

Fortaco Group Holdco Plc's Half-Year Review January-June 2023 (unaudited, IFRS): Growth and acquisitions continued

Fortaco Group Holdco Plc Stock Exchange Release 28.8.2023 at 14:00 p.m.

This release is a summary of Fortaco Group Holdco Plc's Half-Year Review January-June 2023. The full release is attached and available on our website at <https://investors.fortacogroup.com>.

Figures in parentheses refer to the corresponding period of the previous year, unless otherwise stated.

Highlights: April-June 2023

- Net sales was EUR 95.9 million (comparable net sales growth 14.8 per cent).
- Recurring EBITDA was EUR 8.7 million (9.1 per cent of net sales, comparable growth in recurring EBITDA -2.2 per cent). EBITDA was EUR 7.4 million (7.7 per cent of net sales).
- Recurring EBITA was EUR 6.1 million (6.3 per cent of net sales, comparable growth in recurring EBITA - 6.6 per cent). EBITA was EUR 4.8 million (5.0 per cent of net sales).
- Net debt was EUR 51.3 million and net debt to comparable recurring EBITDA 1.9x.
- Business activities remained high during the period, with clear comparable growth in net sales achieved. Profitability during the period was reasonably good, supported by good net sales, right pricing and efficiency.
- During the period, several structural business events took place:

On 23 May 2023, Fortaco announced that it has received an approval of the listing prospectus from the Finnish Financial Supervisory Authority concerning bonds issued 22 July 2022. Further it was announced that the application for the bonds to be admitted to trading on the corporate bonds list of Nasdaq Helsinki was submitted. The trading started 25 May 2023.

On 26 May 2023, Fortaco announced the signing of an agreement to acquire the entire share capital of Walter Mauser GmbH. The transaction has not closed at the time of publication of the half-year review, the transaction is expected to close during Q3 2023 and Fortaco will specify the impact of the acquisition to its financials guidance for 2023 after the closing of the acquisition. The transaction has not closed at the time of publication.

On 7 June 2023, Fortaco announced it was investigating the possibility to issue subsequent bonds under its existing bond framework. On 16 June 2023, it was announced that the bond issue was successful in the amount of EUR 27.5 million. The bond issue was closed and funds were received subsequent to the review period in July 2023 (see events after the reporting period).

On 7 June 2023, it was also announced that Fortaco signed a letter of intent to acquire the remaining 65 per cent share in Buisard S.A.S. The transaction has not closed at the time of publication of the half-year review.

On 21 June 2023, it was announced that Fortaco will invest in steel fabrication capacity in the Gliwice region of Poland. Construction is expected to start in H2 2023, with the start of operations during H2 2024.

Highlights: January-June 2023

- Net sales was EUR 192.1 million (comparable net sales growth 22.4 per cent).
- Recurring EBITDA was EUR 16.9 million (8.8 per cent of net sales, comparable growth in recurring EBITDA 19.4 per cent). EBITDA was EUR 14.8 million (7.7 per cent of net sales).
- Recurring EBITA was EUR 11.7 million (6.1 per cent of net sales, comparable growth in recurring EBITA 25.5 per cent). EBITA was EUR 9.6 million (5.0 per cent of net sales).

Key figures

Fortaco Group key financials

MEUR, IFRS	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22**	Last 12 months
Reported						
Net sales	95.9	N/A	192.1	N/A	94.9	N/A
EBITDA	7.4	N/A	14.8	N/A	0.6	N/A
<i>% of net sales</i>	7.7 %	N/A	7.7 %	N/A	0.7 %	N/A
EBITA	4.8	N/A	9.6	N/A	-2.0	N/A
<i>% of net sales</i>	5.0 %	N/A	5.0 %	N/A	-2.1 %	N/A
Non-recurring items	1.3	N/A	2.1	N/A	4.5	N/A
Recurring EBITDA	8.7	N/A	16.9	N/A	5.1	N/A
<i>% of net sales</i>	9.1 %	N/A	8.8 %	N/A	5.4 %	N/A
Recurring EBITA	6.1	N/A	11.7	N/A	2.5	N/A
<i>% of net sales</i>	6.3 %	N/A	6.1 %	N/A	2.6 %	N/A
Comparable*						
Comparable net sales	95.9	83.6	192.1	156.9	332.4	367.6
Comparable EBITDA	7.4	8.4	14.8	13.4	22.8	24.3
<i>% of net sales</i>	7.7 %	10.1 %	7.7 %	8.5 %	6.9 %	6.6 %
Comparable EBITA	4.8	6.0	9.6	8.6	13.0	14.1
<i>% of net sales</i>	5.0 %	7.2 %	5.0 %	5.5 %	3.9 %	3.8 %
Comparable non-recurring items	1.3	0.4	2.1	0.8	1.8	3.1
Comparable recurring EBITDA	8.7	8.9	16.9	14.2	24.7	27.4
<i>% of net sales</i>	9.1 %	10.7 %	8.8 %	9.0 %	7.4 %	7.5 %

Comparable recurring EBITA	6.1	6.5	11.7	9.3	14.8	17.2
% of net sales	6.3 %	7.8 %	6.1 %	6.0 %	4.5 %	4.7 %

Balance sheet ratios

Return on Capital Employed % (ROCE)	16.4 %	N/A	15.8 %	N/A	10.1 %
Equity ratio, %	25.7 %	N/A	25.7 %	N/A	24.3 %
Net debt	51.3	N/A	51.3	N/A	52.0
Net gearing	88.1 %	N/A	88.1 %	N/A	93.0 %
Net debt / comparable recurring EBITDA	1.9x	N/A	1.9x	N/A	2.1x

*) Figures refer to the comparable financials of the Group, which are based on the full year 2022 financials Fortaco Group.

***) Period 12.4.2022-31.12.2022 for reported figures

Guidance for 2023 (issued 23 May 2023 in prospectus)

For 2023, net sales are expected to exceed EUR 350 million (comparable net sales in 2022: EUR 332.4 million), with recurring EBITDA higher than comparable recurring EBITDA in 2022 (comparable recurring EBITDA in 2022: EUR 24.7 million).

Comments by Lars Hellberg, President & CEO

During the first half of year 2023, Fortaco's successful growth continued. The growth of net sales was 22 percent in H1-2023, compared to the corresponding period in the previous year, and totaled to EUR 192 (157) million. Recurring EBITDA grew 19 per cent in H1-2023, compared to the corresponding period in the previous year, and was EUR 16.9 (14.2) million. The balance sheet key indicator of net debt versus EBITDA was on a good level at 1.9. We have good cash position, which enables sustainable business development.

We continued our acquisition path and made the strategic decision to acquire MauserCABS, an Austrian-based company, in May. In addition, Fortaco signed a letter of intent to acquire the rest of the shares in Buisard Cabins, of which we already own 35 per cent. Both transactions are expected to close in Q3-2023. In June, Fortaco successfully issued subsequent bonds in the amount of EUR 27.5 million to provide financial resources for ongoing acquisitions and strategic investments in accordance with our targets. I wish to thank our European bond investors – we are honored to have your trust.

We started several development and co-operation projects to strengthen our business and market position. The Poland Gliwice region capacity extension project is a greenfield investment that consists of a covered production area of 34,000 square meters and new equipment. With this investment, Fortaco expands its footprint for steel fabrication and vehicle cabin operations and gains additional efficiency based on a high degree of automation and strong operational excellence. Serial production is expected to start by the end of the third quarter of 2024. The earlier announced extension of the business site Holic in Slovakia, to build a high degree of automation and capacity, is progressing according to the investment plan. Fortaco Estonia OÜ and Systemair AS, the owner of the real estate housing Well Technology OÜ, signed an agreement where Fortaco Estonia expands its operations into the Well Technology building. Through this deal, Fortaco Estonia extends its capacity by 8,000 square meters of floor space. This strengthens Fortaco's position as one of the largest, strategic partners for steel fabricated component OEMs (Original Equipment Manufacturers) in Europe. Serial manufacturing is expected to start at the beginning of 2024. Also, there are several implementations ongoing across Fortaco business sites for automation and digitalization to make tomorrow safer and better.

Our order book remained healthy and was EUR 72.2 million. However, we foresee, depending on the market segment and customers, dealers and OEMs aligning their inventories to adjust to the normalized supply

chain delivery situation. However, the market segment causing disturbance is the marine and energy market, which is negatively impacting the capacity utilization of two Fortaco business sites. We are closely monitoring global, local, and several other indexes, to be prepared for potential capacity adjustments.

We have won additional business in the defense market and foresee growth opportunities in the short- and medium term in this segment. Additionally, Fortaco is currently introducing several new global OEM customers to be part of our customer portfolio, and acquisitions are expected to bring us additional, complementary customers. I would like to highlight Fortaco's robustness, quality, and delivery performance, which make us an interesting strategic partner for our current and new customers.

We have seen an increased activity from our customers to start operations and localization in the United States. As previously announced, Fortaco's strategic plan contains actions to offer the same business portfolio in the US as in Europe. The Fortaco team has explored the market and we expect the company to be present in the US in the near future. Our joint venture with Tata AutoComp in India is proceeding.

The first cabin samples are manufactured for customer approval, and production is planned to start by the end of 2023. We are expecting the joint venture to accelerate the growth of the local Indian market and exports.

Steel market prices are currently declining, and the margin impact is expected to be neutral for us. In the coming period, we strive to execute further sourcing synergies based on the business growth and acquisitions together with our professional supply chain.

Financial information

The company publishes the Interim Report for January-September 2023 on Monday, 30 November 2023.

Fortaco Group Holdco Plc

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