

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



**Extract of consolidated  
financial report for the period  
from 01.04.2023 to 31.12.2023**



Ostrów Mazowiecka, 28 February 2024

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**CONSOLIDATED SELECTED FINANCIAL DATA**

Consolidated financial data	in thousands of PLN		in thousands of EUR	
	01.04.2023	01.01.2022	01.04.2023	01.01.2022
	31.12.2023 (unaudited)	30.09.2022 (unaudited)	31.12.2023 (unaudited)	30.09.2022 (unaudited)
Sales revenue	757 633	939 295	169 455	200 362
Profit/(loss) on operating activities	-3 941	53 675	-881	11 449
Profit/(loss) before tax	-11 297	23 935	-2 527	5 106
Net profit/(loss) attributable to equity owners of the Parent company	-69 319	59 720	-15 504	12 739
Total comprehensive income for the period	12 286	2 274	2 748	485
Net cash flow from operating activities	91 028	-11 771	20 360	-2 511
Net cash flow from investment activities	-31 142	-23 243	-6 965	-4 958
Net cash flow from financial activities	-56 290	22 035	-12 590	4 700
Net (increase)/decrease in cash and cash equivalents	3 596	-12 979	804	-2 769
Number of shares	23 930 769	23 930 796	23 930 769	23 930 796
Net profit per share attributable to equity owners of the Parent Company (in PLN/EUR)	-2,90	2,50	-0,65	0,53
	31.12.2023 (unaudited)	31.03.2023 (audited)	31.12.2023 (unaudited)	31.03.2023 (audited)
Total assets	1 422 035	1 496 103	327 055	319 988
Total liabilities	527 753	614 105	121 378	131 345
Long-term liabilities	59 660	284 202	13 721	60 785
Short-term liabilities	468 093	329 903	107 657	70 560
Total equity attributable to equity owners of the Parent company	892 189	879 877	205 195	188 189
Share capital	23 931	23 931	5 504	5 118
Book value per share (in PLN/EUR)	37,28	36,77	8,57	7,86

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<b>01.04.2023</b> <b>31.12.2023</b> (unaudited)	<b>01.01.2022</b> <b>30.09.2022</b> (niebadane)	<b>3 months ended</b> <b>31.12.2023</b> (unaudited)	<b>3 months ended</b> <b>30.09.2022</b> (unaudited)
Sales revenue	757 633	939 295	281 967	250 597
Cost of sales	534 433	624 505	202 624	177 476
<b>Gross profit from sales</b>	<b>223 200</b>	<b>314 789</b>	<b>79 343</b>	<b>73 120</b>
Other operating revenue	15 759	3 115	11 664	482
Costs of sales	167 317	195 795	58 235	55 367
General administrative costs	64 719	60 599	24 074	16 993
Other operating costs	10 865	7 837	748	2 301
<b>Profit/(loss) on operating activities</b>	<b>-3 941</b>	<b>53 675</b>	<b>7 950</b>	<b>-1 057</b>
Financial revenue	11 384	741	9 076	110
Financial costs	18 012	25 715	5 850	15 169
Profit/(loss) on derivative financial instruments	1 096	-780	356	-178
Share in the profit/(loss) of investments valued at equity method	-1 824	-3 986	-970	-1 096
<b>Profit/(loss) before tax</b>	<b>-11 297</b>	<b>23 935</b>	<b>10 562</b>	<b>-17 390</b>
Income tax	58 047	-35 510	9 753	-181
<b>Profit/(loss) on continued operations of the period</b>	<b>-69 344</b>	<b>59 444</b>	<b>809</b>	<b>-17 209</b>
<b>Profit/(loss) of the period</b>	<b>-69 344</b>	<b>59 444</b>	<b>809</b>	<b>-17 209</b>
<b>Attributable to:</b>				
Non-controlling shareholders	-26	-276	1	31
Shareholders of the Parent Company	-69 319	59 720	808	-17 240
<b>Profit/(loss) on continued operations of the period in PLN:</b>				
- basic	-2,90	2,48	0,03	-0,72
- diluted	-2,90	2,48	0,03	-0,72

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.04.2023</b> <b>31.12.2023</b> (unaudited)	<b>01.01.2022</b> <b>30.09.2022</b> (unaudited)	<b>3 months ended</b> <b>31.12.2023</b> (unaudited)	<b>3 months ended</b> <b>30.09.2022</b> (unaudited)
<b>Profit/(loss) of the period</b>	<b>-69 344</b>	<b>59 444</b>	<b>809</b>	<b>-17 209</b>
<b>Other comprehensive income before tax, including:</b>	<b>100 543</b>	<b>-70 518</b>	<b>68 089</b>	<b>-30 327</b>
<b>Items which in the future may be reclassified to the profit and loss account</b>	<b>100 543</b>	<b>-70 518</b>	<b>-70 518</b>	<b>-30 327</b>
Foreign exchange differences on translation of foreign operations	-56	41	255	181
Hedge accounting	100 600	-70 559	67 835	-30 507
<b>Deferred tax connected with items which in the future may be reclassified to the profit and loss account</b>	<b>18 914</b>	<b>-13 347</b>	<b>25 031</b>	<b>5 538</b>
Deferred tax regarding hedge accounting	18 914	-13 347	25 031	5 538
<b>Other net comprehensive income</b>	<b>81 630</b>	<b>-57 170</b>	<b>55 293</b>	<b>-24 787</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>12 286</b>	<b>2 274</b>	<b>56 102</b>	<b>-41 996</b>
<b>Attributable to:</b>				
Non-controlling shareholders	-26	-276	1	31
Shareholders of the Parent Company	12 311	2 549	56 100	-42 027

**CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)**

	<b>31 December 2023</b> (unaudited)	<b>31 March 2023</b> (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>987 032</b>	<b>1 005 940</b>
Tangible fixed assets	816 806	814 973
Intangible assets	29 082	23 729
Investment in subsidiaries	550	550
Other long-term financial assets	10 332	9 719
Real estate investment	53 783	53 733
Assets on deferred tax	2 261	80 123
Financial derivative instruments receivables	74 218	23 113
<b>Current assets</b>	<b>435 003</b>	<b>490 163</b>
<b>Current assets other then held for sale</b>	<b>435 003</b>	<b>490 163</b>
Inventory	204 587	250 159
Trade and other receivables	148 659	191 765
Financial derivative instruments receivables	40 985	0
Income tax receivables	7 732	18 753
Financial assets	174	144
Cash and cash equivalents	32 865	29 342
<b>TOTAL ASSETS</b>	<b>1 422 035</b>	<b>1 496 103</b>
<b>LIABILITIES</b>		
<b>Total equity</b>	<b>894 281</b>	<b>881 998</b>
<b>Equity (attributable to shareholders of the Parent Company), including:</b>	<b>892 189</b>	<b>879 877</b>
Basic equity	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capital	114 530	32 900
Retained earnings	639 173	708 490
<b>Capital attributable to non-controlling shareholders</b>	<b>2 092</b>	<b>2 121</b>
<b>Long-term liabilities</b>	<b>59 660</b>	<b>284 202</b>
Provision for benefits after the employment period	3 597	3 609
Interest-bearing loans and borrowings	4 131	232 062
Trade and other long-term liabilities	623	1 065
Accruals	14 934	9 035
Financial liabilities due to lease	33 495	33 949
Liabilities due to financial derivative instruments	0	2 242
Other long-term financial liabilities	2 881	2 240
<b>Short-term liabilities</b>	<b>468 093</b>	<b>329 903</b>
Trade and other liabilities	138 306	164 798
Contract liabilities	799	1 464
Accruals	324	338
Income tax liabilities	48	1 776
Current portion of interest-bearing loans and borrowings	323 248	149 855
Financial liabilities due to lease	2 087	1 992
Liabilities due to financial derivative instruments	609	6 877
Provision for benefits after the employment period	493	493
Other accruals	2 179	2 310
<b>Total liabilities</b>	<b>527 753</b>	<b>614 105</b>
<b>TOTAL LIABILITIES</b>	<b>1 422 035</b>	<b>1 496 103</b>

**CONSOLIDATED CASH FLOW STATEMENT**

	<b>01.04.2023</b> <b>31.12.2023</b> (unaudited)	<b>01.01.2022</b> <b>30.09.2022</b> (unaudited)
<b>Cash flows from operating activities</b>		
<b>Profit/(loss) of the period</b>	<b>-69 344</b>	<b>59 444</b>
<b>Adjustments by:</b>	<b>151 602</b>	<b>-55 330</b>
Share of profit/(loss) of associates and joint ventures accounted for using equity method	1 824	3 986
Depreciation	41 214	41 556
Foreign exchange losses	-17 362	19 462
Interest income	-75	-272
Interest costs	17 603	6 525
Dividend income	-104	0
(Profit)/ loss on investing activity	-12 120	-356
Current tax recognised in profit or loss account	58 047	-35 510
Change in receivables	43 023	27 845
Change in inventories	46 750	-59 362
Change in liabilities, excluding loans and borrowings	-28 376	-65 023
Change in provisions	1 281	148
Change in fair value	0	5 716
Other adjustments	-103	-45
<b>Cash flows from operating activities</b>	<b>82 258</b>	<b>4 114</b>
Income tax paid	8 770	-15 885
<b>Net cash flows from operating activities</b>	<b>91 028</b>	<b>-11 771</b>
<b>Cash flows from investment activities</b>		
Sale of intangible assets	12 042	0
Sale of tangible assets	452	145
Sale of investment properties	0	5 500
Purchase of intangible assets	0	-108
Purchase of tangible fixed assets	-43 007	-24 385
Investments in real estate	-50	-126
Purchase of shares in unrelated entities	-698	-4 636
Purchase of shares in investments valued at equity method	0	-3 378
Sale of other debt and equity instruments	0	200
Dividends received	104	0
Borrowings interest received	30	244
Repayment of borrowings related entities	0	8 281
Repayment of borrowings unrelated entities	0	700
Borrowings granted related entities	-15	-5 000
Borrowings granted unrelated entities	0	-680
<b>Net cash flows from investing activities</b>	<b>-31 142</b>	<b>-23 243</b>
<b>Cash flows from financing activities</b>		
Inflows from loans and borrowings taken out	19 369	136 915
Repayment of loans and borrowings	-56 029	-59 002
Repayment of leasing liabilities	-1 627	-1 471
Payment of dividends to non-controlling shareholders	-2	0
Interest paid	-18 001	-6 545
Payment of dividends	0	-47 862
<b>Net cash flows from financial activities</b>	<b>-56 290</b>	<b>22 035</b>
<b>Net increase/(decrease) in cash and cash equivalents before exchange differences</b>	<b>3 596</b>	<b>-12 979</b>
Net foreign exchange differences (from the opening balance translation)	-73	310
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 523</b>	<b>-12 669</b>
<b>Opening balance of cash</b>	<b>29 342</b>	<b>28 585</b>
<b>Closing balance of cash, including:</b>	<b>32 865</b>	<b>15 916</b>
of limited disposability	88	876

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period ended 31 December 2023 (unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total capital attributed to controlling shareholders	Total capital of non-controlling shareholders	Total equity
<b>As at 1 April 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>708 490</b>	<b>32 900</b>	<b>879 877</b>	<b>2 121</b>	<b>881 998</b>
Payment of dividend	0	0	0	0	0	-2	-2
Other changes	0	0	2	0	2	-2	0
<i>Current result</i>	0	0	-69 319	0	-69 319	-26	-69 344
<i>Other comprehensive income for the period</i>	0	0	0	81 630	81 630	0	81 630
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-69 319</b>	<b>81 630</b>	<b>12 311</b>	<b>-26</b>	<b>12 286</b>
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>-69 316</b>	<b>81 629</b>	<b>12 313</b>	<b>-29</b>	<b>12 284</b>
<b>As at 31 December 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>639 173</b>	<b>114 530</b>	<b>892 189</b>	<b>2 092</b>	<b>894 281</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period ended 31 March 2023 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total capital attributed to controlling shareholders	Total capital of non-controlling shareholders	Total equity
<b>As at 1 January 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>668 205</b>	<b>-14 477</b>	<b>792 215</b>	<b>2 628</b>	<b>794 843</b>
Payment of dividend	0	0	-47 862	0	-47 862	0	-47 862
Other changes	0	0	-1	-1	-2	-1	-3
<i>Current result</i>	0	0	88 148	0	88 148	-506	87 642
<i>Other comprehensive income for the period</i>	0	0	0	47 378	47 378	0	47 378
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>88 148</b>	<b>47 378</b>	<b>135 526</b>	<b>-506</b>	<b>135 020</b>
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>40 285</b>	<b>47 377</b>	<b>87 662</b>	<b>-507</b>	<b>87 155</b>
<b>As at 31 March 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>708 490</b>	<b>32 900</b>	<b>879 877</b>	<b>2 121</b>	<b>881 998</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period ended 30 September 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
<b>As at 1 January 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>668 205</b>	<b>-14 477</b>	<b>792 214</b>	<b>2 627</b>	<b>794 841</b>
Payment of dividend	0	0	-47 862	0	-47 862	0	-47 862
Other changes	0	0	-2	0	-2	1	-1
<i>Current result</i>	<i>0</i>	<i>0</i>	<i>59 720</i>	<i>0</i>	<i>59 720</i>	<i>-276</i>	<i>59 444</i>
<i>Other comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-57 171</i>	<i>-57 171</i>	<i>1</i>	<i>-57 170</i>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>59 720</b>	<b>-57 171</b>	<b>2 549</b>	<b>-275</b>	<b>2 274</b>
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>11 857</b>	<b>-57 171</b>	<b>-45 315</b>	<b>-274</b>	<b>-45 589</b>
<b>As at 30 September 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>680 062</b>	<b>-71 649</b>	<b>746 900</b>	<b>2 353</b>	<b>749 252</b>

**Seasonality of operations**

<b>For the reporting period</b>	<b>Domestic revenues</b>	<b>Share % in total quarter revenues</b>	<b>Export revenues</b>	<b>Share % in total quarter revenues</b>	<b>Revenues from sales of products, materials, goods and services</b>
For the period of 3 months 01.04.2023-30.06.2023	48 546	18%	215 125	82%	263 671
For the period of 3 months 01.07.2023-30.09.2023	46 206	22%	165 789	78%	211 995
For the period of 3 months 01.10.2023-31.12.2023	56 778	20%	225 189	80%	281 967
For the period of 3 months 01.04.2022-30.06.2022	91 312	27%	241 819	73%	333 131
For the period of 3 months 01.07.2022-30.09.2022	51 826	21%	198 771	79%	250 597
For the period of 3 months 01.10.2022-31.12.2022	70 677	21%	263 972	79%	334 649

**Revenues and costs****Sales revenues**

<b>Sales revenues</b>	<b>For the reporting period</b>		
	<b>01.04.2023 31.12.2023 (unaudited)</b>	<b>01.04.2022 31.12.2022 (unaudited)</b>	<b>01.01.2022 30.09.2022 (unaudited)</b>
<b>Revenues from sales of goods, products and materials</b>	<b>748 603</b>	<b>913 287</b>	<b>934 434</b>
- products, including	658 802	727 333	730 965
<i>results on the hedge accounting</i>	3 852	0	0
- goods	5 781	4 721	4 382
- materials	84 020	181 234	199 087
<b>Revenues from sales of services</b>	<b>9 030</b>	<b>5 091</b>	<b>4 860</b>
<b>Total net revenues from sales</b>	<b>757 633</b>	<b>918 378</b>	<b>939 295</b>
- including from related entities	7 731	4 214	4 517

**Other operating revenues**

<b>Other operating revenues</b>	<b>For the reporting period</b>		
	<b>01.04.2023 31.12.2023 (unaudited)</b>	<b>01.04.2022 31.12.2022 (unaudited)</b>	<b>01.01.2022 30.09.2022 (unaudited)</b>
Reversal of impairment write-downs receivables	81	2	2
Reversal of impairment write-downs others	625	36	36
Gain on sale of property, plant and equipment	355	349	110
Gain on sale of intangible assets	12 042	28 019	0
Gain on sale of real estate	0	0	156
Subsidies	1 749	612	612
Donations and compensations	424	1 718	1 586
Other	482	636	567
Inventory surpluses	0	47	47
<b>Total other operating revenues</b>	<b>15 759</b>	<b>31 419</b>	<b>3 115</b>

**Other operating cost**

Other operating costs	For the reporting period		
	01.04.2023	01.04.2022	01.01.2022
	31.12.2023	31.12.2022	30.09.2022
	(unaudited)	(unaudited)	(unaudited)
Creation of revaluation write-downs inventories	0	98	98
Creation of revaluation write-downs receivables	273	245	192
Liquidation and impairment losses on property, plant and equipment	277	117	107
Scrapping of inventory	1 851	1 642	1 868
Donations	235	2 596	2 699
Penalties and compensations	404	528	1 407
Inventory shortfalls	0	0	0
Damages removing costs	313	489	493
Real estate investment fair value	0	627	627
Unused production capacity	7 287	0	0
Other	225	1 109	346
<b>Other operating costs, total</b>	<b>10 865</b>	<b>7 451</b>	<b>7 837</b>

**Financial revenues**

Financial revenue	For the reporting period		
	01.04.2023	01.04.2022	01.01.2022
	31.12.2023	31.12.2022	30.09.2022
	(unaudited)	(unaudited)	(unaudited)
Gain on sale of financial assets sale	0	0	198
Dividends	104	405	0
Interest	44	397	444
Credit valuation at amortised cost	335	0	0
Exchange differences of financial assets and liabilities	10 898	0	0
Other	3	165	99
<b>Financial revenues, total</b>	<b>11 384</b>	<b>966</b>	<b>741</b>

**Financial costs**

Financial costs	For the reporting period		
	01.04.2023	01.04.2022	01.01.2022
	31.12.2023	31.12.2022	30.09.2022
	(unaudited)	(unaudited)	(unaudited)
Loss on disposal of financial assets	0	4 251	0
Interest on loans, credits	16 218	8 041	5 495
Interest on leasing	1 283	898	895
Budget interest	1	198	752
Credit valuation at amortised cost	0	536	536
Net exchange differences	0	2 480	12 779
Financial investments fair value	0	5 095	5 089
Other	510	270	169
<b>Financial costs, total</b>	<b>18 012</b>	<b>21 769</b>	<b>25 715</b>

**Costs by type**

<b>Costs by type</b>	<b>For the reporting period</b>		
	<b>01.04.2023</b>	<b>01.04.2022</b>	<b>01.01.2022</b>
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>30.09.2022</b>
	(unaudited)	(unaudited)	(unaudited)
Depreciation	41 214	41 582	41 556
Consumption of materials and energy	288 744	366 970	375 577
External services	135 042	155 483	155 923
Taxes and fees	12 499	12 345	12 792
Payroll	139 966	138 351	147 346
Social insurance and other benefits	33 697	33 084	36 530
Other costs by type	11 543	11 644	11 581
<b>Costs by type</b>	<b>662 706</b>	<b>759 459</b>	<b>781 305</b>
Change in product inventory and accruals	-28 289	-1 327	27 949
Manufacturing cost of products for internal purposes	1 641	582	2 848
Scrapping of products and semi-finished products	1 048	1 719	0
Unused production capacity	7 287	0	0
Costs of sales	167 317	194 546	195 795
General administrative costs	64 719	61 665	60 599
<b>Manufacturing cost of sold products and services</b>	<b>448 985</b>	<b>502 277</b>	<b>494 114</b>
Value of goods and materials sold	85 449	127 846	130 392
<b>Costs of sales</b>	<b>534 433</b>	<b>630 123</b>	<b>624 505</b>

**Commentary to the Group results and basic economic-financial amounts**

Group performance and key economic and financial figures:

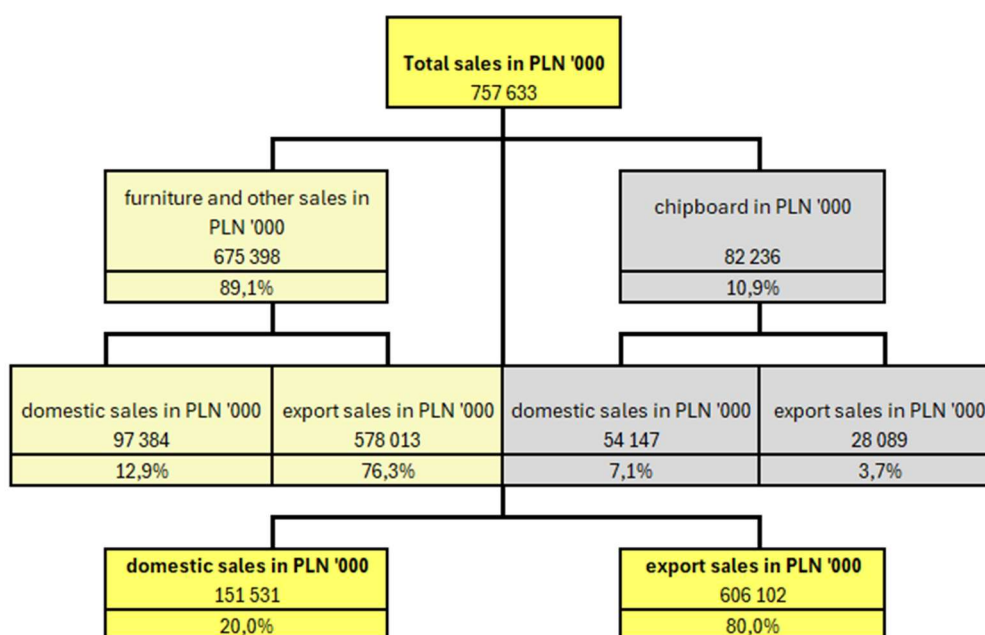
Item	01.04.2023 31.12.2023 in PLN '000	01.04.2022 31.12.2022 in PLN '000	Change in PLN '000	% change
Sales revenue	757 633	918 378	-160 745	-17,5%
Cost of sales	-534 433	-630 123	-95 690	-15,2%
Gross profit on sales	223 200	288 255	-65 055	-22,6%
Gross margin on sales %	29,5%	31,4%		
Selling costs	-167 317	-194 546	-27 229	-14,0%
G&A costs	-64 719	-61 665	3 054	5,0%
Operating profit (EBIT)	-3 941	56 014	-59 955	-107,0%
EBITDA	37 273	97 596	-60 323	-61,8%
Share in profit/(loss) of subsidiaries valued under the equity method	-1 824	-1 757	-67	-3,8%
Gross profit/(loss)	-11 297	33 101	-44 398	-134,1%
Net profit/(loss)	-69 344	20 860	-90 204	-432,4%
Return on sales (ROS)	-9,2%	2,3%		
Return on equity (ROE)	-7,8%	2,4%		
Return on assets (ROA)	-4,9%	1,4%		

In the period April-December 2023, the FORTE Group earned **sales revenue** of PLN 757 633 thousand, compared to PLN 918 378 thousand in the comparative period of 2022 (a decrease by 17.5%).

**Sales of surplus chipboard** manufactured by the subsidiary TANNE accounted for 10.9% of the FORTE Group's total sales, with a 3.7% share of export sales (PLN 28 089 thousand) and a 7.1% share of domestic sales (PLN 54 147 thousand).

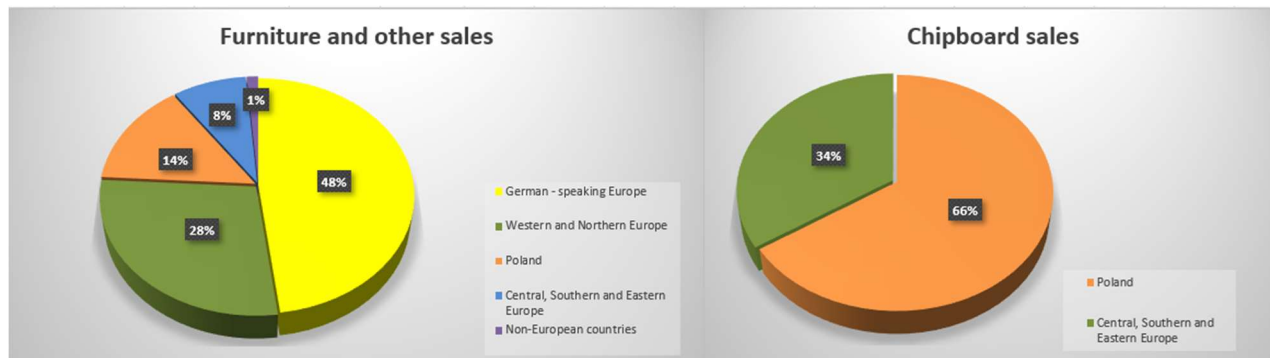
Chipboard sales to external customers throughout the reporting period amounted to PLN 82 236 thousand, compared to PLN 175 188 thousand in the period April-December 2022 (a decrease by 53.1%).

**Furniture and other sales of the Group** accounted for 89.1% of total sales (PLN 675 398 thousand), with export sales of PLN 578 013 thousand (76.3%) and domestic sales of PLN 97 384 thousand (12.9%).



**Percentage of furniture and other sales** in individual markets was as follows: German-speaking countries 48%, Western and Northern Europe 28%, Poland 14%, Central, Southern and Eastern Europe 9% and Non-European countries 1%.

**Percentage of chipboard sales** in individual markets was as follows: Poland 66%, Central, Southern and Eastern Europe 34%.



**Gross margin on sales** stood at 29.5%, which is 1.9 p.p. lower than in the corresponding period last year as a result of lower capacity utilisation due to a decrease in volumes.

**Selling costs** – the selling costs to revenue ratio was 22.1% versus 21.2% in the corresponding period last year. In terms of value, selling costs decreased by PLN 27 229 thousand, which was strongly correlated with the decrease in sales revenue generated by the Group in the reporting period vs. comparative period.

**G&A costs** – the G&A costs to revenue ratio increased as a result of the decrease in revenue (up to 8.5% against 6.7% in the comparative period).

**Operating loss** amounted to PLN (-) 3 941 thousand, compared to profit of PLN 56 014 thousand in the corresponding period of 2022.

The reduced profitability was primarily driven by the following factors:

- a continued slowdown in the furniture market, which adversely affected the dynamics of furniture sales in all markets served by the Group, and customer pressure on prices, making it impossible to implement increases. In terms of volume, furniture sales in April-December 2023 were 13% lower than in the same period of the previous year,
- a very significant decline in demand for furniture board translated into a 23% drop in board sales by TANNE to external customers in terms volume in April-December 2023 vs. the same period last year. At the same time, sales prices fell by 37%. This resulted in a decrease of PLN 55.1 million in the margin achieved on sales of the board outside the Group,
- in connection with the decision to carry out collective redundancies in Q3 of the reporting period, a provision for redundancy costs of PLN 3 million was created,
- strengthening of the PLN/EUR exchange rate.

EBIT in the reporting period was positively affected by the sale of 36 855 CO2 emission allowances allocated free of charge to TANNE, which generated an additional income of PLN 12 042 thousand. TANNE also received a subsidy of PLN 1 688 000 under the programme "Aid to energy-intensive industries related to natural gas and electricity prices".

**Result on financial operations** amounted to PLN (-) 6 628 thousand.

The most significant item of financial expenses was interest on loans and borrowings in the amount of PLN 16 218 thousand. This increase in interest expenses vs. comparative period is due to the increase in interest rates as well as a significant increase in the use of working capital facilities by the Group.

In the reporting period, the result on financial operations was positively influenced by exchange rate differences on the valuation of foreign currency assets and liabilities, the balance of which on the financial income side amounted to PLN 10 898 thousand.

**Net loss** in the reporting period amounted to PLN (-) 69 344 thousand, compared to a profit of PLN 20 860 thousand in the corresponding period of 2022 (a decrease by 432.4%).

The tax burden on the net result was mostly affected by the partial release, as a result of updating financial projections, of a deferred tax asset of PLN 35 355 thousand created for the zone relief by TANNE and DYSTRI-FORTE, as well as the ongoing use of the asset totalling PLN 6,026 thousand by the zone companies. Additionally, FORTE BRAND released a tax loss asset of PLN 12 097 thousand in connection with the planned merger with the Parent Company and the lack of the acquiring company's right to settle tax losses of the acquired company. In turn, the Parent Company discontinued the creation of the tax loss asset, thus mitigating the risk of losing the right to use it within the statutory period. The total impact of changes in deferred tax amounted to PLN (-) 53 478 thousand.

#### Financial figures of the Fabryki Mebli „FORTE” S.A. Group

Characteristics of balance sheet items	31.12.2023 (unaudited)		31.03.2023 (audited)		Change in PLN '000
	PLN '000	% of balance sheet total	PLN '000	% of balance sheet total	2023
Non-current assets	987 032	69%	1 005 940	67%	-18 908
Current assets	435 003	31%	490 163	33%	-55 160
<b>Total assets</b>	<b>1 422 035</b>	<b>100%</b>	<b>1 496 103</b>	<b>100%</b>	<b>-74 068</b>
Equity	894 281	63%	881 998	59%	12 283
Non-current liabilities and provisions	59 660	4%	284 202	19%	-224 542
Current liabilities and provisions	468 093	33%	329 903	22%	138 190
<b>Total equity and liabilities</b>	<b>1 422 035</b>	<b>100%</b>	<b>1 496 103</b>	<b>100%</b>	<b>-74 068</b>

**Non-current assets** decreased by PLN 18 908 thousand.

The largest decrease in non-current assets was observed in connection with the release, as a result of updating financial projections, of a deferred tax asset of PLN 35 355 thousand created for the zone relief available for use by TANNE Sp. z o.o. and DYSTRI-FORTE Sp. z o.o. and the release of a tax loss asset of PLN 12 097 thousand by FORTE BRAND in connection with the planned merger with the Parent Company.

The increase in non-current assets was observed for intangible assets (PLN 5 353 thousand compared to 31 March 2023) as a result of the allocation of free CO2 emission allowances to the subsidiary TANNE to be disposed of/surrendered in the subsequent reporting periods. In addition, the increase in tangible fixed assets was caused by the excess of investment outlays incurred in the reporting period over depreciation of assets held. The Group has finalised an investment project involving the construction of four ground-mounted photovoltaic systems at FORTE plants in Ostrów Mazowiecka, Hajnówka, Suwałki and TANNE chipboard factory with a total capacity of 11 MWp, equivalent to approx. PLN 36 500 thousand. The Group also recorded a significant increase (by PLN 51 105 thousand compared to 31 March 2023) in non-current receivables under derivative financial instruments as a result of the weakening of the EUR/PLN exchange rate and the related positive valuation of option strategies used as hedge accounting.

**Current assets** decreased by PLN 55 160 thousand.

The most significant decrease in current assets was recorded for inventories (PLN -45 572 thousand), which is the result of the strategy adopted by the Parent Company's Management Board, the main objective of which is to release cash frozen in the finished goods inventory buffer, while maintaining a safe stock of material for board production – wood and wood-based products. A significant decrease (PLN -43 106 thousand) was also recorded for trade and other receivables, which is due to lower sales revenue in the reporting period and the weakening of the EUR/PLN exchange rate.

On the **liabilities** side, the most significant changes involve:

- an increase in other capital reserves as a result of positive valuation of bank FX options as hedge accounting (PLN 81 630 thousand);
- a decrease in long-term bank loans (PLN -227 931 thousand) as a result of TANNE's investment loan payments being made in accordance with the applicable schedule and the reclassification of working capital loan agreements from long-term to short-term due to the repayment date falling within 12 months of the end of the reporting period;
- a decrease in trade liabilities (PLN -26 492 thousand) mainly as a result of reduced purchases of raw materials due to a very low demand for furniture;
- an increase in the short-term portion of loans (by PLN 173 393 thousand) due to the increased use of working capital loans by Group companies and the reclassification of loans described above due to their maturity in less than 12 months.

In the completed reporting period, the Group identified several significant factors that affected its financial performance and its growth prospects.

Negative factors:

- continued very low demand for furniture and furniture board, which resulted in low sales and unused production capacity;
- Q3 result charged with a provision for staff reduction costs;
- weakening of the EUR/PLN exchange rate;
- inability to pass on high raw material costs to customers and, at the same time, pressure from customers to reduce prices for both furniture and furniture board.

Positive factors:

- deceleration in prices of raw materials for furniture and furniture board production,
- improved margins on products sold as a result of furniture price increases introduced in the past financial year and withdrawal of low-margin products from the range,
- additional income from the sale of CO2 emission allowances and receipt of a subsidy to compensate for increased electricity costs in H1 2023.

Due to a major increase in the use of working capital credit limits by the Group as a result of a significant increase in operating costs and a simultaneous decrease in demand for furniture and the resulting lower sales revenue, the Parent Company's Management Board and the Banks financing the FORTE Group agreed on the need to make the Group's financing principles and the collateral established for loan agreements more consistent, which will result in the development of multilaterally agreed credit documentation and collateral documentation including covenants for subsequent reporting periods by mid-March 2024.

Until the above-mentioned credit documentation is worked out, the Group reports its liquidity position, including cash balances and unused credit line balances, as well as balances of trade and public law liabilities (including their ageing), to all Banks on a monthly basis.

The financial debt to EBITDA ratio as of 31 December 2023 was 5.1, however, the Management Board timely applied to the financing Banks for approvals to set the debt/EBITA ratio at 5.5 as of the specified date, to which all Banks gave their consent in the form of waivers granted to the Companies.

Notwithstanding the above actions, the Management Board of FORTE, taking into account current market trends, has introduced additional programmes adapting the Issuer's organisation to the current situation, which will deliver results in the following quarters. The main initiatives include:

- improving production efficiency by shortening machine changeover times, better use of materials and reducing the amount of waste generated,
- improving logistics processes,
- reducing stock levels of raw materials and finished goods,
- optimising energy consumption as well as reducing energy costs through investment in photovoltaic farms – installed capacity of 11 MW,
- reducing personnel and other staff costs,
- limiting other expenses to those necessary, however, allowing for uninterrupted continuation of operations.

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

- economic situation on furniture markets in Europe and on the domestic market,
- concentration of furniture associations in Europe,
- liquidity risk of customers,
- bankruptcies of furniture companies and an opportunity for the FORTE Group to take over their product range,
- availability of raw materials for the production of furniture and furniture board and stability of their prices, with particular consideration of the policy of the Polish State Forests,
- the EUR/PLN exchange rate,
- continued social unrest and economic uncertainty in connection with the ongoing war in Ukraine and the Gaza Strip,
- expanded product range to include furniture in the new EasyKlix easy-assembly technology,
- decision to reduce the workforce, which, in the opinion of the Management Board, will reduce personnel costs by approx. EUR 16 million per year.



**SELECTED FINANCIAL DATA**

Financial data of Fabryki Mebli FORTE S.A.	in thousands of PLN		in thousands of EUR	
	01.04.2023	01.01.2022	01.04.2023	01.01.2022
	31.12.2023 (unaudited)	30.09.2022 (unaudited)	31.12.2023 (unaudited)	30.09.2022 (unaudited)
Sales revenue	679 212	748 053	151 915	159 568
Profit/(loss) on operating activities	-66 138	-65 012	-14 793	-13 868
Profit/(loss) before tax	-46 219	-64 870	-10 338	-13 837
Profit/(loss) for the period	-49 925	-54 223	-11 166	-11 566
Total comprehensive income for the period	31 890	-112 145	7 133	-23 922
Net cash flows from operating activities	17 047	-39 469	3 813	-8 418
Net cash flows from investing activities	-4 836	-40 712	-1 082	-8 684
Net cash flows from financial activities	-9 869	77 779	-2 207	16 591
Net increase/(decrease) in cash and cash equivalents	2 342	-2 402	524	-512
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	0,43
Net profit/(loss) per share (in PLN/EUR)	-2,09	-2,27	-0,47	-0,48
	31.12.2023 (unaudited)	31.03.2023 (audited)	31.12.2023 (unaudited)	31.03.2023 (audited)
Total assets	1 038 018	1 006 812	238 735	215 338
Total liabilities	575 106	575 790	132 269	123 150
Long-term liabilities	63 211	219 851	14 538	47 022
Short-term liabilities	511 894	355 939	117 731	76 129
Total equity	462 913	431 022	106 466	92 187
Share capital	23 931	23 931	5 504	5 118
Book value per share (in PLN/EUR)	19,34	18,01	4,45	3,85

**PROFIT AND LOSS ACCOUNT**

	<b>01.04.2023</b> <b>31.12.2023</b> (unaudited)	<b>01.01.2022</b> <b>30.09.2022</b> (unaudited)	<b>3 months ended</b> <b>31 December</b> <b>2023</b> (unaudited)	<b>3 months ended</b> <b>30 September</b> <b>2022</b> (unaudited)
Sales revenue	679 212	748 053	242 307	210 283
Cost of sales	515 191	553 949	176 684	161 777
<b>Gross profit from sales</b>	<b>164 021</b>	<b>194 103</b>	<b>65 624</b>	<b>48 506</b>
Other operating revenue	1 210	621	478	361
Costs of sales	174 549	203 461	59 849	57 383
General administrative costs	53 602	49 636	20 452	13 047
Other operating costs	3 218	6 640	742	1 909
<b>Profit/(loss) on operating activities</b>	<b>-66 138</b>	<b>-65 012</b>	<b>-14 943</b>	<b>-23 470</b>
Financial revenue	35 683	14 479	11 109	333
Financial costs	12 485	10 350	4 104	6 940
Share in the loss of investments valued at equity method	-3 279	-3 986	-1 503	-1 096
<b>Profit/(loss) before tax</b>	<b>-46 219</b>	<b>-64 870</b>	<b>-9 441</b>	<b>-31 173</b>
Income tax	3 706	-10 646	1 390	-4 845
<b>Profit/(loss) on continued operations of the period</b>	<b>-49 925</b>	<b>-54 223</b>	<b>-10 831</b>	<b>-26 329</b>
<b>Profit/(loss) of the period</b>	<b>-49 925</b>	<b>-54 223</b>	<b>-10 831</b>	<b>-26 329</b>
<b>Profit/(loss) per share for the period (in PLN):</b>				
- basic	-2,09	-2,27	-0,45	-1,10
- diluted	-2,09	-2,27	-0,45	-1,10

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.04.2023 31.12.2023 (unaudited)</b>	<b>01.01.2022 30.09.2022 (unaudited)</b>	<b>3 months ended 31 December 2023 (unaudited)</b>	<b>3 months ended 30 September 2022 (unaudited)</b>
<b>Profit/(loss) of the period</b>	<b>-49 925</b>	<b>-54 223</b>	<b>-10 831</b>	<b>-26 329</b>
<b>Other comprehensive income before tax, including:</b>	<b>100 729</b>	<b>-71 269</b>	<b>68 706</b>	<b>-29 752</b>
<b>Items which in the future may be reclassified to the profit and loss account</b>	<b>100 729</b>	<b>-71 269</b>	<b>68 706</b>	<b>-29 752</b>
Foreign exchange differences on translation of foreign operations	1 183	-1 021	1 355	-603
Other comprehensive income for a cash flow hedge	99 546	-70 248	67 351	-29 150
<b>Deferred tax connected with items of comprehensive income</b>				
<b>Deferred tax connected with items which in the future may be reclassified to the profit and loss account</b>	<b>18 914</b>	<b>-13 347</b>	<b>12 797</b>	<b>-5 538</b>
Deferred tax regarding hedge accounting	18 914	-13 347	12 797	-5 538
<b>Other net comprehensive income</b>	<b>81 816</b>	<b>-57 922</b>	<b>55 910</b>	<b>-24 214</b>
<b>Total comprehensive income for the period</b>	<b>31 890</b>	<b>-112 145</b>	<b>45 078</b>	<b>-50 543</b>

**STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)**

	<b>31.12.2023</b> (unaudited)	<b>31.03.2023</b> (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>675 107</b>	<b>641 912</b>
Tangible fixed assets	290 576	281 050
Intangible assets	313	389
Investment in subsidiaries and entities	290 782	290 782
Assets on deferred tax	0	9 529
Other long-term assets	19 217	37 049
Derivative financial instruments receivables	74 218	23 113
<b>Current assets</b>	<b>362 912</b>	<b>364 900</b>
Inventory	138 072	152 125
Trade and other receivables	136 737	173 530
Derivative financial instruments receivables	40 985	0
Income tax receivables	7 285	18 356
Other short-term assets	16 633	44
Cash and cash equivalents	23 199	20 846
<b>TOTAL ASSETS</b>	<b>1 038 018</b>	<b>1 006 812</b>
<b>LIABILITIES</b>		
<b>Equity</b>	<b>462 913</b>	<b>431 022</b>
Share capital	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capitals	96 362	14 547
Retained earnings	228 064	277 989
<b>Long-term liabilities</b>	<b>63 211</b>	<b>219 851</b>
Deferred income tax provision	13 092	0
Provision for benefits after the employment period	3 175	3 175
Interest-bearing loans and borrowings	0	170 652
Subsidies	1 430	1 019
Financial liabilities due to lease	32 906	33 913
Other financial liabilities	12 609	10 514
Payables due to derivative financial instruments	0	578
<b>Short-term liabilities</b>	<b>511 894</b>	<b>355 939</b>
Trade and other liabilities	280 588	282 352
Contract liabilities	799	1 463
Subsidies	324	339
Current portion of interest-bearing loans and borrowings	225 648	60 226
Financial liabilities due to lease	1 913	1 930
Payables due to derivative financial instruments	0	6 877
Provision for benefits after the employment period	443	443
Other provisions	2 179	2 310
<b>Total liabilities</b>	<b>575 106</b>	<b>575 790</b>
<b>TOTAL LIABILITIES</b>	<b>1 038 018</b>	<b>1 006 812</b>

**CASH FLOW STATEMENT**

	<b>01.04.2023</b> <b>31.12.2023</b> (unaudited)	<b>01.01.2022</b> <b>30.09.2022</b> (unaudited)	<b>3 months</b> <b>ended 31</b> <b>December</b> <b>2023</b> (unaudited)	<b>3 months</b> <b>ended 30</b> <b>September</b> <b>2022</b> (unaudited)
<b>Cash flow from operating activity</b>				
<b>Profit/(loss) of the period</b>	<b>-49 925</b>	<b>-54 223</b>	<b>-10 831</b>	<b>-26 329</b>
<b>Adjustments by:</b>	<b>55 901</b>	<b>30 039</b>	<b>38 406</b>	<b>58 576</b>
Share in the loss of investments valued at equity method	3 279	3 986	1 503	1 096
Depreciation	18 161	18 218	6 123	6 060
Foreign exchange (profit)/loss	-6 784	6 824	-5 820	5 744
Interest income	-1 287	-519	-349	-267
Interest costs	12 070	5 654	3 936	2 508
Dividends income	-23 268	-13 494	-104	0
(Profit)/ Loss on investing activity	-60	-200	-163	8
Change in receivables	36 722	38 503	3 385	1 108
Change in inventories	14 053	-9 430	17 865	24 275
Change in liabilities, excluding loans and borrowings	-960	-9 518	10 474	22 489
Change in provisions	-145	498	-4	348
Current tax recognised in profit or loss account	3 706	-10 646	1 390	-4 845
Other	413	164	167	53
<b>Operating cash flow</b>	<b>5 976</b>	<b>-24 185</b>	<b>27 575</b>	<b>32 246</b>
Income tax paid	11 071	-15 284	-2 730	-3 941
<b>Net operating cash flow</b>	<b>17 047</b>	<b>-39 469</b>	<b>24 845</b>	<b>28 305</b>
<b>Cash flows from investment activities</b>				
Sale of tangible fixed assets	434	145	218	-15
Sale of intangible assets	0	0	0	145
Purchase of intangible assets	0	-53	0	-53
Purchases of tangible fixed assets	-28 567	-20 349	-4 752	-6 614
Purchase of shares in associates	0	-1 000	0	0
Purchase of share of company valued at equity method	0	-3 378	0	0
Sale of other debt and equity instruments	0	200	0	0
Dividends received	23 268	13 494	104	0
Interest received	30	147	0	54
Repayment of borrowings granted to related entities	0	3 673	0	0
Borrowings granted to related entities	0	-33 592	0	-40
<b>Net investment cash flow</b>	<b>-4 836</b>	<b>-40 712</b>	<b>-4 431</b>	<b>-6 523</b>
<b>Cash flows from financing activities</b>				
Inflow from loans and borrowings taken out	6 174	136 915	594	21 177
Repayment of loans and borrowings	-2 000	-5 000	0	-5 000
Repayment of leasing liabilities	-1 489	-1 408	-569	-543
Interest paid	-12 554	-4 866	-4 104	-2 029
Payment of dividends	0	-47 862	0	-47 862
<b>Net financial cash flow</b>	<b>-9 869</b>	<b>77 779</b>	<b>-4 080</b>	<b>-34 257</b>
<b>Increase/(decrease) in cash and</b>	<b>2 342</b>	<b>-2 402</b>	<b>16 334</b>	<b>-12 475</b>

<b>cash equivalents before exchange differences</b>				
Net foreign exchange differences	12	149	24	217
Net increase/(decrease) in cash and cash equivalents	2 353	-2 252	16 357	-12 257
<b>Opening balance of cash</b>	<b>20 846</b>	<b>14 012</b>	<b>6 842</b>	<b>14 012</b>
<b>Cash at end of year, including:</b>	<b>23 199</b>	<b>11 760</b>	<b>23 199</b>	<b>11 760</b>
- of limited disposability	35	112	35	112

**STATEMENT OF CHANGES IN EQUITY**

for the 9 months ended 31 December 2023 (unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
<b>As at 1 April 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>277 989</b>	<b>14 547</b>	<b>431 022</b>
<i>Current result</i>	0	0	-49 925	0	-49 925
<i>Other comprehensive income for the period</i>	0	0	0	81 816	81 816
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	-49 925	81 816	31 890
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>-49 925</b>	<b>81 816</b>	<b>31 890</b>
<b>As at 31 December 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>228 064</b>	<b>96 362</b>	<b>462 913</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended on 31 March 2023 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
<b>As at 1 January 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>430 688</b>	<b>-32 543</b>	<b>536 632</b>
Dividends paid	0	0	-47 862	0	-47 862
<i>Current result</i>	0	0	-104 837	0	-104 837
<i>Other comprehensive income for the period</i>	0	0	0	47 089	47 089
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	-104 837	47 089	-57 748
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>-152 699</b>	<b>47 089</b>	<b>-105 609</b>
<b>As at 31 March 2023</b>	<b>23 931</b>	<b>114 556</b>	<b>277 989</b>	<b>14 547</b>	<b>431 022</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended on 30 September 2022 (unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
<b>As at 1 January 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>430 688</b>	<b>-32 543</b>	<b>536 632</b>
Dividends paid	0	0	-47 862	0	-47 862
<i>Current result</i>	0	0	-54 223	0	-54 223
<i>Other comprehensive income for the period</i>	0	0	0	-57 922	-57 922
<b>Comprehensive income for the period</b>	0	0	-54 223	-57 922	-112 145
<b>Change in equity</b>	<b>0</b>	<b>0</b>	<b>-102 085</b>	<b>-57 922</b>	<b>-160 007</b>
<b>As at 30 September 2022</b>	<b>23 931</b>	<b>114 556</b>	<b>328 603</b>	<b>-90 465</b>	<b>376 625</b>



**Signature of the person entrusted with bookkeeping:**

**Chief Accounting  
Anna Wilczyńska**

.....

**Signatures of all members of the Management Board:**

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

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

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**Member of the Management Board  
Walter Stevens**

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Ostrów Mazowiecka, 28 February, 2024