



**Extract
of consolidated
financial report
for the period
ended 31.12.2020**

**FABRYKI MEBLI „FORTE” S.A.
Capital Group**

Ostrów Mazowiecka, 15 kwietnia 2021 roku

www.FORTE.com.pl

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CONSOLIDATED SELECTED FINANCIAL DATA

| | in thousands of PLN | | in thousands of EUR | |
|--|---------------------|------------------------|---------------------|------------------------|
| | 31.12.2020 | 31.12.2019 restated | 31.12.2020 | 31.12.2019 restated |
| Sales revenue | 1 160 007 | 1 176 618 | 259 260 | 273 518 |
| Profit on operating activities | 142 327 | 84 237 | 31 810 | 19 582 |
| Profit before tax | 83 362 | 75 541 | 18 631 | 17 560 |
| Net profit attributable to equity owners of the Parent company | 49 551 | 45 122 | 11 075 | 10 489 |
| Total comprehensive income for the period | 12 330 | 48 634 | 2 756 | 11 306 |
| Net cash flow from operating activities | 165 125 | 198 316 | 36 905 | 46 101 |
| Net cash flow from investment activities | 41 070 | (24 618) | 9 179 | (5 723) |
| Net cash flow from financial activities | (173 461) | (165 551) | (38 768) | (38 484) |
| Net increase (decrease) in cash and cash equivalents | 33 634 | 7 829 | 7 517 | 1 820 |
| 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 (in PLN/EUR) | 2.07 | 1.89 | 0.46 | 0.44 |
| | 31.12.2020 | 31.12.2019 restated | 31.12.2020 | 31.12.2019 restated |
| Total assets | 1 471 965 | 1 571 021 | 318 966 | 368 914 |
| Total liabilities | 675 755 | 789 819 | 146 432 | 185 469 |
| Long-term liabilities | 322 797 | 252 854 | 69 948 | 59 376 |
| Short-term liabilities | 352 958 | 536 965 | 76 484 | 126 093 |
| Total equity attributable to equity owners of the Parent company | 796 210 | 781 185 | 172 534 | 183 441 |
| Share capital | 23 931 | 23 931 | 5 186 | 5 620 |
| Book value per share (in PLN/EUR) | 33.27 | 32.64 | 7.21 | 7.67 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | For the period ended | |
|--|----------------------|------------------------------|
| | 31 December 2020 | 31 December 2019 restated |
| Continued operations | | |
| Revenue from sales of goods, products, materials and services | 1 160 007 | 1 176 618 |
| Sales revenue | 1 160 007 | 1 176 618 |
| Cost of sales | (685 623) | (753 206) |
| Gross profit from sales | 474 384 | 423 412 |
| Other operating revenue | 24 541 | 6 336 |
| Costs of sales | (253 993) | (260 763) |
| General administrative costs | (63 016) | (60 808) |
| Other operating costs | (39 589) | (23 940) |
| Profit on operating activities | 142 327 | 84 237 |
| Financial revenue | 1 407 | 16 345 |
| Financial costs | (52 287) | (16 724) |
| (Profit) loss on derivative financial instruments | (1 661) | (1 779) |
| Share in the profit/ loss of investments valued at equity method | (6 424) | (6 538) |
| Profit before tax | 83 362 | 75 541 |
| Income tax | (33 809) | (30 341) |
| Profit on continued operations of the period | 49 553 | 45 200 |
| Profit of the period | 49 553 | 45 200 |
| Attributable to: | | |
| Shareholders of the Parent Company | 49 551 | 42 122 |
| Non-controlling shareholders | 2 | 78 |
| Profit on continued operations of the period attributable to shareholders of the Parent Company per share in PLN | 2.07 | 1.89 |
| Profit per share: | | |
| Basic profit per one share on continued operations | 2.07 | 1.89 |
| Profit per one share | 2.07 | 1.89 |
| Diluted profit per one share on continued operations | 2.07 | 1.89 |
| Diluted profit per one share | 2.07 | 1.89 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the reporting period ended | |
|--|--------------------------------|------------------------------|
| | 31 December 2020 | 31 December 2019 restated |
| Profit of the period | 49 553 | 45 200 |
| Other net comprehensive income before tax, including: | (46 513) | 4 219 |
| Items which in the future will not be reclassified to the profit and loss account | (245) | (375) |
| Revaluation of employee benefit obligations | (245) | (375) |
| Items which in the future may be reclassified to the profit and loss account | (46 268) | 4 594 |
| Foreign exchange differences on translation of foreign operations | 2 062 | 102 |
| Other comprehensive income for a cash flow hedge | (48 330) | 4 492 |
| Deferred tax connected with items of comprehensive income | 9 290 | (785) |
| Deferred tax connected with items which in the future will not be reclassified to the profit and loss account | 48 | 71 |
| Deferred tax regarding employee benefits | 48 | 71 |
| Deferred tax connected with items which in the future may be reclassified to the profit and loss account | 9 242 | (856) |
| Deferred tax regarding hedge accounting | 9 242 | (856) |
| Other comprehensive income | (37 223) | 3 434 |
| Total comprehensive income for the period | 12 330 | 48 634 |
| Attributable to: | | |
| Shareholders of the Parent Company | 12 228 | 48 556 |
| Non-controlling shareholders | 2 | 78 |

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

| | 31 December 2020 | 31 December 2019 restated |
|--|---------------------------------|--------------------------------------|
| ASSETS | | |
| Non-current assets | 1 019 849 | 1 168 776 |
| Tangible fixed assets | 845 035 | 876 778 |
| Intangible assets | 17 520 | 16 857 |
| Other long-term financial assets | 1 120 | 94 963 |
| Real estate investment | 64 036 | 54 780 |
| Assets on deferred tax | 92 138 | 111 484 |
| Investments valued at equity method | - | 464 |
| Receivables due to financial derivative instruments | - | 13 450 |
| Current assets | 452 116 | 402 245 |
| Current assets other than held for sale | 447 216 | 402 245 |
| Inventory | 178 917 | 189 196 |
| Trade and other receivables | 180 040 | 138 503 |
| Receivables due to financial derivative instruments | - | 16 924 |
| Income tax receivables | 106 | 1 697 |
| Financial assets | 128 | 1 534 |
| Cash and cash equivalents | 88 025 | 54 391 |
| Assets held for sale | 4 900 | - |
| TOTAL ASSETS | 1 471 965 | 1 571 021 |
| LIABILITIES | | |
| Total equity | 796 210 | 781 202 |
| Equity (attributable to shareholders of the Parent Company), including: | 793 647 | 781 185 |
| Basic equity | 23 931 | 23 931 |
| Surplus of share sale above their nominal value | 114 556 | 114 556 |
| Other reserve capital | (36 737) | 486 |
| Retained earnings | 691 897 | 642 212 |
| Capital attributable to non-controlling shareholders | 2 563 | 17 |
| Long-term liabilities | 322 797 | 252 854 |
| Deferred income tax provision | - | 15 386 |
| Provision for benefits after the employment period | 5 327 | 4 620 |
| Interest-bearing loans and borrowings | 233 638 | 165 661 |
| Trade and other long-term liabilities | 1 666 | 2 656 |
| Accruals | 37 563 | 37 773 |
| Financial liabilities due to lease | 22 761 | 24 430 |
| Liabilities due to financial derivative instruments | 19 163 | 2 328 |
| Other long-term financial liabilities | 2 679 | - |
| Short-term liabilities | 352 958 | 536 965 |
| Trade and other liabilities | 170 993 | 162 325 |
| Contract liabilities | 1 783 | 640 |
| Accruals | 2 311 | 2 059 |
| Income tax liabilities | 16 527 | - |
| Current portion of interest-bearing loans and borrowings | 153 902 | 365 378 |
| Financial liabilities due to lease | 2 102 | 2 123 |
| Liabilities due to financial derivative instruments | 2 568 | 1 446 |
| Provision for benefits after the employment period | 500 | 722 |
| Other accruals | 2 272 | 2 272 |
| Total liabilities | 675 755 | 789 819 |
| TOTAL LIABILITIES | 1 471 965 | 1 571 021 |

CONSOLIDATED CASH FLOW STATEMENT

| | For the period ended | |
|---|----------------------|------------------------------|
| | 31 December 2020 | 31 December 2019 restated |
| Cash flows from operating activities | | |
| Profit of the period | 49 553 | 45 200 |
| Adjustments by: | 119 517 | 139 711 |
| Share in the profit/ loss of investments valued at equity method | 6 424 | 6 538 |
| Depreciation | 55 797 | 57 074 |
| Foreign exchange (gains)/losses | 29 470 | (3 859) |
| Interest income | (327) | (455) |
| Interest expense | 9 690 | 14 541 |
| Dividend income | (8) | (331) |
| Profit on investment activities | 20 167 | 2 049 |
| Current tax recognised in the profit and loss account | 33 809 | 30 341 |
| Received Subsidies | (13 791) | - |
| Other adjustments | 640 | 30 |
| Change in receivables | (38 994) | 21 455 |
| Change in inventories | 10 279 | 21 282 |
| Change in liabilities, excluding loans and borrowings | 3 543 | 3 681 |
| Change in provisions | 1 744 | 284 |
| Change in fair value | 1 074 | (12 919) |
| Cash flows from operating activities | 169 070 | 184 911 |
| Income tax paid | (3 945) | 13 405 |
| Net cash flows from operating activities | 165 125 | 198 316 |
| Cash flows from investment activities | | |
| Sale of intangible assets | 305 | 478 |
| Sale of tangible fixed assets | - | 12 125 |
| Inflows from the sale of subsidiaries | (1 287) | (1 048) |
| Purchase of intangible assets | (20 762) | (22 641) |
| Purchase of tangible fixed assets | (185) | (3) |
| Real property investments | (6) | - |
| Purchase of shares in associates | (7 461) | - |
| Purchase of share of company valued at equity method | (10 775) | (2 155) |
| Purchase of other debt and equity instruments | (198) | (12 527) |
| Sell of other debt and equity instruments | 72 105 | - |
| Dividends received | 8 | 331 |
| Repayment of borrowings related entities | 10 841 | - |
| Repayment of borrowings unrelated entities | 103 | 1 963 |
| Borrowings granted related entities | (1 618) | (1 141) |
| Net cash flows from investing activities | 41 070 | (24 618) |
| Cash flows from financing activities | | |
| Inflows from loans and borrowings taken out | 9 230 | - |
| Repayment of loans and borrowings | (184 539) | (147 087) |
| Repayment of leasing liabilities | (2 313) | (3 028) |
| Payment of dividends to non-controlling | (1) | - |
| Interest paid | (9 629) | (15 436) |
| Subsidies | 13 791 | - |
| Net cash flows from financial activities | (173 461) | (165 551) |
| Net increase (decrease) in cash and cash Equivalents before exchange differences | 32 734 | 8 147 |
| Net foreign exchange differences (from the opening balance translation) | 900 | (318) |
| Net increase (decrease) in cash and cash Equivalents | 33 634 | 7 829 |
| Opening balance of cash | 54 391 | 46 562 |
| Closing balance of cash, including: | 88 025 | 54 391 |
| of limited disposability | 5 483 | 51 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2020

| | Share capital | Share premium | Retained earnings | Other reserve capital | Total capital attributed to controlling shareholders | Total capital of non-controlling shareholders | Total equity |
|---|---------------|----------------|-------------------|-----------------------|--|---|----------------|
| As at 1 January 2020 | 23 931 | 114 556 | 664 511 | (21 813) | 781 185 | 17 | 781 202 |
| Error adjustments | - | - | (23 868) | 23 868 | - | - | - |
| Changes in Accounting Principles (Policy) | - | - | 1 569 | (1 569) | - | - | - |
| As at 1 January 2020 after adjustments | 23 931 | 114 556 | 642 212 | 486 | 781 185 | 17 | 781 202 |
| Payment of dividend for 2019 | - | - | - | - | - | - | - |
| Including an entity for consolidation | - | - | 145 | - | 145 | 2 553 | 2 698 |
| Other changes | - | - | (11) | - | (11) | (9) | (20) |
| Current result | - | - | 49 551 | - | 49 551 | 2 | 49 553 |
| Other comprehensive income for the period | - | - | - | (37 223) | (37 223) | - | (37 223) |
| Comprehensive income for the period | - | - | 49 551 | (37 223) | 12 328 | 2 | 12 330 |
| Change in equity | - | - | 49 685 | (37 223) | 12 462 | 2 546 | 15 008 |
| As at 31 December 2020 | 23 931 | 114 556 | 691 897 | (36 737) | 793 647 | 2 563 | 796 210 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

| | Share capital | Share premium | Retained earnings | Other reserve capital | Total capital attributed to controlling shareholders | Total capital of non-controlling shareholders | Total equity |
|---|---------------|----------------|-------------------|-----------------------|--|---|----------------|
| As at 1 January 2019 | 23 931 | 114 556 | 507 276 | (35 443) | 610 320 | 3 293 | 613 613 |
| Error adjustments | - | - | (33 760) | 33 760 | - | - | - |
| Changes in Accounting Principles (Policy) | - | - | 123 574 | (1 265) | 122 309 | - | 122 309 |
| As at 1 January 2019 after adjustments | 23 931 | 114 556 | 597 090 | (2 948) | 732 629 | 3 293 | 735 922 |
| Payment of dividend for 2018 | - | - | - | - | - | (1) | (1) |
| Sale of shares in a subsidiary | - | - | - | - | - | (3 353) | (3 353) |
| Current result | - | - | 45 122 | - | 45 122 | 78 | 45 200 |
| Other comprehensive income for the period | - | - | - | 3 434 | 3 434 | - | 3 434 |
| Comprehensive income for the period | - | - | 45 122 | 3 434 | 48 556 | 78 | 48 634 |
| Change in equity | - | - | 45 122 | 3 434 | 48 556 | (3 276) | 45 280 |
| As at 31 December 2019 | 23 931 | 114 556 | 642 212 | 486 | 781 185 | 17 | 781 202 |

Commentary to the Group results and basic economic-financial amounts**Financial data of the Fabryki Mebli „FORTE” S.A. Group**

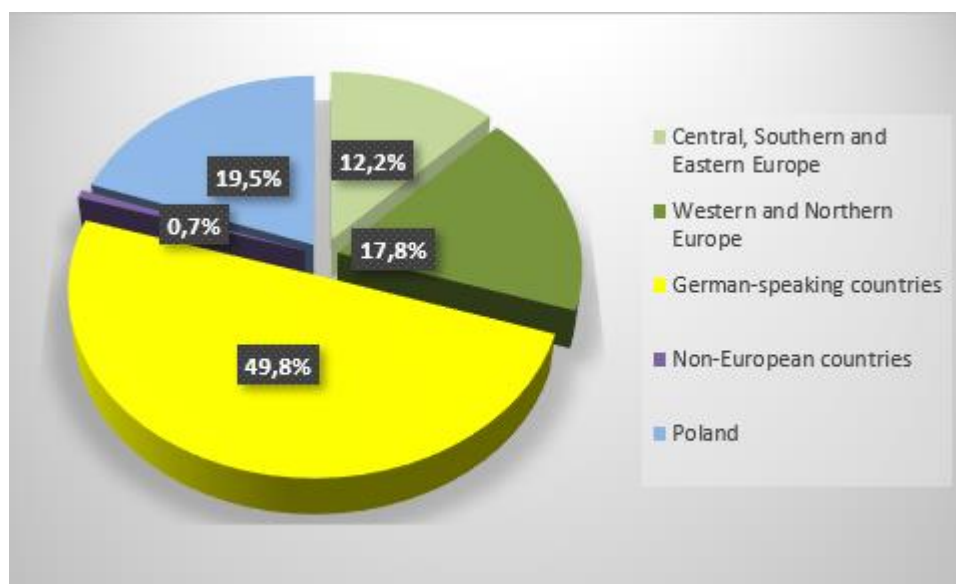
| Item | 2020 | 2019 restated | 2019 published | % change 2020/2019 restated |
|---|-----------|---------------|----------------|-----------------------------|
| Sales revenue | 1 160 007 | 1 176 618 | 1 176 618 | (1.4%) |
| Cost of sales | (685 623) | (753 206) | (753 206) | (9.0%) |
| Gross profit on sales | 474 384 | 423 412 | 423 412 | 12.0% |
| Gross margin on sales % | 40.9% | 36.0% | 36.0% | |
| Selling costs | (253 993) | (260 763) | (260 763) | (2.6%) |
| G&A costs | (63 016) | (60 808) | (60 808) | 3.6% |
| Operating profit (EBIT) | 142 327 | 84 237 | 84 237 | 69.0% |
| EBITDA | 198 124 | 141 311 | 141 311 | 40.2% |
| Share in profit/loss of subsidiaries valued under the equity method | (6 424) | (6 538) | (6 538) | (1.7%) |
| Gross profit | 83 362 | 75 541 | 63 329 | 10.4% |
| Net profit | 49 553 | 45 200 | 35 308 | 9.6% |
| Net profit margin % | 4.3% | 3.8% | 3.0% | |
| Return on equity (ROE) | 6.2% | 5.8% | 4.5% | |
| Return on assets (ROA) | 3.4% | 2.9% | 2.2% | |

In 2020, **sales revenue** amounted to PLN 1 160 007 thousand and, despite the ongoing Covid-19 pandemic, it was lower only by 1.4% (in terms of value by PLN 16 611 thousand) as compared to the previous year, including raw board sales outside the Group totalling PLN 66 877 thousand.

The Management Board estimates that the positive impact of a weakening PLN/EUR exchange rate in 2020 vs 2019, above the levels hedged by the Group's option corridor policy in sales revenue for 2020, amounted to PLN 17 000 thousand.

Export sales of the FORTE Group totalled PLN 934 304 thousand – 80.5 % of total sales (in 2019 – PLN 992 906 thousand – 84.4 %). Sales in the Polish market amounted to PLN 225 703 thousand (19.5%) against PLN 183 712 thousand (15.6%) in the corresponding period of 2019.

The percentage of sales in individual markets was as follows: German-speaking countries 49.8% (50.9% - 2019), other Western and Northern Europe 17.8% (20.2% - 2019), Poland 19.5% (15.6% - 2019), Central, Southern and Eastern Europe 12.2% (13.0% - 2019), non-European countries 0.7%.



Selling costs - the selling costs to revenue ratio amounted to 21.9%, versus 22.2% in the corresponding period last year. In terms of value, selling costs decreased by PLN 6 770 thousand.

G&A costs – the G&A costs to revenue ratio stood at 5.4%, versus 5.2% last year.

Operating profit amounted to PLN 142 327 thousand (12.3% of revenue), compared to PLN 84 237 thousand (7.2% of revenue) in 2019.

This significant increase in the level of profitability compared to 2019 is the result of the following factors and measures implemented by the Group:

- weakening of the PLN/EUR exchange rate,
- an increase in demand for chipboard in H2 of the year, which translated into a significant increase in its market prices, and thus ensured full use of production capacity of Tanne upon restarting production after the downtime in Q2. In total, in 2020, despite over 2 months of downtime, Tanne produced 381 thousand m3 of raw board (vs 397 m3 in 2019).
- further implementation of the Lean Management philosophy in the management of key processes across the Group and further cost consolidation

During the pandemic and the closure of the main sales markets, the Group did not fully utilise its production capacity. The costs incurred during the economic downtime as well as the entire period of underutilisation of production capacity during the pandemic were included in other operating expenses in the amount of PLN 18 587 thousand.

Salary subsidies for employees subject to economic downtime and reduced working hours during the period of restrictions caused by the pandemic in the amount of PLN 13 791 thousand were presented in other operating income.

In May 2020, during the downtime, a damage event occurred at our subsidiary TANNE related to a fire in the wet electrostatic precipitator of the dryer. However, the event did not have a negative impact on the company's operations or its financial position, as it received compensation under the property policy in the amount of PLN 6 603 thousand. The funds received from the compensation covered 100% of the costs of new elements of the electrostatic precipitator. The damage will be fully accounted for once the new equipment is installed, which is scheduled for the technological break at the turn of June and July 2021.

In the reporting period, other operating expenses were charged with the amount of PLN 2 500 thousand on account of expenditure incurred to finalise the financing of the construction of the runway in Suwałki under the contract made on 02.08.2017 between the Parent Company and the Town of Suwałki. The total amount of the contract is PLN 10 000 thousand.

Result on financial operations amounted to PLN (-) 50 880 thousand. The negative result was particularly affected by the loss on the sale of investment certificates (PLN 20 224 thousand) and foreign exchange losses (PLN 20 722 thousand), mainly from the valuation of loans.

In the reporting period, **net profit** totalled PLN 49 553 thousand (4.3% of revenue), compared to PLN 45 200 thousand (3.8% of revenue) in 2019.

Financial data of Fabryki Mebli „FORTE” S.A.

| Item | 2020 | 2019 | % change 2020/2019 |
|-------------------------|-----------|-----------|-----------------------|
| Sales revenue | 1 100 104 | 1 127 425 | (2.4%) |
| Cost of sales | (710 268) | (768 952) | (7.6%) |
| Gross profit on sales | 389 836 | 358 473 | 8.7% |
| Gross margin on sales % | 35.44% | 31.8% | |
| Selling costs | (276 885) | (282 366) | (1.9%) |
| G&A costs | (51 065) | (48 880) | 4.5% |
| Operating profit (EBIT) | 51 279 | 8 910 | 475.5% |
| EBITDA | 76 208 | 35 217 | 116.4% |
| Gross profit | 47 555 | 4 974 | 856.1% |
| Net profit | 33 324 | (3 134) | 1 163.3% |
| Net profit margin % | 3.0% | (0.3%) | |
| Return on equity (ROE) | 5.9% | (0.6%) | |
| Return on assets (ROA) | 3.8% | (0.3%) | |

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 data, as the analysis of separate financial statements of the Parent Company does not make full economic sense.

Characteristics of assets and liabilities**Financial data of the Fabryki Mebli „FORTE” S.A. Group**

| Liquidity and efficiency analysis | 2020 | 2019 |
|---|------|------|
| Current ratio (current assets/current liabilities) | 1.3 | 0.7 |
| Quick ratio (current assets – inventories/current liabilities) | 0.8 | 0.4 |
| Receivable turnover in days (average trade receivables*365/sales revenue) | 34 | 32 |
| Inventory turnover in days (average inventories*365/cost of sales) | 98 | 98 |
| Liability turnover in days (average trade liabilities*365/cost of sales) | 41 | 43 |
| Current asset turnover in days (average current assets*365/sales revenue) | 134 | 134 |

| Characteristics of balance sheet items | 2020 | | 2019 | | % change 2020/2019 |
|--|------------------|--------------------------|------------------|--------------------------|--------------------|
| | PLN '000 | % of balance sheet total | PLN '000 | % of balance sheet total | |
| Non-current assets | 1 019 849 | 69% | 1 168 776 | 74% | (12.7%) |
| Current assets | 447 216 | 31% | 402 245 | 26% | 11.2% |
| Current assets available for sale | 4 900 | 0% | 0 | 0% | 0.0% |
| Total assets | 1 471 965 | 100% | 1 571 021 | 100% | (6.3%) |
| Equity | 796 210 | 54% | 781 202 | 50% | 1.9% |
| Non-current liabilities and provisions | 322 797 | 22% | 252 854 | 16% | 27.7% |
| Current liabilities and provisions | 352 958 | 24% | 536 965 | 34% | (34.3%) |
| Total equity and liabilities | 1 471 965 | 100% | 1 571 021 | 100% | (6.3%) |

Non-current assets decreased by PLN 148 927 thousand, mainly in connection with the sale, redemption and revaluation of investment certificates (PLN 92 189 thousand) and as a result of partial use of a deferred tax asset in respect of tax relief available in connection with TANNE Sp. z o.o. and DYSTRI-FORTE Sp. z o.o. carrying on their business activities in the Special Economic Zone (PLN 11 931 thousand). Additionally, in the comparative period there were non-current receivables from derivative financial instruments in the amount of PLN 13 450 thousand, while in the reporting period the Group recorded liabilities due to negative valuation of derivative instruments.

In **current assets**, the most significant increase was recorded for trade and other receivables (PLN 41 537 thousand), cash and cash equivalents (PLN 33 634 thousand). On the other hand, inventories decreased by PLN 10 279 thousand and receivables from financial instruments decreased by PLN 16 924 thousand.

On **liabilities** side, the most significant changes relate to: an increase in non-current liabilities under bank loans by PLN 67 977 thousand and a decrease in current liabilities under bank loans by PLN 211 476 thousand due to their partial repayment and reclassification in the comparative period, as well as an increase in non-current and current liabilities under financial instruments as a result of their negative valuation for a total of PLN 17 957 thousand.

Financial data of Fabryki Mebli „FORTE” S.A.

| Liquidity and efficiency analysis | 2020 | 2019 |
|---|------|------|
| Current ratio (current assets/current liabilities) | 1.2 | 2.0 |
| Quick ratio (current assets – inventories/current liabilities) | 0.7 | 1.2 |
| Receivable turnover in days (average trade receivables*365/sales revenue) | 36 | 33 |
| Inventory turnover in days (average inventories*365/cost of sales) | 68 | 66 |
| Liability turnover in days (average trade liabilities*365/cost of sales) | 47 | 48 |
| Current asset turnover in days (average current assets*365/sales revenue) | 109 | 116 |

| Characteristics of balance sheet items | 2020 | | 2019 | | % change 2020/2019 |
|--|----------------|--------------------------|----------------|--------------------------|--------------------|
| | PLN '000 | % of balance sheet total | PLN '000 | % of balance sheet total | |
| Non-current assets | 563 657 | 64% | 587 511 | 63% | (4.1%) |
| Current assets | 314 614 | 36% | 339 460 | 37% | (7.3%) |
| Total assets | 878 271 | 100% | 926 971 | 100% | (5.3%) |
| Equity | 560 220 | 64% | 566 011 | 61% | (1.0%) |
| Non-current liabilities and provisions | 45 929 | 5% | 194 196 | 21% | (76.3%) |
| Current liabilities and provisions | 272 122 | 31% | 166 764 | 18% | 63.2% |
| Total equity and liabilities | 878 271 | 100% | 926 971 | 100% | (5.3%) |

Non-current assets decreased by PLN 23 854 thousand, mainly as a result of a decrease in receivables from derivative financial instruments in the amount of PLN 13 450 thousand and tangible fixed assets totalling PLN 6 135 thousand.

In **current assets**, a decrease was recorded mainly for cash by PLN 37 036 thousand and receivables from derivative financial instruments (PLN 16 924 thousand).

On **liabilities** side, most significant was the change in the proportion of current and non-current liabilities.

In non-current liabilities, a decrease was recorded mainly for liabilities under bank loans and borrowings (PLN 152 468 thousand) and for deferred tax liabilities (PLN 13 125 thousand). On the other hand, there was an increase in liabilities under derivative financial instruments (PLN 15 701 000) and liabilities to entities valued using the equity method (PLN 2 679 000).

Current liabilities increased for items related to the current part of interest-bearing bank loans and borrowings (PLN 71 500 thousand) in connection with the maturity of all working capital loans in 2021, and for trade and other liabilities (PLN 14 390 thousand).

SELECTED FINANCIAL DATA

| | in thousands of PLN | | in thousands of EUR | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2020 | 31.12.2019 restated | 31.12.2020 | 31.12.2019 restated |
| Sales revenue | 1 100 104 | 1 127 425 | 245 872 | 262 082 |
| Profit on operating activities | 51 279 | 8 910 | 11 461 | 2 071 |
| Profit before tax | 47 555 | 4 974 | 10 628 | 1 156 |
| Profit (Loss) for the period | 33 324 | (3 134) | 7 448 | (729) |
| Total comprehensive income for the period | (5 791) | 318 | (1 294) | 74 |
| Net cash flows from operating activities | 47 585 | 73 816 | 10 635 | 17 159 |
| Net cash flows from investing activities | (8 032) | (36 621) | (1 795) | (8 513) |
| Net cash flows from financial activities | (76 984) | (27 127) | (17 206) | (6 306) |
| Net increase (decrease) in cash and cash equivalents | (37 431) | 10 068 | (8 366) | 2 340 |
| 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 loss per share (in PLN/EUR) | 1.39 | (0.13) | 0.31 | (0.03) |
| | 31.12.2020 | 31.12.2019 restated | 31.12.2020 | 31.12.2019 restated |
| Total assets | 878 271 | 926 971 | 190 316 | 217 675 |
| Total liabilities | 318 051 | 360 960 | 68 920 | 84 762 |
| Long-term liabilities | 45 929 | 194 196 | 9 953 | 45 602 |
| Short-term liabilities | 272 122 | 166 764 | 58 967 | 39 160 |
| Total equity | 560 220 | 566 011 | 121 396 | 132 913 |
| Share capital | 23 931 | 23 931 | 5 186 | 5 620 |
| Book value per share (in PLN/EUR) | 23.41 | 23.65 | 5.07 | 5.55 |

PROFIT AND LOSS ACCOUNT

| | For the period ended | |
|--|-------------------------|-------------------------|
| | 31 December 2020 | 31 December 2019 |
| Continued operations | | |
| Revenue from sales of goods, products, materials and services | 1 100 104 | 1 127 425 |
| Cost of sales | (710 268) | (768 952) |
| Gross profit from sales | 389 836 | 358 473 |
| Other operating revenue | 13 712 | 3 050 |
| Costs of sales | (276 885) | (282 366) |
| General administrative costs | (51 065) | (48 880) |
| Other operating costs | (24 319) | (21 367) |
| Profit on operating activities | 51 279 | 8 910 |
| Financial revenue | 6 390 | 10 065 |
| Financial costs | (3 690) | (7 464) |
| Share in the profit/ loss of investments valued at equity method | (6 424) | (6 537) |
| Profit before tax | 47 555 | 4 974 |
| Income tax | (14 231) | (8 108) |
| Profit on continued operations of the period | 33 324 | (3 134) |
| Profit of the period | 33 324 | (3 134) |
| Profit per share | 31 December 2020 | 31 December 2019 |
| Basic profit (loss) per one share on continued operation | 1.39 | (0.13) |
| Basic profit (loss) per one share on discontinued operation | - | - |
| Profit (loss) per share | 1.39 | (0.13) |
| Diluted profit (loss) per one share on continued operation | 1.,39 | (0.13) |
| Diluted profit (loss) per one share on discontinued operation | - | - |
| Diluted profit (loss) per one share | 1.39 | (0.13) |

STATEMENT OF COMPREHENSIVE INCOME

| | For the reporting period ended | |
|--|--------------------------------|---------------------|
| | 31 December 2020 | 31 December 2019 |
| Profit (loss) of the period | 33 324 | (3 134) |
| Other net comprehensive income before tax, including: | (48 405) | 4 235 |
| Items which in the future will not be reclassified to the profit and loss account | (251) | (388) |
| Revaluation of employee benefit obligations | (251) | (388) |
| Items which in the future may be reclassified to the profit and loss account | (48 154) | 4 623 |
| Foreign exchange differences on translation of foreign operations | 489 | 117 |
| Other comprehensive income for a cash flow hedge | (48 643) | 4 506 |
| Deferred tax connected with items of comprehensive income | 9 290 | (783) |
| Deferred tax connected with items which in the future will not be reclassified to the profit and loss account | 48 | 73 |
| Deferred tax regarding employee benefits | 48 | 73 |
| Deferred tax connected with items which in the future may be reclassified to the profit and loss account | 9 242 | (856) |
| Deferred tax regarding hedge accounting | 9 242 | (856) |
| Other comprehensive income | (39 115) | 3 452 |
| Total comprehensive income for the period | (5 791) | 318 |

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET)

| | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|
| ASSETS | | |
| Non-current assets | 563 657 | 587 511 |
| Tangible fixed assets | 267 799 | 273 934 |
| Intangible assets | 1 032 | 1 496 |
| Investment in subsidiary | 289 886 | 289 880 |
| Investments valued at equity method | - | 466 |
| Other long-term financial assets | 2 789 | 8 285 |
| Assets on deferred tax | 2 151 | - |
| Receivables due to financial derivative instruments | - | 13 450 |
| Current assets | 314 614 | 339 460 |
| Inventory | 127 102 | 138 507 |
| Trade and other receivables | 177 687 | 131 730 |
| Receivables due to financial derivative instruments | - | 16 924 |
| Income tax receivables | - | 1 691 |
| Other financial assets | 2 220 | 5 967 |
| Cash and cash equivalents | 7 605 | 44 641 |
| TOTAL ASSETS | 878 271 | 926 971 |
| LIABILITIES | | |
| Total equity | 560 220 | 566 011 |
| Basic equity | 23 931 | 23 931 |
| Surplus of share sale above their nominal value | 114 556 | 114 556 |
| Other reserve capital | (14 296) | 24 819 |
| Retained earnings | 436 029 | 402 705 |
| Long-term liabilities | 45 929 | 194 196 |
| Interest-bearing loans and borrowings | - | 152 468 |
| Provision for deferred tax | - | 13 125 |
| Provision for benefits after the employment period | 4 816 | 4 187 |
| Payables to units priced at MPW | 2 679 | - |
| Liabilities due to financial derivative instruments | 15 701 | - |
| Financial liabilities due to lease | 22 733 | 24 416 |
| Short-term liabilities | 272 122 | 166 764 |
| Trade and other liabilities | 175 556 | 161 166 |
| Contract liabilities | 1 237 | 582 |
| Current portion of interest-bearing loans and borrowings | 71 500 | - |
| Financial liabilities due to lease | 2 568 | - |
| Liabilities due to financial derivative instruments | 16 453 | - |
| Income tax liabilities | 2 038 | 2 039 |
| Other accruals | 2 770 | 2 977 |
| Total liabilities | 318 051 | 360 960 |
| TOTAL LIABILITIES | 878 271 | 926 971 |

CASH FLOW STATEMENT

| | For the period ended | |
|---|----------------------|---------------------|
| | 31 December 2020 | 31 December 2019 |
| Cash flows from operating activities | | |
| Profit (loss) of the period | 33 324 | (3 134) |
| Adjustments by: | 16 333 | 61 264 |
| Share in the profit/ loss of investments valued at equity method | 6 424 | 6 537 |
| Depreciation | 24 928 | 26 307 |
| Foreign exchange (gains)/losses | 2 021 | (362) |
| Interest income | (425) | (455) |
| Interest expense | 2 413 | 5 135 |
| Dividend income | (151) | (3 487) |
| (Profit)/loss on investment activities | 25 | (5 731) |
| Change in receivables | (45 954) | 24 541 |
| Change in inventories | 11 406 | 1 900 |
| Change in liabilities, excluding loans and borrowings | 13 505 | (1 815) |
| Change in provisions | 170 | 302 |
| Current tax recognised in the profit and loss account | 14 231 | 8 108 |
| Other adjustments | (12 260) | 284 |
| <i>Subsidies</i> | <i>(12 445)</i> | - |
| <i>Factoring costs</i> | <i>185</i> | <i>112</i> |
| <i>Loans write off actualizations</i> | - | <i>172</i> |
| Income tax paid/received | (2 072) | 15 686 |
| Net cash flows from operating activities | 47 585 | 73 816 |
| Cash flows from investment activities | | |
| Sale of tangible and intangible fixed assets | 266 | 252 |
| Purchase of intangible and tangible fixed assets | (16 563) | (11 722) |
| Purchase of financial assets | (594) | (46 155) |
| Dividends received | 151 | 3 487 |
| Interest received | 778 | 246 |
| Borrowings granted | (6 878) | (1 141) |
| Repayment of borrowings granted | 14 808 | 6 287 |
| Inflow from sale of a subsidiary | - | 12 125 |
| Net cash flows from investing activities | (8 032) | (36 621) |
| Cash flows from financing activities | | |
| Repayment of loans and borrowings | (84 630) | (18 942) |
| Interest paid | (2 598) | (5 247) |
| Repayment of leasing liabilities | (2 201) | (2 938) |
| Subsidies | 12 445 | - |
| Net cash flows from financial activities | (76 984) | (27 127) |
| Net increase (decrease) in cash and cash equivalents | (37 431) | 10 068 |
| Net foreign exchange differences (from the opening balance translation) | (395) | (305) |
| Opening balance of cash | 44 641 | 34 878 |
| Closing balance of cash, including: | 7 605 | 44 641 |
| of limited disposability | 15 | 10 |

STATEMENT OF CHANGES IN EQUITY

for the period ended on 31 December 2020

| | Share capital | Share premium | Retained earnings | Other reserve capital | Total equity |
|---|---------------|----------------|-------------------|-----------------------|----------------|
| As at 1 January 2020 | 23 931 | 114 556 | 402 705 | 24 819 | 566 011 |
| Changes in Accounting Principles (Policy) | - | - | - | - | - |
| As at 1 January 2020 after adjustments | 23 931 | 114 556 | 402 705 | 24 819 | 566 011 |
| Current result | - | - | 33 324 | - | 33 324 |
| Other comprehensive income for the period | - | - | - | (39 115) | (39 115) |
| Comprehensive income for the period | - | - | 33 324 | (39 115) | (5 791) |
| Change in equity | - | - | 33 324 | (39 115) | (5 791) |
| As at 31 December 2020 | 23 931 | 114 556 | 436 029 | (14 296) | 560 220 |

STATEMENT OF CHANGES IN EQUITY
for the year ended on 31 December 2019

| | Share capital | Share premium | Retained earnings | Other reserve capital | Total equity |
|---|---------------|----------------|-------------------|-----------------------|----------------|
| As at 1 January 2019 | 23 931 | 114 556 | 416 982 | 22 234 | 577 703 |
| Changes in Accounting Principles (Policy) | - | - | (11 143) | (867) | (12 010) |
| As at 1 January 2019 after adjustments | 23 931 | 114 556 | 405 839 | 21 367 | 565 693 |
| Current result | - | - | (3 134) | - | (3 134) |
| Other comprehensive income for the period | - | - | - | 3 452 | 3 452 |
| Comprehensive income for the period | - | - | (3 134) | 3 452 | 318 |
| Change in equity | - | - | (3 134) | 3 452 | 318 |
| As at 31 December 2019 | 23 931 | 114 556 | 402 705 | 24 819 | 566 011 |

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
Walter Stevens**

.....

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

.....

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

.....

Ostrów Mazowiecka, 15 April 2021