



Ladies and Gentlemen

As every year, we present to you our annual report. 2021 is already the second year of the pandemic, which has significantly disrupted people's lives around the world and has caused large perturbations to businesses.

Our adaptation measures that were launched from the start of the global epidemic, as early as March 2020, bore fruit both in 2020 and last year. We were able to balance large and unexpected changes in demand with high production flexibility and efficiency. Our preventive measures helped to guard against outbreaks of disease at individual factories. All the time we were working to improve our functioning both within the organisation and in our relations with customers. Once again, vertical integration – our own chipboard production – proved to be right. 2021 was a year of limited availability of this basic raw material and, what is directly related to it, a significant increase in prices. Our own production kept us fully supplied with chipboard and mitigated the effects of rising costs.

We ended 2021 with very good financial results.

The FORTE Group's EBITDA was PLN 233 million versus PLN 198 million in 2020 and PLN 141 million in 2019, which, combined with lean management of working capital, allowed us to reduce the debt ratio (financial debt / EBITDA) from 3.0 at the end of 2019 to 1.6 at the end of 2021.

When publishing the report in April 2022, we need to provide a brief update on the current situation. After two years of the pandemic, we are facing a dramatic crisis caused by Russia's invasion of independent Ukraine. The tragedy of the people of Ukraine is unimaginable. As far as we can, we are actively trying to help refugees, mainly the families of our colleagues, and NGOs providing aid directly in Ukraine.

The war in Ukraine indirectly affects economic relations, supply chains, supplier and customer behaviour. The war affects us all. The economic sanctions imposed on Russia and Belarus affect businesses across Europe and the world.



We are therefore aware that the war is already having and will continue to have an impact on our business as well. There will be a whole range of adverse factors. Inflation across Europe will increase the cost of living and reduce demand for durable goods, including furniture. Increased production costs, primarily for materials and energy, will result in higher selling prices, which may also reduce demand. There may be problems with the availability of transport, as many of our drivers come from Ukraine and have left to defend their homeland.

The first and second waves of the epidemic have taught both us and our customers how to react to and manage crises. We have taken a number of measures to reduce and mitigate the effects of the expected crisis caused by the war. I therefore hope that in this difficult time we can, together with the entire FORTE team, achieve the results planned for this year.

Maciej Formanowicz

President of the Management Board