

Ostrów Mazowiecka, dated 25 April 2018

## CURRENT REPORT NO 10/2018

**Re:** confidential information – preliminary financial results of the Issuer for Quarter 1 of 2018

The Management Board of FABRYKA MEBLI "FORTE" S.A. with its registered seat in Ostrów Mazowiecka (hereinafter: Issuer, Company) hereby publicises the preliminary information on financial results of FABRYKI MEBLI "FORTE" S.A. Capital Group (hereinafter: the Group) for Quarter 1 of 2018.

According to preliminary calculations, the approximate value of consolidated revenues from the Group's sales in Quarter 1 2018 was PLN 295 million, i.e. 0.6% more than in the same period of 2017 and 1% more than in Quarter 4 of 2017.

The estimated value of the Group's consolidated EBIT for Quarter 1 of 2018 was PLN 16 million, i.e. 61% less than in the same period of 2017 and 12% less than in Quarter 4 of 2017.

The estimated value of the Group's consolidated EBITDA for Quarter 1 of 2018 was PLN 23 million compared with PLN 25 million in Quarter 4 of 2017 and PLN 46 million in Quarter 1 of 2017.

The Management Board informs that the above financial results are estimates and may differ from the final results to be presented in the periodic report for Quarter 1 of 2018.

The Issuer's Management Board is of the opinion that Quarter 1 of 2018 was the last quarter in which the Company's results were affected by cumulative adverse effects of:

- the high price of particle board;
- limited availability of the board which necessitated an increased use of a more expensive laminated board;
- as a consequence of the foregoing: not using the Company's full capacities of board coating;
- still limited capability to handle an increasing number of orders.

This opinion results from two positive factors which will considerably influence the next quarters of this year:

1. With the start-up of wood-based board production site, in Quarter 2 of 2018 the positive effect will be seen of using the board, cheaper for the Company, which is the main raw material in furniture production.
2. With the changes and projects which have been implemented since the beginning of 2018, the Issuer has additional production capacities which should have positive effects starting from Quarter 3 of 2018 and considerably increase its sales in 2018/2019.

Given the natural lower inflow of orders for furniture in Quarter 2 of each year, in Quarter 2 of 2018 the Company will be capable of completing the full portfolio of orders (both outstanding and current), and safely build an inventory of furniture for dispatch in the high season starting in mid-Quarter 3.

**Legal grounds:** Article 17(1) MAR