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Ladies and Gentlemen,

On behalf of the FORTE Group, and for the first time as President of the Management Board, I am presenting to you the consolidated financial statements for the financial year 2023/2024, in which we present our financial and operational results, as well as key events.

The past financial year was a particularly challenging period. The environment was unfavourable not only for FORTE but also for the entire furniture industry. It also intensified the difficulties whose effects we have observed for a long time. The home furnishing industry in Europe has been in crisis for many months. Low demand for furniture, which started after the pandemic, also continued last year, and the costs of doing business in Poland were rising. Increasing consolidation on the part of customers who expect lower prices and better conditions is also reflected in the margin we have achieved.

Of significance were the armed conflicts, which always cause social uncertainty and significantly influence consumers' purchasing decisions, prompting them to save and reduce spending, especially on consumer durables. As a result, purchases of furniture and other home appliances are postponed. The traditional autumn, so-called high season for furniture sales did not occur in 2023. All these negative factors have affected our operating result.

In order to mitigate the effects of the crisis and to strengthen our position in the market, we took decisive measures and did a great deal in the area of cost and process optimisation, which we carried out in all areas of the company's operations. As early as 2022, we started to restructure the workforce to adjust its level to the new needs. At the end of 2023, we decided to carry out redundancies and, as a result, we reduced the employment level by around 10%. This process was completed in January this year.

This was just one of many elements of adjusting costs to the market situation. In addition, we increased production efficiency, which, among other things, allowed us to limit the negative impact of raising the minimum wage, which has increased significantly in the last two years. We have built – at a cost of around PLN 36 million – photovoltaic farms at our factories with a total capacity of 11MW, which provide us with up to 15 per cent of the factories' energy needs. We will systematically increase the share of renewable energy in our overall consumption, in line with our long-term sustainable development strategy.



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Last year, we devoted a lot of attention to innovative design solutions and the development of new product categories.

We have introduced bathroom furniture, we are significantly expanding wardrobe sales and are working on further innovations. We have focused a lot of attention and intensive efforts on developing the production and sales of upholstered furniture. Thanks to investments made in recent years, we have transformed one of our plants into an upholstery workshop. We produce beds, mattresses and sofas there and plan to further develop that category, as it perfectly complements our existing product range. We started developing sales on the Polish and German markets.

A particularly significant development for us was the launch of the EasyKlix brand with a revolutionary assembly method based on the Threespine ID technology. It allows for convenient and fast assembly of furniture without almost any tools, which significantly improves the comfort of assembly. This technology also provides a unique opportunity to disassemble furniture multiple times, which in turn can extend the service life of the product or make it easier to recycle. The project gained momentum at the end of 2023. Today, EeasyKlix furniture by Forte is available in dozens of shops in Germany and John Lewis chain shops in the UK, with the prospect of further expansion. Improving the comfort of assembly, use and service are definitely the directions we want to develop.

Over the past 12 months, we have worked intensively to prepare new products and present them at numerous trade fairs. The MOW trade fair in September was a great success, very enthusiastically received by the industry. We changed our approach to the presentation of our product range and brand communication, which was appreciated by our customers. We presented more than 40 new FORTE furniture collections and more than 500 new articles in our 4000 m² exhibition centre in Bad Salzuflen. The trade fair resulted in numerous implementations and we expect their effects in the following quarters of 2024.

In the past financial year, the Management Board along with all banks financing the FORTE Group worked out the key assumptions of the Group's financing for the next 3 years. As a result of those arrangements and multilateral negotiations, a new Common Terms Agreement is scheduled to be signed in July 2024. The key effect of that agreement will be to ensure continuity of financing for the FORTE Group and to establish financial covenants for the next reporting periods.

We have another difficult year ahead of us – in line with analysts' forecasts, we cannot expect that the market situation will improve significantly. We need to make the most of the potential



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we already have, but at the same time improve our sales and marketing strategies. Adapting to changing customer preferences and using new sales and communication channels will be key to maintaining our position in the market.

The ambitious yet realistic plan we have set for 2024/2025 takes into account the current market challenges and difficulties in the industry. It will require a great deal of effort from the entire FORTE Group team to achieve the goals, but I am convinced that the work we have already done and the consistent implementation of the adopted directions will translate into achieving the desired results.

Yours sincerely,

Maria Florczuk

CEO