Management Team remuneration is composed of a base salary and variable compensation that are paid out in cash or used for pension plan contributions depending on the managers' country of residence, life insurance, other customary insurances and benefits. Appointments to the Board of Directors of certain subsidiaries can also be remunerated. Executive managers are provided with all resources needed to perform their duties.

The target variable compensation is in a range of 20% to 30% of the total remuneration, except for the Chief Executive Officer, whose variable compensation is targeted to amount to up to 60% of his base remuneration. There is a cap above and a minimum target below which no variable compensation is paid. The variable remuneration of Executive Management (CEO and EMT) is based on performance against the following objectives:

- Individual, qualitative objectives for 20% to 40% of the total target amount. Qualitative objectives focus on important projects and actions to be realized during the year;
- Quantitative objectives for 60% to 80% of the total, divided between:
  - The financial results against target of the Group in terms of profitability, capital employed, specific elements of capital employed and/or cash flow;
  - The financial results against target of the unit for which the individual manager is accountable.

The Group targets that are to be achieved are defined by the Board of Directors, following review and discussion within the Remuneration and Nomination Committee, as part of the annual budget review process, whereby the budget is first evaluated in the context of the strategic plan.

For the year 2018, the Group targets were set on operating profit and working capital in range of turnover.

During the Annual Meeting of May 2014, the shareholders approved an extension of the exemption from the Law on Corporate Governance of April 6, 2010 and in particular of its provision requiring the spread of objectives and variable compensation payments over several years during a term of five years expiring at the Annual Meeting of May 2019. The Committee reassessed the effectiveness of the current system of variable compensation based on a full pay out in the year in which the compensation is earned. It concluded that the system is effective and recommends continuation of the current exemption from spreading objectives and pay out over several years.

Where pension plans are customary, the Executive Management Team participates in such pension plans.

As set forth in the section on Remuneration of the Board of Directors, the CEO does not receive any compensation as a member of the Board of Directors.

Total gross salaries paid to the Executive Management Team, including the CEO, in the course of 2018 amounted to 2,239,531 euro. The amount is composed as follows:

	2018	**2018**	**2017**	**2017**
In euro	**CEO**	**EMT, excluding CEO**	**CEO**	**EMT, excluding CEO**
Basic remuneration		**990,982**		**981,660**
Invoiced services	**594,391**		**557,954**	
Variable remuneration	**233,000**	**310,753**	**133,840**	**215,606**
Fixed expenses		**21,086**		**21,696**
Fringe benefits		**31,978**		**33,324**
Pension plan		**57,342**		**41,918**
Total	**827,391**	**1,412,141**	**691,794**	**1,294,204**

The basic remuneration includes the salaries of the salaried EMT members. It represents their total fixed compensation before local taxes and obligatory pension contributions. The basic remuneration includes the remuneration received for appointments to the Board of Directors of certain subsidiaries.

The CEO invoices his services through a separate company SWID AG. The amounts disclosed above include the amounts, totaling 827,391 euro (691,794 euro in 2017) that SWID AG invoiced to the Company. Invoiced services include basic remuneration, variable remuneration, fixed expenses, fringe benefits and pension plans.

The variable remuneration is based on performance against objectives as described above. The amount paid out in 2018 is based on the performances of 2017. The variable remuneration is paid out in cash or in the employees' pension plan or other benefit forms depending on the applicable legislation and on the preference of the employee.

Fixed expenses relate primarily to representation allowances.

The fringe benefits include the value of the company cars of the employees as well as the related car insurance premiums.

The pension plan is the contribution of the employer to a pension plan above contributions required by law. One manager participates in a defined contribution pension plan. Two managers participate in a defined benefit plan.

As required by law, salaries of the Executive Management Team members are disclosed on a global basis. The Remuneration and Nomination Committee discusses all individual salaries and checks whether the remuneration paid is in line with market conditions. The market conformity of compensation packages is periodically checked with the assistance of external, independent advisors. The Board of Directors approves the remuneration amounts. The last remuneration report was approved by the shareholders.

The agreements with respect to termination of senior managers vary from country to country, subject to the applicable legislation. Legal regulations apply in countries where there is a legal framework, and for countries where there is no framework, a severance payment of up to, but not exceeding, two years' salary is granted. Mr. Jesper Munch Jensen and Mr. Christoph Ansorge have 18 months termination agreements. There are no change of control clauses included in the management contracts. Two managers have a two-year non-competition clause exercisable at the request of the Company. No special compensation is given in the event of voluntary departure.

No loans have been granted to members of the Executive Management Team. No unusual transactions or conflicts of interest have occurred.

The Executive Management Team holds a total of 2,500 shares:
- Mr. Jesper M. Jensen owns indirectly shares in JENSEN-GROUP NV, see Note 8 – Equity;
- Mr. Christoph Ansorge: no shares;
- Mr. Morten Rask: 1,000 shares;
- Mr. Martin Rauch: 1,500 shares;
- Mr. Markus Schalch: no shares.

No warrants are outstanding. There are no stock option plans.

Policy with respect to the appropriation of the result

Based on the result of past year and the current financial situation, the Board of Directors will propose an appropriate dividend.

Shareholding structure

The major shareholders are:

JENSEN INVEST A/S:	53.1%
Lazard Frères Gestion SAS:	5.2%
Free float:	41.7%

The voting rights are described in note 8 - equity.

Acquisition of own shares

The JENSEN-GROUP does not own any treasury shares. There is no repurchase program.

Relationships among shareholders

There is no agreement between the reference shareholders listed above.

Statutory Auditor

The Statutory Auditor is PwC Bedrijfsrevisoren, represented by Mrs. Lien Winne.

The Statutory Auditor received worldwide fees of 349,295 euro (excl. VAT) for auditing the statutory accounts of the various legal entities of the Group and the consolidated accounts of the JENSEN-GROUP. Apart from his mandate, the Statutory Auditor received during 2018 additional fees of 179,152 euro (excl. VAT). Of this amount, 27,669 euro was invoiced to JENSEN-GROUP NV and mainly relates to the post implementation review of the ERP system. The JENSEN-GROUP has appointed a single audit firm for the audit of the consolidated financial statements.

Issued capital

As at December 31, 2018, the issued share capital of the Company is 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value.

There are no preference shares.

The Bylaws allow for the purchase of own shares. The JENSEN-GROUP does not own any treasury shares. Pursuant to article 74, §6, of the Law of April 1, 2007, JENSEN INVEST A/S disclosed to both the FSMA and to JENSEN-GROUP NV that, as at September 1, 2007, it held in concert more than 30% of the shares with voting rights in JENSEN-GROUP NV.

Further details of the shareholders' notification are disclosed in note 8 - equity.

Dividend proposal

Based on the good recurring result of 2018 and the strong financial position, the Board proposes to the Annual Shareholders' meeting to approve a dividend of 1.00 euro per share. The order backlog and the absence of debt at the beginning of the year give management confidence to get off to a good start of 2019. The dividend pay-out will amount to 7,818,999.00 euro, based on the number of shares outstanding as per December 31, 2018.

Appropriation of results

JENSEN-GROUP NV reported in its statutory accounts a net profit of 8,411,459.73 euro. The Board of Directors proposes to appropriate this result as follows:

In euro	
Profit of the year	8,411,459.73
Dividend	7,818,999.00
Appropriation to retained earnings	592,460.73

This brings the total amount of retained earnings to 55,961,399.27 euro.

Significant post-balance sheet events

There are no significant post-balance sheet events.

Ghent, February 21, 2019

Statement of the Responsible Persons

We hereby certify, to the best of our knowledge, that the consolidated financial statements as of December 31, 2018, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the Company and the entities included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Jesper M. Jensen
Chief Executive Officer

Markus Schalch
Chief Financial Officer

FREE TRANSLATION

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY JENSEN-GROUP NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of JENSEN-GROUP NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting d.d. 16 May 2017, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the consolidated accounts of JENSEN-GROUP NV for 17 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated 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 a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of '000 EUR 255,656 and a profit for the year, Group share, of '000 EUR 19,108.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing (ISAs) as approved by the IAASB for the years ending as from 31 December 2018, which are not yet approved at the national level.

Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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 consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1: revenue recognition of construction contracts

Description of the key audit matter

We focused on revenue recognition on construction contracts because JENSEN-GROUP substantially generates its revenue from projects which qualifies as construction contracts under IFRS. The recognition of revenue and the estimation of the outcome of fixed price construction contracts is complex and requires significant management judgement, in particular with respect to estimation of the cost incurred and the cost to complete the contracts. For these reasons, we identified revenue from construction contracts as a key audit matter.

Reference is made to Note 1: Summary of significant accounting policies: Revenue Recognition and Note 6 Contracts in progress. At December 31, 2018 gross amount due from customers for contract work included EUR 12.4 million of accrued profits.

How our audit addressed the key audit matter

Our testing of revenue recognition of construction contracts included both tests of the design and operating effectiveness of controls, as well as substantive procedures. We tested the controls that the company has put in place over its process to record contract costs and contract revenues and the determination of the stage of completion. Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies. We also included an evaluation of the significant judgements made by management based on an examination of the associated project documentation and discussion on the status of projects under construction with finance and technical staff of the company for specific individual transactions/projects. In addition, in order to evaluate the reliability of management's estimates, we performed a rundown of subsequent costs incurred for closed projects. We also performed testing over manual journals posted to revenue to identify unusual or irregular items. We found no material misstatements from our testing.

Key audit matter 2: recognition of warranty and take back obligation provisions

Description of the key audit matter

Significant management judgement is required to assess the provision for expected warranty claims and take back obligations on the construction contracts. JENSEN records a provision for expected warranty claims on products sold during the year and a provision for take back obligations on products sold to a customer for which the customer wants to enter into a leasing contract with a Leasing Company, where a take back clause is included in the leasing contract. Assumptions used to calculate the provision for warranty claims are based on current sales levels and current information on warranty calls. For the provision for take back obligations, JENSEN-GROUP assesses the transfer of the risks and rewards and the potential costs to take over and resell the machines. We considered this to be a key audit matter due to the size of provisions and because the recognition of those provisions required significant judgement from management.

Reference is made to Note 11: Provision for other liabilities and charges. The provisions for warranties and take back obligations amounted to EUR 10.3 million per December 31, 2018.

How our audit addressed the key audit matter

Our testing included both tests of the design and operating effectiveness of controls, as well as substantive procedures. We tested the controls that the company has put in place to review the sales contracts with specific attention to standard warranty period and take back obligations, record and monitor the ongoing and expected claims and take back cases on products and review and compare provisions to actual costs incurred. Our audit procedures included considering the appropriateness of the Group's accounting policies. We challenged management's assumption used in determining the provision through discussions with management and performing the following specific substantive procedure. On a sample basis we reviewed the contracts with take back obligations and reviewed the market value of the machines based on the history of cases where JENSEN-GROUP needed to take over the machines or similar transactions in their second hand business. For the provision for warranty we performed a rundown of subsequent costs incurred. We also performed testing over manual journals posted to revenue to identify unusual or irregular items. We found no material misstatements from our testing.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, 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.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, 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 by the board of directors.
- 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 statutory auditor's report to the related disclosures in the consolidated accounts 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 statutory 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 accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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 audit 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 audit 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, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts 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.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information and the other information included in the annual report and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts and to the other information included in the annual report, this report is consistent with the consolidated accounts for the year under audit, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information required by virtue of article 119, §2 of the Companies' Code is included in the directors' report on the consolidated financial statements. However, we do not express an opinion as to whether the non-financial information has been prepared in accordance with the Global Reporting Initiative Standards as disclosed in the consolidated financial statements.

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statements

- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Ghent, 28 March 2019

The statutory auditor
PwC Bedrijfsrevisoren cvba
Represented by

Lien Winne
Réviseur d'Entreprises / Bedrijfsrevisor

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousands of euro)	Notes	December 31 2018	December 31 2017
Total Non-Current Assets		**40,887**	**42,868**
Intangible assets	**4.1**	**6,934**	**7,029**
A. Land and buildings		9,685	11,224
B. Plant, machinery and equipment		7,644	8,861
C. Furniture and vehicles		4,071	3,758
D. Other tangible fixed assets		0	1
E. Assets under construction and advance payments		128	410
Property, plant and equipment	**4.2**	**21,528**	**24,255**
Companies accounted for under equity method	**22**	**7,015**	**3,965**
A. Trade debtors		1,015	1,795
B. Other amounts receivable		619	595
Trade and other long-term receivables	**7**	**1,634**	**2,390**
Deferred taxes	**5**	**3,776**	**5,229**
Total Current Assets		**214,770**	**189,067**
Advance payments		**3,430**	**3,078**
Trade receivables		80,863	69,535
Other amounts receivable		6,768	4,374
Gross amounts due from customers for contract work	6	89,807	72,639
Derivative Financial Instruments	21	131	9
Trade and other receivables	**7**	**177,569**	**146,557**
Cash and cash equivalents	**19**	**33,333**	**39,014**
Assets held for sale	**22**	**437**	**417**
TOTAL ASSETS		**255,656**	**231,934**

The notes on pages 71-122 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Liabilities

(in thousands of euro)	Notes	December 31 2018	December 31 2017
Equity	**8**	**125,969**	**113,506**
Share Capital		36,524	36,524
Other reserves		-6,345	-7,832
Retained earnings		95,990	84,683
Non-Controlling Interest	23	-200	131
Non-Current Liabilities		**36,040**	**28,393**
Borrowings	9	21,333	12,302
Deferred income tax liabilities	5	789	533
Provisions for employee benefit obligations	10	13,715	15,190
Derivative financial instruments	21	204	367
Current Liabilities		**93,648**	**90,036**
Borrowings	**9**	**6,646**	**3,674**
Provisions for other liabilities and charges	**11**	**11,540**	**11,960**
A. Trade payables		26,895	21,004
B. Advances received for contract work	6	14,463	18,722
C. Remuneration and social security		14,053	14,771
D. Other amounts payable		1,820	2,881
E. Accrued expenses		13,367	8,689
F. Derivative financial instruments	21	0	209
Trade and other payables	**12**	**70,598**	**66,275**
Current income tax liabilities		**4,863**	**8,127**
TOTAL EQUITY AND LIABILITIES		**255,656**	**231,934**

The notes on pages 71-122 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)	Notes	December 31 2018	December 31 2017
Revenue	**6**	**343,782**	**338,088**
II A. Trade goods		-157,719	-157,355
II B. Services and other goods		-45,949	-37,982
II C. Remuneration, social sec. costs and pensions		-106,458	-108,223
Depreciation, amortisation, write downs of assets, impairments	13	-4,887	-4,621
Total expenses		**-315,013**	**-308,181**
Other Income / (Expense)	**14**	**-1,833**	**-25**
Operating profit before tax and finance (cost)/ income		**26,936**	**29,882**
Interest income		1,420	1,054
Other financial income		1,755	1,467
Financial income	**15**	**3,175**	**2,521**
Interest charges		-1,867	-1,527
Other financial charges		-2,644	-1,728
Financial charges	**15**	**-4,510**	**-3,255**
Profit before tax		**25,601**	**29,148**
Income tax expense	16	-7,562	-8,773
Profit for the year from continuing operations		**18,039**	**20,375**
Result from assets held for sale	22	-128	23
Share in result of associates and joint ventures accounted for using the equity method		866	589
Consolidated profit for the year		**18,777**	**20,986**
Result attributable to Non-Controlling Interest	23	-331	-119
Consolidated result attributable to equity holders		**19,108**	**21,106**

(in thousands of euro)	Notes	December 31 2018	December 31 2017
Other comprehensive income (OCI):			
Items that may be subsequently reclassified to Profit and Loss			
Financial instruments		233	-244
Currency translation differences		178	-3,792
Items that will not be reclassified to Profit and Loss			
Actual gains/(losses) on Defined Benefit Plans		1,535	39
Tax on OCI		-442	62
Other comprehensive income for the year		1,504	-3,936
Total comprehensive income for the year		**20,281**	**17,051**
Profit attributable to:			
Non-Controlling Interest		-331	-119
Equity holders of the company		19,108	21,106
Total comprehensive income attributable to:			
Non-Controlling Interest		-331	-114
Equity holders of the company		20,612	17,165
Basic and diluted earnings per share (in euro)	17	2.44	2.70
Weighted average number of shares		7,818,999	7,818,999

The notes on pages 71-122 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euro	*Capital*	*Share premium*	*Total Share Capital*	*Translation differences*	*Hedging Reserves*	*Actuarial gains and losses on Defined Benefit Plans*	*Total other Reserves*	*Retained earnings*	*Total*	*Non-Controlling Interest*	*Total Equity*
December 31, 2016	**30,710**	**5,813**	**36,523**	**4,068**	**-163**	**-7,801**	**-3,896**	**67,487**	**100,114**	**124**	**100,238**
Entry in consolidation	0	0	0	0	0	0	0	0	0	128	128
Result of the period	0	0	0	0	0	0	0	21,106	**21,106**	-119	**20,986**
Other comprehensive income											
Currency Translation Difference	0	0	0	-3,792	0	0	-3,792	0	**-3,792**	-2	**-3,794**
Financial instruments	0	0	0	0	-244	0	-244	0	**-244**	0	**-244**
Defined Benefit Plans	0	0	0	0	0	39	39	0	**39**	0	**39**
Tax on OCI	0	0	0	0	73	-12	62	0	**62**	0	**62**
Total other comprehensive income/(loss) for the year, net of tax	**0**	**0**	**0**	**-3,792**	**-171**	**27**	**-3,936**	**0**	**-3,936**	**-2**	**-3,938**
Dividend paid out	0	0	0	0	0	0	0	-3,909	**-3,909**	0	**-3,909**
December 31, 2017	**30,710**	**5,813**	**36,523**	**276**	**-334**	**-7,774**	**-7,832**	**84,684**	**113,375**	**131**	**113,506**

The notes on pages 71-122 are an integral part of these consolidated financial statements.

In thousands of euro	Capital	Share premium	Total Share Capital	Translation differences	Hedging Reserves	Actuarial gains and losses on Defined Benefit Plans	Total other Reserves	Retained earnings	Total	Non-Controlling Interest	Total Equity
December 31, 2017	**30,710**	**5,813**	**36,523**	**276**	**-334**	**-7,774**	**-7,832**	**84,684**	**113,375**	**131**	**113,506**
Capital increase									0		0
Result of the period	0	0	0	0	0	0	0	19,108	**19,108**	-331	**18,777**
Other comprehensive income											
Currency Translation Difference	0	1	1	162	0	0	162	16	**178**	0	**178**
Financial instruments	0	0	0	0	233	0	233	0	**233**	0	**233**
Defined Benefit Plans	0	0	0	0	0	1,535	1,535	0	**1,535**	0	**1,535**
Tax on OCI	0	0	0	0	-58	-384	-442	0	**-442**	0	**-442**
Total other comprehensive income/(loss) for the year, net of tax	**0**	**1**	**1**	**162**	**174**	**1,151**	**1,487**	**16**	**1,504**	**0**	**1,504**
Dividend paid out	0	0	0	0	0	0	0	-7,818	**-7,818**	0	**-7,818**
December 31, 2018	**30,710**	**5,813**	**36,523**	**438**	**-159**	**-6,623**	**-6,345**	**95,990**	**126,169**	**-200**	**125,969**

The notes on pages 71-122 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)	Notes	December 31 2018	December 31 2017
Cash flows from operating activities		**37,398**	**36,775**
Consolidated result attributable to equity holders		19,108	21,106
Adjusted for			
- Current and deferred tax		9,271	9,876
- Interest and other financial income and expenses		1,335	734
- Depreciation, amortization and impairments	13	6,070	4,368
- Write downs of trade receivables	13	659	111
- Write downs of inventory	13	280	-62
- Changes in provisions	10	-744	-412
Interest received	15	1,420	1,054
Changes in working capital		**-27,717**	**2,071**
Changes in advance payments	6	-633	-1,379
Changes in long- and short-term amounts receivable	7	-31,418	-4,001
Changes in trade and other payables	12	4,334	7,451
Corporate income tax paid		**-10,826**	**-5,828**
Corporate income tax paid	16	-10,826	-5,828
Net cash generated from operating activities - continuing operations		**-1,145**	**33,018**
Net cash generated from operating activities - Result from assets held for sale	22	-20	57
Net cash generated from operating activities - total		**-1,165**	**33,075**
Net cash used in investing activities		**-5,523**	**-3,415**
Purchases/sales of intangible and tangible fixed assets	4	-2,744	-2,786
Acquisition of subsidiaries (net of cash acquired)	24	-2,779	-629
Cash flow before financing		**-6,687**	**29,660**
Net cash used in financing activities		**-2,133**	**-7,326**
Net other financial charges	15	-888	-262
Dividend	8	-7,818	-3,909
Proceeds and Repayments of borrowings	9	9,042	-1,326
Interest paid	15	-1,867	-1,527
Companies accounted for using equity method	23	-271	-310
Transactions with non-controlling interests		-331	7
Net Change in cash and cash equivalents		**-8,820**	**22,334**
Cash, cash equivalent and bank overdrafts at the beginning of the year		36,450	17,908
Exchange gains/(losses) on cash and bank overdrafts		178	-3,792
Cash, cash equivalent and bank overdrafts at the end of the year	**19**	**27,808**	**36,450**

The notes on pages 71-122 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

Basis of Preparation

The JENSEN-GROUP (hereafter "the Group") is one of the major suppliers to the heavy-duty laundry industry. The Group markets its products and services under the JENSEN and 'ALPHA by JENSEN' brands and is the leading supplier to the heavy-duty market. The product range varies from transportation and handling systems, tunnel washers, separators, feeders, ironers and folders to complete project management for fully-equipped and professionally managed industrial laundries. The JENSEN-GROUP has operations in 23 countries and distributes its products in more than 40 countries. Worldwide, the JENSEN-GROUP employs 1,634 people.

JENSEN-GROUP NV (hereafter "the Company") is incorporated in Belgium. Its registered office is at Bijenstraat 6, 9051 Sint-Denijs-Westrem, Belgium.

The JENSEN-GROUP shares are quoted on the Euronext Stock Exchange.

The Board of Directors approved the present consolidated financial statements for issue on February 21, 2019.

These consolidated financial statements are for the 12 months ended December 31, 2018 and are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These annual financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective as at December 31, 2018 and which have been adopted by the European Union.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

These consolidated financial statements are prepared on an accrual basis and on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies.

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning 1 January 2018 and have been endorsed by the European Union:

- IFRS 9, 'Financial instruments' (effective 1 January 2018).
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018).
- Amendments to IFRS 15, 'Revenue from contracts with customers' - Clarifications (effective 1 January 2018).
- Amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018);
- IFRIC 22,' Foreign currency transactions and advance consideration (effective 1 January 2018).
- Annual improvements 2014-2016 applicable to three standards of which changes on IFRS 1 and IAS 28 are applicable as of 1 January 2018 and changes on IFRS 12 are applicable as of 1 January 2017.
- Amendments to IFRS 2, Share-based payments (effective 1 January 2018).
- Amendments to IAS 40, 'Investment property' (effective 1 January 2018).

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2018 and have been endorsed by the European Union:

- IFRS 16, 'Leases' (effective 1 January 2019).
- Amendments to IFRS 9, 'Prepayment features with negative compensation' (effective 1 January 2019 with the EU).
- IFRIC 23, 'Uncertainty over income tax treatments' (effective 1 January 2019).

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2018 and have not been endorsed by the European Union:

- IFRS 17 'Insurance contracts' (effective 1 January 2021).
- Amendments to IAS 28, 'Long term interests in associates and joint ventures' (effective 1 January 2019).
- Amendments to IAS 19, 'Plan Amendment, Curtailment or Settlement' (effective 1 January 2019).
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020).
- Amendments to the guidance of IFRS 3 Business Combinations, that revises the definition of a business (effective 1 January 2020).
- Amendments to the definition of material in IAS 1 and IAS 8 (effective 1 January 2020).
- Annual improvements to IFRS Standards 2015-2017 cycle, applicable as of 1 January 2019 and containing the following amendments to IFRSs:
    - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements,
    - IAS 12 Income Taxes,
    - IAS 23 Borrowing Costs.

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016).

The Group is currently assessing the impact of these standards.

The main accounting policies defined by the Group are as follows:

Consolidation Methods

The consolidated financial statements are presented in euro and rounded to the nearest thousand.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in any acquired company on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Investments in associates and joint ventures are accounted for under the equity method set out in IAS28, subject to certain exceptions. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investors' share in the profit or loss of the investee after the date of acquisition. Associates are those investments where the investor has significant influence. A joint venture is a joint arrangement where the investor has joint control but does not have direct rights to assets or obligation for liabilities. For entities where the Group holds 20% or more of the voting power of another entity, either directly or indirectly, the Group is presumed to have significant influence over that entity. The presumption of significant influence from a 20% or more investment can be rebutted where the Group can demonstrate that it has or does not have significant influence. Likewise, significant influence could be demonstrated for an investment of less than 20%. The existence of a substantial or majority ownership by another entity does not necessarily preclude the Group from having significant influence.

Use of estimates

The preparation of the financial statements involves the use of estimates and assumptions, which may have an impact on the reported values of assets and liabilities at the period-end as well as on certain items of income and expense for the period. Estimates are based on economic data, which are likely to vary over time, and are subject to a degree of uncertainty. They mainly relate to pension liabilities. We refer to note 10 – provision for employee benefit obligations.

Translation of Foreign Currency

The consolidated financial statements presented in this report have been prepared in euro.

The conversion of assets, liabilities and commitments which are denominated in foreign currencies is based on the following guidelines:

- monetary assets and liabilities are translated at closing rates;
- transactions in foreign currencies are converted at the foreign exchange rate prevailing at the date of the 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, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges;
- non-monetary assets and liabilities are translated at the foreign exchange rate prevailing at the date of the transaction.

Foreign currency translation - Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates of the dates of the transactions); and
- all resulting translation differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Revenue Recognition

Contract costs are recognized when incurred.
When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

As the Group always has one single performance obligation, the Group uses the 'percentage of completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Royalties and rentals are recognized as income when it is probable that the economic benefits associated with the transaction can be sufficiently measured and will flow to the Group. The income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Intangible assets

Research and development expenses

Research costs are charged to the income statement in the year in which they are incurred.

The JENSEN-GROUP does not capitalize development expenses since its business reality makes it very difficult to distinguish product enhancements from adaptations to specific circumstances, and to define the future cash flows that will originate from these efforts. Since furthermore the development expenses are relatively stable and are a continuous process, the JENSEN-GROUP does not capitalize these efforts but expenses them as incurred.

Concessions, patents, licenses, know-how and other similar rights etc.

Investments in licenses, trademarks, etc. are capitalized with a minimum amount of 50,000 euro and amortized over 5 years.

Goodwill

On the acquisition of a new subsidiary, the difference between the acquisition price and the Group share of the identifiable assets, liabilities and contingent liabilities of the consolidated subsidiary, after adjustments to reflect fair value, is recorded in the consolidated balance sheet under assets as goodwill. Goodwill is not amortized but tested for impairment annually, or more frequently, if events or changes in circumstances indicate a possible impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to a cash-generating unit for the purpose of impairment testing.

Property, plant and equipment

Property, plant and equipment are recorded at their acquisition value or construction cost less accumulated depreciation and impairment losses and increased, where appropriate, by ancillary costs.

The Group has broken down the cost of property plant and equipment into major components. These major components, which are replaced at regular intervals, are depreciated over their useful lives.

The cost of property, plant and equipment does not include any borrowing costs.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives from the month of acquisition onwards. If necessary, tangible fixed assets are considered as a combination of various units with separate useful lives.

The annual depreciation rates are as follows:

Annual Depreciation rates		
Buildings	3.33%	30y
Infrastructure	10%	10y
Roof	10%	10y
Installations, plant and machinery	10% – 33%	3y – 10y
Office equipment and furnishings	10% – 20%	5y – 10y
Computer	20% - 33%	3y – 5y
Vehicles	20% - 33%	3y – 5y

Impairment of assets

Assets other than inventories, deferred tax assets, employee benefits and derivative financial instruments and assets arising from construction contracts are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less cost to sell and its value in use), an impairment loss is recognized in the profit and loss statement. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong.

Impairment losses recognized are recorded in income up to the initial amount of the impairment loss. Goodwill is tested for impairment at least once a year. Impairment on goodwill can never be reversed at a later date.

Financial Leases (the Group is lessee)

A financial lease is a lease that transfers substantially all risks and rewards incident to ownership of an asset to the lessee. When a fixed asset is held under a financial lease, its value is recorded as an asset at the present value, at the beginning of the lease term, of the future minimum lease payments during the lease term. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in order to obtain a constant rate of interest on the debt over the lease term.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Financial lease (the Group is a lessor)

When assets are leased out under a finance lease, the amount due from the lessee should be recognized in the balance sheet as a receivable at an amount equal to the Group's net investment in the lease, and the same amount is reflected in turnover. Over the lease term, rentals are apportioned between a reduction in the net investment in the lease and finance income. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is equal to the minimum lease payments plus any unguaranteed residual accruing to the Group as lessor.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Inventories and contracts in progress

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method or by the weighted average method. For produced inventories, cost means the full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses.

Provisions for liabilities and charges

A provision is recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of the provision is the best estimate of the expenditure required to settle the present value of the obligation at the balance sheet date. The provisions are discounted when the impact of the time value of money is material.

Employee benefits

Some of the Group's employees are eligible for retirement benefits under defined contribution and defined benefit plans.

An external, independent actuary prepares the calculation of the provision for employee benefit plans. The calculation is based on the projected unit credit method.

Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

Defined benefit plans

For defined benefit plans, the amount recorded in the balance sheet is determined as the present value of the benefit obligation less the fair value of any plan assets. All past service costs are recognized in P&L.

The actuarial gains and losses are recognized in the period in which they occur outside profit and loss, in the consolidated statement of comprehensive income.

Deferred Taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the value of assets and liabilities for tax purposes and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Accrued charges and deferred income

Accrued charges are costs that have been charged against income but not yet disbursed at balance sheet date. Deferred income is revenue that will be recognized in future periods.

Financial instruments

Financial instruments are recorded at trade date. The fair value of the financial instruments is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Accounts and notes receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments as well as forward looking information such as economic forecasts, regulatory environment, GDP, employment, politics or other external market indicators are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalent

Cash and cash equivalent includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Payables (after one year and within one year)

Amounts payable are carried at nominal value at the balance sheet date.

Derivative financial instruments

The Company uses derivative financial instruments to reduce the exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Company's policy not to hold derivative financial instruments for speculative or trading purposes.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Recognition of any resulting gain or loss depends on the nature of the item being hedged. Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value, with changes in value included in the income statement.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Otherwise the cumulative gain or loss is removed from other comprehensive income and recognized in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognized in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognized in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognized in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss recognized in other comprehensive income is recognized in the income statement immediately.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

Consolidated statement of cash flows

The consolidated cash flow statement reports the cash flow during the period classified by analyzing the cash flow from operating, investing and financing activities.

Business combination

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Segment reporting

The Company is operating in a single business segment: Heavy-Duty Laundry Division.

Closing date and length of accounting period

All accounting periods presented represent 12 months of operations starting on January 1 of each year.

Change in valuation rules

There are no changes in the accounting policies compared with the accounting policies used in the preparation of the consolidated financial statements as per December 31, 2017.

Implementation IFRS 16

The new IFRS standard on leases, IFRS 16, is effective as from January 1, 2019. The new standard requires the lessee to recognize all current lease contracts and rental agreements on the balance sheet, as the distinction between operating and financial leases is removed. Under the new standard, an asset (right to use the leased item) and the financial liability to pay rentals are recognized. The Group's plans to adopt IFRS 16 using the modified retrospective approach where the lease liability and the right of use of the asset are equal.

In order to be able to estimate the impact of the implementation of the new lease standard IFRS 16, management has reviewed the leasing and rental contracts. The Group main leased items consist of buildings and equipment. The Group will not apply the standard to lease contracts for which the underlying asset is of low value, nor for contracts of which the lease term ends within 12 months.

Based on this review management confirms that note 18 – Operating leases in the annual financial statements as per December 31, 2018 gives a reliable estimation of the expected impact on the balance sheet. The Group expects that both EBIT and EBITDA will slightly improve, though not by a material amount.

IFRIC 23

IFRIC 23, 'Uncertainty over income tax treatments' is effective as from January 1, 2019.
The JENSEN-GROUP has not applied this new IFRIC in the 2018 Financial Statements. It will make a reasonable estimation of the uncertain tax positions in 2019.

Note 2 - Scope of consolidation

The parent Company, JENSEN-GROUP NV, and all the subsidiaries that it controls are included in the consolidation.

On January 2, 2018, JENSEN-GROUP acquired an equity stake of 30% in Inwatec ApS (Denmark).

In 2018, JENSEN-GROUP increased its shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, by 6.33% to 42.66%. As the JENSEN-GROUP holds only a 42.66% participation and does not control the company, this participation is consolidated by the equity method.

On February 1, 2017, the JENSEN-GROUP acquired one of its major German suppliers and created JENSEN Components GmbH.

On May 11, 2017, the JENSEN-GROUP increased its shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, by 6.33% to 36.33%.

Note 3 - Segment reporting

The Board of Directors has examined the Group's performance and has identified a single business segment. The total laundry industry can be split up into Consumer, Commercial and Heavy-Duty laundry. The JENSEN-GROUP entities serve end-customers in the Heavy-Duty laundry segment. They all follow the same process. The JEN-SEN-GROUP sells its products and services under the 'JENSEN' brand and 'ALPHA by JENSEN' brand through own sales and service companies and independent distributors worldwide. In this way the JENSEN-GROUP operates only in one single segment.

The following table presents revenue and certain asset information based on the Group's geographical areas. The basis for attributing revenues is based on the location of the customer:

	Europe + CIS		America		Middle East, Far East and Australia		TOTAL	
(in thousands of euro)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue from external customers	**195,986**	**196,661**	**85,908**	**79,290**	**61,888**	**62,137**	**343,782**	**338,088**
Other segment information								
Non-current assets	31,505	30,082	1,401	3,073	4,205	4,484	37,111	37,639
Non allocated assets							218,545	194,295
Total assets							255,656	231,934
Capital expenditure	-4,696	-3,042	-215	46	-612	-419	-5,523	-3,415

The difference between non-current assets in the table above (37.1 million euro) and the non-current assets as per the consolidated statement of financial position (40.9 million euro) relates to the deferred tax assets (3.8 million euro).

Note 4 - Non-current assets

4.1 Intangible assets

(in thousands of euro)	Know how	Goodwill	Other intangibles	Licenses	TOTAL
Gross carrying amount January 1, 2017	**343**	**8,981**	**432**	**820**	**10,576**
Translation differences	0	-85	0	10	-75
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross carrying amount December 31, 2017	**343**	**8,896**	**432**	**830**	**10,501**
Translation differences	0	-48	0	8	-40
Additions	0	0	0	10	10
Disposals	0	0	0	0	0
Gross carrying amount December 31, 2018	**343**	**8,848**	**432**	**848**	**10,471**
Accumulated amortization, write-downs, impairments January 1, 2017	**343**	**1,946**	**432**	**724**	**3,445**
Additions	0	27	0	0	27
Accumulated amortization, write-downs, impairments December 31, 2017	**343**	**1,973**	**432**	**724**	**3,472**
Additions	0	8	0	57	65
Accumulated amortization, write-downs, impairments December 31, 2018	**343**	**1,981**	**432**	**781**	**3,537**
Net carrying amount December 31, 2017	**0**	**6,923**	**0**	**106**	**7,029**
Net carrying amount December 31, 2018	**0**	**6,867**	**0**	**67**	**6,934**

Know-how

The know-how relates to the technology for specific folding equipment, purchased in the acquisition of JENSEN Italia s.r.l.

Goodwill

The goodwill arises mainly from the acquisitions of JENSEN Australia, JENSEN Austria, JENSEN Benelux, JENSEN France, JENSEN Italia, JENSEN Norway, JENSEN Spain, JENSEN Sverige (Sweden) and JENSEN Switzerland.

JENSEN-GROUP identifies the cash flow-generating units (CGU) as being the Group. JENSEN-GROUP assists the heavy-duty laundry industry worldwide by designing and supplying sustainable single machines as well as systems and integrated solutions. The success of JENSEN-GROUP results from combining the global skills with the local presence. The non-current assets of the plants are managed together and the cash flows generated by the usage of these plants come from one group of global customers that are approached with same deliverable, being the optimization of the heavy duty laundry activity. Therefore the non-current assets of the plants are allocated to one CGU for impairment testing purposes.

Goodwill is subject to a yearly impairment test that is based on a number of critical judgments, estimates and assumptions, based on fair value and applying a discounted free cash flow approach. JENSEN-GROUP believes that its estimates are very reasonable; they are based on the past experience, external sources of information (such as long-term growth rate and discount rate) and reflect the best estimates by management. The recoverable amount of the goodwill is determined based on a calculation of its value in use to the cash-generating unit to which it is allocated.

The main judgments, assumptions and estimates for the cash-generating unit are:

- The first three years of the model are based on management's best estimate of the free cash flow outlook for the coming years;
- For the fourth and fifth year of the model, cash flows are based on the previous year cash flows, taking into account a growth rate of 2% per year;
- Cash flows beyond the first five years are extrapolated, usually with a growth rate of 2% of free cash flows;
- Projections are discounted at the weighted average cost of capital (WACC), which lies between 5% and 9%;
- This calculated enterprise value is compared to the book value.

The test includes a sensitivity analysis on key assumptions used, among them the WACC, free cash flow and long-term growth percentage: the occurrence of any of the following individual less favorable assumptions would not lead to an impairment of goodwill: WACC of 10%, free cash flow of 95% of the projections of free cash flows used for the calculation of the impairment test and a long-term growth of 1%. JENSEN-GROUP has completed its annual impairment test on goodwill and concluded from this that no impairment allowance is necessary.

Although JENSEN-GROUP believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions.

Licenses

The licenses relate to the capitalization of the license costs of the ERP system and for other IT tools.

Development costs of 6.2 million euro (6.7 million euro in 2017) were expensed during the year. These costs are accounted for in the lines 'services and other goods', 'employee compensations and benefit expense' and 'depreciation, amortization, write down of assets'.

4.2. Property, plant & equipment

(in thousands of euro)	Land & Buildings	Plant, machinery and equipment	Furniture and vehicules	Other tangible assets	Assets under construction	TOTAL
Gross carrying amount January 1, 2017	**31,104**	**28,038**	**10,613**	**36**	**0**	**69,791**
Translation differences	-1,253	-771	-340	0	0	-2,364
Additions	404	1,386	1,700	0	410	3,900
Disposals	-91	-643	-887	0	0	-1,621
Transfers	0	0	0	0	0	0
Gross carrying amount December 31, 2017	**30,164**	**28,010**	**11,086**	**36**	**410**	**69,706**
Translation differences	293	2	16	1	-1	311
Additions	357	683	2,008	0	65	3,113
Disposals	0	-280	-1,142	-4	0	-1,426
Transfers	0	179	167	0	-346	0
Gross carrying amount December 31, 2018	**30,814**	**28,594**	**12,135**	**33**	**128**	**71,704**
Accumulated depreciation, write down and impairment January 1, 2017	**19,097**	**18,199**	**6,727**	**33**	**0**	**44,056**
Translation differences	-963	-439	-254	0	0	-1,656
Depreciation	896	1,957	1,512	3	0	4,368
Disposals	-91	-569	-657	0	0	-1,317
Transfers	0	0	0	0	0	0
Accumulated depreciation, write down and impairment December 31, 2017	**18,939**	**19,148**	**7,328**	**36**	**0**	**45,451**
Translation differences	149	18	24	-4	0	187
Depreciation	2,041	2,010	1,512	1	0	5,564
Disposals	0	-172	-854	0	0	-1,026
Transfers	0	-54	54	0		0
Accumulated depreciation, write down and impairment December 31, 2018	**21,129**	**20,950**	**8,064**	**33**	**0**	**50,176**
Net carrying amount December 31, 2017	**11,225**	**8,862**	**3,758**	**0**	**410**	**24,255**
Net carrying amount December 31, 2018	**9,685**	**7,644**	**4,071**	**0**	**128**	**21,528**

During 2018, the net carrying amount of tangible fixed assets decreased by 2.7 million euro. Excluding depreciation charges in the income statement of 5.6 million euro, tangible fixed assets increased by 2.8 million euro. The depreciation charges include additional depreciation charges in JENSEN USA resulting from the hurricane Michael. We refer to note 14 for more details.

The investments in 2018 related mainly to equipment and vehicles.

The investments in 2017 related mainly to the acquisition of one of the Group's major German suppliers, equipment and vehicles.

The financial leasing covers mainly machinery and equipment of JENSEN GmbH.

Machinery includes the following amounts where the Group is a lessee under a finance lease:

(in thousands of euro)	December 31 2018	December 31 2017
Cost capitalized finance leases	85	81
Accumulated depreciation	-70	-66
Net book amount	**15**	**15**

The net book value of the property, plant and equipment pledged as security for liabilities amounts to 4.6 million euro (4.8 million euro at December 2017).

Note 5 - Deferred taxes

Deferred tax assets and liabilities are attributable to the following items:

(in thousands of euro)	December 31, 2016	Charged/credited to the income statement	Charged/ credited to equity	Exchange differences	December 31, 2017
Inventories	675	-553	0	0	122
Fixed assets	486	-29	0	0	457
Provisions	4,997	-227	-12	0	4,758
Tax losses	144	12	0	0	156
Deferred taxes on differences between tax and local books	101	354	0	-590	-135
Currency result in permanent financing	-588	-69			-657
Financial instruments	-16	-62	73	0	-5
Total deferred tax assets (net)	**5,799**	**-574**	**61**	**-590**	**4,696**

(in thousands of euro)	December 31, 2017	Charged/credited to the income statement	Charged/ credited to equity	Exchange differences	December 31, 2018
Inventories	122	-1,388	0	0	-1,266
Fixed assets	457	6	0	0	463
Provisions	4,758	-278	-384	0	4,096
Tax losses	156	70	0	0	226
Deferred taxes on differences between tax and local books	-135	111	0	236	212
Currency result in permanent financing	-657	-81			-738
Financial instruments	-5	57	-58	0	-6
Total deferred tax assets (net)	**4,696**	**-1,503**	**-442**	**236**	**2,987**

The split between long-term and short-term deferred taxes is as follows:

(in thousands of euro)	Deferred taxes
Long-term	2,728
Short-term	259
Total Deferred Tax Assets	**2,987**

The deferred tax assets originate mainly from JENSEN USA (1.0 million euro), JENSEN Italia (0.4 million euro), JENSEN AG Burgdorf (0.4 million euro) and JENSEN GmbH (0.4 million euro).

Deferred tax assets have been recorded because management and the Board are convinced that, in accordance with the Company's valuation rules, the assets can be realized within a reasonable time frame.

The deferred tax assets relating to timing differences decreased, especially on inventories and on the provisions for employee benefit obligations.

Note 6 - Contracts in progress

(in thousands of euro)	December 31 2018	December 31 2017
Contract revenue	343,782	338,088
Balance sheet information of pending projects:		
Raw materials and consumables	28,145	21,192
Goods purchased for resale	15,887	15,179
Gross amounts due from customers for contract work	45,775	36,268
Advances received	14,463	18,722

Construction contracts are valued based on the percentage of completion method. At December 31, 2018 gross amounts due from customers for contract work included 12.4 million euro of accrued profit (9.0 million euro at December 31, 2017).

We have for 27.6 million euro outstanding performance obligations resulting from current contracts. There are no performance obligations that will be completed after 2019.

The reconciliation of contract assets and liabilities is as follows:

(in thousands of euro)	Contract assets	Contract liabilities
December 31, 2017	36,268	18,722
Additions	313,836	132,044
Reversals (Utilizations)	-304,350	-136,413
Impairment	0	0
Translation Differences	21	109
December 31, 2018	45,775	14,462

The amounts written off on inventory are not material as JENSEN-GROUP only starts production when the Company receives an order.

Note 7 - Trade and other receivables

(in thousands of euro)	December 31 2018	December 31 2017
Trade receivables	85,178	74,083
Provision for doubtful debtors	-3,300	-2,753
Taxes	2,910	624
Other amounts receivable	2,772	2,445
Raw materials and consumables	28,145	21,192
Goods purchased for resale	15,887	15,179
Gross amounts due from customers for contract work	45,775	36,268
Deferred charges and accrued income	1,706	1,900
Derivative financial instruments	131	9
Total trade and other receivables	**179,203**	**148,947**
Less non-current portion		
Trade receivables	1,015	1,795
Other amount receivable	619	595
Non-current portion	**1,634**	**2,390**
Current portion	**177,569**	**146,557**

Non-current portion

The other amounts receivable includes cash guarantees in an amount of 0.6 million euro.

Current portion

Advances received from customers, mainly on project activities, are recognized in "Accounts and notes payable" in accordance with the accounting principle whereby receivables and payables may not be netted off.

Note 8 – Equity

Issued capital

As at December 31, 2018, the issued share capital was 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value. There were no preference shares. All shares are fully paid.

As at December 31, 2017, the issued share capital was 30.7 million euro, represented by 7,818,999 ordinary shares without nominal value. There are no preference shares. All shares are fully paid.

Detailed information on the capital statement as per December 31, 2018 and 2017 is set out below.

CAPITAL STATEMENT (position as at December 31, 2018)	Amounts (in thousands of euro)	Number of shares
A. Capital		
1. Issued capital		
- At the end of the previous year	30,710	
- Changes during the year	0	
- At the end of this year	30,710	
2. Capital representation		
2 1.Shares without nominal value	30,710	7,818,999
2 2.Registered or bearer shares		
- Registered		4,214,009
- Bearer/dematerialized		3,604,990
B. Own shares held by		
- the company or one of its subsidiaries	0	0
C. Commitments to issue shares		
1. As a result of the exercise of CONVERSION RIGHTS	0	0
2. As a result of the exercise of WARRANTS	0	0
D. Authorized capital not issued	**30,710**	

The following notifications have been received of holdings in the company's share capital :

JENSEN Invest A/S, JF Tenura ApS, the heirs of Mr. Jørn M. Jensen, Mr. Jesper M. Jensen, The Jørn M. Jensen and Lise M. Jensen Family Trust, Mrs. Anne M. Jensen and Mrs. Karine Munk Finser

JENSEN INVEST A/S, Ejnar Jensen Vej 1, 3700 Rønne, Denmark

	Number of shares	Total shares	%
- Number of shares	4,153,781	7,818,999	53.12%
- Voting rights	4,153,781	7,818,999	53.12%

The chain of control is as follows: 53% of the shares in JENSEN-GROUP NV are held by JENSEN Invest A/S and 0,03% by the heirs of Mr. Jørn M. Jensen. JF Tenura Aps holds 100% of the shares in Jensen Invest A/S. SWID AG, represented by Mr. Jesper M. Jensen holds and controls 51% of the shares in JF Tenura Aps. The other 49% of the shares in JF Tenura Aps are held by Mrs Anne Munch Jensen and Mrs Karine Munk Finser as the ultimate beneficial owners of the Jørn Munch Jensen and Lise Munch Jensen Family Trust.

Lazard Frères Gestion SAS

25, rue de Courcelles 75008 PARIS France

	Number of shares	Total shares	%
- Number of shares	403,429	7,818,999	5.16%
- Voting rights	403,429	7,818,999	5.16%

The chain of control is as follows: Compagnie Financière Lazard Frères SAS controls Lazard Frères Gestion SAS, Lazard Group LLC controls Compagnie Financière Lazard Frères SAS, Lazard Ltd controls Lazard Group LLC. Lazard Frères Gestion SAS acts independently from Compagnie Financière Lazard Frères, Lazard Group LLC, Lazard Ltd and from the rest of the Lazard Group, including Lazard Asset Management, a Company under American law.

CAPITAL STATEMENT (position as at December 31, 2017)	**Amounts (in thousands of euro)**	**Number of shares**
A. Capital		
1. Issued capital		
- At the end of the previous year	30,710	
- Changes during the year	0	
- At the end of this year	30,710	
2. Capital representation		
2 1.Shares without nominal value	30,710	7,818,999
2 2.Registered or bearer shares		
- Registered		4,150,819
- Bearer/dematerialized		3,668,180
B. Own shares held by		
- the company or one of its subsidiaries	0	0
C. Commitments to issue shares		
1. As a result of the exercise of CONVERSION RIGHTS	0	0
2. As a result of the exercise of WARRANTS	0	0
D. Authorized capital not issued	**30,710**	

The following declarations have been received of holdings in the company's share capital :

JENSEN Invest A/S, JF Tenura ApS, the heirs of Mr. Jørn M. Jensen, Mr. Jesper M. Jensen, The Jørn M. Jensen and Lise M. Jensen Family Trust, Mrs. Anne M. Jensen and Mrs. Karine Munk Finser

JENSEN INVEST A/S, Ejnar Jensen Vej 1, 3700 Rønne, Denmark

	Number of shares	Total shares	%
- Number of shares	4,103,781	7,818,999	52.48%
- Voting rights	4,103,781	7,818,999	52.48%

The chain of control is as follows: 51,6% of the shares in JENSEN-GROUP are held by JENSEN Invest A/S and 0,02% by the heirs of Mr. Jørn M. Jensen. JF Tenura Aps holds 100% of the shares in Jensen Invest A/S. SWID AG, represented by Mr. Jesper M. Jensen holds and controls 51% of the shares in JF Tenura Aps. The other 49% of the shares in JF Tenura Aps are held by Mrs Anne Munch Jensen and Mrs Karine Munk Finser as the ultimate beneficial owners of the Jørn Munch Jensen and Lise Munch Jensen Family Trust.

KBC Asset Management NV

Havenlaan 2, 1080 Brussel

	Number of shares	Total shares	%
- Number of shares	393,285	7,818,999	5.03%
- Voting rights	393,285	7,818,999	5.03%

CAPFI DELEN Asset Management nv

Jan Van Rijswijcklaan 178, 2020 Antwerpen

	Number of shares	Total shares	%
- Number of shares	431,000	7,818,999	5.51%
- Voting rights	431,000	7,818,999	5.51%

The chain of control is as follows: Bank Delen NV controls CAPFI DELEN Asset Management nv, Delen Investments Comm VA controls Bank Delen NV, Finaxis NV controls Delen Investments Comm VA, Ackermans & van Haaren NV controls Finaxis NV, Scaldis Invest NV controls Ackermans & van Haaren NV, Belfimas NV controls Scaldis Invest NV, Celfloor SA controls Belfimas NV, Apodia International Holdings BV controls Celfloor SA, Palamount NV controls Apodia International Holding BV, stichting administratiekantoor 'Het Torentje' controls Palamount NV. Stichting administratiekantoor 'Het Torentje' is the ultimate shareholder.

Each share has one vote. The voting rights are in line with the Companies' Code. The articles of association do not include other regulations with respect to voting rights.

The regulations with respect to transfer of shares are in line with the Companies' Code. The articles of association do not include other regulations with respect to transfer of shares.

Share premium

The share premium results primarily from the merger of LSG, which then took the name of JENSEN-GROUP NV.

The closing balance of the share premium is 5.8 million euro.

Treasury shares

The Bylaws (art. 11) allow the Board of Directors to buy back own shares.

The JENSEN-GROUP does not own treasury shares, there is no repurchase program.

Translation differences

In this annual report the consolidated financial statements are expressed in thousands of euro. All balance sheet captions of foreign companies are translated into euro, which is the Company's functional and presentation currency, using closing rates at the end of the accounting year, except for capital and reserves, which are translated at historical rates. The income statement is translated at average rates for the year. The resulting translation difference, arising from the translation of capital and reserves and the income statement, is shown in a separate category of equity under the caption 'translation differences'.

The exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. In total, 0.4 million euro of currency losses are transferred from financial result to other comprehensive income.

The exchange rates used for the translation were as follows:

Currency	Average rate (per euro)		Closing rate (per euro)	
	2018	2017	2018	2017
AED	4.3387	4.1461	4.2027	4.4147
AUD	1.5799	1.4729	1.6220	1.5346
BRL	4.3087	3.6041	4.4440	3.9729
CHF	1.1549	1.1116	1.1269	1.1702
CNY	7.8074	7.6264	7.8751	7.8044
DKK	7.4532	7.4387	7.4673	7.4449
EUR	1.0000	1.0000	1.0000	1.0000
GBP	0.8847	0.8761	0.8945	0.8872
JPY	130.4100	126.6533	125.8500	135.0100
NOK	9.6006	9.3286	9.9483	9.8403
NZD	1.7058	1.5895	1.7056	1.6850
SEK	10.2567	9.6369	10.2548	9.8438
SGD	1.5928	1.5582	1.5591	1.6024
TRY	5.6986	4.1214	6.0588	4.5464
USD	1.1815	1.1293	1.1450	1.1993

Hedging reserves

The Group designates foreign exchange contracts and interest rate swaps as 'cash flow hedges' of its foreign currency and interest exposure. Any change in fair value of the hedging instrument and the hedged item (attributable to the hedged risk), as of inception of the hedge, is deferred in OCI if the hedge is deemed effective (note 21).

At year-end, an amount of 0.2 million euro was deferred in equity.

Gains and losses recognized in the hedging reserve in OCI (Other Comprehensive Income) on forward foreign exchange contracts as of December 31, 2018 will be released to the income statement at various dates between one and six months.

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of December 31, 2018 will be continuously released to the income statement until the repayment of the bank borrowings.

Actuarial gains and losses on Defined Benefit Plans

JENSEN-GROUP has four defined benefit plans. In line with prior years, the Group adopted the amended IAS 19 'Employee Benefits' and to recognize all actuarial gains and losses directly in OCI. The accumulated loss of the four plans amounts to 6.6 million euro.

Dividend

Based on the good recurring result of 2018 and the strong financial position, the Board proposes to the Annual Shareholders' meeting to approve a dividend of 1.00 euro per share. The order backlog at the beginning of the year as well as the cash position give management confidence to get off to a good start of 2019. The dividend pay-out will amount to 7,818,999.00 euro, based on the number of shares as per December 31, 2018.

The Shareholders decided at the Annual Meeting of May 2018, to distribute a dividend of 1.00 euro per share on the results of 2017, amounting to 7,818,999.00 euro.

Capital risk management

JENSEN-GROUP's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

Note 9 – Financial debt

The non-current and current borrowings can be summarized as follows:

(in thousands of euro)	December 31 2018	December 31 2017
LT loans with credit institutions	20,195	10,795
LT loans other	198	0
LT factoring	940	1,507
Total non-current borrowings	**21,333**	**12,302**

(in thousands of euro)	December 31 2018	December 31 2017
Current portion of LT borrowings	572	575
Credit institutions	5.525	2,563
Payments received (factoring)	550	536
Total current borrowings	**6,646**	**3,674**
Total borrowings	**27,979**	**15,976**

Total borrowings increased from 16.0 million euro at December 31, 2017 to 28.0 million euro at December 31, 2018. The Group signed a long-term loan agreement at market conditions. Cash and cash equivalents decreased from 39.0 million euro to 33.3 million euro, thereby decreasing the net cash position from 23.0 million euro to 5.4 million euro.

The Group factored trade receivables in a total amount of 1.5 million euro (1.0 million euro long-term and 0.5 million euro short-term). As the risks and rewards are not substantially transferred to the third party, the factoring arrangement does not result in the de-recognition of any amount from the balance sheet.

The following table gives the maturities of the non-current debt:

(in thousands of euro)	December 31 2018	December 31 2017
Between 1 and 2 years	7,138	1,131
Between 2 and 5 years	12,566	9,456
> 5 years	1,629	1,715
Total non-current borrowings	**21,333**	**12,302**

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates before and after the effect of the IRS (interest rate swaps) at balance sheet date is as follows:

(in thousands of euro)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	TOTAL
Credit institutions	6,096	6,588	12,176	1,431	26,291
Other	0	0	0	198	198
Payments received (factoring)	550	550	390	0	1,490
Total	**6,646**	**7,138**	**12,566**	**1,629**	**27,979**
IRS covered	0	302	1,055	149	1,506
Total non-covered	**6,646**	**6,836**	**11,510**	**1,480**	**26,473**

Management believes that the carrying value of the loans at fixed rate approximates to the fair value.

For details on the IRS we refer to note 21.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in thousands of euro)	December 31 2018	December 31 2017
EUR	21,437	9,874
DKK	2,563	2,903
NZD	258	0
CNY	3,721	3,199
Total	**27,979**	**15,976**

With respect to the Group's borrowings, debt covenants are in place (equity ratio and EBITDA multiple). During the year, there were no breaches of these covenants.

Debt covered by guarantees

(in thousands of euro)	December 31 2018	December 31 2017
Mortgages	3,282	3,687
Letter of Intent	6,976	4,198
Total	**10,258**	**7,885**

The carrying value of the property, plant and equipment pledged as security for liabilities amounts to 4.6 million euro.

Note 10 – Provision for employee benefit obligations

(in thousands of euro)	December 31 2018	December 31 2017
Provisons for Defined Benefit Plan	13,432	14,848
Provisions for other employee benefits	283	342
Total Provisions for employee benefit obligations	**13,715**	**15,190**

The provision for other employee benefits relate to a defined contribution plan in Austria and Germany.

Benefit plan

JENSEN GmbH, JENSEN France, JENSEN Italia and JENSEN AG Burgdorf maintain defined retirement benefit plans. These plans generally provide benefits that are related to an employee's remuneration and years of service.

The weighted average duration of the defined benefit obligation is 14 years.

The Group recognizes all actuarial gains and losses directly in Other Comprehensive Income (OCI). The accumulated actuarial loss of the 4 plans amounts to 6.6 million euro.

At December 31, 2018, the total net liability amounted to 13.4 million euro. The net liability decreased because of changes in the assumptions, especially an increase in the discount rates.

For the defined benefit plans, the net outcome for 2018 was -0.7 million euro.

(in thousands of euro)	2018	2017
Current service cost	483	518
Interest cost	232	247
Interest income on plan assets	-38	-34
Administrative expenses and taxes	18	20
Pension expenses	**696**	**751**

The change in net liability recognized during 2018 and 2017 is set out in the table below:

(in thousands of euro)	2018	2017
Net (liability)/assets at the start of the year		
Unfunded status	**-14,849**	**-15,310**
Pension expenses recognized in the income statement	-696	-751
Employer contribution or benefits paid by employer	674	844
Amounts recognised in OCI	1,549	33
Translation differences	-111	336
Net (liability) at December 31	**-13,433**	**-14,849**

The changes in defined benefit obligations and plan assets can be summarized as follows:

(in thousands of euro)	2018	2017
Change in Defined Benefit Obligation (DBO)		
DBO at January 1	20,098	21,073
Current service costs	483	518
Interest cost	232	247
Benefits paid	-506	-1,086
Premiums paid	-90	-97
Participants’ contribution	178	189
Effect of changes in financial assumptions	-1,414	127
Effect of experience adjustments	-193	-63
Exchange rate differences	320	-810
DBO at December 31	**19,109**	**20,098**

(in thousands of euro)	2018	2017
Change in Plan Assets		
Fair value of plan assets at January 1	5,250	5,764
Contributions	852	1,033
Actuarial gains/(losses)	-58	97
Interest income on plan assets	38	34
Benefits paid	-506	-1,086
Premiums paid	-90	-99
Administrative expenses	-18	-20
Translation differences	208	-472
Fair value of plan asset at December 31	**5,677**	**5,250**

(in thousands of euro)	2018	2017
Defined Benefit Obligation at the end of the period	-19,109	-20,098
Fair value of plan assets at the end of the period	5,677	5,250
Unfunded status	**-13,432**	**-14,848**

The major assumptions made in calculating the provisions can be summarized as follows:

	Discount rate		Rate of price inflation		Expected rates of salary increase	
(in thousands of euro)	2018	2017	2018	2017	2018	2017
Switzerland	1.00%	0.70%	1.00%	0.60%	1.50%	1.50%
France	1.55%	1.15%	1.75%	1.75%	2.00%	2.00%
Germany	1.75%	1.60%	1.75%	1.75%	3.00%	3.00%
Italy	1.60%	1.40%	1.75%	1.75%	N/A	N/A

For the Swiss plan, the assets match the liabilities.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit.

The sensitivity of the defined benefit obligation to changes in the assumptions is:

(in thousands of euro)	Change in assumption	Impact on DBO
Discount rate	-25bp	1,878
	+25bp	220
Weighted avg duration (in years)	-25bp	16
	+25bp	16

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The percentage of plan assets by asset allocation is as follows:
Equity securities: 9.2%
Debt securities: 55.7%
Real estate: 16.1%
Other: 23.6%

The contributions expected to be paid to the plan during the annual period beginning after the reporting period is estimated to 0.7 million euro.

There is one pension plan in place in Belgium that is legally structured as a Defined Contributions plan. The cost of this plan for JENSEN-GROUP NV amounted to 0.07 million euro for accounting year 2018.

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called " Vandenbroucke Law "), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans. The Vandenbroucke Law states that in the context of defined contribution plans, the employer must guarantee a minimum of 1.75% annual return on contributions as of 2016, and a minimum of 3.75% on contributions made before 2016.

Because of this minimum guaranteed return for Defined Contributions plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore be classified and accounted for as Defined Benefit plans under IAS 19.

In the past the Company did not apply the Defined Benefit accounting for these plans because higher discount rates were applicable and the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of the continuously low interest rates offered by the European financial markets, employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of Defined Benefit accounting for these plans.

We asked an external party to estimate the potential additional liabilities and they concluded that no potential additional liabilities exist as at December 31, 2018.

Note 11 - Provisions for other liabilities and charges

(in thousands of euro)	December 31 2018	December 31 2017
Provisons for warranties	9,948	10,290
Provisions for take-back obligations	309	453
Other provisions	1,283	1,217
Provisions for other liabilities and charges	**11,540**	**11,960**

Changes in provisions can be analyzed as follows:

(in thousands of euro)	December 31, 2017	Additions	Reversals (Utilizations)	Translation Differences	December 31, 2018
Provisions for warranties	10,290	10,979	-11,399	79	9,949
Provisions for take-back obligations	453	0	-119	-25	309
Other provisions	1,217	167	-86	-15	1,283
Total provisions	**11,960**	**11,146**	**-11,604**	**39**	**11,540**

Warranties

A provision is recorded for expected warranty claims on products sold during the year. Assumptions used to calculate the provision for warranty claims are based on current sales levels and current information on warranty calls under the standard warranty period (up to 18 months) for the main products.

Take-back obligations

A provision for take-back obligations is recorded when JENSEN-GROUP sells equipment to a customer for which the customer wants to enter into a leasing contract with a Leasing Company. In some cases, the Leasing Company requires a take-back clause.

Other provisions

The other provisions are set up for legal claims that, based on prudent judgment, are reasonably funded. Most of these claims are covered by insurance. Based on legal advice taken, management does not expect these claims to significantly impact the Group's financial position or profitability.

Note 12 - Trade and other payables

(in thousands of euro)	December 31 2018	December 31 2017
Trade payables	26,895	21,004
Advances received for contract work	14,463	18,722
Remuneration and social security	14,053	14,771
Other amounts payable	1,820	2,881
Accrued expenses and deferred income	13,367	8,689
Derivative financial instruments	0	209
Total trade and other payables	**70,598**	**66,275**

The accrued expenses and deferred income include the advances received from the insurance company (2.6 million euro) related to hurricane Michael. We refer also to note 14, Other operating result for more details.

Note 13 - Depreciation, amortization, write-downs of assets, impairments

(in thousands of euro)	December 31 2018	December 31 2017
Depreciation, amortization	4,494	4,368
Write downs on trade receivables	659	111
Write downs on inventory	280	-62
Change in provisions	-546	203
Total depreciation, amortization, write downs of assets	**4,887**	**4,621**

Note 14 – Other operating result

(in thousands of euro)	December 31 2018	December 31 2017
Other Income / (Expense)	-1,833	-25

On October 10th JENSEN USA was hit by hurricane Michael. The effect of hurricane Michael on Panama City and the surrounding areas was truly devastating.

The main JENSEN USA facility was still standing, albeit with extensive damage. JENSEN USA had a disaster plan in place and implemented it immediately. Our local team together with disaster recovery companies worked to re-start production. As from Monday 29 October 2018, JENSEN USA has been running close to normal capacity.

The other operating result of 2018 is affected by the impact of hurricane Michael (-2.1 million euro). Despite receiving an advance from the insurance company, JENSEN-GROUP decided, to defer the income from the insurance claims until these are completely settled. Management believes that the insurance coverage is adequate.

Note 15 – Financial income and financial charges

Financial income and expenses and other financial income and expenses break down as follows:

(in thousands of euro)	December 31 2018	December 31 2017
Financial income	**3,175**	**2,521**
Interest income	1,420	1,054
Other financial income	209	256
Currency gains	1,547	1,211
Financial cost	**-4,510**	**-3,255**
Interest charges	-1,867	-1,527
Other financial charges	-891	-908
Currency losses	-1,752	-821
Total net finance cost	**-1,335**	**-735**

The revaluation of balance sheet positions and hedging contracts at closing rate results in a currency gain or loss. Depending on the nature of the currency result, it is recorded in operating or financial result.

The other financial charges relate especially to bank charges.

Note 16 - Income tax expense

Income tax expenses can be analyzed as follows:

(in thousands of euro)	December 31 2018	December 31 2017
Current taxes	-6,059	-8,197
Deferred taxes	-1,504	-575
Total income tax expense	**-7,562**	**-8,773**

Relationship between tax expense and accounting profit as per December 31, 2018 and December 31, 2017:
Reconciliation of effective tax rate:

(in thousands of euro)	December 31 2018	December 31 2017
Accounting profit before taxes	25,601	29,148
Theoretical income tax expense	6,256	7,400
Theoretical tax rate	**24%**	**25%**
Tax effect of disallowed expenses	1,197	1,324
Tax effect of tax losses	109	49
Tax effect change in tax rates	0	432
Actual tax expenses	7,562	8,773
Effective tax rate	**30%**	**30%**

Two tax audits have been concluded in 2018.

The theoretical tax rate is the weighted average of the theoretical tax rates of the different entities.

Note 17 - Earnings per share

Basic earnings per share are calculated by dividing the Group share in the profit for the year of 19.1 million euro (21.1 million euro in 2017) by the weighted average number of ordinary shares outstanding during the years ended December 31, 2018 and 2017.

	December 31 2018	December 31 2017
Basic earnings per share (in euro)	2.44	2.70
Weighted avg shares outstanding	7,818,999	7,818,999

Note 18 - Operating leases

Most of the JENSEN-GROUP leases relate to buildings, vehicles and computer equipment under a number of operating lease agreements. The future lease payments under these operating leases are due as follows:

(in thousands of euro)	December 31 2018	December 31 2017
< 1 year	2,787	2,379
>1 year < 5 years	8,965	7,067
> 5 years	3,209	3,815
Total operating leases	**14,961**	**13,261**

The profit for the year includes operating lease expenses of 2.7 million euro.

Note 19 - Statement of cash flows

Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:

(in thousands of euro)	December 31 2018	December 31 2017
Cash and cash equivalent	33,333	39,014
Overdraft	-5,525	-2,563
Net cash and cash equivalents	**27,808**	**36,451**

The changes in liabilities arising from financing activities in the CFS, are all changes arising from cash flows. There are no material non-cash flows. The consolidated statements of cash flows are presented on a consistent basis. As such, they do not isolate the effect of currencies on individual line items but only in total via the 'translation gains/(losses) on cash and bank overdrafts' caption. With respect to the evolution, the following comment can be made:

Cash decreased because of the higher working capital requirements.

Note 20 - Commitments and contingencies

JENSEN-GROUP has given the following commitments.

(in thousands of euro)	December 31 2018	December 31 2017
Letters of intent	6,976	4,198
Bank guarantees	9,424	6,060
Mortgages	3,282	3,687
Repurchase commitments	3,090	4,566

Management does not expect these contingencies to significantly impact the Group's financial position or profitability.

Note 21 - Financial instruments – Market and other risks

Exposure to foreign currency, interest rate and credit risk arises in the normal course of the JENSEN-GROUP business. The Company analyzes each of these risks individually and defines strategies to manage the economic impact on the JENSEN-GROUP's performance in line with its internal policies.

Derivative financial instruments are valued by an independent financial institution, based on the interest and currency rates on the liquid markets. The financial instruments are measured at fair value in the level 2 category.

Reconciliation of assets and liabilities

(in thousands of euro)	December 31 2018	December 31 2017
Assets: Derivative Financial Instruments	131	9
Long-term liabilities: Derivative Financial Instruments	-204	-367
Short-term liabilities: Derivative Financial Instruments	-0	-209
Total	**-73**	**-567**
Fair value forex contracts	132	-291
Fair value Interest Rate Swaps	-205	-277
Total	**-73**	**-568**

Foreign currency risk

JENSEN-GROUP incurs currency risks on borrowings, investments, (forecasted) sales, (forecasted) purchases whenever they are denominated in a currency other than the functional currency of the subsidiary. The currencies giving rise to risk are primarily the US Dollar, Swiss Franc, Swedish Krona, Danish Krone, British Pound, Chinese Yuan, Australian Dollar and New Zealand Dollar.

The main derivative financial instruments used to manage foreign currency risk are forward exchange contracts.

It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

With respect to currencies, JENSEN-GROUP adopts the policy of:

- Having hedges on all firm commitments in foreign currencies on a rolling 12 months basis;
- All deviations from the policy need to be approved by the Audit Committee.

As such these hedges are considered as cash flow hedges. They are contracted as a matter of procedure regardless of any expectations with regard to foreign currency developments. The objective is to lock in the margin at the time of signing a project contract with a customer.

All foreign exchange contracts are centralized within the JENSEN-GROUP treasury department and are contracted purely on the basis of the input of the different subsidiaries.

The currency risks resulting from translations of the financial statements of non-euro based companies are not hedged (note 8 – Equity).

The table below provides an indication of the company's net foreign currency positions per December 31, 2018 and December 31, 2017 for firm commitments and forecasted transactions. The open positions are the result of the application of JENSEN-GROUP risk management policy. Positive amounts indicate that the Company has a long position (net future cash inflows) while negative amounts indicate that the Company has a short position (net future cash outflows).

2018 (in thousands of euro)	Total exposure	Total derivatives	Open position
EUR/USD	-13,890	11,828	-2,062
EUR/GBP	-4,588	2,731	-1,857
EUR/AUD	-1,341	1,360	19
EUR/NZD	-156	155	-1
EUR/CAD	-3,585	3,695	110
EUR/SEK	6,183	-5,950	233
EUR/CHF	1,900	-1,149	751

2017 (in thousands of euro)	Total exposure	Total derivatives	Open position
USD/EUR	11,540	-14,910	-3,370
GBP/EUR	7,674	-6,755	919
AUD/EUR	5,235	-4,240	995
NZD/EUR	100	-100	-0
CAD/EUR	10,645	-10,022	623
CNY/EUR	377	-2,050	-1,673
SEK/EUR	3,895	-3,550	345
CHF/EUR	1,808	-1,426	382

Production is generated:

- in European subsidiaries of which the activities are conducted in euro (or euro related currencies) and in Swedish Krone;
- in USA of which activities are conducted in USD
- and in China of which activities are conducted in CNY.

The table below gives an overview of the sensitivity analysis as per 2018:

(in thousands of euro)	Change in currency	Impact net profit1
USD	-8.63%	-992
	8.63%	906
GBP	-2.94%	-100
	2.94%	100
AUD	-5.53%	-278
	5.53%	346
NZD	-5.99%	-28
	5.99%	18
CAD	-6.75%	-376
	6.75%	230
CNY	-6.16%	4
	6.16%	-7
SEK	-6.59%	165
	6.59%	-365
CHF	-5.35%	69
	5.35%	-56

1: The estimation is based on the standard deviation of daily volatilities of the foreign exchange rates during the past 360 days at December 31, 2018 and using a 95% confidence interval.

These calculations are a purely theoretical calculation and do not take into account the gain or loss of sales resulting from the increased relative weakness or strength of currencies.

At December 31, 2018, the Group held the following foreign exchange contracts. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

2018 Curr	Sell	Avg exchange rate	Maturity	Fair value (in thousands of euro)
EUR/USD	13,728,641	1.16	19/03/2019	-112
EUR/GBP	2,417,999	0.89	18/02/2019	29
EUR/AUD	2,223,038	1.63	22/02/2019	-5
USD/AUD	668,948	1.39	20/03/2019	7
EUR/NZD	265,917	1.72	20/05/2019	1
USD/CAD	5,565,035	1.32	28/01/2019	131
2018 Curr	**Buy**	**Avg exchange rate**	**Maturity**	**Fair value (in thousands of euro)**
EUR/CHF	1,300,000	1.13	04/03/2019	4
EUR/SEK	61,701,751	10.37	13/03/2019	77

All of these foreign exchange contracts are designated and effective as cash flow hedges. The changes in fair value over 2018 amounting to 0.1 million euro after taxes have been deferred in equity. No ineffectiveness has been recorded.

At December 31, 2017, the Group held the following foreign exchange contracts. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

Curr	Sell	Avg exchange rate	Maturity	Fair value (in thousands of euro)
USD	17,768,884	1.19	20/02/2018	134
GBP	5,988,174	0.89	01/02/2018	9
AUD	6,579,701	1.55	07/05/2018	-19
NZD	172,891	1.73	19/01/2018	-2
CAD	15,589,123	1.56	11/06/2018	-354
CNY	16,215,590	7.91	08/03/2018	-2
Curr	**Buy**	**Avg exchange rate**	**Maturity**	**Fair value (in thousands of euro)**
CHF	1,650,000	1.16	15/03/2018	-19
SEK	34,573,034	9.74	24/02/2018	-38

All of these foreign exchange contracts were designated and effective as cash flow hedges. The changes in fair value over 2017 amounting to 0.2 million euro after taxes were deferred in equity. No ineffectiveness was recorded.

Interest rate risk

The Company uses derivative financial instruments to reduce exposure to adverse fluctuations in interest rates. It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

All financing within the JENSEN-GROUP is centralized in the treasury department. This makes it easier for the JENSEN-GROUP to respect its policy of hedging using IRS.

In respect of interest-bearing financial liabilities, the table below indicates their effective interest rates at balance sheet date as well as the periods in which they roll over. Balances due within 12 months equal their carrying balances as the impact of the discount is not significant.

2018: (in thousands of euro)	Effective interest rate	Carrying amount	< 1 month	> 1 month < 3 months	> 3 months < 12 months	1-5 years	> 5 years
Floating rate							
EUR	1.15%	3,717	2,997	16	42	267	395
CNY	4.84%-7.23%	3,721	2,269	45	134	1,274	0
NZD	1.15%	258	258				
Total floating		**7,696**	**5,524**	**61**	**175**	**1,541**	**395**
Fixed rate							
EUR	1.22% - 2.52%	16,228	1	1	6	16,022	198
DKK	2.5% - 5.11%	2,565	0	82	246	1,201	1,036
Total Fixed		**18,793**	**1**	**83**	**252**	**17,223**	**1,234**
Factoring							
EUR		**1,490**	**46**	**92**	**413**	**940**	**0**
Total		**27,979**	**5,571**	**236**	**840**	**19,704**	**1,629**

2017 (in thousands of euro)	Effective interest rate	Carrying amount	< 1 month	> 1 month < 3 months	> 3 months < 12 months	1-5 years	> 5 years
Floating rate							
EUR	1.15%	1,783	999	16	49	260	459
CNY	5,19%-5,26%	3,199	1,557	45	134	1,463	0
Total floating		**4,982**	**2,556**	**61**	**183**	**1,723**	**459**
Fixed rate							
EUR	2.52%	6,047	7	1	2	6,032	5
DKK	2,5% - 5,11%	2,904	0	82	246	1,325	1,251
Total Fixed		**8,951**	**7**	**83**	**248**	**7,357**	**1,256**
Factoring							
EUR		**2,043**	**45**	**89**	**402**	**1,507**	**0**
Total		**15,976**	**2,608**	**233**	**833**	**10,587**	**1,715**

The following table sets out the conditions of the interest rate swaps:

2018 Curr	SWAP amount	Fixed interest	Maturity	Fair value (in thousands of euro)
DKK	4,570,305	4.86%	30/12/2022	-65
DKK	6,678,397	5.11%	30/12/2024	-140
TOTAL in EUR	**1,506,395**			**-205**

The interest rate swaps are designated and effective as cash flow hedges. The changes in fair value over 2017 amounting to 0.06 million euro after taxes have been deferred in equity. No ineffectiveness has been recorded.

2017 Curr	SWAP amount	Fixed interest	Maturity	Fair value (in thousands of euro)
DKK	5,586,236	4.86%	30/12/2022	-95
DKK	7,698,204	5.11%	30/12/2024	-181
TOTAL in EUR	**1,780,923**			**-277**

The interest rate swaps were designated and effective as cash flow hedges. The changes in fair value over 2017 amounting to 0.07 million euro after taxes were deferred in equity. No ineffectiveness was recorded.

As disclosed in the above table, 7.7 million euro of the Company's interest bearing financial liabilities bear a variable interest rate. This amount does not include the 1.5 million euro loan that is covered by an Interest Rate Swap. The Company estimates that the reasonably possible change of the market interest rates applicable to its floating rate debt is as follows:

(in thousands of euro)	Carrying amount	Effective interest rate	Possible rates at December 31, 2018
EUR	3,717	1.15%	1.13% – 1.17%
CNY	3,721	4.84%-7.23%	4.84%-7.23%
NZD	258	1.15%	1.13% – 1.17%
Total in EUR	**7,696**		

Applying the reasonably possible increase/decrease in the market interest rate mentioned above to our floating rate debt at December 31, 2018, with all other variables held constant, 2018 profit would have been 0.09 million euro lower/higher.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Under the Group's credit policy, project customers are required to either provide an advance payment or to provide a guarantee (ex. L/C, bank guarantees). We examine the creditworthiness of each new customer and of existing customers that start buying higher amounts.

There is one customer with concentration of 11% of total outstanding receivables. The outstanding balance is paid in 2019.

The consolidated ageing balance of the trade receivables is as follows. Balances due within 12 months equal their carrying balances as the impact of the discounting is not significant.

2018 (in thousands of euro)	Current	< 60 days	> 60 days < 90 days overdue	> 90 days < 120 days overdue	> 120 days overdue	Total
Outstanding trade receivables	42,823	17,626	2,365	12,767	8,582	84,163
Collateral held as security	0					0
Net exposure	**42,823**	**17,626**	**2,365**	**12,767**	**8,582**	**84,163**
Provisions accounted for						-3,300
Total						**80,863**

2017 (in thousands of euro)	Current	< 60 days	> 60 days < 90 days overdue	> 90 days < 120 days overdue	> 120 days overdue	Total
Outstanding trade receivables	47,329	13,124	3,754	3,110	4,971	72,288
Collateral held as security	0					0
Net exposure	**47,329**	**13,124**	**3,754**	**3,110**	**4,971**	**72,288**
Provisions accounted for						-2,753
Total						**69,535**

Management reviews on a timely basis whether specific provisions are needed based on the ageing list. Trade receivables are recorded at their nominal value, less provision for impairment. The provision for impairment reflects both the likelihood of being paid and the timing of the cash flow. The total provision for doubtful debtors recorded as per December 31, 2018 amounts to 3.3 million euro.

The roll forward of the provision for doubtful debtors is set out below:

(in thousands of euro)	
Provision Doubtful Debtors opening balance	**2,753**
Additions	784
Reversals	-214
Exchange difference	-23
Provision Doubtful closing balance	**3,300**

The bank credit ratings (Moody’s) as per December 31, 2018 are as follows:

Nordea: Aa3

KBC: A1

Note 22 – Assets held for sale

The assets held for sale amounting to 0.4 million euro relate to the former Cissell building in Kentucky (prior CLD activities).
The costs related to the building (0.1 million euro) are presented as result from assets held for sale.

Note 23 – Related party transactions

The shareholders of the Company as per December 2018 are:

JENSEN INVEST A/S:	53.1%
Lazard Frères Gestion SAS:	5.2%
Free float:	41.7%

Key management compensation can be summarized as follows:

(in thousands of euro)	2018	2017
Fees paid to Board members	275	276
Gross salaries paid to senior managers	2,240	1,986

JENSEN USA bought components for 175,541 USD in the course of 2018 from Global Industries A/S. Mr. Rasmussen owns 51% of the shares of the Company

Companies accounted for using the equity method

On January 29, 2016 JENSEN-GROUP acquired an equity stake of 30% and in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey and agreed to acquire in total an additional 19% of the shares over the coming three years. In 2017, the JENSEN-GROUP increased its shareholding by 6.33% to 36.33% and in 2018 by another 6.33% to 42.66%

On January 2, 2018, JENSEN-GROUP acquired an equity stake of 30% in Inwatec ApS (Denmark).

As the JENSEN-GROUP holds less than 50% of both companies, these participations are consolidated by the equity method.

(in thousands of euro)	December 31 2018	December 31 2017
Companies accounted for using the equity method	7,015	3,965

Minority interest

The JENSEN-GROUP and ABS Laundry Business Solutions joined forces by forming a new company, Gotli Labs AG. As the JENSEN-GROUP has control over Gotli Labs AG, this participation is full consolidated. The JENSEN-GROUP shows a minority interest of 60%.

(in thousands of euro)	December 31 2018	December 31 2017
Result attributable to Minorty Interest	-331	-119
Equity part of MI 60%	-200	131

For the legal structure, we refer to note 27.

Note 24 – Acquisitions

Inwatec

On January 2, 2018 JENSEN-GROUP acquired a participation of 30% in Inwatec, ApS, a Danish company that manufactures high-end heavy-duty laundry products. JENSEN-GROUP has the option to increase its shareholding between 2020 and 2023.

The table below gives an overview of the acquisition-date fair value of the total consideration transferred and the remaining amount of goodwill recognized for the acquisition:

(in thousands of euro)	2018
Non current assets	1,007
Current assets	1,226
Non current liabilities	-1,422
Current liabilities	0
Net assets acquired	810
Group share in net assets acquired	243
Goodwill	1,775
Purchase price	2,018
Net cash out for acquisitions of subsidiaries	2,018

The fair value of the assets and liabilities acquired in the above transaction is determined on a provisional basis. Any adjustment to the provisional amounts will be recorded within twelve months of acquisition date.

Tolon

On April 10, 2018, the JENSEN-GROUP increased its shareholding in TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S., Turkey, by 6.33% to 42.66%. The JENSEN-GROUP has the option to acquire up to 49% of the shares.

The table below gives an overview of the acquisition-date fair value of the total consideration transferred and the remaining amount of goodwill recognized for the acquisition:

(in thousands of euro)	2018
Non current assets	2,435
Current assets	7,189
Non current liabilities	-5,410
Net assets acquired	4,215
Group share in net assets acquired	267
Goodwill	494
Purchase price	761
Net cash out for acquisitions of subsidiaries	761

The fair value of the assets and liabilities acquired in the above transaction is determined on a provisional basis. Any adjustment to the provisional amounts will be recorded within twelve months of acquisition date.

Note 25 – Non-audit fees

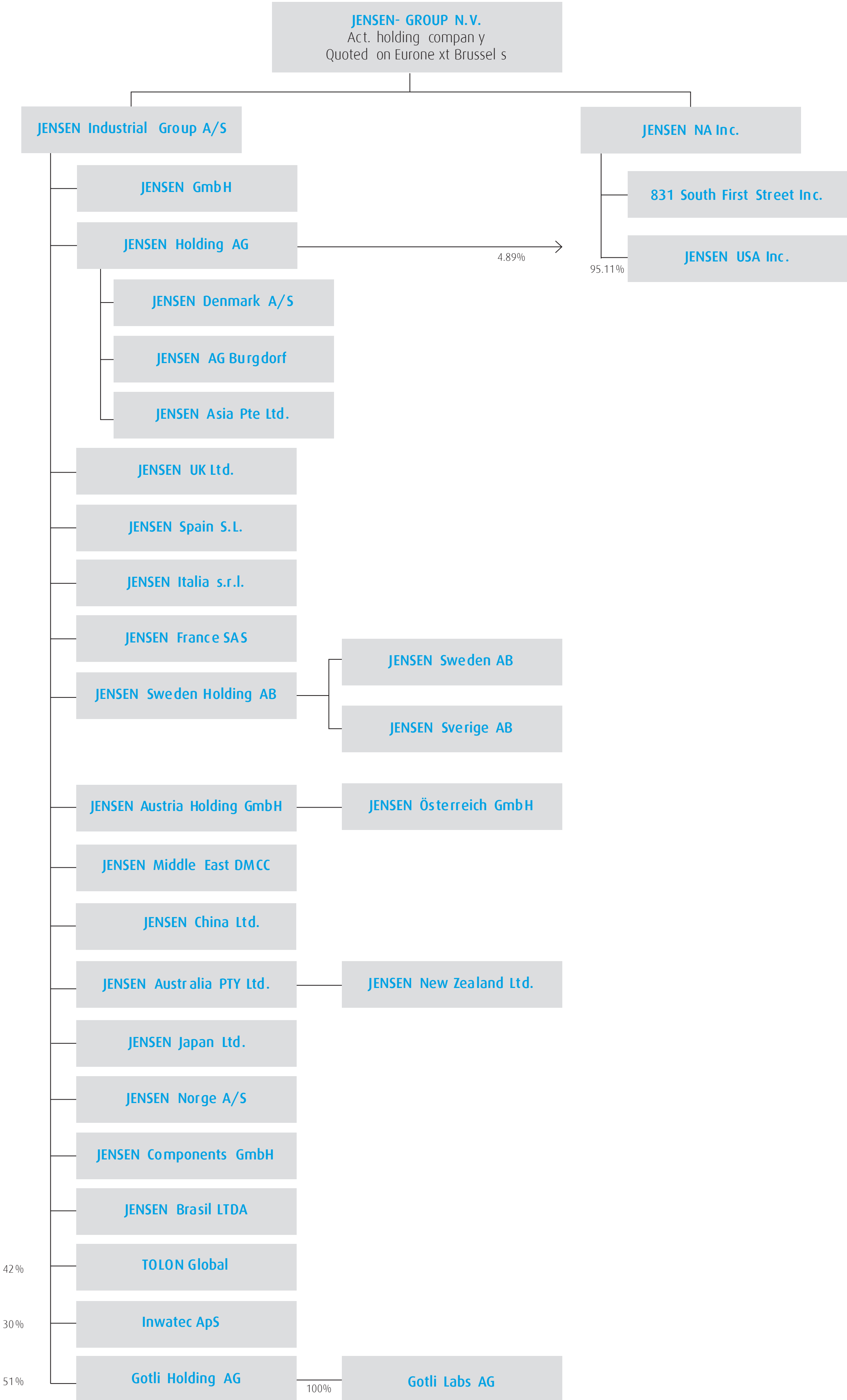
The statutory Auditor is Pwc Bedrijfsrevisoren, represented by Mrs. Lien Winne.

The Statutory Auditor received worldwide fees of 349,295 euro (excl. VAT) for auditing the statutory accounts of the various legal entities of the Group and the consolidated accounts of the JENSEN-GROUP. Apart from his mandate, the Statutory Auditor received during 2018 additional fees of 179,152 euro (excl. VAT). Of this amount, 27,669 euro was invoiced to JENSEN-GROUP NV and relates mainly to the post implementation review of the ERP system. The JENSEN-GROUP has appointed a single audit firm for the audit of the consolidated financial statements.

Note 26 - Events after the Balance Sheet date

There are no significant post-balance sheet events .

Note 27 - Legal structure



Note 28 - Consolidation scope as at December 31, 2018

Fully consolidated companies	Registered office	Participation percentage
Belgium JENSEN-GROUP NV	Bijenstraat 6 9051 Sint-Denijs-Westrem	Parent Company
Australia JENSEN Laundry Systems Australia PTY Ltd.	Unit 16, 38-46 South Street Rydalmere NSW 2116	100%
Austria JENSEN Austria Holding GmbH	Julius-Raab-Platz 4 1010 Wien	100%
JENSEN ÖSTERREICH GmbH	Reinhartsdorfgasse 9 A-2324 Schwechat-Rannersdorf	100%
Brazil JENSEN-GROUP BRASIL COMERCIO E SERVICOS DE EQUIPAMENTOS DE LAVANDERIA LTDA	Rua Riachuelo 460 CEP 18035-330 Sorocaba-SP	100%
China JENSEN Industrial Laundry Technology (Xuzhou) Co., Ltd	Phoenix Avenue, Xuzhou Clean Technology Zone 221121 Xuzhou, Jiangsu Province, P.R. China	100%
Denmark JENSEN Industrial Group A/S	Industrivej 2 3700 Rønne	100%
JENSEN Denmark A/S	Industrivej 2 3700 Rønne	100%

Inwatec ApS	Hvidkærvej 30 5250 Odense SV	30%
France JENSEN France SAS	2 “Village d’entreprises” ZA de la Couronne des Près Avenue de la Mauldre 78680 Epône	100%
Germany JENSEN GmbH	Jörn-Jensen-Stra e 1 31177 Harsum	100%
JENSEN Components GmbH	Ludwig-Erhard-Strasse 18 30982 Pattensen	100%
Italy JENSEN Italia s.r.l.	Strada Provinciale Novedratese 46 22060 Novedrate	100%
Japan JENSEN Japan Co., Ltd.	4-9-1-203 Imagawa, Urayasu-city 279-0022 Japan	100%
Middle East JENSEN Industrial Laundry Systems M.E. DMCC	JENSEN Industrial Laundry Systems M.E. DMEE Unit No: 204 Fortune Tower Plot No: JLT-PH1- C1A Jumeirah Lakes Towers Dubai UAE	100%
Norway JENSEN NORGE AS	Østensjøveien 36 0667 OSLO	100%

New Zealand JENSEN New Zealand Ltd	Minter Ellison Rudd Watts 88 Shortland Street Auckland, 1010	100%
Singapore JENSEN Asia PTE Ltd.	No. 6 Jalan Kilang #02-01 Dadlani Industrial House Singapore 159406	100%
Spain JENSEN Spain S.L.	Calle Energia, 34 Poligono Famades ES-08940 Cornella de Llobregat (Barcelona)	100%
Sweden JENSEN Sweden AB	Företagsgatan 68 504 94 Borås	100%
JENSEN SVERIGE AB	P.O. Box 1088 171 22 Solna	100%
JENSEN Sweden Holding AB	Box 363 503 12 Borås	100%
Switzerland JENSEN AG Burgdorf	Buchmattstrasse 8 3400 Burgdorf	100%
JENSEN Holding AG	Buchmattstrasse 8 3400 Burgdorf	100%

GOTLI Holding	Industriestrasse 51 6312 Steinhausen	51%
GOTLI Labs AG	Industriestrasse 51 6312 Steinhausen	51%
Turkey TOLON GLOBAL MAKINA Sanyi Ve Tikaret Sirketi A.S.	A.O.S.B. 10007. Sk. No:9 Çi li, zmir	42%
United Kingdom JENSEN UK Ltd.	Unit 5, Network 11 Thorpe Way Industrial Estate Banbury, Oxfordshire OX16 4XS	100%
US JENSEN NA Inc.	Corporation Trust Center Orange Street 1209 Wilmington - Delaware	100%
JENSEN USA, Inc.	Aberdeen loop 99 Panama City, FL 32405	100%
831 South 1st Street, Inc.	831 South 1st Street Louisville, KY 40203	100%

SUMMARY STATUTORY FINANCIAL STATEMENTS JENSEN-GROUP NV

Summary balance sheet of JENSEN-GROUP NV

Assets as at (in thousands of euro)	December 31 2018	December 31 2017
Fixed assets	**97,026**	**96,971**
Intangible assets	0	0
Tangible fixed assets	370	315
Financial fixed assets	96,656	96,656
Current assets	**28,943**	**23,015**
Stocks and contracts in progress	2,312	5,269
Amounts receivable within one year	4,448	5,363
Treasury shares	0	0
Cash at bank and on hand	22,106	12,114
Deferred charges and accrued income	76	270
TOTAL ASSETS	**125,969**	**119,986**

Liabilities as at (in thousands of euro)	December 31 2018	December 31 2017
Capital and reserves	**95,557**	**94,964**
Capital	30,710	30,710
Share premium account	5,814	5,814
Reserves	3,071	3,071
Accumulated profits	55,962	55,369
Provisions and deferred taxes	**1,245**	**1,190**
Provisions for liabilities and charges	1,245	1,190
Long-term debts	**16,000**	**6,000**
Bank loans	16,000	6,000
Amounts payable	**13,167**	**17,833**
Amounts payable within one year	12,795	17,438
Accrued charges and deferred income	372	395
TOTAL LIABILITIES	**125,969**	**119,986**

Summary income statement of JENSEN-GROUP NV

Financial year ended (in thousands of euro)	December 31 2018	December 31 2017
Operating income	**19,629**	**20,602**
Turnover	21,204	19,576
finished goods and contracts in progress	-2,913	264
Other operating income	1,338	763
Operating charges	**-19,627**	**-20,023**
Raw materials, consumables and goods for resale	10,960	9,534
Services and other goods	6,033	7,593
Remuneration, social security and pensions	2,433	2,342
Depreciation	142	165
Write-downs	-28	99
Provisions for liabilities and charges	0	0
Other operating charges	86	290
Operating profit	**2**	**580**
Financial result	**8,269**	**-89**
Financial income	8,481	90
Financial charges	-212	-180
Profit for the year before taxes	**8,271**	**490**
Taxes	**141**	**-301**
Income taxes	141	-301
Profit for the year	**8,411**	**189**

Appropriation Account of JENSEN-GROUP NV

Financial year ended (in thousands of euro)	December 31 2018	December 31 2017
Profit to be appropriated	**63,781**	**63,187**
Profit (loss) for the period available for appropriation	8,411	189
Profit (loss) brought forward	55,369	62,998
Appropriations to capital and reserves	**0**	**0**
to legal reserves	0	0
to reserves for own shares	0	0
Result to be carried forward	**-55,962**	**-55,369**
Profit to be carried forward	55,962	55,369
Distribution of profit	**-7,819**	**-7,818**
Dividends	-7,819	-7,818

(in euro)	2018 (12 months)	2017 (12 months)
Current profit per share after taxes (1)	1.08	0.02
Number of shares outstanding (average)	7,818,999	7,818,999
Number of shares outstanding (year-end)	7,818,999	7,818,999

(1) The current profit after tax is the same as the net profit excluding extraordinary gains and losses (both adjusted for taxes).

Statutory financial statements of JENSEN-GROUP NV

In accordance with article 105 of the Belgian Companies Code, a summary version of the statutory financial statements of JENSEN-GROUP NV is presented. These have been prepared in accordance with Belgian Accounting Standards. The management report and statutory financial statements of JENSEN-GROUP NV and the report of the Statutory Auditor thereon are filed with the appropriate authorities, and are also available at the Company's registered offices.

The Statutory Auditor has issued an unqualified opinion on the statutory financial statements of JENSEN-GROUP NV.

JENSEN-GROUP NV has both a holding function and a commercial function as the sales and service company for the Benelux area.

During 2018, JENSEN-GROUP NV received dividends from its subsidiaries amounting to 8.3 million euro.

On the balance sheet, the long term debt increased as JENSEN-GROUP NV signed a long-term loan agreement at market conditions.

The full version of the statutory financial statements of JENSEN-GROUP NV is available on the corporate website www.JENSEN-GROUP.com.

Valuation rules

The valuation rules are in accordance with the Royal Decree of January 31, 2001.

Financial fixed assets

Since JENSEN-GROUP NV has a holding function, we emphasize that, in accordance with our valuation rules and accounting legislation in Belgium, financial fixed assets are valued at their initial acquisition price or paid-in capital. Write-offs on the financial fixed assets are taken when they are deemed to be of a permanent nature. If it appears that write-offs taken previously are no longer needed, they are reversed. Financial fixed assets are never valued above acquisition price or paid-in capital.

Intangible fixed assets

The intangible fixed assets consist of goodwill that arises from the acquisitions of the distribution activity in the Benelux. For statutory purposes, goodwill is amortized over a period of five years.

Tangible fixed assets

Tangible fixed assets are recorded at their acquisition value or construction cost, increased, where appropriate, by ancillary costs. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life from the month of acquisition onwards.

On tangible fixed assets, the depreciation rules are:

Caption	Method	Rate
Infrastructure	Straight line	10%
Installations, machinery and equipment	Straight line	20%
Office equipment and furniture	Straight line	20%
Vehicles	Straight line	20%

Inventories and contracts in progress

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method. For produced inventories, cost means the full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and variable selling expenses.

The Company uses the 'percentage of completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Amounts receivable

Trade amounts receivable and other amounts receivable are carried at nominal value. Allowances are made to amounts receivable where uncertainty exists as to the receipt or payment dates of the whole or a part of the balance. Supplementary write-offs are also recorded where the realizable value at the balance sheet date is lower than the carrying value.

Investments and cash at bank and in hand

Deposits with financial institutions are carried at nominal value. Write-downs are applied where the realizable value at the balance sheet date is lower than the historical cost.

Provisions for liabilities and charges

Provisions for liabilities and charges are assessed on an individual basis to address the risks and future costs which they are intended to cover. They are maintained only to the extent that they are required following an updated assessment of the liabilities and charges for which they were created.

Amounts payable (after one year and within one year)

Amounts payable are carried at nominal value at the balance sheet date. The only elements which are recorded in the accrued charges and deferred income accounts are charges payable at the balance sheet date in respect of past or prior years.

Financial instruments

The Company uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. It is the Company's policy not to hold derivative instruments for speculative or trading purposes.

Derivative financial instruments are recognized initially at cost, their premium is amortized pro rata temporis. At year-end, the financial instruments are calculated at market value using the mark-to-market mechanism. The unrealized losses are recognized in the income statement whereas the unrealized gains are deferred.

The hedged balance sheet positions (outstanding receivables and payables) are recorded at the hedging rate.

General Information

1. Identification

- Name: JENSEN-GROUP NV
- Registered office: Bijenstraat 6, 9051 Sint-Denijs-Westrem.
- The Company was incorporated on April 23, 1990 and exists for an unlimited period of time.
- The Company has the legal form of a "naamloze vennootschap/société anonyme" and operates under Belgian Company Law.
- The statutory purpose of the Company consists in the following, both in Belgium and abroad, on its own behalf or in the name of third parties, for its own account or for the account of third parties:

1. Any and all operations related directly or indirectly or connected with the engineering, production, purchase and sale, distribution, import, export and representation of laundry machines and systems and the manufacture thereof;
2. Providing technical, commercial, financial and other services for affiliated businesses, including commercial and industrial activities in support;
3. Obtaining an interest, in any manner, in any and all businesses that pursue the same, a similar or related purpose or that are likely to further its own business or facilitate the sale of its products or services, also cooperating or merging with these businesses and, in general, investing, subscribing, purchasing, selling and negotiating financial instruments issued by Belgian or foreign businesses;
4. Managing investments and participations in Belgian or foreign businesses, including the standing of sureties, guaranteeing bills, making payments in advance, loans, personal or material sureties for the benefit of these businesses and acting as their proxy holder or representative;
5. Acting in the capacity of director, providing advice, management and other services for the benefit of the management and other services for the benefit of other Belgian or foreign businesses, by virtue of contractual relations or statutory appointment and in the capacity of external consultant or governing body of any such business.

The Company may undertake both in Belgium and abroad, any and all industrial, trade, financial, bonds and stocks and real property transactions that are likely to extend or further its business directly or indirectly or that are related therewith. It may acquire any and all movable and real property items, even if these are related neither directly nor indirectly to the Purpose of the Company.

It may obtain, in any manner, an interest in any and all associations, ventures, business or companies that pursue the same, a similar or related purpose or that are likely to further its business or facilitate the sale of its products or services, and it may cooperate or merge therewith.

- The Company is registered in the Commercial Register of Ghent and is subject to VAT under the number BE 0440.449.284
- The Bylaws of the Company can be consulted at the registered office of the Company and on its corporate website www.jensen-group.com. The annual accounts are filed with the National Bank of Belgium. Financial reports of the Company are published in the financial press and are also available on the website www.jensen-group.com. Other documents that are publicly available and that are mentioned in the reference document can be consulted at the registered office of the Company or on its corporate website www.jensen-group.com. The Annual Report of the Company is sent every year to the holders of registered shares as well as to any shareholder who wish to receive it.

2. Share Capital

The registered share capital amounts to 30,710,108 euro and is represented by 7,818,999 shares without nominal value. There are no shares that do not represent the share capital. All shares are ordinary shares; there are no preference shares. The shares are dematerialized or registered shares, depending on the shareholder's preference. The dematerialized shares have been issued either by way of an increase of capital or by exchanging existing registered or bearer shares for dematerialized shares. Each shareholder may request the exchange of his/her shares either into registered shares or into dematerialized shares. At least two directors will sign a share certificate. Signature stamps may replace the signatures.

- Evolution of the share capital:

Date	Share capital	Currency	Number of shares
24/05/2002	42,714,560	euro	8,264,842
20/05/2008	42,714,560	euro	8,252,604
13/01/2009	42,714,560	euro	8,039,842
30/11/2011	42,714,560	euro	8,002,968
04/10/2012	30,710,108	euro	8,002,968
12/05/2016	30,710,108	euro	7,818,999

www.jensen-group.com

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