

Ostrów Mazowiecka, 20 July 2021

## CURRENT REPORT NO. 16/2021

**Subject:** Inside information – preliminary information on the Issuer's financial results for Q2 2021.

The Management Board of FABRYKI MEBLI "FORTE" S.A. with its registered office in Ostrów Mazowiecka (hereinafter: the Issuer, the Company) hereby publishes the preliminary information on the financial results of the FABRYKI MEBLI "FORTE" S.A. (hereinafter: the Capital Group or the Group) achieved in Q2 and the 1st half of 2021.

According to preliminary calculations, the approximate value of the consolidated sales revenues of the Capital Group in Q2 2021 amounted to PLN 310 million (including PLN 40 million from the sale of surplus furniture board manufactured in the Group's own plant, i.e. in TANNE Sp. z o.o.) vs PLN 154 million in the comparative period of 2020 (including PLN 8 million sales of board outside the Group), i.e. it was 101% higher than in Q2 2020. The Management Board of the Company informs that such a significant increase in sales of furniture board in Q2 2021, compared to the same period last year, was the result of a several-week downtime in the Forte Group's operations last year, which was caused by the first lockdown.

The estimated value of the Group's consolidated EBIT for Q2 2021 was PLN 38 million, compared to PLN (-) 2 million in the corresponding period of 2020.

EBIT for the entire first half of 2021 amounted to PLN 83 million, compared to PLN 24 million in the corresponding period of 2020.

The estimated value of the Group's consolidated EBITDA for Q2 2021 was PLN 52 million, compared to PLN 11 million in Q2 2020 (an increase by 373%).

The net financial debt ratio of the Capital Group at the end of Q2 2021 was approximately 1.1.

In Q2, the Group still felt the negative impact of COVID-19 through ongoing full or partial lockdowns on the Forte Group markets. The lockdown on the German market, which lasted uninterruptedly until the beginning of June 2021, was particularly troublesome. Currently, all markets are fully open, but information about the growing number of cases related to the so-called Delta variant, the Group's turnover may again be adversely affected in the coming months.

In Q2 2021, a further upward trend in demand for furniture board was visible, thanks to which the Capital Group sold the entire surplus of the produced furniture board over its own needs, at prices from a dozen to several dozen percent higher than in Q1 2021, which had a significant positive impact on the result of the entire Group in Q2 this year. On the other hand, in Q2 this year, the prices of basic raw materials (wood, hardware, foil, adhesives) started to rise significantly, which may have a negative impact on profitability in the following quarters.

The Group's Management Board informs that in the preliminary results for Q2 2021, a one-off precautionary write-off of PLN 10 million was recognized for impairment of the fair value of commercial real estate owned by the Forte Group. The decision was made after analyzing the received offers for the sale of the above-mentioned assets, which significantly differed from the fair values recognized in the books. The Management Board makes a reservation that this is not a definitively confirmed value. Currently, the commercial real estate owned is re-valued, taking into account the value of their disposal. After receiving the new valuation, if the difference versus the write-down is significant, the Management Board will inform about it in a separate announcement.

The Issuer's Management Board informs that the above-mentioned financial results are estimates and may differ from the final data that will be presented in the report for Q4 2021.

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