



FABRYKI MEBLI „FORTE” S.A. CAPITAL GROUP

**Extract of consolidated financial report
for the period ended 30.06.2020**

**FABRYKI MEBLI
„FORTE” S.A.**
ul. Biała 1
07-300 Ostrów Mazowiecka
Polska
www.forte.com.pl

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CONSOLIDATED SELECTED FINANCIAL DATA

	in thousands of PLN		in thousands of EUR	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Sales revenue	430 790	575 285	96 996	134 162
Profit (loss) on operating activities	24 279	32 194	5 467	7 508
Profit (loss) before tax	617	23 534	139	5 488
Net (profit) loss attributable to equity owners of the Parent company	(6 941)	12 528	(1 563)	2 922
Total comprehensive income for the period	(42 125)	26 267	(9 485)	6 126
Net cash flow from operating activities	48 188	73 926	10 850	17 240
Net cash flow from investment activities	(9 633)	(16 867)	(2 169)	(3 934)
Net cash flow from financial activities	(50 893)	(42 074)	(11 459)	(9 812)
Net (increase) decrease in cash and cash equivalents	(12 338)	14 985	(2 778)	3 495
Number of shares	23 930 796	23 930 796	23 930 796	23 930 796
Net profit per share attributable to equity owners of the Parent Company (in PLN/EUR)	(0,29)	0,52	(0,07)	0,12
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Total assets	1 455 028	1 571 021	325 801	368 914
Total liabilities	715 951	789 819	160 311	185 469
Long-term liabilities	327 583	252 854	73 350	59 376
Short-term liabilities	388 368	536 965	86 961	126 093
Total equity attributable to equity owners of the Parent company	739 064	781 185	165 487	183 441
Share capital	23 931	23 931	5 358	5 620
Book value per share (in PLN/EUR)	30,88	32,64	6,92	7,67

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the 6 months ended	
	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Continued operations		
Revenue from sales of goods, products and materials	428 201	572 457
Revenue from sales of services	2 589	2 828
Sales revenue	430 790	575 285
Cost of sales of sold goods, products and materials	(262 396)	(377 045)
Cost of sales of sold services	(1 976)	(2 027)
Cost of sales	(264 372)	(379 072)
Gross profit (loss) from sales	166 418	196 213
Other operating revenue	11 720	3 878
Costs of sales	(100 691)	(130 186)
General administrative costs	(26 671)	(29 418)
Other operating costs	(26 497)	(8 293)
Profit (loss) on operating activities	24 279	32 194
Financial revenue	546	3 966
Financial costs	(19 490)	(8 409)
(Profit) on derivative financial instruments	(866)	(914)
Share in the (profit)/ loss of investments valued at equity method	(3 852)	(3 303)
Profit (loss) before tax	617	23 534
Income tax	(7 554)	(11 017)
Profit (loss) on continued operations of the period	(6 937)	12 517
Profit (loss) of the period	(6 937)	12 517
Attributable to:		
Shareholders of the Parent Company	(6 941)	12 528
Non-controlling shareholders	4	(11)
Profit (loss) on continued operations of the period in PLN:		
- basic	(0,29)	0,52
- diluted	(0,29)	0,52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the reporting period ended	
	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Profit (loss) of the period	(6 937)	12 517
Other net comprehensive income, including:	(35 188)	13 750
Items which in the future will not be reclassified to the profit and loss account	(18 527)	9 469
Certificates valuation	(18 527)	9 469
Items which in the future may be reclassified to the profit and loss account	(16 661)	4 281
Foreign exchange differences on translation of foreign operations	1 549	(189)
Hedge accounting	(49 492)	11 818
Hedge costs	27 041	(5 982)
Differed tax	4 249	(1 362)
Other	(8)	(4)
Total comprehensive income for the period	(42 125)	26 267
Attributable to:		
Shareholders of the Parent Company	(42 121)	26 278
Non-controlling shareholders	(4)	(11)

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	30 June 2020 (unaudited)	31 December 2019 (audited)
ASSETS		
Non-current assets	1 111 372	1 168 776
Tangible fixed assets	855 391	876 778
Intangible assets	16 551	16 857
Financial assets	71 216	94 963
Real estate investment	54 780	54 780
Assets on deferred tax	108 792	111 484
Investments valued at equity method	-	464
Receivables due to financial derivative instruments	4 642	13 450
Current assets	343 656	402 245
Inventory	178 587	189 196
Trade and other receivables	115 327	135 373
Receivables due to financial derivative instruments	3 367	16 924
Income tax receivables	1	1 697
Accruals	1 968	3 130
Financial assets	2 101	1 534
Cash and cash equivalents	42 305	54 391
TOTAL ASSETS	1 455 028	1 571 021
LIABILITIES		
Total equity	739 077	781 202
Equity (attributable to shareholders of the Parent Company), including:	739 064	781 185
Basic equity	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Exchange differences on translation of foreign operations	1 564	15
Revaluation reserve from hedging instruments	(32 162)	7 943
Hedge cost	34 788	12 885
Other Revaluation reserves	(63 537)	(45 010)
Incentive Scheme	2 354	2 354
Other reserve capital	530 288	484 613
Retained earnings	127 282	179 898
Capital attributable to non-controlling shareholders	13	17
Long-term liabilities	327 583	252 854
Interest-bearing loans and borrowings	255 185	165 661
Payables to units priced at MPW	1 078	-
Deferred income tax provision	2 361	15 386
Provision for benefits after the employment period	4 625	4 620
Deferred revenues and accruals	36 746	37 773
Financial liabilities due to lease	23 547	24 430
Liabilities due to financial derivative instruments	2 165	2 328
Other long-term liabilities	1 876	2 656
Short-term liabilities	388 368	536 965
Trade and other liabilities	134 036	162 325
Contract liabilities	1 442	640
Current portion of interest-bearing loans and borrowings	240 926	365 378
Deferred revenues and accruals	2 056	2 059
Liabilities due to income tax	3 039	-
Provisions	2 933	2 994
Financial liabilities due to lease	2 239	2 123
Liabilities due to financial derivative instruments	1 697	1 446
Total liabilities	715 951	789 819
TOTAL LIABILITIES	1 455 028	1 571 021

CONSOLIDATED CASH FLOW STATEMENT

	For the period ended	
	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Cash flows from operating activities		
Profit (loss) of the period	(6 941)	12 528
Adjustments by:	55 129	61 398
Share in the profit/ loss of investments valued at equity method	3 852	3 303
(Profit)/loss of non-controlling shareholders	4	(11)
Depreciation	28 018	28 480
Foreign exchange (gains)/losses	18 391	(4 152)
Net interest and dividends	5 354	7 499
(Profit)/loss on investment activities	140	(104)
Change in receivables	20 046	10 328
Change in inventories	10 610	11 276
Change in liabilities, excluding loans and borrowings	(25 099)	(1 292)
Change in accruals and deferrals	132	(1 689)
Change in provisions and assets on deferred tax	551	4 356
Income tax paid	(5 163)	(7 761)
Current tax recognised in the profit and loss account	7 554	11 017
Foreign exchange differences	(29)	(5)
Subsidy	(9 925)	-
Other adjustments	693	153
Net cash flows from operating activities	48 188	73 926
Cash flows from investment activities		
Sale of tangible fixed assets and intangible assets	104	204
Purchase of tangible fixed assets and intangible assets	(8 166)	(17 392)
Real property investments	-	(81)
Purchase of financial assets	(1)	(400)
Dividends received	-	323
Interest received	3	-
Repayment of borrowings granted	100	525
Borrowings granted	(1 673)	(43)
Other expenditures	-	(3)
Net cash flows from investing activities	(9 633)	(16 867)
Cash flows from financing activities		
Inflows from loans and borrowings taken out	-	17 042
Repayment of loans and borrowings	(54 124)	(48 835)
Repayment of leasing liabilities	(1 139)	(2 027)
Interest paid	(5 555)	(8 232)
Government subsidies	9 925	-
Other expenditures	-	(22)
Net cash flows from financial activities	(50 893)	(42 074)
Net increase (decrease) in cash and cash equivalents	(12 338)	14 985
Net foreign exchange differences (from the opening balance translation)	252	(392)
Opening balance of cash	54 391	46 562
Closing balance of cash, including:	42 305	61 155
- of limited disposability	133	93

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2020 (unaudited)

	Attributable to the shareholders of the Parent Company											Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Other revaluation reserve	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Total	Capital attributable to non-controlling shareholders	
As at 1 January 2020	23 931	114 556	15	(45 010)	2 354	179 898	7 943	12 885	484 613	781 185	17	781 202
	-	-	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Principles (Policy)	-	-	-	-	-	-	-	-	-	-	-	-
As at 1 January 2020 after adjustments	23 931	114 556	15	(45 010)	2 354	179 898	7 943	12 885	484 613	781 185	17	781 202
Losses covered out of the reserve capital	-	-	-	-	-	3 135	-	-	(3 135)	-	-	-
Transfer to reserve capital	-	-	-	-	-	(49 039)	-	-	49 039	-	-	-
Current result	-	-	-	-	-	(6 941)	-	-	-	(6 941)	4	(6 937)
Investment Certificates valuation	-	-	-	(18 527)	-	-	-	-	-	(18 527)	-	(18 527)
Hedge cost for the period	-	-	-	-	-	-	-	35 915	-	35 915	-	35 915
Amount reclassified to sale revenue	-	-	-	-	-	-	5 719	(8 874)	-	(3 155)	-	(3 155)
Hedge accounting regarding hedge accounting	-	-	-	-	-	-	(55 211)	-	-	(55 211)	-	(55 211)
Deferred tax regarding hedge accounting	-	-	-	-	-	-	9 387	(5 138)	-	4 249	-	4 249
Foreign exchange differences	-	-	1 549	-	-	-	-	-	-	1 549	-	1 549
Other	-	-	-	-	-	229	-	-	(229)	-	(8)	(8)
Comprehensive income for the period	-	-	1 549	(18 527)	-	(6 712)	(40 105)	21 903	(229)	(42 121)	(4)	(42 125)
As at 30 June 2020	23 931	114 556	1 564	(63 537)	2 354	127 282	(32 162)	34 788	530 288	739 064	13	739 077

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019 (audited)

	Attributable to the shareholders of the Parent Company										Foreign exchange differences on consolidation Equity of non-controlling interest	Other revaluation reserve Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Other revaluation reserve	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Total		
As at 1 January 2019	23 931	114 556	(87)	(54 902)	2 354	60 144	(495)	17 687	447 132	732 629	3 293	613 613
Changes in Accounting Principles (Policy) IFRS 12	-	-	-	-	-	122 309	-	-	-	-	-	122 309
As at 1 January 2019 after adjustments	23 931	114 556	(87)	(54 902)	2 354	182 453	(495)	17 687	447 132	732 629	3 293	735 922
Impairment of retained earnings to reserve capital	-	-	-	-	-	2 534	-	-	(2 534)	-	-	-
Reclassification to reserve capital	-	-	-	-	-	(40 015)	-	-	40 015	-	-	-
Payment of dividend for 2018	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Sale of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	(3 353)	(3 353)
Provision for benefits after the employment period	-	-	-	-	-	(304)	-	-	-	(304)	-	(304)
Current result	-	-	-	-	-	35 230	-	-	-	35 230	78	35 308
Hedge cost for the period	-	-	-	-	-	-	-	3 304	-	3 304	-	3 304
Amount reclassified to sale revenue	-	-	-	-	-	-	(8 409)	(9 233)	-	(17 642)	-	(17 642)
Hedge accounting	-	-	-	-	-	-	18 830	-	-	18 830	-	18 830
Deferred tax regarding hedge accounting	-	-	-	-	-	-	(1 983)	1 127	-	(856)	-	(856)
Investment Certificates	-	-	-	9 892	-	-	-	-	-	9 892	-	9 892
Foreign exchange differences	-	-	102	-	-	-	-	-	-	102	-	102
Comprehensive income for the period	-	-	102	9 892	-	34 926	8 438	(4 802)	-	48 556	78	48 634
As at 31 December 2019	23 931	114 556	15	(45 010)	2 354	179 898	7 943	12 885	484 613	781 185	17	781 202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2019 (amended, unaudited)

	Attributable to the shareholders of the Parent Company											Total equity
	Share capital	Share premium	Foreign exchange differences on consolidation	Other revaluation reserve	Incentive Scheme	Retained earnings	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Total	Capital attributable to non-controlling shareholders	
As at 1 January 2019	23 931	114 556	(87)	(54 902)	2 354	60 144	(495)	17 687	447 132	610 320	3 293	613 613
Changes in Accounting Principles (Policy)	-	-	-	-	-	122 309	-	-	-	122 309	-	122 309
As at 1 January 2019 after adjustments	23 931	114 556	(87)	(54 902)	2 354	182 453	(495)	17 687	447 132	732 629	3 293	735 922
Losses covered out of the reserve capital	-	-	-	-	-	2 534	-	-	(2 534)	-	-	-
Transfer to reserve capital	-	-	-	-	-	(40 015)	-	-	40 015	-	-	-
Current result	-	-	-	-	-	12 528	-	-	-	12 528	(11)	12 517
Investment Certificates valuation	-	-	-	9 469	-	-	-	-	-	9 469	-	9 469
Hedge cost for the period	-	-	-	-	-	-	-	(3 663)	-	(3 663)	-	(3 663)
Amount reclassified to sale revenue	-	-	-	-	-	-	(6 473)	(2 319)	-	(8 792)	-	(8 792)
Hedge accounting	-	-	-	-	-	-	18 291	-	-	18 291	-	18 291
Deferred tax regarding hedge accounting	-	-	-	-	-	-	(2 499)	1 137	-	(1 362)	-	(1 362)
Foreign exchange differences	-	-	(189)	-	-	-	-	-	-	(189)	-	(189)
Other	-	-	-	-	-	(4)	-	-	-	(4)	-	(4)
Comprehensive income for the period	-	-	(189)	9 469	-	12 524	9 319	(4 845)	-	26 278	(11)	26 267
As at 30 June 2019	23 931	114 556	(276)	(45 433)	2 354	157 496	8 824	12 842	484 613	758 907	3 282	762 189

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 2020	52 430	19%	223 964	81%	276 394	-
II Q 2020	32 601	21%	121 795	79%	154 396	-
Total 1H 2020	85 031	20%	345 759	80%	430 790	-
I Q 2019	43 760	14%	275 751	86%	319 511	27%
II Q 2019	44 244	17%	211 530	83%	255 774	22%
Total 1H 2019	88 004	15%	487 281	85%	575 285	
III Q 2019	39 480	15%	224 447	85%	263 927	22%
IV Q 2019	56 228	17%	281 178	83%	337 406	29%
Total 2019	183 712	16%	992 906	84%	1 176 618	100%

Revenues and costs

Sales revenues

	For the reporting period ended	
	30.06.2020	30.06.2019
Sales revenues	(unaudited)	(unaudited)
Revenues from sales of goods, products and materials		
- products	398 831	539 571
- goods	3 427	4 276
- materials	25 943	28 610
Revenues from sales of services	2 589	2 828
Total net revenues from sales	430 790	575 285
- including from related entities	4 171	3 562

Other operating revenues

	For the reporting period ended	
	30.06.2020	30.06.2019
Other operating revenues	(unaudited)	(unaudited)
Reversal of impairment write-downs	383	1 607
Gain on sale of property, plant and equipment	6	115
Subsidies	10 955	1 569
Compensations	216	469
Other	160	118
Total other operating revenues	11 720	3 878

Other operating cost

	For the reporting period ended	
	30.06.2020	30.06.2019
Other operating costs	(unaudited)	(unaudited)
Creation of revaluation write-downs	4 117	201
Scrapping of inventory	249	227
Donations	26	1 618
Penalties and compensations	550	1 157
Court costs	2	5
Unused production capacity	18 587	-

Other	2 966	5 085
Total other operating costs	26 497	8 293

Financial revenues

Financial revenue	For the reporting period ended	
	30.06.2019 (unaudited)	30.06.2019 (unaudited)
Dividends	-	323
Exchange differences of financial assets and liabilities	-	3 153
Credit valuation at amortised cost	125	303
Interest	271	187
Other	150	-
Financial revenues, total	546	3 966

Financial costs

Financial costs	For the reporting period ended	
	30.06.2020 (unaudited)	30.06.2019 (unaudited)
Interest on loans and leasing	6 473	7 648
Commission on loans	246	719
Exchange differences of financial assets and liabilities	12 747	-
Other	24	42
Financial costs, total	19 490	8 409

Costs by type

Costs by type	For the reporting period ended	
	30.06.2020 (unaudited)	30.06.2019 (unaudited)
Depreciation	28 018	28 480
Consumption of materials and energy	154 093	238 811
External services	79 935	111 021
Taxes and fees	6 076	6 662
Payroll	80 693	92 444
Social insurance and other benefits	23 045	22 576
Other costs by type	4 542	5 525
Costs by type	376 402	505 519
Unused production capacity	(18 587)	-
Change in product inventory and accruals	6 534	1 675
Manufacturing cost of products for internal purposes	(406)	(235)
Costs of sales	(100 691)	(130 186)
General administrative costs	(26 671)	(29 418)
Manufacturing cost of sold products and services	236 581	347 354
Value of goods and materials sold	27 791	31 718
Costs of sales	264 372	379 072

Commentary to the Group results and basic economic-financial amounts

Group performance and key economic and financial data:

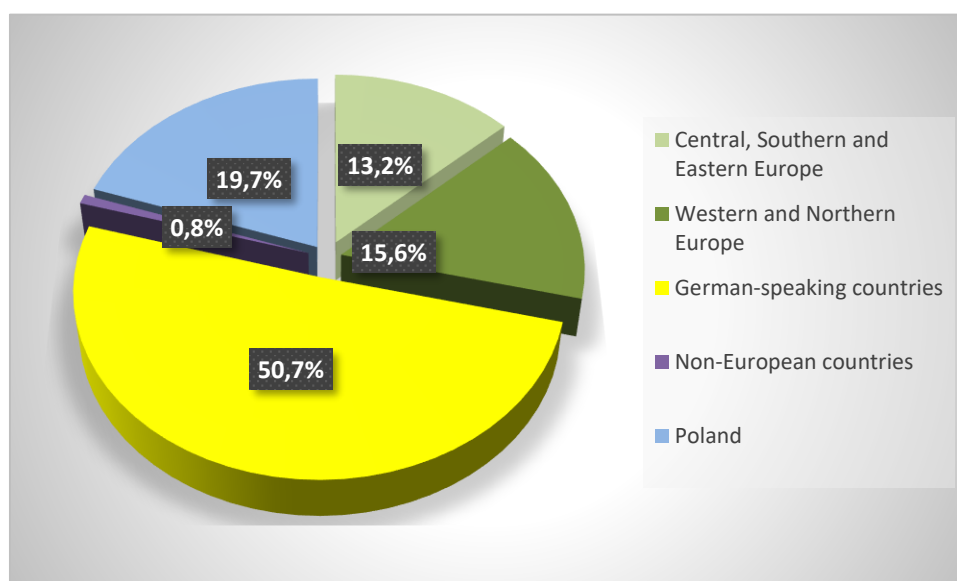
Item	H1 2020 in PLN '000	H1 2019 in PLN '000	Change in PLN '000	% change
Sales revenue	430 790	575 285	(144 495)	(25.1%)
Cost of sales	(264 372)	(379 072)	114 700	(30.3%)
Gross profit on sales	166 418	196 213	(29 795)	(15.2%)
Gross margin on sales %	38.6%	34.1%		
Selling costs	(100 691)	(130 186)	29 495	(22.7%)
G&A costs	(26 671)	(29 418)	2 747	(9.3%)
Operating profit (EBIT)	24 279	32 194	(7 915)	(24.6%)
EBITDA	52 297	60 674	(8 377)	(13.8%)
Share in profit/loss of subsidiaries valued under the equity method	(3 852)	(3 303)	(549)	16.6%
Gross profit	617	23 534	(22 917)	(97.4%)
Net profit	(6 937)	12 517	(19 454)	(155.4%)
Net profit margin %	(1.6%)	2.2%		
Return on equity (ROE)	(0.9%)	1.6%		
Return on assets (ROA)	(0.5%)	0.8%		

In H1 2019, the FORTE Group's **sales revenue** amounted to PLN 430 790 thousand, compared to PLN 575 285 thousand in the corresponding period of 2019 (a decrease by 25.1%).

The sales of surplus raw board produced by the subsidiary TANNE in the reporting period amounted to PLN 24 825 thousand, compared to PLN 26 247 thousand in the corresponding period of 2019.

Export sales of the FORTE Group totalled PLN 345 759 thousand – 80.3% of total sales (in H1 2019 – PLN 487 281 thousand – 84.7%). Sales in the Polish market amounted to PLN 85 031 thousand (19.7%) against PLN 88 004 thousand (15.3%) in the corresponding period of 2019.

The percentage of sales in individual markets was as follows: German-speaking countries 50.7% (51.15% - H1 2019), Western and Northern Europe 15.6% (20.96% - H1 2019), Poland 19.7% (15.30% - H1 2019), Central, Southern and Eastern Europe 13.2% (12.30% - H1 2019), Non-European countries 0.8%.



The decrease in revenue in the reporting period was due to the negative effects of the COVID-19 pandemic and the related trade restrictions and closure of markets since the last decade of March. As of May, the restrictions began to be slowly lifted in individual European countries, allowing the Group to achieve sales in Q2 only 40% lower than in 2019.

- **Gross margin on sales** stood at a level of 38.6%, which is 4.5 pp higher than in the corresponding period last year. The main factor influencing the margin increase was the high EUR exchange rate throughout Q2, which, with a high share of export sales and at the same time the majority of costs being incurred in PLN, significantly translated into the level of profitability.

- **Selling costs** totalled PLN 100 691 thousand and decreased in terms of numbers by PLN 29 495 thousand, as compared to H1 2019. The selling costs to revenue ratio increased to 23.4% versus 22.6% in H1 of the previous year. The increased selling costs to revenue ratio is mainly due to an increase in transport rates.

- **G&A costs** stood at a level of PLN 26 671 thousand compared to PLN 29 418 thousand in the corresponding period of 2019. The G&A costs to revenue ratio stood at 6.2% versus 5.1% in the corresponding period. This decrease was the result of the factories being shut down from the second half of March due to the pandemic and all employees moving to 80% of their working time (mainly white collars) or downtime (mainly blue collars), which significantly reduced salary costs.

- **Operating profit** amounted to PLN 24 279 thousand (5.6% of revenue), compared to PLN 32 194 thousand (5.6% of revenue) in the corresponding period of 2019.

In the reporting period, other operating costs were charged with the amount of PLN 18 587 thousand on account of costs of unused production capacity during the COVID-19 pandemic. In addition, the amount of PLN 4 117 thousand was recognised under other operating costs as allowances for receivables of a jointly controlled Indian company and PLN 2 500 thousand of subsidies to co-finance the construction of a runway in Suwałki.

Other operating income includes a subsidy from the Guaranteed Employee Benefits Fund under the so-called anti-crisis shield for employees' salaries for April and May in the amount of PLN 9 925 thousand.

- **Result on financial operations** amounted to PLN (-) 18 944 thousand. The most significant items of the Group's financial operations include the cost of interest on loans taken out, which in the reporting period amounted to PLN (-) 6 422 thousand and the excess of foreign exchange losses of PLN (-) 12 747 thousand.

- In the reporting period, **net loss** totalled PLN (-) 6 937 thousand, compared to a profit of PLN 12 517 thousand in H1 of the previous year.

The main factor that affected the Q2 financial results was the COVID-19 pandemic. The closure of sales markets made it necessary to shut down factories from the second half of March to early May. The available production capacity became fully operational in the last week of June. The main activities of the Management Boards of all companies of the Capital Group in this period were aimed at ensuring the safety of employees and limiting the negative effects of the pandemic on the conducted operations and ensuring safe financial liquidity for the coming months, inter alia, by negotiating with the banks financing the Group a postponement of loan repayments falling due at the end of Q1 and the entire Q2 to a later date.

Starting in May, the slow lifting of restrictions began in individual European countries, which had a positive impact on the Group. The growing number of orders from customers who tried to make up for the lost turnover as quickly as possible allowed the Group to achieve sales in Q2 at a level of only 40% below 2019.

Characteristics of balance sheet items	30.06.2020		31.12.2019		% change 2020/2019
	PLN '000	% of balance sheet total	PLN '000	% of balance sheet total	
Non-current assets	1 111 372	76%	1 168 776	74%	(4,9%)
Current assets	343 656	24%	402 245	26%	(14,6%)
Total assets	1 455 028	100%	1 571 021	100%	(7,4%)
Equity	739 077	51%	781 202	50%	(5,4%)
Non-current liabilities and provisions	327 583	23%	252 854	16%	29,6%
Current liabilities and provisions	388 368	27%	536 965	34%	(27,7%)
Total liabilities	1 455 028	100%	1 571 021	100%	(7,4%)

Non-current assets fell by PLN 57 404 thousand, mainly as a result of a decrease in financial assets (PLN 23 747 thousand) and a decrease in tangible fixed assets due to a depreciation of the assets held.

Current assets decreased by PLN 58 589 thousand.

The most significant decrease in current assets was recorded for trade and other receivables – PLN 20 046 thousand, receivables from derivative financial instruments (PLN 13 557 thousand) and cash (PLN 12 086 thousand).

On **liabilities** side, there was a significant increase in non-current liabilities under bank loans by PLN 89 524 thousand and a decrease in deferred income tax liability by PLN 13 025 thousand.

In current liabilities, a decrease by PLN 148 597 thousand was recorded, mainly for liabilities related to the current part of loans - PLN 124 452 thousand and trade and other liabilities – PLN 28 289 thousand.

As at the balance sheet date, the Group reclassified non-current liabilities relating to loan agreements concluded with ING Bank Śląski S.A. for Fabryki Mebli "FORTE" S.A., DYSTRI-FORTE Sp. z o.o. and FORTE BRAND Sp. z o.o. to current liabilities. The reason for the reclassification was the companies' failure to meet the debt ratio at the contractual level and the conclusion of annexes to loan agreements containing the Bank's consent on 16 July 2020 - i.e. after the balance sheet date. The loan of the subsidiary TANNE, despite the failure to meet the debt/EBITDA covenant, was presented in accordance with the applicable repayment schedule, since the annex to the loan agreement with the Consortium of Banks was concluded before the end of the reporting period.

SELECTED FINANCIAL DATA

	in thousands of PLN		in thousands of EUR	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Sales revenue	410 371	554 449	92 399	129 302
Profit (loss) on operating activities	1 675	(1 677)	377	(391)
Profit (loss) before tax	(1 367)	(5 436)	(308)	(1 268)
Profit (loss) for the period	(3 307)	(5 979)	(745)	(1 394)
Total comprehensive income for the period	(20 747)	(257)	(4 671)	(60)
Net cash flows from operating activities	37 427	12 932	8 427	3 016
Net cash flows from investing activities	(7 332)	(3 975)	(1 651)	(927)
Net cash flows from financial activities	(45 487)	12 290	(10 242)	2 866
Net increase (decrease) in cash and cash equivalents	(15 392)	21 247	(3 466)	4 955
Number of shares	23 930 769	23 930 769	23 930 769	23 901 084
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)	(0,14)	(0,25)	(0,03)	(0,06)
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Total assets	850 119	926 971	190 354	217 675
Total liabilities	304 855	360 960	68 261	84 762
Long-term liabilities	30 588	194 196	6 849	45 602
Short-term liabilities	274 267	166 764	61 412	39 160
Total equity	545 264	566 011	122 092	132 913
Share capital	23 931	23 931	5 358	5 620
Book value per share (in PLN/EUR)	22,78	23,65	5,10	5,55

PROFIT AND LOSS ACCOUNT

	For the 6 months ended	
	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Continued operations		
Revenue from sales of products, goods and materials	406 959	550 023
Revenue from sales of services	3 412	4 426
Sales revenue	410 371	554 449
Cost of sales of sold products, goods and materials	(266 889)	(383 701)
Cost of sales of sold services	(1 192)	(2 496)
Cost of sales	(268 081)	(386 197)
Gross profit from sales	142 290	168 252
Other operating revenue	9 176	2 567
Costs of sales	(109 301)	(141 332)
General administrative costs	(21 130)	(22 913)
Other operating costs	(19 360)	(8 251)
Operating profit (loss)	1 675	(1 677)
Financial revenue	3 641	3 612
Financial costs	(2 831)	(4 069)
Share in the profit/ loss of investments valued at equity method	(3 852)	(3 302)
Profit (loss) before tax	(1 367)	(5 436)
Income tax	(1 940)	(543)
Profit (loss) on continued operations of the period	(3 307)	(5 979)
Profit (loss) of the period	(3 307)	(5 979)
Profit (loss) per share for the period (in PLN):		
- basic	(0,14)	(0,25)
- diluted	(0,14)	(0,25)

STATEMENT OF COMPREHENSIVE INCOME

	For the 6 months ended	
	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Profit (loss) of the period	(3 307)	(5 979)
Other net comprehensive income, including:	(17 440)	5 722
Items which in the future may be reclassified to the profit and loss account	(17 440)	5 722
Hedge accounting	(49 405)	13 152
Hedge cost	27 041	(5 982)
Deferred tax	4 249	(1 362)
Exchange differences from translation	675	(86)
Total comprehensive income for the period	(20 747)	(257)

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

	30 June 2020 (unaudited)	31 December 2019 (amended, audited)
ASSETS		
Non-current assets	567 974	587 511
Tangible fixed assets	265 985	273 934
Intangible assets	1 202	1 496
Investment in subsidiaries and entities	289 881	289 880
Loans granted	6 176	8 197
Investments valued at equity method	-	466
Other long-term receivables	88	88
Receivables due to derivative financial instruments	4 642	13 450
Current assets	282 145	339 460
Reserves	129 417	138 507
Trade and other receivables	111 029	129 733
Receivables due to derivative financial instruments	3 367	16 924
Income tax receivables	-	1 691
Accruals	1 396	1 997
Loans granted	7 764	5 967
Cash and cash equivalents	29 172	44 641
TOTAL ASSETS	850 119	926 971
LIABILITIES		
Equity	545 264	566 011
Share capital	23 931	23 931
Surplus of share sale above their nominal value	114 556	114 556
Revaluation reserve from hedging instruments	(28 300)	11 718
Hedge costs	34 788	12 885
Business combination capital	(1 073)	(1 073)
Incentive Scheme	2 354	2 354
Other reserve capitals	390 010	393 145
Retained earnings	8 867	9 039
Exchange differences from translation	131	(544)
Long-term liabilities	30 588	194 196
Payables to units priced at MPW	1 078	-
Interest-bearing loans and borrowings	-	152 468
Deferred income tax provision	1 801	13 125
Provision for benefits after the employment period	4 187	4 187
Financial liabilities due to lease	23 522	24 416
Short-term liabilities	274 267	166 764
Trade and other liabilities	165 128	161 166
Contract liabilities	1 421	582
Current portion of interest-bearing loans and borrowings	102 746	-
Provisions	2 824	2 977
Financial liabilities due to lease	2 148	2 039
Total liabilities	304 855	360 960
TOTAL LIABILITIES	850 119	926 971

CASH FLOW STATEMENT

	30 June 2020 (unaudited)	30 June 2019 (amended, unaudited)
Cash flow from operating activity		
Profit/ (loss) of the period	(3 307)	(5 797)
Adjustments by:	40 734	18 911
Share in the profit/ loss of investments valued at equity method	3 852	3 303
Amortisation	12 580	13 103
Foreign exchange (profit)/loss	1 135	550
Net interest and dividends	1 395	(797)
(Profit)/ Loss on investing activity	144	(104)
Change in receivables	18 704	13 832
Change in inventories	9 091	595
Change in liabilities, excluding loans and borrowings	3 868	(9 277)
Change in prepayments and accruals	(4 320)	3 013
Change in provisions	(7 075)	(925)
Income tax paid	449	(6 021)
Current tax recognised in profit or loss	9 015	1 468
Subsidy	(8 625)	-
Other	521	172
Net operating cash flow	37 427	12 932
Cash flows from investment activities		
Sales of property, plant and equipment and intangible assets	65	204
Purchases of property, plant and equipment and intangible assets	(6 308)	(10 371)
Purchase of financial assets	(1)	-
Dividends received	-	3 327
Interest received	89	132
Borrowings granted	(1 673)	(43)
Repayment of borrowings granted	496	2 776
	(7 332)	(3 975)
Net investment cash flow		
Cash flows from financing activities		
Inflow from loans and borrowings taken out	-	17 041
Government subsidies	8 625	-
Repayment of loans and borrowings	(51 372)	-
Interest paid	(1 646)	(2 763)
Repayment of leasing liabilities	(1 094)	(1 988)
Net financial cash flow	(45 487)	12 290
Net increase (decrease) in cash and cash equivalents	(15 392)	21 247
Net foreign exchange differences	77	346
Opening balance of cash	44 641	34 878
Cash at end of year, including:	27 172	55 779
of limited disposability	54	89

STATEMENT OF CHANGES IN EQUITY

for the period ended on 30 June 2020 (unaudited)

	Share capital	Supplementary capital from share premium	Exchange differences from translation	Foreign exchange differences	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2020	23 931	114 556	9 039	(544)	11 718	12 885	393 145	(1 073)	2 354	566 011
Changes in adopted accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2020 after adjustments	23 931	114 556	9 039	(544)	11 718	12 885	393 145	(1 073)	2 354	566 011
Losses covered out of the reserve capital	-	-	3 135	-	-	-	(3 135)	-	-	-
Hedge costs for the period	-	-	-	-	-	35 915	-	-	-	35 915
Amount reclassified to sale revenue	-	-	-	-	5 719	(8 874)	-	-	-	(3 155)
Hedge accounting	-	-	-	-	(55 124)	-	-	-	-	(55 124)
Deffered tax regarding hedge accounting	-	-	-	-	9 387	(5 138)	-	-	-	4 249
Current result	-	-	(3 307)	-	-	-	-	-	-	(3 307)
Valuation of operations valued at equity method-exchange differences	-	-	-	675	-	-	-	-	-	675
Comprehensive income for the period	-	-	(3 307)	675	(40 018)	21 903	-	-	-	(20 747)
As at 30 June 2020	23 931	114 556	8 867	131	(28 300)	34 788	390 010	(1 073)	2 354	545 264

STATEMENT OF CHANGES IN EQUITY

for the year ended on 31 December 2019 (audited)

	Share capital	Supplementary capital from share premium	Retained earnings/ (accumulated loss)	Exchange differences from translation	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2019	23 931	114 556	21 303	-	3 266	17 687	395 679	(1 073)	2 354	577 703
Changes in adopted accounting principles (policy)	-	-	(11 349)	(661)	-	-	-	-	-	(12 010)
As at 1 January 2019 after adjustments	23 931	114 556	9 954	(661)	3 266	17 687	395 679	(1 073)	2 354	565 693
Impairment of retained earnings to reserve capital	-	-	2 534	-	-	-	(2 534)	-	-	-
Hedge costs for the period	-	-	-	-	-	3 304	-	-	-	3 304
Amount reclassified to sale revenue	-	-	-	-	(8 409)	(9 233)	-	-	-	(17 642)
Hedge accounting	-	-	-	-	18 844	-	-	-	-	18 844
Deferred tax regarding hedge accounting	-	-	-	-	(1 983)	1 127	-	-	-	(856)
Provision for benefits after the employment period	-	-	(315)	-	-	-	-	-	-	(315)
Current result	-	-	(3 134)	-	-	-	-	-	-	(3 134)
Valuation of operations valued at equity method-exchange differences	-	-	-	117	-	-	-	-	-	117
Comprehensive income for the period	-	-	(3 449)	117	8 452	(4 802)	-	-	-	318
As at 31 December 2019	23 931	114 556	9 039	(544)	11 718	12 885	393 145	(1 073)	2 354	566 011

STATEMENT OF CHANGES IN EQUITY

for the period ended on 30 June 2019 (amended, unaudited)

	Share capital	Supplementary capital from share premium	Retained earnings/ (accumulated loss)	Exchange differences from translation	Revaluation reserve from hedging instruments	Hedge costs	Other reserve capital	Business combination capital	Incentive Scheme	Total
As at 1 January 2019	23 931	114 556	21 303	-	3 266	17 687	395 679	(1 073)	2 354	577 703
Changes in adopted accounting principles (policy)	-	-	(11 349)	(661)	-	-	-	-	-	(12 010)
As at 1 January 2019 after adjustments	23 931	114 556	9 954	(661)	3 266	17 687	395 679	(1 073)	2 354	565 693
Impairment of retained earnings to reserve capital	-	-	2 534	-	-	-	(2 534)	-	-	-
Hedge costs for the period	-	-	-	-	-	(3 663)	-	-	-	(3 663)
Amount reclassified to sale revenue	-	-	-	-	(6 473)	(2 319)	-	-	-	(8 792)
Hedge accounting	-	-	-	-	19 625	-	-	-	-	19 625
Deferred tax regarding hedge accounting	-	-	-	-	(2 499)	1 137	-	-	-	(1 362)
Current result	-	-	(2 756)	-	-	-	-	-	-	(2 756)
Valuation of operations valued at equity method-exchange differences	-	-	(3 223)	(86)	-	-	-	-	-	(3 309)
Comprehensive income for the period	-	-	(5 979)	(86)	10 653	(4 845)	-	-	-	(257)
As at 31 December 2019	23 931	114 556	6 509	(747)	13 919	12 842	393 145	(1 073)	2 354	(565 436)

Signature of the person entrusted with bookkeeping:

**Chief Accounting
Anna Wilczyńska**

.....

Signatures of all members of the Management Board:

**President of the Management Board
Maciej Formanowicz**

.....

**Member of the Management Board
Andreas Disch**

.....

**Member of the Management Board
Klaus Dieter Dahlem**

.....

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

.....

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

.....

Ostrów Mazowiecka, 24th August, 2020