

## CURRENT REPORT No. 14 / 2023

**Subject:** inside information – preliminary information on the Issuer's financial performance for 6 months of the financial year and for Q2 of the financial year commencing on 1 April 2023 and ending on 31 March 2024

The Management Board of FABRYKI MEBLI "FORTE" S.A. based in Ostrow Mazowiecka (the Issuer, the Company) hereby provides preliminary information on the financial performance of the FABRYKI MEBLI "FORTE" S.A. Group (the Group) achieved in H1 and Q2 of the financial year commencing on 1 April 2023 and ending on 31 March 2024 (financial year 2023-24).

According to preliminary calculations, the Group's consolidated sales revenue for the six-month period, i.e. from 1 April 2023 to 30 September 2023, amounted to approx. PLN 476 million (including PLN 41 million in respect of surplus furniture board manufactured at the Group's own board factory, i.e. TANNE Sp. z o.o. sold outside the Group) vs PLN 584 million in the corresponding period of 2022 (including PLN 133 million from sales of board outside the Group), i.e. it was 18% lower than in the corresponding period of 2022.

The estimated consolidated sales revenue in Q2 of financial year 2023-24, i.e. from 1 July 2023 to 30 September 2023, amounted to PLN 212 million (including PLN 18 million in respect of surplus furniture board manufactured at the Group's own board factory, i.e. TANNE Sp. z o.o. sold outside the Group) vs PLN 251 million in the corresponding period of 2022, i.e. from 1 July 2022 to 30 September 2022 (including PLN 42 million from sales of board outside the Group), i.e. it was 15% lower than in the corresponding period of 2022.

The estimated consolidated EBIT of the Group for the six-month period of financial year 2023-24, i.e. from 1 April 2023 to 30 September 2023, amounted to PLN (-)12 million, compared to PLN 21 million in the corresponding period of 2022 (a decrease by 157%).

The estimated consolidated EBIT of the Group for Q2 of financial year 2023-24 was PLN (-)14 million, compared to PLN (-)1 million in the corresponding period of 2022.

The estimated consolidated EBITDA of the Group for the six-month period of the financial year, i.e. from 1 April 2023 to 30 September 2023, amounted to PLN 16 million, compared to PLN 49 million in the corresponding period of 2022 (a decrease by 69%).

The estimated consolidated EBITDA of the Group for Q2 of financial year 2023-24 was PLN (-)1 million, compared to PLN 13 million in the corresponding period of 2022 (a decrease by 106%).

The result for Q2 of financial year 2023-24 included a one-off loss of PLN 11 million arising from the write-off of unused capacity of the board factory, i.e. TANNE Sp. z o.o., in July 2023. Due to very low market demand for furniture board, the Management Board decided to extend the downtime period at the board factory TANNE Sp. z o.o. from the usual 2 weeks to full 5 weeks in July 2023.

The Issuer's Management Board informs that at the end of September this year, the financial debt to EBITDA ratio was 4.1. The Group is now negotiating with the banks the acceptable debt ratio for the next three quarters, which will take into account the impact of the current market situation.

The first half of financial year 2023-24 proved to be one of FORTE Group's most difficult periods, which also coincides with the economic situation of the entire furniture industry.

Declining consumer purchasing power associated with high inflation is causing consumers to postpone the purchase of furniture as non-essential goods. Another challenge is the still high prices of raw materials and energy, as well as the depreciation of the Polish zloty against the euro and the US dollar in recent months. All the above factors have contributed to the deterioration of FORTE Group's financial situation and have affected the presented preliminary financial results.

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 Q2 of financial year 2023-24.

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