

Ostrów Mazowiecka, 26.01.2023

## CURRENT REPORT NO. 2 / 2023

**Subject:** inside information – preliminary information on the Issuer's financial results for Q4 2022.

The Management Board of FABRYKI MEBLI "FORTE" S.A. based in Ostrów Mazowiecka (the Issuer or the Company) publishes preliminary information on the financial results of the FABRYKI MEBLI "FORTE" S.A. Group (the Group) achieved in Q4 2022.

According to preliminary calculations, the Group's consolidated sales revenue in Q4 2022 amounted to approx. PLN 335 million (including PLN 43 million in respect of surplus furniture board manufactured in the Group's own board factory, i.e. TANNE Sp. z o.o. sold outside the Group) vs PLN 379 million in the comparative period of 2021 (including PLN 59 million from sales of board outside the Group), which means that it was 12% lower compared to the corresponding period of 2021.

The estimated value of the Group's consolidated EBIT for Q4 2022 was PLN 34 million, compared to PLN 51 million in the corresponding period of 2021 (a decrease by 33%).

EBIT for the 12-month period of 2022 was PLN 88 million, compared to PLN 178 million in the corresponding period of 2021 (a decrease by 51%).

The estimated value of the Group's consolidated EBITDA for Q4 2022 was PLN 48 million, compared to PLN 65 million in Q4 2021 (a decrease by 26%).

The Group's EBITDA for the 12-month period of 2022 amounted to PLN 143 million, compared to PLN 233 million in the corresponding period of 2021 (a decrease by 39%).

The financial result for Q4 2022 includes the sale of 70,000 CO2 emission allowances by the subsidiary TANNE at the price of EUR 85.47 per allowance, which generated an additional one-off income of PLN 28 million.

These emission allowances were allocated to TANNE under the EU ETS system. It has been its participant since 2020, when it was granted a permit to process waste, e.g. to obtain thermal energy and thus is obliged to comply with relevant legal obligations. This means that each year TANNE must account for the actual CO2 emissions from the installation it owns by surrendering the corresponding number of emission allowances. If the installation has lower emissions, it can either keep some of the allocated free allowances to cover its future needs or sell them.

Since the TANNE installation has been classified as a low CO2 emission installation, the number of allowances allocated each year exceeds the amount needed to be surrendered. TANNE sells its surplus allowances in free allowance trading. In December 2022, the company received allowances for the cleared year 2021 and "advance allowances for 2022, thus generating a one-off "double" number of free allowances. The Management Board decided to take advantage of the record high market price and immediately sold those allowances.

Excluding the impact of the profit from the sale of CO2 emission allowances, the Group's EBIT for the 12-month period of 2022 would amount to PLN 60 million, compared to PLN 178 million in the corresponding period of 2021 (a decrease by 66%), and PLN 6 million in Q4 2022, compared to PLN 51 million in Q4 2021 (a decrease by 88%).

The Issuer's Management Board also informs that the Group has received waivers from all financing banks with respect to the covenants included in loan agreements for Q3 2022 and the increased debt/EBITDA ratio causing the breach. As at the date of publication of this report, the terms of annexes to loan agreements are being individually agreed.

Due to the positive impact of the profit generated from the sale of CO2 emission allowances on EBITDA, the Group did not breach the debt/EBITDA ratio for Q4 2022.

The Issuer's Management Board informs that the above financial results are estimates only and may differ from the final figures that will be presented in the report for Q4 2022.

**Legal basis:** Article 17(1) of Market Abuse Regulation (MAR)