

Ostrów Mazowiecka, 25th of July 2019

CURRENT REPORT No. 18/2019

Subject: confidential Information – preliminary information about the Issuer's financial results for Q2 2019

The Management Board of FABRYKI MEBLI „FORTE” S.A. based in Ostrów Mazowiecka (hereinafter: the Issuer, the Company) discloses to the public preliminary information about the financial results of the Capital Group of FABRYKI MEBLI “FORTE” S.A. (hereinafter: the Capital Group) achieved in the 2nd quarter of 2019.

According to preliminary calculations, the approximate value of consolidated sales revenues of the Capital Group in Q2 2019 was PLN 257 million (including PLN 14 million of the sale of excess furniture board produced in the company's own plant to non-Group entities) vs. PLN 258 million in the analogous period of 2018 (including PLN 5.6 million of the sale of board to non-Group entities).

According to the Management Board of the Company, the trend on the furniture board market remains negative in Q2 2019, which results in the several-point negative margin on the sale of board to third parties. In spite of relatively stable changes of wood material, sales prices do not cover all board production costs.

The estimated value of the consolidated EBIT of the Capital Group for Q2 2019 totalled PLN 13 million, which means a 45% decrease towards the analogous Q2 2018.

The estimated value of the consolidated EBITDA of the Capital Group for Q2 2019 totalled PLN 27 million (in Q2 2018, it was PLN 35 million).

The Management Board of the Company informs that the inclusion of PLN 3 million of adjustment of charges paid in respect of assumption of the producer's environmental responsibility for products introduced onto the German market in 2018 in sales costs had a single impact on the decrease of the EBIT in Q2 2019. The above was caused by the introduction of new legal provisions in Germany as of 1st January 2019 (the Packaging Act [VerpackG]) and the required audit by an independent auditor confirming the appropriateness of fulfilled environmental obligations for the year 2018 that was carried out in the Company in Q2 2019.

The estimated value of the consolidated EBITDA of the Capital Group for the first 6 months of 2019 totalled PLN 66 million, which means a 13% increase towards the analogous period of 2018.

The level of the net financial debt ratio of the Forte Group at the end of Q2 2019 does not exceed the levels agreed upon with institutions financing the Forte Group.

The Management Board of the Company informs that the financial results stated above are estimated values and may differ from final data that will be presented in the interim report for the first 6 months of 2019.

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