

**REPORT OF THE SUPERVISORY BOARD
OF FABRYKI MEBLI "FORTE" S.A. FOR THE FINANCIAL YEAR BEGINNING ON
1 JANUARY 2022 AND ENDING ON 31 MARCH 2023**

The Report of the Supervisory Board of FABRYKI MEBLI "FORTE" S.A. (hereinafter referred to as: Board or Supervisory Board) has been prepared pursuant to Article 382 § 31¹ of the Code of Commercial Companies (hereinafter referred to as: CCC) and pursuant to Rule 2.11. of the Best Practice for WSE Listed Companies 2021 (hereinafter referred to as: Best Practice), and comprises:

- I. A report on the assessment of:
 1. the Management Board's report on the operations of the FABRYKI MEBLI "FORTE" S.A. Capital Group (hereinafter referred to as: Capital Group or Group) in the financial year beginning on 1 January 2022 and ending on 31 March 2023, which includes the Management Board's report on the operations of FABRYKI MEBLI "FORTE" S.A. (hereinafter referred to as: FORTE or Company) in the financial year beginning on 1 January 2022 and ending on 31 March 2023,
 2. the financial statements of the Company for the financial year beginning on 1 January 2022 and ending on 31 March 2023,
 3. the consolidated financial statements of the Capital Group for the financial year beginning on 1 January 2022 and ending on 31 March 2023,
 4. the Management Board's motion concerning coverage of FORTE's net loss for the financial year beginning on 1 January 2022 and ending on 31 March 2023.
- II. A report of the Supervisory Board on its activities in the financial year covering the period from 1 January 2022 to 31 March 2023, containing
 1. information on the composition of the Board and its committee, in accordance with Rule 2.11.1 of the Best Practice,
 2. a summary of the activities of the Board and its committee, in accordance with Rule 2.11.2 of the Best Practice,
 3. an assessment of the Company's standing, at a consolidated level, including an assessment of internal control systems, risk management, compliance and the

internal audit function, in accordance with Rule 2.11.3. of the Best Practice and Article 382 § 3¹ (2) of the CCC,

4. an assessment of the Company's adherence to the corporate governance principles and the manner of the Company's fulfilment of its disclosure obligations, in accordance with Rule 2.11.4 of the Best Practice,
5. an assessment of the reasonableness of expenditure referred to in Rule 1.5 of the Best Practice, in accordance with Rule 2.11.5 of the Best Practice,
6. information on the progress in the implementation of the diversity policy with regard to the Management Board and the Supervisory Board, including the achievement of the objectives referred to in Rule 2.1 of the Best Practice, in accordance with Rule 2.11.6 of the Best Practice,
7. an assessment of the Management Board's fulfilment of the obligations referred to in Article 380¹ of the CCC,
8. an assessment of the manner in which the Management Board prepares or provides the Supervisory Board with information, documents, reports or explanations requested pursuant to Article 382 § 4 of the CCC,
9. information on the total remuneration payable by the Company for any audits commissioned by the Supervisory Board during the financial year pursuant to Article 382¹ of the CCC.

Re item I.

Report on the assessment of the Management Board's report on the Capital Group's operations, which includes the Management Board's report on the Company's operations in the financial year beginning on 1 January 2022 and ending on 31 March 2023, the financial statements of the Company for the financial year beginning on 1 January 2022 and ending on 31 March 2023, the consolidated financial statements of the Capital Group for the financial year beginning on 1 January 2022 and ending on 31 March 2023, the Management Board's motion concerning coverage of the Company's net loss for the financial year beginning on 1 January 2022 and ending on 31 March 2023.

Assessment and audit of reports by the Supervisory Board

Acting pursuant to Article 382 §3 and §3¹ (1) and (2) of the CCC and § 4 section 2(e) of the Bylaws of the Supervisory Board, the Supervisory Board assessed:

1. the Management Board's report on the Capital Group's operations in the financial year beginning on 1 January 2022 and ending on 31 March 2023, including the Management Board's report on the Company's operations in the financial year beginning on 1 January 2022 and ending on 31 March 2023,
2. the financial statements of FORTE for the financial year beginning on 1 January 2022 and ending on 31 March 2023, which comprise:
 - a) a statement of financial situation (balance sheet) prepared as at 31 March 2023, showing a total balance of assets and liabilities in the amount of PLN 1,006,812 thousand (say: one billion six million eight hundred and twelve thousand zlotys),
 - b) a profit and loss account for the financial year beginning on 1 January 2022 and ending on 31 March 2023, showing a net loss of PLN 104,837 thousand (say: one hundred and four million eight hundred and thirty seven thousand zlotys),
 - c) a statement of comprehensive income for the financial year beginning on 1 January 2022 and ending on 31 March 2023, showing total net income of PLN -57,748 thousand (say: minus fifty seven million seven hundred and forty eight thousand zlotys),
 - d) a statement of changes in equity for the financial year beginning on 1 January 2022 and ending on 31 March 2023, showing a decrease in equity of PLN 105,610 thousand (say: one hundred and five million six hundred and ten thousand zlotys),
 - e) a cash flow statement for the financial year beginning on 1 January 2022 and ending on 31 March 2023, showing a net increase in cash and cash equivalents of PLN 6,834 thousand (say: six million eight hundred and thirty four thousand zlotys),
 - f) accounting principles (policies) and additional explanatory notes.
3. the consolidated financial statements of the Capital Group for the financial year beginning on 1 January 2022 and ending on 31 March 2023, which comprise:
 - a) a consolidated statement of financial situation (balance sheet) prepared as at 31 March 2023, showing a total balance of assets and liabilities in the amount of PLN 1,496,103 thousand (say: one billion four hundred and ninety six million one hundred and three thousand zlotys),

- b) a consolidated profit and loss account for the financial year ending on 31 March 2023, showing net profit of PLN 87,642 thousand (say: eighty seven million six hundred and forty two thousand zlotys),
- c) a consolidated statement of comprehensive income for the financial year ending on 31 March 2023, showing total net income of PLN 135,020 thousand (say: one hundred thirty five million twenty thousand zlotys),
- d) a consolidated statement of changes in equity for the financial year ending on 31 March 2023, showing an increase in equity of PLN 87,155 thousand (say: eighty seven million one hundred and fifty five thousand zlotys),
- e) a consolidated cash flow statement for the financial year ending on 31 March 2023, showing a net increase in cash and cash equivalents of PLN 757 thousand (say: seven hundred and fifty seven thousand zlotys),
- f) accounting principles (policies) and additional explanatory notes.

In making its assessment, the Supervisory Board had been made familiar with the results of the audit conducted by the Company's and the Capital Group's auditor and had received the reports of the independent auditor, i.e. MAZARS AUDYT Sp. z o. o. with its registered office in Warsaw on the audit of the Company's annual separate financial statements and the audit of the Capital Group's annual consolidated financial statements for the financial year ending on 31 March 2023. In making an assessment-related decision, the Supervisory Board had also taken into account information from the Audit Committee on the status of preparation of reports for the financial year ending on 31 March 2023 and the materials submitted to the Audit Committee by the Company's and Capital Group's auditor. Members of the Supervisory Board who are not members of the Audit Committee had participated in the meetings of the Audit Committee with the Company's and Capital Group's auditors. In addition, the Audit Committee had been updated by the Member of the Management Board responsible for the preparation of financial statements and by the Company's Chief Accountant on the status of preparation of the Company's and the Capital Group's statements.

Having performed the analysis, the Supervisory Board concludes that the Management Board's report on the Capital Group's operations in the financial year beginning on 1 January 2022 and ending on 31 March 2023, which includes the Management Board's report on the Company's operations in the financial year beginning on 1 January 2022 and ending on 31 March 2023, the financial statements of FORTE for the financial year beginning on 1 January 2022 and ending on 31 March 2023 and the consolidated financial statements of the Capital Group for the financial year beginning on 1 January 2022 and ending on 31 March 2023 present a clear view of the financial standing and are consistent with the books, the documents and the facts. In the Supervisory Board's opinion, the information presented in those

documents gives a fair and correct overview of the Company's and the Capital Group's operating results, as well as the Company's and the Capital Group's asset and financial position. The Supervisory Board recommends that the General Meeting approve the documents.

The Supervisory Board has also read the Company's and the Capital Group's Report on non-financial information for the financial year covering the period from 1 January 2022 to 31 March 2023, prepared in accordance with Article 49(b) of the Accounting Act, which forms a separate document and is also an integral part of the annual report.

Assessment of the Management Board's motion concerning coverage of loss

The Supervisory Board has positively assessed the motion of the Management Board of FORTE dated 2 August 2023 concerning coverage of loss for the financial year covering the period from 1 January 2022 to 31 March 2023, proposing that net loss of PLN 104,837 thousand (say: one hundred four million eight hundred and thirty seven thousand zlotys) be covered from the Company's reserve capital.

The Supervisory Board recommends that the General Meeting grant all Members of the Management Board, i.e. Maciej Formanowicz, Maria Małgorzata Florczuk, Mariusz Jacek Giada, Walter Stevens and Andreas Disch, discharge for the performance of their duties in the financial year covering the period from 1 January 2022 to 31 March 2023.

Re item II

Report of the Supervisory Board on its activities in the financial year covering the period from 1 January 2022 to 31 March 2023

1. Information on the composition of the Board and its Committee, in accordance with Rule 2.11.1 of the Best Practice

Supervisory Board

In the financial year covering the period from 1 January 2022 to 31 March 2023, the following changes took place in the Company's Supervisory Board:

On 4 January 2022, the Extraordinary General Meeting decided to dismiss Mr Jacek Tucharz from the position of a Supervisory Board Member and, at the same time, adopted resolutions to appoint Mr Jakub Papierski and Ms Agnieszka Zalewska to the Supervisory Board of the current term of office (2018-22).

As the term of office of the Supervisory Board had ended, on 22 June 2022 the Ordinary General Meeting appointed the following persons for the new term of office (2022-2026):

- Jakub Papierski,
- Zbigniew Sebastian,
- Jerzy Smardzewski,
- Piotr Szczepiórkowski,
- Bernard Woźniak,
- Agnieszka Zalewska.

Mr Zbigniew Sebastian is the Chairman of the Supervisory Board. Mr Bernard Woźniak is the Vice-Chairman of the Supervisory Board.

In the period from 1 January 2022 to 31 March 2023, the independence criteria, as defined pursuant to Rule 2.11.1 of the Best Practice for WSE Listed Companies 2021 were met by the following Members: Jakub Papierski, Jerzy Smardzewski, Piotr Szczepiórkowski, Bernard Woźniak and Agnieszka Zalewska.

Audit Committee

Pursuant to the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (consolidated text dated 15 July 2020, Journal of Laws of 2020, item 1415), the Company's Supervisory Board has appointed the Audit Committee. The Audit Committee is composed of:

- Zbigniew Sebastian,
- Jerzy Smardzewski,
- Bernard Woźniak.

Mr Bernard Woźniak is the Chairman of the Audit Committee.

Pursuant to Article 129 of the Act on statutory auditors, audit firms and public oversight (hereinafter referred to as the Act):

- Mr Zbigniew Sebastian and Mr Jerzy Smardzewski have knowledge and skills specific for the industry in which the Company operates, in accordance with Article 129 section 5 of the Act,
- Mr Bernard Woźniak has knowledge and skills in accounting or auditing of financial statements resulting from Article 129 section 1 of the Act and meets the independence criteria under Article 129 section 3 thereof.

As at the date of publication of the Supervisory Board's Report, the composition of the Company's Audit Committee appointed on 10 August 2022 has not changed.

The Company does not have a diversity policy within the meaning of Rule 2.1. of the Best Practice. The Company is required to ensure that the composition of the Supervisory Board is in accordance with the Act and allows for effective supervision of its operations. The Company runs a policy of equal access to functions within its structure to all candidates regardless of their gender, education, expertise, age or professional experience, therefore, it does not apply the gender differentiation criterion. In the Supervisory Board's opinion, the current composition of the Supervisory Board effectively fulfils its duties and the Board Members are competent enough to supervise the Company's operations. The composition of the Supervisory Board is diverse in terms of both age and gender.

2. Summary of the activities of the Board and its committee, in accordance with Rule 2.11.2 of the Best Practice

Summary of the Supervisory Board's activities

The Supervisory Board of FABRYKI MEBLI "FORTE" S.A. with its registered office in Ostrów Mazowiecka acts under generally applicable provisions of law, in particular the Code of Commercial Companies, the Company's Articles of Association, the Bylaws of the Supervisory Board and also in accordance with "Best Practice for WSE Listed Companies 2021 (hereinafter referred to as: BPLC 2021) adopted by the Company.

In accordance with the CCC, the Articles of Association and the Bylaws of the Supervisory Board, the Supervisory Board constantly supervises all fields of the Company's activity.

In the reporting period, i.e. from 1 January 2022 to 31 March 2023, the Supervisory Board held eleven meetings, including five on-site meetings, five meetings in the written form and one meeting in the form of a video conference, at which it adopted 34 resolutions concerning, among other things:

1. the Company's granting a loan to TANNE Sp. z o. o.,
2. a reorganisation at FABRYKI MEBLI "FORTE" S.A.,
3. adoption of the Report on the activity of the FABRYKI MEBLI "FORTE" S.A. Internal Audit for 2021,
4. approval of the FABRYKI MEBLI "FORTE" S.A. Internal Audit Plan for 2022,
5. approval of the FABRYKI MEBLI "FORTE" S.A. Capital Group Plan for 2022 and the FABRYKI MEBLI "FORTE" S.A. Capital Group Plan for the financial year covering the period from 1 January 2022 to 31 March 2023,

6. adoption of the Report on the periodic assessment of significant transactions entered into in the ordinary course of business for the period from 1 January to 31 December 2021,
7. assessment of: the Management Board's report on the operations of the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year 2021, which includes the Management Board's report on the operations of FABRYKI MEBLI "FORTE" S.A. in the financial year 2021 and the consolidated financial statements of the FABRYKI MEBLI "FORTE" S.A. Capital Group for the financial year 2021,
8. adoption of the Report of the Supervisory Board of FABRYKI MEBLI "FORTE" S.A. for the financial year 2021,
9. assessment of the Management Board's motion concerning the distribution of FABRYKI MEBLI "FORTE" S.A.'s net profit for the financial year 2021,
10. submission of a report on the results of the assessment of: the financial statements of FABRYKI MEBLI "FORTE" S.A. for the financial year 2021 and the consolidated financial statements of the FABRYKI MEBLI FORTE S.A. Capital Group for the financial year 2021, as well as the Management Board's Report on the operations of the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year 2021, which includes the Management Board's Report on the operations of FABRYKI MEBLI "FORTE" S.A. in the financial year 2021 and the Management Board's motion concerning the distribution of FABRYKI MEBLI "FORTE" S.A.'s net profit for the financial year 2021 to the Ordinary General Meeting of FABRYKI MEBLI "FORTE" S.A. for approval,
11. adoption of the Report on remuneration of Members of the Management Board and Supervisory Board of FABRYKI MEBLI "FORTE" S.A. for the financial year 2021,
12. issuance of an opinion on draft resolutions which were discussed at the Ordinary General Meeting of FABRYKI MEBLI "FORTE" S.A.,
13. election of the Vice-Chairman of the Company's Supervisory Board,
14. appointment of Members of the Audit Committee of FABRYKI MEBLI "FORTE" S.A.,
15. appointment of the Chairman of the Audit Committee of FABRYKI MEBLI "FORTE" S.A.,
16. consent to a Member of the Management Board of FABRYKI MEBLI "FORTE" S.A. serving as a Member of the Management Board at SPECIFIC Sp. z o.o.,
17. consent to the conclusion of an annex to the credit agreement and the establishment of collateral for the repayment of FABRYKI MEBLI "FORTE" S.A.'s liabilities,
18. consent to the sale of real property located in Suwałki,
19. consent to the conclusion of a credit agreement,

20. consent to FABRYKI MEBLI "FORTE" S.A. incurring liabilities and establishing collateral,
21. consent to FABRYKI MEBLI "FORTE" S.A. making a payment guarantee to SPECIFIC Sp. z o.o.,
22. consent to the sale of real property located in Hajnówka,
23. consent to FABRYKI MEBLI "FORTE" S.A. establishing a right-of-way and a land easement,
24. consent to the establishment of a financial pledge in favour of mBank,
25. consent to the establishment of a mortgage,
26. consent to donations being made to the AMF NASZA DROGA Foundation,
27. bonuses for the President of the Management Board,
28. amendment to the terms and conditions of the agreement on corporate secrecy, non-competition and non-solicitation concluded with a Management Board Member,
29. amendment to the terms and conditions of remuneration for a Management Board Member.

The Supervisory Board's work in the financial year covering the period from 1 January 2022 to 31 March 2023 focused on matters of significant importance to the Company's operations. The Supervisory Board looked at key aspects of the Company's operations and the work of the Management Board. The scope of activities subject to supervision, consultations and opinions of the Supervisory Board included significant fields of activity, such as assessing financial statements and the Management Board's reports on the Company's operations, as well as approving and consenting to the Management Board's performance of certain activities reserved for the competence of the Supervisory Board. The Supervisory Board had been regularly informed by the Management Board about current activities, analysed the financial performance and received updates on the situation in the Company and the Capital Group. In the reporting period, the Supervisory Board - guided by the concern for the proper and safe operation of the Company - supervised its activities in all aspects, including the functioning of the risk management, internal control and audit systems - both directly and through the Audit Committee. Members of the Management Board had been invited to the Supervisory Board meetings so that, among other things, they could present selected business areas. During meetings with the Management Board, the Board received information and explanations on certain issues related to the day-to-day operations of the Company and Capital Group entities. Due to the change in the legal regulations contained in the CCC, the Company's Supervisory Board had been receiving, in particular, information pursuant to Article 380¹ of the CCC.

Summary of the Audit Committee's activities

In the financial year covering the period from 1 January 2022 to 31 March 2023, the Audit Committee conducted its activities in a hybrid procedure, i.e. some of its meetings were held remotely and some were held on-site. The Audit Committee held four meetings in the reporting period. The Audit Committee passed a resolution on the adoption of the Report on the Audit Committee's activities for the period from 1 January to 31 December 2021.

During the Audit Committee meetings, the following issues were discussed in particular:

- results of the analysis of the most substantial risks concerning FORTE and the Capital Group, with particular emphasis on risks that may affect the Company's and the Capital Group's financial statements,
- internal control and audit, as a broad understood process of preparing the Company's and the Capital Group's financial statements,
- information on the progress of work on the preparation of the semi-annual and annual financial statements of FORTE and the Capital Group,
- the report of the Company's Internal Control and Audit Office on its activities in 2021,
- Internal Audit plans for the financial year in question and report on the activity of FORTE's Internal Audit,
- recommendations and indications of risk areas which should be included in the internal audit plan,
- information on the current status of audit activities carried out by the Internal Control and Audit Office.

The Audit Committee co-operated with the Company's Internal Control and Audit Office. It received information on:

- the Internal Control and Audit Office's activities in 2021,
- the Internal Control and Audit Office's plan in 2022,
- the implementation of audit tasks in relation to the 2022 plan,
- proposals of changes to the annual audit plan implemented by the Internal Control and Audit Office in relation to the 2022 plan.

In the financial year covering the period from 1 January 2022 to 31 March 2023, the Audit Committee held three meetings with the auditor authorised to audit the statutory financial statements of the Company and the Capital Group, i.e. MAZARS AUDYT Sp. z o. o. with its registered office in Warsaw. During one of the meetings, they discussed the "Additional report for the Audit Committee concerning the audit of the separate annual financial statements covering the period from 1 January 2021 to 31 December 2021" and the "Summary of the audit

of the annual financial statements of the FABRYKI MEBLI "FORTE" S.A. Capital Group prepared as at 31 December 2021".

During the two subsequent meetings of the Audit Committee, the auditor MAZARS AUDYT Sp. z o.o. presented a summary of the review of the half-year financial statements prepared as at 30 June 2022 and delivered post-preliminary audit conclusions plus an audit plan for the financial statements prepared as at 31 March 2023. During the meetings with the auditors, the Audit Committee members received comprehensive information on the auditor's work on the reports being prepared. The auditors made Members of the Audit Committee familiar with the principles of auditor independence, presented the key areas of audit and the methodology of audit work.

The auditors prepared and provided the Audit Committee with the following documents:

- Additional report for the Audit Committee concerning the audit of the separate annual financial statements covering the period from 1 January 2021 to 31 December 2021,
- Summary of the audit of the annual financial statements of the FABRYKI MEBLI "FORTE" S.A. Capital Group prepared as at 31 December 2021,
- Summary of the review of the half-year financial statements prepared as at 30 June 2022,
- Post-preliminary audit conclusions, plan for the audit of the financial statements prepared as at 31 March 2023.

The auditors discussed and presented the status of work on the Company's and the Capital Group's reports, as well as the auditors' approach to the audit, including the assessment of risk and materiality.

The Audit Committee meetings were attended by the persons responsible for the preparation of the Company's and the Capital Group's financial statements, i.e. the Member of the Management Board responsible for the Company's finances and the Director of the Finance Office - Chief Accountant, as well as the Director of the Internal Control and Audit Office. The Members of the Audit Committee were informed about the most significant risks to which the Company is exposed and which could affect the Company's and the Capital Group's financial statements, and about the progress of work on the preparation of the financial statements. The Internal Control and Audit Office cooperated with the Audit Committee, which consisted in internal reporting on the internal control system and risk management system, providing information on the day-to-day activities of the Internal Control and Audit Office and on the internal audits carried out during the financial year covering the period from 1 January 2022 to 31 March 2023 and on the results of the Internal Audit quality assurance and improvement programme during the reporting period. The Director of the Company's Internal Control and Audit Office presented

the Report on the Audit Office's activities in the financial year covering the period from 1 January 2022 to 31 March 2023, as well as the issues the Audit Office was planning to examine as part of internal audit in the following financial year.

3. Assessment of the Company's standing, at a consolidated level, including an assessment of internal controls, risk management, compliance and the internal audit function, in accordance with Rule 2.11.3. of the Best Practice and Article 382 § 3¹ of the CCC

The Company's Management Board is responsible for keeping accounts in accordance with the International Financial Reporting Standards (IFRS) as approved by the International Accounting Standards Board and for the system of internal control and its effectiveness in the preparation of the financial statements. The preparation of the Company's financial statements and interim reports is materially supervised by the Member of the Management Board responsible for financial matters. In the process of current management and direction of the Company, and also in the phase of preparation of interim reports, the Management Board performs a periodical verification of risk factors significant for the Company on an ongoing basis throughout the whole financial year. A number of controls have been designed and implemented to ensure the integrity and correctness of the preparation and drawing up of the financial statements. These controls are an integral part of the reporting system. These controls consist, in particular, in the continuous verification of reporting data against the accounting books, analytical data and other documents forming the basis for preparing the financial statements and against the applicable laws on accounting and the preparation of financial statements.

The Company applies rules for the preparation of financial statements which aim at ensuring the complete and correct recognition of all business transactions in a given scope. The monitoring of the completeness of economic events is supported by the V-desk electronic document circulation system. Access to the electronic circulation of documents is available to authorised employees of the Company within their area of competence.

The Company has implemented and leverages an investment procedure that enables full supervision at every stage of investment planning and execution.

The Company manages risk in relation to the preparation of financial statements also through ongoing monitoring of changes in external provisions and regulations regarding reporting requirements and through being prepared for their implementation well in advance. The finance and accounting team, reporting to the Member of the Management Board responsible for the Company's and the Capital Group's financial affairs, monitors on an ongoing basis the changes required under legislation and external regulations relating to stock exchange

reporting requirements (including International Financial Reporting Standards and the Single European Reporting Format).

On top of that, the Company has a system for controlling the achievement of budget objectives, which are prepared at several levels of operational activities, starting with the planning and implementation of budgets of the Company's and the Capital Group's individual offices and organisational units, as well as operating costs broken down by the place of their incurrence, and ending with consolidated reports for the entire Capital Group.

The annual and half-yearly financial statements are independently audited and reviewed by the Company's auditor. The results of the audit are presented by the auditor to the Company's management at closing meetings.

The procedures of internal control and the significant risk management system in force at the Company are viewed by the Supervisory Board as coherent, stable and efficient tools which allow the Company to significantly limit risks related to current operations. At the same time, the Supervisory Board is aware that the Company should continuously take measures to strengthen the internal control system and to eliminate emerging risks, in particular those regarding the correct functioning of the systems used by the Company.

The Company has implemented an integrated risk management system to support the management process at a strategic and operational level. The Company is aware of the risk related to the conducted activity and has implemented controls which enable the Company to manage risk and keep it at acceptable levels, both in production divisions and in other fields of activity. The Supervisory Board has a positive view of the internal control system and significant risk management system functioning at the Company in the financial year covering the period from 1 January 2022 to 31 March 2023, and concludes that their functioning limits the main risks in the Company's operations.

The Company's compliance function is performed by the Legal and Compliance Office, which monitors and informs the Company of changes in legal regulations, potential consequences of non-compliance with laws, internal regulations and the standards of conduct adopted by the Company. The Legal and Compliance Office prepares internal regulations, assists with their implementation and with staff training. On 29 September 2021, pursuant to a resolution of the Company's Management Board, the Compliance Policy of the FABRYKI MEBLI "FORTE" S.A. Capital Group was adopted. Its main assumptions are:

- ensuring that the actions taken by FORTE comply with the law, Internal Regulations and Ethical Principles;

- detecting, reporting, mitigating and counteracting risks of non-compliance of FORTE actions with the law, Internal Regulations and Ethical Principles;

- elimination of irregularities related to FORTE’s business, i.e. any incidents occurring in the course of FORTE’s business that constitute a violation of generally applicable laws, FORTE’s internal procedures, other rules of conduct or best commercial practice,

In the reporting period, i.e. from 1 January 2022 to 31 March 2023, the Company monitored compliance with the adopted internal regulations in order to ensure that it operated in accordance with the applicable laws and FORTE’s ethical standards. The Company and the Capital Group have, among others, the following procedures and regulations in place:

- The Fabryki Mebli “Forte” S.A. Capital Group whistleblowing procedure,
- Procedure for handling notifications submitted using the whistleblowing procedure,
- Procedure for preventing conflicts of interest,
- Procedure for the protection of intellectual property in the FORTE Group,
- Anti-corruption guide,
- Secure internal and external communication procedure,
- Regulations on anti-money laundering and anti-terrorist financing (AML) in the form of a procedure in force at FORTE,
- Supplier Code.

In the reporting period, an analysis of compliance risk in individual areas of FORTE was carried out, in accordance with the compliance risk assessment methodology adopted by the Company. On the basis of the risk analysis, a compliance risk map was prepared to help mitigate the risks.

At the same time, the Management Board and the Company’s management communicate to their employees, business partners, suppliers and other entities cooperating with FORTE that they follow applicable legal regulations and ethical standards as described in legislation and internal regulations (including the Code of Ethics).

The Company has in place an Internal Control and Audit Office, which, among other things, carries out audits to verify and ensure the correctness of the Company’s operating procedures and policies. The internal audit system functions in accordance with the IIA’s International Standards for the Professional Practice of Internal Auditing, on the basis of the principle of autonomy, and it can cover all areas of the Company’s and the Capital Group’s activity. The Internal Control and Audit Office systematically investigates and monitors controls and identified potential risks in individual processes’ it also identifies deficiencies and shortcomings in relation to applicable procedures. The rules of cooperation of the Internal Control and Audit Office with the Company’s Supervisory Board have been developed and implemented. The

audit activities were conducted on the basis of the “Internal Audit Plan 2022”, which had been approved by the Company’s Supervisory Board.

The Internal Control and Audit Office cooperates with the Audit Committee by, inter alia, providing information on the internal control system, the risk management system, the day-to-day activities of the Internal Control and Audit Office and the audit plans for a given financial year.

The Supervisory Board is of the view that the internal control, risk management, compliance and internal audit systems adequately support the Company’s operational activities.

4. Assessment of the Company’s adherence to the corporate governance principles and the manner of its fulfilment of the disclosure obligations, in accordance with Rule 2.11.4 of the Best Practice

The Supervisory Board assessed the manner in which the Company fulfils its disclosure obligations with respect to the principles of corporate governance as set out in the Warsaw Stock Exchange Rules and in the regulations on current and periodic information published by issuers of securities.

FABRYKI MEBLI “FORTE” S.A. observes the principles of corporate governance and fulfils the disclosure obligations specified in the regulations on current and periodic information published by issuers of securities. The Company has published in the EBI system a report on the scope of application of the BPLC 2021, which clearly shows that a vast majority of detailed principles is applied by the Company. In its document titled „STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES BY FABRYKI MEBLI “FORTE” S.A. IN THE FINANCIAL YEAR COVERING THE PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2023”, which is an integral part of the annual report for the financial year covering the period from 1 January 2022 to 31 March 2023, the Company’s Management Board, acting in accordance with the requirements of corporate governance principles, has specified and justified in detail the principles of the BPLC 2021 that are not applied.

The Company publishes information and documents specified in the BPLC 2021 on its website, in the “Corporate Governance” tab,

FABRYKI MEBLI “FORTE” S.A. communicates all current and interim reports using the ESPI and EBI systems, and publishes them on its website.

The Supervisory Board is of the view the Company correctly and fairly fulfils the disclosure obligations concerning the application of corporate governance principles as set out in the Warsaw Stock Exchange Rules and in the regulations on current and periodic information

published by issuers of securities. The Management Board has duly complied with its obligation to report on material events affecting the financial standing of the Company.

5. Assessment of the reasonableness of expenditure referred to in Rule 1.5 of the Best Practice, in accordance with Rule 2.11.5 of the Best Practice

The Company operates the “FABRYKI MEBLI “FORTE” S.A. policy on charity and sponsorship activities” (hereinafter referred to as: Charity Policy) adopted by the Management Board. As part of its Charity Policy, the Company’s sponsorship and charity activities are primarily focused on initiatives aimed at levelling social differences and preventing social exclusion of children and young people who are particularly talented, in need of help and in a difficult life situation.

The Company undertakes numerous initiatives and activities that support the broadly understood education and comprehensive development of the young generation. The Company’s commitment to the development of culture and arts manifests itself in the Company’s support for initiatives related to the development of culture, preservation of cultural heritage and national heritage, as well as support for cultural institutions and events which are primarily located in places of the Company’s operation.

FABRYKI MEBLI “FORTE” S.A. works actively to support education by cooperating with universities and secondary schools educating the future employees of the Company, and also by providing non-financial support in equipping educational units and by supporting research, as well as educational and scientific activity connected with the development of the wood and furniture industry. FORTE has been in long-term cooperation with the Faculty of Wood Technology of the Warsaw University of Life Sciences, the Białystok University of Technology, the University of Ecology and Management and the Warsaw School of Banking. The Company has also run the “Your strong start” internship programme for a number of years. Students have an opportunity to complete an internship in a selected area of the Company’s operations (technical and technological production preparation, production, logistics, sales, purchasing and many others). Interns are provided with professional support, participate in specialist projects and enjoy independence in task implementation. The internships are paid. 11 students participated in the internship programme during the reporting period.

Thanks to the Company's initiative and activity, cooperation with secondary schools has been established in order to support vocational education, especially in the locations where FORTE runs its production activities. FORTE’s patronage covers vocational classes in Ostrów Mazowiecka, Suwałki and Białystok, which currently have 319 students. In the school year

2022/23, the Company continued supporting the industry dual class, in which young people are trained in the professions of mechatronics technician, CNC operator and locksmith.

A permanent element of the Company's charity activities is its long-term cooperation with the AMF "NASZA DROGA" FOUNDATION, which focuses its activities on exceptionally talented young people from the Ostrów Mazowiecka district. Thanks to the Company's support, the Foundation is able to implement its scholarship programme for young talented secondary school and university students.

FORTE does not forget about helping those in need – the excluded, the sick, the disabled, those in difficult life situation, therefore, in line with its mission, the Company is engaged in activities that help such people; in particular, it collaborates with the Bread of Life Community Homes [Domy Wspólnoty Chleb Życia] Foundation.

In the financial year covering the period from 1 January 2022 to 31 March 2023, the Company spent PLN 2,836,608 on charity (in-kind donations of PLN 269,508 cash donations of PLN 2,567,100) and PLN 67,350 on sponsorship activities.

The Supervisory Board is of the view that the sponsorship and charity activities carried out by FABRYKI MEBLI "FORTE" S.A. are an important element of shaping a positive image of the Company as a socially responsible organisation, which is involved in particular in educating and shaping the young generation and supporting people at risk of social exclusion.

6. Information on the progress in the implementation of the diversity policy with regard to the Management Board and the Supervisory Board, including the achievement of the objectives referred to in Rule 2.1 of the Best Practice, in accordance with Rule 2.11.6 of the Best Practice

Due to the fact that the Company does not apply principle 2.11.6 of the Best Practice and does not have a diversity policy with regard to the Management Board and the Supervisory Board in force, the Supervisory Board's Report does not contain information on this topic.

7. Assessment of the Management Board's fulfilment of the obligations referred to in Article 380¹ of the CCC

Pursuant to Article 382 § 3¹ (3) of the CCC, the Supervisory Board, in assessing the Management Board's implementation of the obligations referred to in Article 380¹ of the CCC, i.e. obligations concerning the Management Board providing the Supervisory Board with information on the resolutions of the Management Board and their subject matter, the Company's situation (including its asset position), significant circumstances regarding the management of the Company's affairs, in particular in the operational, investment and

personnel areas, and progress in the implementation of the set directions of the Company's business, as well as transactions and other events or circumstances which materially affect or may affect the Company's financial condition, including its profitability or liquidity, the Supervisory Board positively assesses the Management Board's fulfilment of its obligations in this respect. The information has been submitted to the Supervisory Board as required under the CCC.

8. Assessment of the manner in which the Management Board prepares or provides the Supervisory Board with information, documents, reports or explanations requested pursuant to Article 382 § 4 of the CCC

During the reporting period covering the period from 1 January 2022 to 31 March 2023, the Company's Supervisory Board did not request any additional information, documents or data from the Company. The Supervisory Board concludes that the documents, information and data submitted as part of the ongoing cooperation were sufficient to properly assess the Company's situation.

9. Information on the total remuneration payable by the Company for any audits commissioned by the Supervisory Board during the financial year pursuant to Article 382¹ of the CCC

In the financial year covering the period from 1 January 2022 to 31 March 2023, the Supervisory Board did not commission any audits pursuant to Article 382¹ of the CCC.

Signed by:

/illegible signature/

Zbigniew Sebastian

Chairman of the Supervisory Board
of FABRYKI MEBLI "FORTE" S.A.