



Extract of consolidated financial report for the period ended 31.12.2022

**FABYKI MEBLI „FORTE” S.A.
CAPITAL GROUP**

Ostrów Mazowiecka, 28 February 2023

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CONSOLIDATED SELECTED FINANCIAL DATA

	in thousands of PLN		in thousands of EUR	
	31.12.2022 (unaudited)	31.12.2021 (unaudited)	31.12.2022 (unaudited)	31.12.2021 (unaudited)
Sales revenue	1 273 944	1 326 909	271 729	289 876
Profit (loss) on operating activities	88 179	178 592	18 808	39 015
Profit (loss) before tax	62 251	151 797	13 278	33 162
Net (profit) loss attributable to equity owners of the Parent company	89 544	110 829	19 100	24 212
Total comprehensive income for the period	111 116	94 359	23 701	20 614
Net cash flow from operating activities	11 596	146 367	2 473	31 975
Net cash flow from investment activities	-16 746	-39 300	-3 572	-8 585
Net cash flow from financial activities	-3 980	-166 314	-849	-36 333
Net (increase) decrease in cash and cash equivalents	-8 975	-59 440	-1 914	-12 985
Number of shares	23 930 769	23 930 769	23 930 769	23 930 769
Net profit per share attributable to equity owners of the Parent Company (in PLN/EUR)	3,74	4,63	0,80	1,01
	31.12.2022 (unaudited)	31.12.2021 (audited)	31.12.2022 (unaudited)	31.12.2021 (audited)
Total assets	1 481 119	1 437 464	315 810	312 533
Total liabilities	623 024	642 621	132 844	139 718
Long-term liabilities	310 693	319 022	66 247	69 362
Short-term liabilities	312 331	323 599	66 597	70 357
Total equity attributable to equity owners of the Parent company	855 752	792 215	182 467	172 243
Share capital	23 931	23 931	5 103	5 186
Book value per share (in PLN/EUR)	35,76	33,10	7,62	7,20

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the 12 months ended 31 December 2022 (unaudited)	For the 12 months ended 31 December 2021 (audited)	For the 3 months ended 31 December 2022 (unaudited)	For the 3 months ended 31 December 2021 (audited)
Sales revenue	1 273 944	1 326 909	334 649	378 539
Cost of sales	861 027	783 586	236 522	223 973
Gross profit from sales	412 917	543 323	98 128	154 566
Other operating revenue	32 001	5 244	28 886	409
Costs of sales	265 027	257 136	69 232	69 774
General administrative costs	83 214	87 216	22 615	22 822
Other operating costs	8 498	25 623	661	10 940
Profit/ (loss) on operating activities	88 179	178 592	34 504	51 439
Financial revenue	1 071	3 212	330	1 910
Financial costs	22 872	23 295	2 843	17 447
Loss on derivative financial instruments	-679	-1 485	101	-335
Share in the loss of investments valued at equity method	-3 449	-5 227	537	-1 710
Profit / (loss) before tax	62 251	151 797	38 316	33 857
Income tax	-27 009	40 902	8 501	10 384
Profit / (loss) on continued operations of the period	89 260	110 895	29 816	23 473
Profit/ (loss) of the period	89 260	110 895	29 816	23 473
Attributable to:				
Shareholders of the Parent Company	89 544	110 829	29 824	23 497
Non-controlling shareholders	-284	66	-8	-24
Profit/ (loss) on continued operations of the period in PLN:				
- basic	3,73	4,63	1,24	0,98
- diluted	3,73	4,63	1,24	0,98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the 12 months ended 31 December 2022 (unaudited)	For the 12 months ended 31 December 2021 (audited)	For the 3 months ended 31 December 2022 (unaudited)	For the 3 months ended 31 December 2021 (audited)
Profit/ (loss) of the period	89 260	110 895	29 816	23 473
Other comprehensive income before tax, including:	26 936	-20 730	97 954	-21 627
Items which in the future will not be reclassified to the profit and loss account	0	1 152	0	1 152
Revaluation of employee benefit obligations	0	1 152	0	1 152
Items which in the future may be reclassified to the profit and loss account	26 936	-21 882	97 954	-22 779
Foreign exchange differences on translation of foreign operations	581	-557	540	-313
Hedge accounting	26 355	-21 325	96 914	-22 466
Deferred tax connected with items of comprehensive income				
Deferred tax connected with items which in the future will not be reclassified to the profit and loss account	0	199	0	199
Deferred tax regarding employee benefits	0	199	0	199
Deferred tax connected with items which in the future may be reclassified to the profit and loss account	5 079	-4 393	18 426	-4 365
Deferred tax regarding hedge accounting	5 079	-4 393	18 426	-4 365
Other net comprehensive income	21 857	-16 536	79 027	-17 461
Total comprehensive income/(loss) for the period	111 116	94 359	108 842	6 012
Attributable to:				
Shareholders of the Parent Company	111 401	94 293	108 852	6 036
Non-controlling shareholders	-284	66	-8	-24

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 December 2022 (unaudited)	31 December 2021 (audited)
ASSETS		
Non-current assets	999 851	975 862
Tangible fixed assets	809 548	833 405
Intangible assets	29 756	16 729
Investment in subsidiaries	550	550
Other long-term financial assets	9 722	5 063
Real estate investment	51 060	51 667
Assets on deferred tax	91 898	68 448
Financial derivative instruments receivables	7 316	0
Current assets	481 268	461 602
Current assets other then held for sale	481 268	456 258
Inventory	266 100	239 457
Trade and other receivables	180 652	186 993
Income tax receivables	14 763	584
Financial assets	143	639
Cash and cash equivalents	19 610	28 585
Assets held for sale	0	5 344
TOTAL ASSETS	1 481 119	1 437 464
LIABILITIES		
Total equity	858 095	794 843
Equity (attributable to shareholders of the Parent Company), including:	855 752	792 215
Basic equity	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capital	7 379	-14 477
Retained earnings	709 886	668 205
Capital attributable to non-controlling shareholders	2 343	2 628
Long-term liabilities	310 693	319 022
Provision for benefits after the employment period	4 500	4 506
Interest-bearing loans and borrowings	248 556	241 968
Trade and other long-term liabilities	1 304	1 306
Accruals	14 771	1 610
Financial liabilities due to lease	27 226	25 641
Liabilities due to financial derivative instruments	12 026	38 995
Other long-term financial liabilities	2 309	4 996
Short-term liabilities	312 331	323 599
Trade and other liabilities	155 721	225 814
Contract liabilities	1 299	1 723
Accruals	343	362
Income tax liabilities	741	4 705
Current portion of interest-bearing loans and borrowings	138 718	83 090
Financial liabilities due to lease	541	834
Liabilities due to financial derivative instruments	11 990	4 060
Provision for benefits after the employment period	682	682
Other accruals	2 296	2 329
Total liabilities	623 024	642 621
TOTAL LIABILITIES	1 481 119	1 437 464

CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31.12.2022 (unaudited)	12 months ended 31.12.2021 (audited)
Cash flows from operating activities		
Profit/ (loss) of the period	89 260	110 895
Adjustments by:	-57 802	59 137
Share of loss of associates and joint ventures accounted for using equity method	3 449	5 227
Depreciation	55 395	54 685
Foreign exchange losses	5 086	-1 589
Interest income	-269	-29
Interest costs	10 433	6 738
Dividends	-405	-371
(Profit)/ loss on investing activity	-24 369	-1 145
Change in receivables	-27 009	40 902
Change in receivables	6 286	-6 953
Change in inventories	-26 659	-62 923
Change in liabilities, excluding loans and borrowings	-66 033	14 404
Change in provisions	160	-1 083
Change in fair value	5 723	9 684
Other adjustments	410	1 590
Cash flows from operating activities	31 458	170 032
Income tax paid	-19 862	-23 665
Net cash flows from operating activities	11 596	146 367
Cash flows from investment activities		
Sale of tangible assets	34 535	4 796
Inflows from disposal of associates	0	76
Purchase of intangible assets	-108	-2
Purchase of tangible fixed assets	-32 488	-36 008
Real property investments	-126	-126
Purchase of other debt and equity instruments	-9 331	-4 609
Sale of other debt and equity instruments	200	0
Purchase of shares in investments valued at equity method	-13 378	0
Dividends received	405	369
Borrowings interest paid	244	0
Repayment of borrowings related entities	8 281	0
Repayment of borrowings unrelated entities	700	705
Borrowings granted related entities	-5 000	-3 301
Borrowings granted unrelated entities	-680	-1 200
Net cash flows from investing activities	-16 746	-39 300
Cash flows from financing activities		
Inflows from loans and borrowings taken out	135 104	22 024
Repayment of loans and borrowings	-78 552	-82 985
Repayment of leasing liabilities	-1 939	-2 367
Payment of dividends	-47 862	-95 725
Payment of dividends to non-controlling shareholders	-1	0
Interest paid	-10 730	-7 261
Net cash flows from financial activities	-3 980	166 314
Net increase/ (decrease) in cash and cash		
Equivalents before exchange differences	-9 130	-59 440
Net foreign exchange differences (from the opening balance translation)	155	-193
Net increase / (decrease) in cash and cash		
Equivalents	-8 975	59 440
Opening balance of cash	28 585	88 025
Closing balance of cash, including:	19 610	28 585
of limited disposability	693	793

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2022 (unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total capital attributed to controlling shareholders	Total capital of non-controlling shareholders	Total equity
As at 1 January 2022	23 931	114 556	668 205	-14 477	792 214	2 627	794 841
Payment of dividend	0	0	-47 862	0	-47 862	0	-47 862
Other changes	0	0	-1	-1	-2	0	-2
<i>Current result</i>	<i>0</i>	<i>0</i>	<i>89 544</i>	<i>0</i>	<i>89 544</i>	<i>-284</i>	<i>89 260</i>
<i>Other comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>21 857</i>	<i>21 857</i>	<i>-1</i>	<i>21 856</i>
Comprehensive income for the period	0	0	89 544	21 857	111 401	-285	111 116
Change in equity	0	0	41 681	21 856	63 537	-285	63 252
As at 31 December 2022	23 931	114 556	709 886	7 379	855 752	2 343	858 095

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total capital attributed to controlling shareholders	Total capital of non-controlling shareholders	Total equity
As at 1 January 2021	23 931	114 556	691 897	-36 737	793 647	2 563	796 210
Payment of dividend	0	0	-95 723	0	-95 723	-2	-95 725
Other changes	0	0	-38 798	38 796	-2	1	-1
<i>Current result</i>	<i>0</i>	<i>0</i>	<i>110 829</i>	<i>0</i>	<i>110 829</i>	<i>66</i>	<i>110 895</i>
<i>Other comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-16 536</i>	<i>-16 536</i>	<i>0</i>	<i>-16 536</i>
Comprehensive income for the period	0	0	110 829	-16 536	94 293	66	94 359
Change in equity	0	0	-23 692	22 260	-1 432	65	-1 367
As at 31 December 2021	23 931	114 556	668 205	-14 477	792 215	2 628	794 843

Seasonality of operations

	Domestic revenues	Share % in total quarter revenues	Export revenues	Share % in total quarter revenues	Revenues from sales of products, materials, goods and services	Share % in annual revenues
I Q 2022	71 324	20%	284 242	80%	355 566	28%
II Q 2022	91 313	27%	241 819	73%	333 132	26%
III Q 2022	51 826	21%	198 771	79%	250 597	20%
IV Q 2022	70 677	21%	263 972	79%	334 649	26%
12 months of 2022	285 140	22%	988 804	78%	1 273 944	100%
I Q 2021	55 837	19%	242 792	81%	298 629	23%
II Q 2021	58 732	19%	251 237	81%	309 969	23%
III Q 2021	88 036	26%	251 736	74%	339 772	26%
IV Q 2021	95 364	25%	283 175	75%	378 539	28%
Total 2021	297 969	22%	1 028 940	78%	1 326 909	100%

Revenues and costs

Sales revenues

Sales revenues	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Revenues from sales of goods, products and materials	1 267 498	1 319 306
- products	1 016 914	1 132 867
- goods	6 144	124 7 724
-materials	244 440	178 714
Revenues from sales of services	6 446	7 603
Total net revenues from sales	1 273 944	1 326 909
- including from related entities	6 145	6 196

Other operating revenues

Other operating revenues	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Reversal of impairment write-downs receivables	2	325
Reversal of impairment write-downs others	36	0
Gain on sale of property, plant and equipment	364	1 524
Gain on sale of real estate	156	57
Gain on sale of intangible assets	28 019	0
Revaluation of real estate	0	680
Revaluation of real estate held for sale	0	444
Subsidies	627	107
Donations and compensations	1 889	1 637
Other	860	470
Inventory surpluses	47	0
Total other operating revenues	32 001	5 244

Other operating cost

Other operating costs	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Creation of revaluation write-downs receivables	245	532
Creation of revaluation write-downs inventories	98	77
Liquidation and impairment losses on property, plant and equipment	121	624
Employee benefits costs	0	514
Inventory shortages	0	419
Damages removing costs	514	1 893
Scrapping of inventory	2 126	3 740
Donations	2 701	118
Penalties and compensations	916	63
Real estate investment fair value	627	10 808
Other	1 150	6 836
Other operating costs, total	8 498	25 623

Financial revenues

Financial revenue	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Dividends	405	369
Exchange differences of financial assets and liabilities	0	2 640
Interest	501	199
Other	166	5
Financial revenues, total	1 071	3 212

Financial costs

Financial costs	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Loss on financial assets sale	4 053	370
Interest on loans , credits	9 240	5 573
Interest on leasing	1 194	648
Other interest	944	15 388
Exchange differences of financial assets and liabilities	1 491	0
Credit valuation at amortised cost	536	914
Financial investments fair value	5 095	0
Other	319	403
Financial costs, total	22 872	23 295

Costs by type

Costs by type	For the reporting period ended	
	31.12.2022 (unaudited)	31.12.2021 (audited)
Depreciation	55 395	54 685
Consumption of materials and energy	512 640	492 721
External services	210 288	214 111
Taxes and fees	17 018	17 931
Payroll	195 041	222 144
Social insurance and other benefits	48 261	50 072
Other costs by type	15 833	12 175

Costs by type	1 054 476	1 063 840
Change in product inventory and accruals	13 128	40 104
Manufacturing cost of products for internal purposes	1 530	1 496
Scrapping of products and semi-finished products	1 719	3 429
Costs of sales	265 027	257 136
General administrative costs	83 214	87 216
Manufacturing cost of sold products and services	689 859	674 459
Value of goods and materials sold	171 168	109 127
Costs of sales	861 027	783 586

Commentary to the Group results and basic economic-financial amounts

Group performance and key economic and financial data:

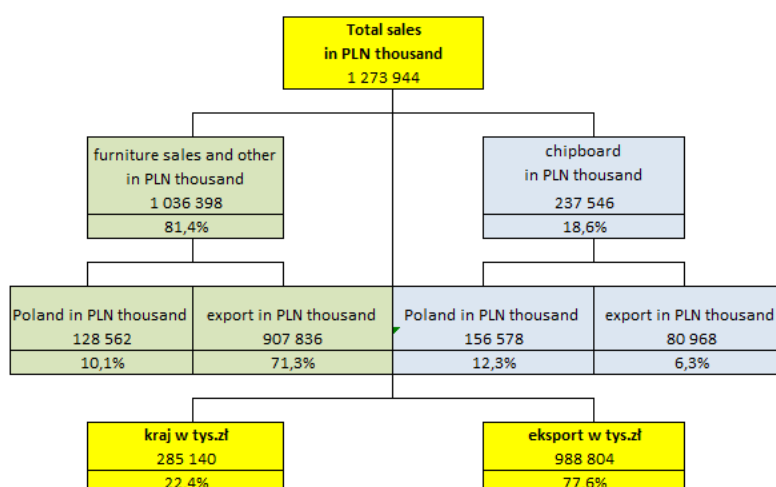
Item	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021	% change	3 months ended 31 Dec 2022	3 months ended 31 Dec 2021	% change
Sales revenue	1 273 944	1 326 909	-4,0%	334 649	378 539	-11,6%
Cost of sales	861 027	783 586	9,9%	236 522	223 973	5,6%
Gross profit on sales	412 917	543 323	-24,0%	98 128	154 566	-36,5%
Gross margin on sales %	32,4%	40,9%	-8,5%	29,3%	40,8%	
Selling costs	265 027	257 136	3,1%	69 232	69 774	-0,8%
G&A costs	83 214	87 216	-4,6%	22 615	22 822	-0,9%
Operating profit (EBIT)	88 179	178 592	-50,6%	34 504	51 439	-32,9%
EBITDA	143 574	233 277	-38,5%	48 343	65 095	-25,7%
Share in loss of subsidiaries valued under the equity method	-3 449	-5 227	-34,0%	537	-1 710	-131,4%
Gross profit	62 251	151 797	-59,0%	38 316	33 857	13,2%
Net profit	89 260	110 895	-19,5%	29 816	23 473	27,0%
Net profit margin %	7,0%	8,4%		8,9%	6,2%	
Return on equity (ROE)	10,4%	14,0%		3,5%	3,0%	
Return on assets (ROA)	6,0%	7,7%		2,0%	1,6%	

By the end of Q4 2022, the FORTE Group earned **sales revenue** of PLN 1 273 944 thousand, compared to PLN 1 326 909 thousand in the corresponding period of 2021 (a decrease by 4%). In Q4 2022 alone, the Group earned sales revenue of PLN 334 649 thousand, which is a decrease by 11.6% compared to Q4 2021.

Sales of surplus chipboard manufactured by the subsidiary TANNE accounted for 18.60% of the FORTE Group's total sales, with a 6.3% share of exports (PLN 80 968 thousand) and a 12.3% share of domestic sales (PLN 156 578 thousand).

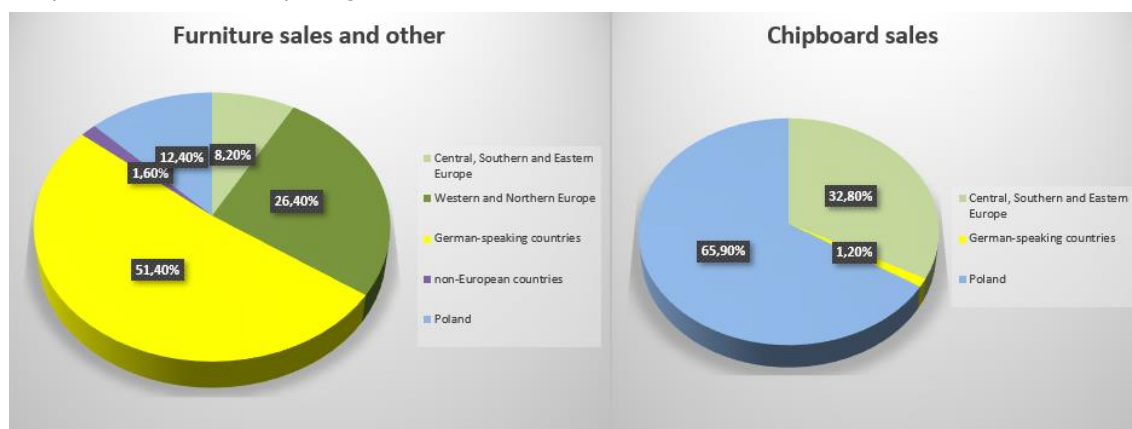
Chipboard sales to external customers amounted to PLN 237 546 thousand in the entire 2022 reporting period, compared to PLN 173 855 thousand in the corresponding period of 2021 (an increase by 36.6%).

In terms of volume, however, chipboard sales in 2022 were lower than in the comparative period by approx. 3% (178.1 thousand m³ in 2022 vs. 184.5 thousand m³ in 2021). **Furniture and other sales of the Group** accounted for 81.4% of total sales (PLN 1 036 398 thousand), with exports of PLN 907 836 thousand (71.3%) and domestic sales of PLN 128 562 thousand (10.1%).



Percentage of furniture and other sales in individual markets was as follows: German-speaking countries 51.4%, Western and Northern Europe 26.4%, Poland 12.4%, Central, Southern and Eastern Europe 8.2% and Non-European countries 1.6%.

Percentage of chipboard sales in individual markets was as follows: Poland 65.0%, Central, Southern and Eastern Europe 32.8% and German-speaking countries 1.2%.



Gross margin on sales stood at a level of 32.4%, that is 8.5 pp lower than in the corresponding period last year.

Selling costs amounted to PLN 265 027 thousand and, in terms of numbers, increased by PLN 7 891 thousand compared to the four quarters of 2021, which was mainly due to an increase in transport costs and the Group's participation in a greater number of trade fairs compared to the same period of the previous year (including a trade fair in the UK). The selling costs to revenue ratio was 20.8% compared to 19.4% in 2021.

G&A costs stood at a level of PLN 83 214 thousand against PLN 87 216 thousand in the corresponding period of 2021. The G&A costs to revenue ratio was 6.5% vs. 6.6% in the comparative period. This decrease in G&A costs vs. comparative period was mainly due to a lower provision created for annual bonuses calculated on the basis of the consolidated net profit.

Operating profit amounted to PLN 88 179 thousand (6.9% revenue), compared to PLN 178 592 thousand (13.5% of revenue) in the corresponding period of 2021.

EBIT in Q4 was positively affected by the sale of 70 000 CO2 emission allowances (allocated to the subsidiary TANNE free of charge) at the price of EUR 85.47 per allowance, which generated an additional one-off income of PLN 28 019 thousand.

This decline in profitability has been affected by the following three factors:

- high costs of raw materials and production inputs (primarily wood and wood-based materials), which are transferred to the customer with a long delay,
- a very strong slowdown in the furniture market, in particular for cabinet furniture, which had a negative impact on the dynamics of furniture sales in all markets served by the Company, in particular in the German market. In terms of volume, furniture sales in Q4 2022 were 18% lower than in the same period of the previous year,
- low demand for furniture directly translated into a decreased demand for furniture board (despite stable selling prices), which translated into lower sales of chipboard from TANNE to external customers, in terms of volume, by 3.5% vs. the same period last year.

Result on financial operations amounted to PLN (-) 21 801 thousand. The most significant item of the Group's financial expenses was interest on loans and borrowings of PLN (-) 9 240 thousand vs. PLN (-) 5 495 thousand in the comparative period. Moreover, in Q2 2022, the Group created a write-down for the shares of Yestersen Sp. z o.o. in the amount of PLN (-) 4 609 thousand and a write-down for full financing of the company's operating activities, in the form of loans granted, in the amount of PLN 480 thousand. These measures were taken following information obtained from Yestersen Sp. z o.o. that it closed its showroom and online shop.

In addition, on 7 December 2022, the subsidiary FORTE BRAND Sp. z o.o. concluded an agreement for the purchase of its own shares by SPECIFIC Sp. z o.o. in order to cancel them. Under the agreement, FORTE BRAND Sp. z o.o. transferred ownership of 850 shares to SPECIFIC Sp. z o.o. without consideration. As at the date of the agreement, the value of the shares was PLN 4 250 thousand. The result related to the free transfer of shares for cancellation was recognised under "Loss on sale of financial assets".

Net profit realised in the reporting period amounted to PLN 89 260 thousand (7.0% of revenue) against PLN 110 895 thousand (8.4% of revenue) for the four quarters of the previous year. The net profit for the reporting period was positively affected by the Group's creation of an asset of PLN 46 059 thousand to be used by TANNE Sp. z o.o. as a tax relief in connection with returning a subsidy to the Ministry of Development and running a business in a special economic zone. In turn, the net profit was negatively affected by the use of the asset for tax relief totaling PLN 27 418 thousand by TANNE Sp. z o.o. and DYSTRI-FORTE Sp. z o.o. in the current period.

Characteristics of balance sheet items	31.12.2022		31.12.2021		% change 2022/2021
	PLN '000	% of balance sheet total	PLN '000	% of balance sheet total	
Non-current assets	999 851	68%	975 862	68%	2%
Current assets	481 268	32%	456 258	32%	5%
Assets held for sale	0	0%	5 344	0%	-100%
Total assets	1 481 119	100%	1 437 464	100%	3%
Equity	858 095	58%	794 843	55%	8%
Non-current liabilities and provisions	310 693	21%	319 022	22%	-3%
Current liabilities and provisions	312 331	21%	323 599	23%	-3%
Total equity and liabilities	1 481 119	100%	1 437 464	100%	3%

Non-current assets increased by PLN 23 989 thousand mainly as a result of an increase in deferred tax assets by PLN 23 450 thousand and in intangible assets by PLN 13 027 thousand, compared to 31 December 2021, due to the allocation of free CO2 emission allowances to TANNE to be used/surrendered in subsequent reporting periods. This decrease in tangible and intangible assets is due to the excess of depreciation/amortisation of assets held over the value of capital expenditure incurred in the reporting period.

Current assets increased by PLN 25 010 thousand. The most significant increase in current assets, compared to 31 December 2021, was recorded for inventories, i.e. by PLN 26 643 thousand. This increase in inventories was mainly due to building up a safe buffer of raw materials due to their rising prices and reduced supply, and the increase in inventories of finished goods was due to the lack of expected growth in furniture sales. Current assets also increased for income tax receivables (by PLN 14 179 thousand), as a result of payment of income tax advances in a simplified form based on the profit generated in 2020. The overall balance of the Group's current assets at the end of the reporting period was also affected by a decrease in cash by PLN 8 975 thousand compared to the end of 2021. In the reporting period, the Group finalised the planned sale of the real property located in Wrocław at Robotnicza Street and, as of 31 December 2022, it no longer had assets held for sale worth PLN 5 344 thousand in the balance sheet at the end of 2021.

On the **liabilities** side, the most significant decreases compared to 31 December 2021 relate to: trade and other liabilities by PLN 70 093 thousand due to a decrease in purchases of raw materials as a result of lower sales, derivative liabilities by PLN 19 039 thousand mainly due to a decrease in the nominal value of concluded option transactions. There was an increase in liabilities under loans and borrowings by PLN 62 216 thousand due to their increased use.

Due to a significant increase in the use of working capital loan limits by the Group, the Parent Company's Management Board took steps to obtain additional financing in order to increase business flexibility in a period of reduced demand for furniture and rising operating costs.

On 7 September 2022, the Parent Company concluded with mBank S.A. an annex to the loan agreement increasing the overdraft limit to EUR 10 million and extending the loan repayment date until 28.09.2023.

On 5 October, the subsidiary TANNE Sp. z o.o. concluded with PKO BP SA a multi-currency overdraft facility agreement up to the equivalent of PLN 50 million. The maturity date of the facility was set at 4 October 2023.

In addition, in the course of discussions with the banks, the Group obtained approvals from all financing banks to waive its loan agreement covenants for Q3 2022 and to increase the debt/EBITDA ratio causing non-compliance from the current level of 3.0 to the level of 6.0. As at the date of publication of this report, the terms of annexes to loan agreements are being individually negotiated, including the establishment of additional collateral by the Group.

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.

Notwithstanding the above, the Group repays the syndicated loan as scheduled.

The most important factors which, in the opinion of the Management Board, may affect the Group's performance in the following reporting periods include:

- economic situation in the European and domestic furniture market, which may be significantly affected by high inflation and threats to jobs due to disruption of supply chains in many key industries,
- concentration of furniture associations in Europe,
- price instability and availability of raw materials for furniture and furniture board production,
- transition from contractual electricity prices (contracts were valid until 31.12.2022) to current market prices – the Group will purchase electricity on a spot basis.
- possibility of translating current and future cost increases into product sales prices,
- foreign exchange market trends, in particular the level of the EUR/PLN exchange rate,
- lack of wood supplies from Belarus due to the ongoing war in Ukraine and the availability of wood raw material in the Polish market with a simultaneous lack of sanctions on the supply of cheap ready-made furniture from Belarus,
- unequal opportunities in sourcing wood for chipboard production against subsidised energy producers that also source wood for energy production from wood treated as biomass,
- general social anxiety and economic uncertainty due to the ongoing war in Ukraine and the deteriorating global economic situation.

SELECTED FINANCIAL DATA

	in thousands of PLN		in thousands of EUR	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Sales revenue	1 040 462	1 160 207	221 928	253 459
Profit (loss) on operating activities	-88 976	55 155	-18 978	12 049
Profit (loss) before tax	-88 846	103 742	-18 951	22 663
Profit (loss) for the period	-75 593	90 383	-16 124	19 745
Total comprehensive income for the period	-53 650	72 135	-11 443	15 759
Net cash flows from operating activities	-5 104	25 501	-1 089	5 571
Net cash flows from investing activities	-45 381	32 065	-9 680	7 005
Net cash flows from financial activities	49 856	-50 936	10 634	-11 127
Net increase (decrease) in cash and cash equivalents	619	6 407	132	1 400
Number of shares	23 930 769	23 930 769	23 930 769	23 930 769
Declared or paid dividend per share (in PLN/EUR)	0,00	2,00	0,00	0,44
Net profit (loss) per share (in PLN/EUR)	-3,16	3,78	-0,67	0,83
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total assets	959 041	922 876	204 491	200 651
Total liabilities	523 921	386 244	111 713	83 977
Long-term liabilities	218 993	158 680	46 695	34 500
Short-term liabilities	304 928	227 565	65 018	49 477
Total equity	435 120	536 632	92 778	116 674
Share capital	23 931	23 931	5 103	5 203
Book value per share (in PLN/EUR)	18,18	22,42	3,88	4,88

PROFIT AND LOSS ACCOUNT

	For the 12 months ended 31 December 2022 (unaudited)	For the 12 months ended 31 December 2021 (audited)	For the 3 months ended 31 December 2022 (unaudited)	For the 3 months ended 31 December 2021 (audited)
Sales revenue	1 040 462	1 160 207	292 409	322 011
Cost of sales	778 567	752 253	224 618	205 406
Gross profit from sales	261 894	407 953	67 791	116 604
Other operating revenue	1 114	2 237	493	796
Costs of sales	276 155	276 868	72 694	73 035
General administrative costs	68 688	71 674	19 052	18 473
Other operating costs	7 142	6 493	502	2 373
Profit/ (loss) on operating activities	-88 976	55 155	-23 964	23 519
Financial revenue	15 436	56 796	957	562
Financial costs	9 995	2 981	-355	952
Share in the profit/ loss of investments valued at equity method	-5 311	-5 227	-1 325	-1 709
Profit / (loss) before tax	-88 846	103 742	-23 976	21 419
Income tax	-13 253	13 360	-2 607	4 890
Profit/ (loss) on continued operations of the period	-75 593	90 383	-21 370	16 530
Profit of the period	-75 593	90 383	-21 370	16 530
Profit per share for the period (in PLN):				
- basic	-3,16	3,78	-0,89	0,69
- diluted	-3,16	3,78	-0,89	0,69

STATEMENT OF COMPREHENSIVE INCOME

	For the 12 months ended 31 December 2022 (unaudited)	For the 12 months ended 31 December 2021 (audited)	For the 3 months ended 31 December 2022 (unaudited)	For the 3 months ended 31 December 2021 (audited)
Profit of the period	-75 593	90 383	-21 370	16 530
Other comprehensive income before tax, including:	27 022	-22 441	98 291	-22 082
Items which in the future will not be reclassified to the profit and loss account	0	1 052	0	1 052
Revaluation of employee benefit obligations	0	1 052	0	1 052
Items which in the future may be reclassified to the profit and loss account	27 022	-23 493	98 291	-23 134
Foreign exchange differences on translation of foreign operations	288	-371	1 309	-156
Other comprehensive income for a cash flow hedge	26 734	-23 122	96 982	-22 978
Deferred tax connected with items of comprehensive income				
Deferred tax connected with items which in the future will not be reclassified to the profit and loss account	0	200	0	200
Deferred tax regarding employee benefits	0	200	0	200
Deferred tax connected with items which in the future may be reclassified to the profit and loss account	5 079	-4 393	18 426	-4 421
Deferred tax regarding hedge accounting	5 079	-4 393	18 426	-4 421
Other net comprehensive income	21 942	-18 248	79 864	-17 917
Total comprehensive income for the period	-53 650	72 135	58 495	-1 387

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 December 2022 (unaudited)	31 December 2021 (audited)
ASSETS		
Non-current assets	616 664	565 318
Tangible fixed assets	270 239	269 688
Intangible assets	418	615
Investment in subsidiaries and entities	290 782	289 782
Assets on deferred tax	11 092	2 715
Other long-term assets	36 817	2 518
Derivative financial instruments receivables	7 316	0
Current assets	342 377	357 558
Inventory	153 272	170 111
Trade and other receivables	161 217	171 395
Income tax receivables	14 452	0
Other short-term assets	43	2 039
Cash and cash equivalents	13 393	14 012
TOTAL ASSETS	959 041	922 876
LIABILITIES		
Equity	435 120	536 632
Share capital	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capitals	-10 600	-32 543
Retained earnings	307 233	430 688
Long-term liabilities	218 993	158 680
Provision for benefits after the employment period	4 027	4 027
Interest-bearing loans and borrowings	167 103	85 917
Subsidies	768	811
Financial liabilities due to lease	27 189	25 598
Other financial liabilities	9 922	4 996
Payables due to derivative financial instruments	9 983	37 332
Short-term liabilities	304 928	227 565
Trade and other liabilities	225 220	178 202
Contract liabilities	1 298	1 639
Subsidies	343	362
Liabilities due to tax	0	4 603
Current portion of interest-bearing loans and borrowings	62 629	34 951
Financial liabilities due to lease	489	756
Payables due to derivative financial instruments	11 990	4 060
Provision for benefits after the employment period	663	663
Other provisions	2 296	2 329
Total liabilities	523 921	386 244
TOTAL LIABILITIES	959 041	922 876

CASH FLOW STATEMENT

	For the 12 months ended 31 December 2022 (unaudited)	For the 12 months ended 31 December 2021 (unaudited)
Cash flow from operating activity		
Profit/ (loss) of the period	-75 593	90 383
Adjustments by:	89 748	-43 302
Share in the loss of investments valued at equity method	5 311	5 227
Amortisation	24 186	24 270
Foreign exchange (profit)/loss	1 020	-1 160
Interest income	-828	-83
Interest costs	8 743	3 075
Dividends	-13 998	-55 623
(Profit)/ Loss on investing activity	-444	-311
Change in receivables	10 157	6 763
Change in inventories	16 839	-43 009
Change in liabilities, excluding loans and borrowings	50 655	2 714
Change in provisions	311	485
Current tax recognised in profit or loss	-13 253	13 360
Other	1 051	989
Operating cash flow	14 156	47 081
Income tax paid	-19 260	-21 580
Net operating cash flow	-5 104	25 501
Cash flows from investment activities		
Sale of tangible fixed assets	1 014	422
Purchases of tangible fixed assets	-26 498	-21 212
Purchase of shares in associates	-1 000	0
Purchase of share of company valued at equity method	-3 378	0
Sell of other debt and equity instruments	200	0
Dividends received	13 998	55 623
Interest received	201	101
Repayment of borrowings granted	3 673	809
Borrowings granted to related entities	-33 592	-3 301
Other inflows/outflows	0	-376
Net investment cash flow	-45 381	32 065
Cash flows from financing activities		
Inflow from loans and borrowings taken out	113 283	50 524
Repayment of loans and borrowings	-5 000	0
Repayment of leasing liabilities	-1 855	-2 283
Interest paid	-8 710	-3 454
Dividend paid	-47 862	-95 723
Net financial cash flow	49 856	-50 936
Net increase/ (decrease) in cash and cash equivalents	-619	6 407
Net foreign exchange differences	10	-223
Opening balance of cash	14 012	7 605
Cash at end of year, including:	13 393	14 012
- of limited disposability	96	318

STATEMENT OF CHANGES IN EQUITY

for the period ended on 31 December 2022 (unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
As at 1 January 2022	23 931	114 556	430 688	-32 543	536 632
Dividends paid	0	0	-47 862	0	-47 862
Current result	0	0	-75 593	0	-75 593
Other comprehensive income for the period	0	0	0	21 942	21 942
Comprehensive income for the period	0	0	-75 593	21 942	-53 650
Change in equity	0	0	-123 454	21 942	-101 512
As at 31 December 2022	23 931	114 556	307 233	-10 600	435 120

STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2021 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
As at 1 January 2021	23 931	114 556	436 028	-14 295	560 220
Dividends paid	0	0	-95 723	0	-95 723
Current result	0	0	90 383	0	90 383
Other comprehensive income for the period	0	0	0	-18 248	-18 248
Comprehensive income for the period	0	0	90 383	-18 248	72 135
Change in equity	0	0	-5 340	-18 248	-23 588
As at 31 December 2021	23 931	114 556	430 688	-32 543	536 632

Signature of the person entrusted with bookkeeping:**Chief Accounting
Anna Wilczyńska**

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Signatures of all members of the Management Board:**President of the Management Board
Maciej Formanowicz**

.....

**Member of the Management Board
Maria Małgorzata Florczuk**

.....

**Member of the Management Board
Mariusz Jacek Gazda**

.....

**Member of the Management Board
Walter Stevens**

.....

**Member of the Management Board
Andreas Disch**

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Ostrów Mazowiecka, 28th February, 2023