

Ostrów Mazowiecka, 22 September 2020

**CURRENT REPORT NO. 23/2020**

**Subject:** Position of the Issuer's Management Board on the tender offer for the Company's shares announced by MAFORM HOLDING LUXEMBOURG SARL

The Management Board of FABRYKI MEBLI "FORTE" S.A. with its registered office in Ostrów Mazowiecka (hereinafter: the Company), acting pursuant to Article 80 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws Dz.U. of 2019, item 623), hereby publishes the position of the Company's Management Board of 22 September 2020 concerning the tender offer for shares announced on 4 September 2020 by MAFORM HOLDING LUXEMBOURG SARL.

Legal basis: Article 80 of the Act of 29 July 2005 on Public Offering

**POSITION OF THE MANAGEMENT BOARD OF FABRYKI MEBLI „FORTE” SPÓŁKA AKCYJNA  
WITH ITS REGISTERED OFFICE IN OSTRÓW MAZOWIECKA OF 22 SEPTEMBER 2020 ON THE  
TENDER OFFER FOR SHARES ANNOUNCED ON 4 SEPTEMBER 2020 BY MAFORM HOLDING  
LUXEMBOURG SARL**

The Management Board of FABRYKI MEBLI "FORTE" S.A. with its registered office in Ostrów Mazowiecka (the "**Company**") (the "**Management Board**"), acting pursuant to Article 80 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws Dz.U. of 2019, item 623) (the "**Act**"), hereby presents its position on the tender offer announced on 4 September 2020, pursuant to Article 73.1 of the Act, by MaForm Holding Luxembourg SARL with its registered office in Luxembourg (the "**Offeror**") for the Company's shares in connection with the planned acquisition by the Offeror of the Company's shares which, together with the Company's shares currently held by the Offeror, will entitle it to exercise no more than 66% of the total number of votes in the Company (the "**Tender Offer**").

All shares under the Tender Offer are bearer shares which have been admitted and introduced to trading on a regulated market operated by the Warsaw Stock Exchange - Giełda Papierów Wartościowych w Warszawie S.A. ("**GPW**") and registered with the National Depository for Securities - Krajowy Depozyt Papierów Wartościowych S.A. ("**KDPW**") and identified by the ISIN code: PLFORTE00012.

As stated in the Tender Offer:

- As a result of the Tender Offer, the Offeror intends to acquire 8,030,418 shares in the Company's share capital, which upon rounding to one hundredth of a percent represent 33.56% of the Company's share capital and entitle to 8,030,418 votes in the Company, which upon rounding to one hundredth of a percent represent 33.56% of the total number of votes in the Company;
- As at the date of announcement of the Tender Offer, the Offeror directly holds 7,763,889 shares in the Company's share capital, which upon rounding to one hundredth of a percent represent 32.44% of the Company's share capital and entitle to 7,763,889 votes in the Company, which upon rounding to one hundredth of a percent represent 32.44% of the total number of votes in the Company;
- As a result of the Tender Offer, the Offeror intends to hold, together with the shares currently held directly, 15,794,307 shares in the Company's share capital, which upon rounding to one hundredth of a percent represent 66% of the Company's share capital and entitle to 15,794,307 votes in the Company, which upon rounding to one hundredth of a percent represent 66% of the total number of votes in the Company;
- The Offeror is not a party to an agreement referred to in Article 87.1.5 of the Act;
- The Tender Offer has been announced without any legal conditions, however, the Offeror intends to acquire the shares under the Tender Offer, provided that all the shares covered by the Tender Offer are subscribed for in the Tender Offer; and
- The Offeror reserves the right to acquire the shares covered by the Tender Offer despite the failure to fulfil the above condition.

#### **1. Impact of the Tender Offer on the Company's interests**

In accordance with the do Tender Offer document, the Offeror intends to increase its shareholding in the Company by directly obtaining not more than 66% of the total number of votes and not more than 66% of the Company's share capital. According to the Tender Offer document, the Offeror intends to secure the long-term continuity of owner supervision, which is to strengthen the Company's competitive position in the furniture market, and to support further development of the Company and implementation of its

strategy. As indicated further in the Tender Offer document, the Offeror expects that in the period of increasing its involvement in the Company, the Company will maintain the current direction of development and scale of its business, as well as will pursue new projects and undertakings aimed at increasing its value.

In the meaning of Article 4.14 of the Act, the parent entities of the Offeror are Mr Maciej Formanowicz and Ms Anna Formanowicz. Mr Maciej Formanowicz has been an indirect shareholder of the Company for many years and has played an active role in its development and implementation of its strategy since the beginning of its operations. Maciej Formanowicz and Anna Formanowicz indirectly have a qualifying holding in the Company, ensuring their significant influence on the Company's operations. Moreover, Maciej Formanowicz has been the President of the Company's Management Board since 1993, and Ms Maria Florczuk, daughter of Maciej Formanowicz and Anna Formanowicz, has been a member of the Company's Management Board since 2014.

Taking into account the above, in the opinion of the Management Board, the Tender Offer is in the Company's interest. In particular, the Management Board considers the above mentioned intentions of the Offeror as justified by the following reasons:

- i) It is in the Company's interest to secure the long-term continuity of owner supervision and thus to ensure stability of the shareholding structure;
- ii) The Offeror finds the transaction to be a long-term investment and intends to cooperate with the Company in its further development and implementation of the current strategy, as well as to pursue new projects and undertakings aimed at increasing the Company's value; and
- iii) the announced Tender Offer provides the existing shareholders with a convenient opportunity to make a one-off sale of their large shareholdings in the Company, which is not possible by way of transactions executed on a trading venue organised by GPW due to relatively low trading in the Company's shares.

## **2. Position of the Management Board on employment in the Company**

The Offeror has not included in the Tender Offer document any information on the impact of the Tender Offer on employment in the Company. In the opinion of the Management Board, there are no grounds to conclude that the Tender Offer will have a negative impact on employment in the Company.

## **3. Position of the Management Board on the Offeror's strategic plans towards the Company**

According to the Tender Offer document, the Offeror intends to secure the long-term continuity of owner supervision, which is to strengthen the Company's competitive position in the furniture market, and to support further development of the Company and implementation of its strategy, as well as to pursue new projects and undertakings aimed at increasing its value. Due to the fact that the Offeror has been the Company's largest shareholder for years, and Maciej Formanowicz has been the President of the Management Board, the Management Board expects the Company and its capital group to continue to operate in the near future in a substantially unchanged manner.

## **4. Position of the Management Board on the Company's place of business in the future**

The Offeror has not included in the Tender Offer document any information on the impact of the Tender Offer on the Company's place of business in the future, but merely stated that it intends to support the Company's development strategy and its further growth. In the opinion of the Management Board, there are no grounds to conclude that the Tender Offer will affect the Company's place of business in the future.

## **5. Position of the Management Board on the price for the Company's shares as proposed in the Tender Offer**

The Company's Management Board points out that this position is based on the assessment of the Company's value as an operating economic entity, since pursuant to Article 80.1.2 of the Act, the Company's Management Board expresses its position regarding the fair value of the Company, and not its individual components.

The price of the Shares under the Tender Offer is PLN 27.20 per one share of the Company (the "**Price**").

The Price is significantly higher than the minimum price determined in accordance with Article 79.1.2 of the Act, because:

- (i) the arithmetic mean of the daily volume-weighted average prices of the Company's shares traded on the GPW regulated market in the last 6 months preceding the announcement of the Tender Offer is PLN 21.20 per share; and
- (ii) the Offeror has indicated in the Tender Offer document that neither the Offeror nor its subsidiaries nor parent companies acquired any shares in the Company within 12 months prior to the announcement of the Tender Offer.

Based on the above considerations, the Management Board concludes that in its opinion the Price corresponds to the fair value of the Company.

## **6. Reservations**

For the purpose of preparing this position, the Management Board has analysed the following available sources of information and data:

- (i) the Tender Offer document,
- (ii) market prices of the Company's shares during the 6 months preceding the announcement of the Tender Offer, as well as available market assessments and recommendations of independent analysts,
- (iii) other internal analyses and materials deemed appropriate by the Management Board in connection with this position.

For the purpose of the position, except for reviewing the external sources of information and data referred to above, the Management Board has not taken any action to obtain, collect or analyse any data which does not come from the Company. The Management Board did not commission any additional external studies or analyses in connection with the Tender Offer and its content.

Subject to the information provided by the Company regarding its activity, the Management Board assumes no responsibility for the accuracy, reliability, completeness or adequacy of the remaining information on the basis of which this position is presented.

The position of the Management Board presented in this document does not constitute a recommendation to buy or sell financial instruments as referred to in the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest or in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Before making an investment decision regarding the Company's shares under the Tender Offer, each investor should, on the basis of all relevant information, including that provided by the Offeror and the Company, make its own assessment of the investment risk related to the sale, further holding or purchase of financial instruments, in particular the Company's shares, also including obtaining individual advice or recommendations from licensed investment advisors to the extent necessary to make the right decision. The decision to sell the Company's shares in response to the Tender Offer is an independent decision of each of the Company's shareholders. In particular, each shareholder of the Company, when analysing the possible response to the Tender Offer, should assess the related investment risk and any legal or tax implications.

The Management Board points out that there may be opinions on the Company's value that differ from those presented in this document.

In accordance with Article 377 of the Code of Commercial Companies and Partnerships and Rule V.Z.2 of the Code of Best Practice for GPW Listed Companies 2016, Maciej Formanowicz, President of the Management Board and an indirect shareholder of the Offeror, and Maria Florczuk, Member of the Management Board and a shareholder of the Offeror, abstained from participating in taking this position and did not participate in voting on the resolution of the Management Board adopting this position.

Signed by:

1. **Mariusz Gazda** – Member of the Management Board
  
2. **Klaus Dieter Dahlem** – Member of the Management Board
  
3. **Andreas Disch** – Member of the Management Board