

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



**Extract of consolidated
financial report for the period
from 01.04.2023 to 31.03.2024**



Ostrów Mazowiecka, 20 June 2024

www.FORTE.com.pl

TABLE OF CONTENTS

Consolidated selected financial data.....	3
Consolidated Profit and Loss account.....	4
Consolidated statement of comprehensive income.....	5
Consolidated statement of financial situation (balance sheet).....	6
Consolidated cash flow statement.....	7
Consolidated statement of changes in equity.....	8
Consolidated statement of changes in equity.....	8
Seasonality of operations.....	9
Revenues and costs.....	9
Sales revenues.....	9
Other operating revenues.....	10
Other operating cost.....	10
Financial revenues.....	10
Financial costs.....	11
Costs by type.....	11
Commentary to the Group results and basic economic-financial amounts.....	11
Selected financial data.....	15
Profit and Loss account.....	16
Statement of comprehensive income.....	17
Statement of financial situation (balance sheet).....	18
Cash flow statement.....	19
Statement of changes in equity.....	21
Statement of changes in equity.....	21
Financial figures of FABRYKI MEBLI „FORTE” S.A.	22

CONSOLIDATED SELECTED FINANCIAL DATA

Consolidated financial data	in thousands of PLN		in thousands of EUR	
	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (audited)	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (audited)
Sales revenue	1 030 669	1 598 422	232 473	340 764
Profit (loss) on operating activities	- 2 467	98 426	- 556	20 983
Profit (loss) before tax	- 14 648	68 064	- 3 004	14 510
Net (profit) loss attributable to equity owners of the Parent company	-60 608	88 148	- 13 670	18 792
Total comprehensive income for the period	27 778	135 020	6 265	28 785
Net cash flow from operating activities	101 852	33 534	22 973	7 149
Net cash flow from investment activities	-36 858	-19 513	-8 314	-4 160
Net cash flow from financial activities	-63 155	-13 401	-14 245	-2 857
Net (increase) decrease in cash and cash equivalents	1 578	757	356	161
Number of shares	23 930 769	23 930 769	23 930 769	23 930 769
Net profit per share attributable to equity owners of the Parent Company (in PLN/EUR)	- 2,53	3,68	- 0,57	0,79
	31.03.2024 (audited)	31.03.2023 (audited)	31.03.2024 (audited)	31.03.2023 (audited)
Total assets	1 438 382	1 496 103	334 437	319 988
Total liabilities	528 607	614 105	122 906	131 345
Long-term liabilities	59 842	284 202	13 914	60 785
Short-term liabilities	468 765	329 903	108 922	70 560
Total equity attributable to equity owners of the Parent company	907 829	879 877	211 079	188 189
Share capital	23 931	23 931	5 564	5 118
Book value per share (in PLN/EUR)	37,94	36,77	8,82	7,86

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (audited)
Sales revenue	1 030 669	1 598 422
Cost of sales	720 965	1 090 474
Gross profit from sales	309 704	507 948
Other operating revenue	17 394	42 544
Costs of sales	230 292	338 133
General administrative costs	86 452	104 314
Other operating costs	12 821	9 619
Profit/ (loss) on operating activities	-2 467	98 426
Financial revenue	12 051	1 190
Financial costs	23 670	26 162
Loss on derivative financial instruments	1 384	-408
Share in the loss of investments valued at equity method	-1 946	-4 982
Profit / (loss) before tax	-14 648	68 064
Income tax	46 131	-19 578
Profit / (loss) on continued operations of the period	-60 779	87 642
Profit/ (loss) of the period	-60 779	87 642
Attributable to:		
Non-controlling shareholders	-171	-506
Shareholders of the Parent Company	-60 608	88 148
Profit/ (loss) on continued operations of the period in PLN:		
- basic	-2,54	3,66
- diluted	-2,54	3,66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (audited)
Profit/ (loss) of the period	-60 779	87 642
Other comprehensive income before tax, including:	109 123	58 295
Items which in the future will not be reclassified to the profit and loss account	-591	477
Revaluation of employee benefit obligations	-591	477
Items which in the future may be reclassified to the profit and loss account	109 714	57 818
Foreign exchange differences on translation of foreign operations	-384	769
Hedge accounting	110 098	57 049
Deferred tax connected with items of comprehensive income		
Deferred tax connected with items which in the future will not be reclassified to the profit and loss account	-106	78
Deferred tax regarding employee benefits	-106	78
Deferred tax connected with items which in the future may be reclassified to the profit and loss account	20 672	10 839
Deferred tax regarding hedge accounting	20 672	10 839
Other net comprehensive income	88 557	47 378
Total comprehensive income/(loss) for the period	27 778	135 020
Attributable to:		
Non-controlling shareholders	-171	-506
Shareholders of the Parent Company	27 949	135 526

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 March 2024 (audited)	31 March 2023 (audited)
ASSETS		
Non-current assets	974 592	1 005 940
Tangible fixed assets	806 109	814 973
Intangible assets	29 271	23 729
Investment in subsidiaries	550	550
Other long-term financial assets	10 308	9 719
Real estate investment	54 313	53 733
Assets on deferred tax	12 641	80 123
Financial derivative instruments receivables	61 400	23 113
Current assets	463 790	490 163
Current assets other than held for sale	463 790	490 163
Inventory	190 648	250 159
Trade and other receivables	168 350	191 765
Receivables due to financial derivative instruments	63 059	0
Income tax receivables	10 623	18 753
Financial assets	190	144
Cash and cash equivalents	30 920	29 342
TOTAL ASSETS	1 438 382	1 496 103
LIABILITIES		
Total equity	909 775	881 998
Equity (attributable to shareholders of the Parent Company), including:	907 829	879 877
Basic equity	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capital	121 457	32 900
Retained earnings	647 885	708 490
Capital attributable to non-controlling shareholders	1 946	2 121
Long-term liabilities	59 842	284 202
Provision for benefits after the employment period	4 226	3 609
Interest-bearing loans and borrowings	3 925	232 062
Trade and other long-term liabilities	623	1 065
Accruals	14 917	9 035
Financial liabilities due to lease	33 769	33 949
Liabilities due to financial derivative instruments	0	2 242
Other long-term financial liabilities	2 382	2 240
Short-term liabilities	468 765	329 903
Trade and other liabilities	141 599	164 798
Contract liabilities	843	1 464
Accruals	320	338
Income tax liabilities	4	1 776
Current portion of interest-bearing loans and borrowings	321 074	149 855
Financial liabilities due to lease	1 964	1 992
Liabilities due to financial derivative instruments	366	6 877
Provision for benefits after the employment period	579	493
Other provisions	2 016	2 310
Total liabilities	528 607	614 105
TOTAL LIABILITIES	1 438 382	1 496 103

CONSOLIDATED CASH FLOW STATEMENT

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (audited)
Cash flows from operating activities		
Profit/ (loss) of the period	-60 779	87 642
Adjustments by:	156 914	-29 996
Share of loss of associates and joint ventures accounted for using equity method	1 946	4 982
Depreciation	55 254	68 709
Foreign exchange losses	- 18 523	4 277
Interest income	-105	-279
Interest costs	22 841	14 931
Dividends	- 104	-405
(Profit)/ loss on investing activity	- 12 165	-32 406
Tax in the income statement	46 131	-19 578
Change in receivables	23 314	-4 844
Change in inventories	60 070	-11 325
Change in liabilities, excluding loans and borrowings	- 22 365	-58 150
Change in provisions	1 253	-629
Change in fair value	- 1 035	4 200
Other adjustments	402	521
Cash flows from operating activities	96 135	57 646
Income tax paid	5 717	-24 112
Net cash flows from operating activities	101 852	33 534
Cash flows from investment activities		
Sale of tangible assets	632	7 993
Sale of intangible assets	12 042	34 725
Purchase of intangible assets	- 223	-108
Purchase of tangible fixed assets	- 47 965	-42 085
Real property investments	- 50	-126
Acquisition of shares in associates	0	-13 378
Purchase of other debt and equity instruments	- 698	-9 331
Sale of other debt and equity instruments	0	200
Dividends received	104	405
Interest income	31	244
Repayment of borrowings related entities	0	8 281
Repayment of borrowings unrelated entities	0	700
Borrowings granted related entities	- 731	-6 353
Borrowings granted unrelated entities	0	-680
Net cash flows from investing activities	- 36 858	-19 513
Cash flows from financing activities		
Inflows from loans and borrowings taken out	18 644	150 455
Repayment of loans and borrowings	- 56 191	-98 196
Repayment of leasing liabilities	- 2 220	-2 456
Payment of dividends	0	-47 863
Interest paid	- 23 388	-15 341
Net cash flows from financial activities	- 63 155	-13 401
Net increase/ (decrease) in cash and cash equivalents before exchange differences	1 839	620
Net foreign exchange differences (from the opening balance translation)	- 261	137
Net increase / (decrease) in cash and cash equivalents	1 578	757
Opening balance of cash	29 342	28 585
Closing balance of cash, including:	30 920	29 342
of limited disposability	110	693

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2024 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total capital attributed to controlling shareholders	Total capital of non-controlling shareholders	Total equity
Status at the beginning of the period	23 931	114 556	708 490	32 900	879 877	2 121	881 998
Payment of dividend	0	0	0	0	0	-2	-2
Other changes	0	0	3	0	3	-2	1
<i>Current result</i>	0	0	-60 608	0	-60 608	-171	-60 779
<i>Other comprehensive income for the period</i>	0	0	0	88 557	88 557	0	88 557
Comprehensive income for the period	0	0	-60 608	88 557	27 949	-171	27 778
Change in equity	0	0	-60 605	88 557	27 952	-175	27 777
Status at the end of the period	23 931	114 556	647 885	121 457	907 829	1 946	909 775

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year 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
Status at the beginning of the period	23 931	114 556	668 205	-14 477	792 215	2 628	794 843
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
Comprehensive income for the period	0	0	88 148	47 378	135 526	-506	135 020
Change in equity	0	0	40 285	47 377	87 662	-507	87 155
Status at the end of the period	23 931	114 556	708 490	32 900	879 877	2 121	881 998

Seasonality of operations

	Domestic revenues	Share % in total quarter revenues	Export revenues	Share % in total quarter revenues	Revenues from sales of products, materials, goods and services	Share % in annual revenues
I Q 2022 (01-03.2022)	71 324	20%	284 242	80%	355 566	22%
II Q 2022 (04-06.2022)	91 313	27%	241 819	73%	333 132	21%
III Q 2022 (07-09.2022)	51 826	21%	198 771	79%	250 597	16%
IV Q 2022 (10-12.2022)	70 677	21%	263 972	79%	334 649	21%
I Q 2023 (01-03.2023)	57 622	18%	266 856	82%	324 478	20%
15 months 2022/2023	342 762	21%	1 255 660	79%	1 598 422	100%

	Domestic revenues	Share % in total quarter revenues	Export revenues	Share % in total quarter revenues	Revenues from sales of products, materials, goods and services	Share % in annual revenues
I Q 2023 (04-06.2023)	48 546	18%	215 125	82%	263 671	26%
II Q 2023 (07-09.2023)	46 206	22%	165 789	78%	211 995	21%
III Q 2023 (10-12.2023)	56 778	20%	225 189	80%	281 967	27%
IV Q 2023 (01-03.2024)	57 760	21%	215 277	80%	273 036	26%
12 months of 2023	209 290	20%	821 380	80%	1 030 669	100%
I Q 2022 (04-06.2022)	91 313	27%	241 819	73%	333 132	27%
II Q 2022 (07-09.2022)	51 826	21%	198 771	79%	250 597	20%
III Q 2022 (10-12.2022)	70 677	21%	263 972	79%	334 649	27%
IV Q 2022 (01-03.2023)	57 622	18%	266 856	82%	324 478	26%
12 months of 2022	271 438	22%	971 418	78%	1 242 856	100%

Revenues and costs

Sales revenues

Sales revenues	For the reporting period ended		
	01.04.2023-31.03.2024 (audited)	01.04.2022-31.03.2023 (unaudited)	01.01.2022-31.03.2023 (audited)
Revenues from sales of goods, products and materials	1 017 229	1 235 875	1 590 085
- products, including	889 861	1 014 755	1 304 336
<i>results on the hedge accounting</i>	11 133	0	0
- goods	7 495	6 599	8 022
-materials	119 872	214 521	277 727
Revenues from sales of services	13 440	6 981	8 336
Total net revenues from sales	1 030 669	1 242 856	1 598 422

Other operating revenues

Other operating revenues	For the reporting period ended		
	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	01.01.2022- 31.03.2023 (audited)
Reversal of impairment write-downs receivables	81	2	2
Reversal of impairment write-downs others	505	57	57
Gain on sale of property, plant and equipment	453	1 751	1 766
Gain on the sale of intangible assets	12 042	34 723	34 723
Gain on sale of real estate	0	0	156
Revaluation of investment properties	530	896	896
Subsidies	2 512	742	757
Donations and compensations	522	2 005	2 176
Other	748	1 710	1 934
Inventory surpluses	0	76	76
Total other operating revenues	17 394	41 962	42 544

Other operating cost

Other operating costs	For the reporting period ended		
	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	01.01.2022- 31.03.2023 (audited)
Creation of revaluation write-downs inventories	119	439	439
Creation of revaluation write-downs receivables	432	341	341
Liquidation and impairment losses on property, plant and equipment	331	288	292
Scrapping of inventory	2 461	2 361	2 845
Donations	351	2 732	2 837
Penalties and compensations	470	302	690
Employee benefits costs	160	280	280
Inventory shortages	131	2	2
Damages removing costs	607	511	536
Unused production capacity	7 287	0	0
Other	471	1 315	1 356
Other operating costs, total	12 821	8 571	9 619

Financial revenues

Financial revenue	For the reporting period ended		
	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	01.01.2022- 31.03.2023 (audited)
Dividends	104	405	405
Interest	53	516	619
Net foreign exchange differences	11 887	0	0
Other	6	165	166
Financial revenues, total	12 051	1 085	1 190

Financial costs

Financial costs	For the reporting period ended		
	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	01.01.2022- 31.03.2023 (audited)
Loss on financial assets sale	0	4 250	4 053
Interest on loans, credits	21 177	12 187	13 386
Interest on leasing	1 656	1 251	1 547
Budget interest	10	198	944
Credit valuation at amortised cost	266	322	322
Net foreign exchange differences	0	1 370	381
Revaluation of the value of financial investments	0	5 095	5 095
Other	562	385	434
Financial costs, total	23 670	25 058	26 162

Costs by type

Costs by type	For the reporting period ended		
	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	01.01.2022- 31.03.2023 (audited)
Depreciation	55 254	54 896	68 709
Consumption of materials and energy	387 285	515 297	660 966
External services	184 719	215 291	270 096
Taxes and fees	17 211	16 783	21 456
Payroll	187 602	185 287	241 977
Social insurance and other benefits	46 645	46 311	61 488
Other costs by type	15 074	15 444	19 632
Costs by type	893 791	1 049 307	1 344 324
Change in product inventory and accruals	-35 837	-4 119	10 337
Manufacturing cost of products for internal purposes	2 162	1 321	2 269
Scrapping of products and semi-finished products	1 716	2 121	2 121
Unused production capacity	7 287	0	0
Costs of sales	230 292	267 652	338 133
General administrative costs	86 452	82 764	104 314
Manufacturing cost of sold products and services	601 720	699 568	887 150
Value of goods and materials sold	119 245	160 002	203 324
Costs of sales	720 965	859 570	1 090 474

Commentary to the Group results and basic economic-financial amounts

Group performance and key economic and financial data:

Item	01.04.2023- 31.03.2024 (audited)	01.04.2022- 31.03.2023 (unaudited)	% change 2022/2023	01.01.2022- 31.03.2023 (audited)
Sales revenue	1 030 669	1 242 856	-17,1%	1 598 422
Cost of sales	-720 965	-859 570	-16,1%	-1 090 474
Gross profit on sales	309 704	383 286	-19,2%	507 948
Gross margin on sales %	30,0%	30,8%		31,8%
Selling costs	-230 292	-267 652	-14,0%	-338 133
G&A costs	-86 452	-82 765	4,5%	-104 314
Operating profit (EBIT)	-2 467	66 260	-103,4%	98 426
EBITDA	52 787	121 156	-56,2%	167 135

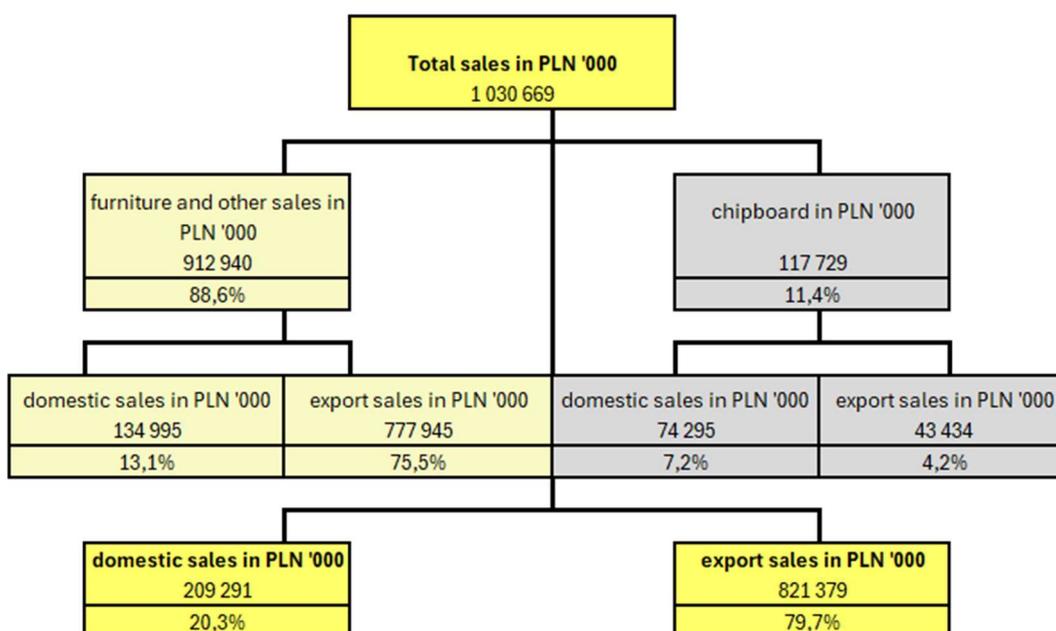
Share in loss of subsidiaries valued under the equity method	-1 946	-3 290	40,9%	-4 982
Gross profit	-14 648	38 914	-137,6%	68 064
Net profit	-60 779	19 242	-415,9%	87 642
Net profit margin %	-5,9%	1,5%		5,5%
Return on equity (ROE)	-6,7%	2,2%		9,9%
Return on assets (ROA)	-4,2%	1,3%		5,9%

From April 2023 to March 2024, the FORTE Group earned **sales revenue** of PLN 1 030 669 thousand, compared to PLN 1 242 856 thousand in the 12-month comparative period (a decrease by 17.1%).

Sales of surplus chipboard manufactured by the subsidiary TANNE accounted for 11.4% of the FORTE Group's total sales, with a 4.2% share of export sales (PLN 43 434 thousand) and a 7.2% share of domestic sales (PLN 74 295 thousand).

In terms of volume, however, chipboard sales from April 2023 to March 2024 were lower than in the comparative period by approx. 6% (140.1 thousand m3 in the reporting period vs. 149.6 thousand m3 in the comparative period).

Furniture and other sales of the Group accounted for 88.6% of total sales (PLN 912 940 thousand), with export sales of PLN 777 945 thousand (75.5%) and domestic sales of PLN 134 995 thousand (13.1%).



Percentage of furniture and other sales in individual markets was as follows: German-speaking countries 50%, Western and Northern Europe 26%, Poland 15%, Central, Southern and Eastern Europe 8% and Non-European countries 1%.

Percentage of chipboard sales in individual markets was as follows: Poland 63%, Central, Southern and Eastern Europe 37%.

Export sales of the FORTE Group totalled PLN 821 380 thousand – 80% of total sales (in the comparative period – PLN 971 418 thousand – 78%). Sales in the Polish market from April 2023 to March 2024 amounted to PLN 209 290 thousand (20%) against PLN 271 438 thousand (22%) in the corresponding period from April 2022 to March 2023.



Selling costs – the selling costs to revenue ratio was 22.3%, compared to 21.5% in the corresponding period last year. In terms of value, selling costs decreased by PLN 37 584 thousand, which was strongly correlated with the decrease in sales revenue earned by the Group in the reporting period vs. comparative period.

G&A costs – the G&A costs to revenue ratio was 8.4 % versus 6.7% in the comparative period. The G&A costs increased mainly as a result of PLN 8 824 thousand paid as a compensation to the former CEO of the Parent Company in connection with his resignation from his position on the Management Board of the Company.

Operating loss amounted to PLN –2 467 thousand, compared to PLN 66 260 thousand in the comparative period.

The reduced profitability was primarily driven by the following factors:

- a continued slowdown in the furniture market in Western European countries, 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 2023-March 2024 were 15% lower than in the same period of the previous year,
- a very significant decline in demand for furniture board translated into a 7% drop in board sales by TANNE to external customers in April 2023-March 2024 vs. the same period last year. This resulted in a decrease of PLN 56.2 million in the margin generated on sales of the board outside the Group,
- additional cost of employment reduction totalling approx. PLN 3 000 000 in connection with group redundancies,
- 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 2 428 thousand under the programme "Aid to energy-intensive industries related to natural gas and electricity prices".

Result on financial operations amounted to PLN (-) 11 619 thousand.

This negative result was affected in particular by interest on loans and borrowings in the amount of PLN (-) 21 177 thousand due to an increase in interest rates and an increased use of working capital loans 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 11 887 thousand.

Net loss in the reporting period amounted to PLN (-) 60 779 thousand against a profit of PLN 19 242 thousand in the same period of 2022 (a decrease by 415.9%).

The most significant impact on the tax burden on the net result was the partial release, as a result of updating financial projections, of a deferred tax asset of PLN 42 191 thousand created for the zone relief by TANNE and DYSTRI-FORTE, as well as the current use of the asset by the zone companies in the total amount of PLN 10 729 thousand. Additionally, after completing the merger of the Parent Company with FORTE BRAND, as there were no grounds for creating deferred tax on temporary differences related to the valuation of investment properties, the value of the acquired trademark and the loss of the opportunity to account for losses from previous years, the asset and the provision for deferred tax on the above-mentioned temporary differences were reversed, which in turn had a positive impact on the result in the amount of PLN 16 022 thousand.

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

Liquidity and efficiency analysis	31.03.2024 (audited)	31.03.2023 (unaudited)
Current ratio (current assets/current liabilities)	1,0	1,5
Quick ratio (current assets – inventories/current liabilities)	0,6	0,7
Receivable turnover in days (average trade receivables*365/sales revenue)	46,7	40,8
Inventory turnover in days (average inventories*365/cost of sales)	111,6	110,1
Liability turnover in days (average trade liabilities*365/cost of sales)	37,0	36,7
Current asset turnover in days (average current assets*365/sales revenue)	168,9	149,0

Characteristics of balance sheet items	31.03.2024 (audited)		31.03.2023 (audited)		% change 2024/2023
	PLN '000	% of balance sheet total	PLN '000	% of balance sheet total	
Non-current assets	974 592	67,8%	1 005 940	67%	-3,1%
Current assets	463 790	32,2%	490 163	33%	-5,4%
Total assets	1 438 382	100%	1 496 103	100%	-3,9%
Equity	909 775	63,2%	881 998	59%	3,1%
Non-current liabilities and provisions	59 842	4,2%	284 202	19%	-78,9%
Current liabilities and provisions	468 765	32,6%	329 903	22%	42,1%
Total equity and liabilities	1 438 382	100%	1 496 103	100%	-3,9%

Non-current assets decreased by PLN 31 348 thousand, mainly as a result of partial reversal and use of a deferred tax asset due to tax relief related to business operations carried out by the companies and DYSTRIFORTE in the Special Economic Zone (PLN 52 920 thousand), an increase in intangible assets due to the free-of-charge allocation of CO2 emission allowances (PLN 22 499 thousand) and an increase in receivables from financial instruments due to their positive valuation as a result of the weakened EUR/PLN exchange rate (PLN 38 287 thousand).

In **current assets**, the most significant increase was recorded for receivables from financial instruments (by PLN 63 059 thousand), while the most significant decrease was recorded for inventories (by PLN 59 511 thousand), as a result of the optimisation/adjustment of inventory levels to production volumes and the impact of orders. In line with budget assumptions, inventories were reduced to a safe level in order to release funds frozen in inventories while ensuring the smooth service of customer orders.

On the **liabilities** side, the most significant changes involved increased other capital reserves, which is due to the reversal of bank hedge accounting valuations (PLN 89 426 thousand). In addition, there was a decrease in long-term bank loans (PLN - 228 137 thousand) with a simultaneous increase in short-term loan liabilities (PLN 171 219 thousand). The majority of the Group's loan agreements expire 2024, but the Management Board and financing banks have already agreed on the terms for extending the financing until March 2027. The Common Terms Agreement is scheduled to be concluded in July 2024.

SELECTED FINANCIAL DATA

Financial data of Fabryki Mebli FORTE S.A.	in thousands of PLN		in thousands of EUR	
	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (transformed, unaudited)	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (transformed, unaudited)
Sales revenue	920 401	1 338 774	207 601	285 410
Profit (loss) on operating activities	-62 262	-89 078	-14 044	-18 990
Profit (loss) before tax	-60 885	-106 743	-13 733	-22 756
Profit (loss) for the period	-53 401	-95 088	-12 045	-20 272
Total comprehensive income for the period	35 356	-48 000	7 975	-10 233
Net cash flows from operating activities	23 492	32 388	5 299	6 905
Net cash flows from investing activities	-27 580	-76 318	-6 221	-16 270
Net cash flows from financial activities	-1 887	54 865	-426	11 697
Net increase (decrease) in cash and cash equivalents	-6 088	10 956	-1 373	2 336
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	0,00	0,00	0,00
Net profit (loss) per share (in PLN/EUR)	-2,23	-3,97	-0,50	-0,85
	31.03.2024 (audited)	31.03.2023 (transformed, unaudited)	31.03.2024 (audited)	31.03.2023 (transformed, unaudited)
Total assets	991 309	942 696	230 489	201 625
Total liabilities	554 544	541 287	128 937	115 771
Long-term liabilities	60 201	218 090	13 997	46 645
Short-term liabilities	494 343	323 197	114 939	69 126
Total equity	436 765	401 409	101 552	85 854
Share capital	23 931	23 931	5 564	5 118
Book value per share (in PLN/EUR)	18,25	16,77	4,24	3,59

PROFIT AND LOSS ACCOUNT

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (transformed, unaudited)
Sales revenue	920 401	1 338 774
Cost of sales	685 544	1 011 997
Gross profit from sales	234 858	326 777
Other operating revenue	1 544	8 175
Costs of sales	222 214	329 626
General administrative costs	71 677	86 010
Other operating costs	4 773	8 394
Profit/ (loss) on operating activities	-62 262	-89 078
Financial revenue	18 139	7 414
Financial costs	14 817	20 097
Share in the profit/ loss of investments valued at equity method	-1 946	-4 982
Profit / (loss) before tax	-60 885	-106 743
Income tax	-7 484	-11 655
Profit/ (loss) on continued operations of the period	-53 401	-95 088
Profit of the period	-53 401	-95 088
Profit per share for the period (in PLN):		
- basic	-2,23	-3,97
- diluted	-2,23	-3,97

STATEMENT OF COMPREHENSIVE INCOME

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (transformed, unaudited)
Profit of the period	-53 401	-95 089
Other comprehensive income before tax, including:	109 323	58 007
Items which in the future will not be reclassified to the profit and loss account	-565	411
Revaluation of employee benefit obligations	-565	411
Items which in the future may be reclassified to the profit and loss account	109 888	57 596
Foreign exchange differences on translation of foreign operations	1 087	547
Other comprehensive income for a cash flow hedge	108 801	57 049
Deferred tax connected with items which in the future will not be reclassified to the profit and loss account	-106	78
Deferred tax regarding employee benefits	-106	78
Deferred tax connected with items which in the future may be reclassified to the profit and loss account	20 672	10 839
Deferred tax regarding hedge accounting	20 672	10 839
Other net comprehensive income	88 757	47 089
Total comprehensive income for the period	35 356	-48 000

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	31 March 2024 (audited)	31 March 2023 (transformed, unaudited)
ASSETS		
Non-current assets	583 406	573 172
Tangible fixed assets	286 921	281 106
Intangible assets	15 783	15 661
Investment in subsidiaries and entities	207 133	166 684
Other long-term assets	12 169	46 530
Real estate investment	0	40 078
Financial derivative instruments receivables	61 400	23 113
Current assets	407 904	369 524
Current assets other than held for sale	407 904	369 524
Inventory	131 581	152 223
Trade and other receivables	149 982	173 443
Financial derivative instruments receivables	63 059	0
Income tax receivables	10 016	18 451
Other short-term assets	34 198	250
Cash and cash equivalents	19 069	25 157
TOTAL ASSETS	991 309	942 696
LIABILITIES		
Equity	436 765	401 409
Share capital	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Other reserve capitals	123 104	34 347
Retained earnings	175 175	228 576
Long-term liabilities	60 201	218 090
Deferred tax liability	19 576	6 494
Provision for benefits after the employment period	3 755	3 194
Interest-bearing loans and borrowings	0	170 652
Subsidies	1 413	1 019
Financial liabilities due to lease	33 074	33 913
Other long-term financial liabilities	2 383	2 240
Payables due to derivative financial instruments	0	578
Short-term liabilities	494 343	323 197
Trade and other liabilities	277 562	273 553
Contract liabilities	843	1 463
Subsidies	320	339
Current portion of interest-bearing loans and borrowings	211 282	36 269
Financial liabilities due to lease	1 782	1 941
Payables due to derivative financial instruments	0	6 877
Provision for benefits after the employment period	538	447
Other provisions	2 016	2 310
Total liabilities	554 544	541 287
TOTAL LIABILITIES	991 309	942 696

CASH FLOW STATEMENT

	01.04.2023- 31.03.2024 (audited)	01.01.2022- 31.03.2023 (transformed, unaudited)
Cash flow from operating activity		
Profit/ (loss) of the period	-53 401	-95 089
Adjustments by:	68 457	150 709
Share in the loss of investments valued at equity method	1 946	4 982
Amortisation	24 507	30 077
Foreign exchange (profit)/loss	-7 460	742
Interest income	-1 870	-1 777
Interest costs	14 375	9 671
Dividends	-3 722	-4 200
(Profit)/ Loss on investing activity	-105	2 314
Change in receivables	23 379	-2 356
Change in inventories	20 642	18 005
Change in liabilities, excluding loans and borrowings	4 272	103 065
Change in provisions	-225	-344
Change in fair value	0	1 013
Current tax recognised in profit or loss	-7 484	-11 655
Other	202	1 172
Operating cash flow	15 057	55 620
Income tax paid	8 435	-23 232
Net operating cash flow	23 492	32 388
Cash flows from investment activities		
Sale of tangible fixed assets	613	2 493
Sale of investment properties	0	5 500
Purchases of intangible assets	-223	-53
Purchases of tangible fixed assets	-30 193	-33 893
Investments in real estate	-50	-126
Purchase of shares in related entities	0	-1 000
Purchase of shares in unrelated entities	-698	-9 331
Purchase of share of company valued at equity method	0	-13 378
Sell of other debt and equity instruments	0	200
Dividends received	3 722	4 200
Interest received	30	471
Repayment of borrowings related entities	0	8 673
Repayment of borrowings unrelated entities	0	700
Borrowings granted to related entities	-781	-40 095
Borrowings granted to unrelated entities	0	-680
Net investment cash flow	-27 580	-76 318
Cash flows from financing activities		
Inflow from loans and borrowings taken out	14 941	114 861
Repayment of leasing liabilities	-2 029	-2 367
Interest paid	-14 799	-9 768
Dividend paid	0	-47 862
Net financial cash flow	-1 887	54 865
Increase/ (decrease) in cash and cash equivalents before exchange differences	-5 975	10 936
Net foreign exchange differences	-113	20

Net increase/ (decrease) in cash and cash equivalents	-6 088	10 956
Opening balance of cash	25 157	14 201
Cash at end of year, including:	19 069	25 157
- of limited disposability	15	109

STATEMENT OF CHANGES IN EQUITY

for the period ended on 31 March 2024 (audited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
Status at the beginning of the period before corrections	23 931	114 556	277 989	14 547	431 022
Connection with Forte Brand	0	0	-49 413	19 800	-29 613
Status at the beginning of the period after corrections	23 931	114 556	228 576	34 347	401 409
<i>Current result</i>	0	0	-53 401	0	-53 401
<i>Other comprehensive income for the period</i>	0	0	0	88 757	88 757
Comprehensive income for the period	0	0	-53 401	88 757	35 356
Change in equity	0	0	-53 401	88 757	35 356
Status at the end of the period	23 931	114 556	175 175	123 104	436 765

STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 March 2023 (transformed, unaudited)

	Share capital	Share premium	Retained earnings	Other reserve capital	Total equity
Status at the beginning of the period before corrections	23 931	114 556	430 688	-32 543	536 632
Connection with Forte Brand	0	0	-59 162	19 800	-39 361
Status at the beginning of the period after corrections	23 931	114 556	371 526	-12 743	497 270
Dividends paid	0	0	-47 862	0	-47 862
<i>Current result</i>	0	0	-95 089	0	-95 089
<i>Other comprehensive income for the period</i>	0	0	0	47 089	47 089
Comprehensive income for the period	0	0	-95 089	47 089	-48 000
Change in equity	0	0	-142 951	47 089	-95 861
Status at the end of the period	23 931	114 556	228 576	34 347	401 409

Financial figures of FABRYKI MEBLI „FORTE” S.A.

Item	Reporting period 12	Comparison period 12	% change 2024 / 2023
	months 01.04.2023- 31.03.2024 (audited)	months 01.04.2022- 31.03.2023 (unaudited)	
Sales revenue	920 401	1 042 996	-11,8%
Cost of sales	-685 544	-799 156	-14,2%
Gross profit on sales	234 858	243 840	-3,7%
Gross margin on sales %	25,52%	23,38%	9,1%
Selling costs	-222 214	-260 783	-14,8%
G&A costs	-71 677	-68 011	5,4%
Operating profit (EBIT)	-62 262	-84 496	26,3%
EBITDA	-37 755	-60 473	37,6%
Gross profit	-60 885	-100 645	39,5%
Net profit	-53 401	-88 602	39,7%
Return on sales (ROS)	-5,8%	-8,5%	
Return on equity (ROE)	-12,2%	-22,1%	
Return on assets (ROA)	-5,4%	-8,9%	

Due to the current structure of the FORTE Group, in which vertical integration of the added value chain is spread across individual companies, the Management Board does not comment on the above separate financial figures, as the analysis of separate financial statements of the Parent Company does not make full economic sense.

In the completed 12-month financial year 2023/2024, the Group identified several significant factors that affected its financial performance and its growth prospects.

Negative factors:

- a continued very low demand for furniture in Western European countries and for furniture board, which resulted in low sales volumes and lack of utilisation of existing production capacity,
- 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,
- generation of additional income from the sale of CO2 emission allowances and receipt of a subsidy to compensate for increased electricity costs,
- positive effect of the cost reductions, including employment reduction, which will be fully visible in the 2024 results,
- drop in energy prices and full use of own photovoltaic farms (investment 2023), which will significantly reduce the cost of electricity consumed

The most significant factors which, in the opinion of the Management Board, may affect the Group's results in the coming financial years include:

- economic situation on the furniture markets in Europe and on the domestic market,
- concentration of furniture associations in Europe,
- risk of customers' loss of liquidity,
- bankruptcies of furniture companies and the opportunity for FORTE Group to take over their offering,
- availability of raw materials for furniture and furniture board production and stability of their prices, with particular consideration of the policy of the Polish State Forests,
- stability of the EUR/PLN exchange rate,

- continuing general social unrest and economic uncertainty in connection with the ongoing war in Ukraine and the Gaza Strip,
- introducing pro-sales activities, including introducing upholstered furniture and furniture with the new EasyKlix easy assembly technology to the Group's offering,
- taking a decision to reduce employment, which will reduce staff costs by approx. PLN 17 million annually,
- introducing measures to optimise working capital management,
- finalising the bank loan restructuring project, which will eliminate the risk of losing financial liquidity and will provide the FORTE Group with stable financing for the next 3 years.

The most significant investments realised by the Group in the reporting period include expenditure totalling the equivalent of approx. PLN 36 500 thousand on the construction of 3 ground-mounted photovoltaic installations at FORTE plants in Ostrów Mazowiecka, Hajnówka, Suwałki and at TANNE with a total capacity of 11 MWp. Other capital expenditure was incurred on the purchase of three machines related to the development of the EasyKlix project and the modernisation of buildings and technical infrastructure.

The investment budget for the next financial year has been significantly reduced due to the corrective measures implemented by the Management Board of the Parent Company. The planned investment outlays should not exceed PLN 11 million and will only be incurred on necessary replacement works, which, taking into account the amount of expenditures incurred in previous years, will not have a negative impact on the Group's production capacity, as well as on the broadly understood safety of its operations.

Liquidity and efficiency analysis	31.03.2024 (audited)	31.03.2023 (unaudited)
Current ratio (current assets/current liabilities)	0,8	1,1
Quick ratio (current assets – inventories/current liabilities)	0,6	0,7
Receivable turnover in days (average trade receivables*365/sales revenue)	47	42
Inventory turnover in days (average inventories*365/cost of sales)	76	78
Liability turnover in days (average trade liabilities*365/cost of sales)	112	68
Current asset turnover in days (average current assets*365/sales revenue)	154	135

Characteristics of balance sheet items	31.03.2024 (audited)		31.03.2023 (unaudited)		% change 2024/2023
	PLN '000	% of balance sheet total	PLN '000	% of balance sheet total	
Non-current assets	583 406	59%	573 172	61%	1,8%
Current assets	407 904	41%	369 524	39%	10,4%
Total assets	991 309	100%	942 696	100%	5,2%
Equity	436 765	44%	401 409	43%	8,8%
Non-current liabilities and provisions	60 201	6%	218 090	23%	-72,4%
Current liabilities and provisions	494 343	50%	323 197	34%	53,0%
Total equity and liabilities	991 309	100%	942 696	100%	5,2%

Non-current assets increased by PLN 10 234 thousand, mainly as a result of an increase in receivables from derivative financial instruments by PLN 38 287 thousand and in investments in subsidiaries by PLN 40 449 thousand.

This increase in investments in subsidiaries was combined with a decrease in investment properties (PLN - 40 078 thousand). The above-mentioned shifts and changes were caused by the in-kind contribution of the organised part

of enterprise to FORTE PROPERTY Sp. z o.o. by FORTE BRAND Sp. z o.o. and the merger of Fabryki Mebli FORTE SA and FORTE BRAND.

Current assets increased by PLN 38 380 thousand. The most significant increase was recorded for receivables from financial instruments as a result of their positive valuation caused by the weakening of the EUR/PLN exchange rate (by PLN 63 059 thousand) and other financial assets (by PLN 33 948 thousand) in connection with the reclassification of the loan granted to TANNE, whose maturity date falls within 12 months of the balance sheet date. On the other hand, a significant decrease was recorded for inventories (by PLN 20 642 thousand) as a result of the implementation of the strategy of releasing financial resources.

On the **liabilities** side, the most significant increase was recorded for other capital reserves, which is due to the reversal of bank hedge accounting valuations (by 88 129 thousand) and a decrease in retained earnings (by PLN 53 401 thousand) related to the loss of the current period. In non-current liabilities, the most significant change was seen in loan liabilities (a decrease by PLN 170 652 thousand), which are now short-term in nature (an increase by PLN 175 013 thousand), however, the Management Board and financing banks have already agreed on the terms for extending the financing until March 2027. The Common Terms Agreement is scheduled to be concluded in July 2024.

The Company, as the Parent Company, handles payments centrally, and therefore can effectively manage and supervise cash balances within the Group companies, which allows it to maintain liquidity in all served and supervised entities, taking into account the specific nature of their operations.

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**

.....

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

.....

**Member of the Management Board
Walter Stevens**

.....

Ostrów Mazowiecka, 20 June, 2024