

Correction release: Fortaco Group Holdco Plc's Financial Statement Bulletin January–December 2023 (Unaudited, IFRS): Core businesses performed as planned

Fortaco Group Holdco Plc Stock Exchange Release 29 February 2024 at 16:00 p.m. EET

Fortaco Group Holdco Plc's Stock Exchange Release published earlier today at 14:00 had an incorrect release category. This correction release has been published in the release category Financial Statement Release. The content of the release has not been changed in other respects.

This release is a summary of Fortaco Group Holdco Plc's Financial Statement Bulletin January–December 2023. The full release is attached and available on our website at <https://investors.fortacogroup.com>.

Note for the reader: Fortaco Group was acquired by One Equity Partners in September 2022, and the new Fortaco Group Holdco was established. In this report, figures in parentheses refer to the corresponding period from the previous fiscal year and are based on the financials of the acquired Fortaco Group thus diverging from the officially consolidated financial statements of Fortaco Group Holdco for the year 2022. The same goes for comments and comparisons on 2022 financials. See more information in the Key figures section of this report. Formulas for calculating alternative performance metrics, along with their respective reconciliations, are outlined at the end of this report.

Highlights: October–December 2023

- Net sales was EUR 101.9 million (EUR 94.9 million), comparable net sales growth 7.3 per cent.
- Recurring EBITDA was EUR 5.0 million (EUR 5.2 million) and 4.9 per cent of net sales, comparable decline in recurring EBITDA 2.6 per cent. EBITDA was EUR 2.5 million (EUR 4.3 million) and 2.5 per cent of net sales.
- Recurring EBITA was EUR 1.1 million (EUR 2.6 million) and 1.1 per cent of net sales. EBITA was EUR -1.4 million (EUR 1.8 million) and -1.4 per cent of net sales.
- Core businesses performed as planned, and strategic acquisitions strengthened the overall position of the Group. Fortaco also remains committed to its strategic agenda and continuously evaluates attractive add-on acquisitions to further strengthen its offering. Such acquisitions could materialize in the near term and may be financed with a combination of equity and bond, each in an approximately similar amount.
- Profitability was negatively impacted by the losses incurred in the marine, energy, and heavy project business which have now been placed under strategic review.
- Despite softening market environment during H2 2023, Fortaco reached its recurring EBITDA target in 2023 before considering the impact from acquisitions, excluding the marine, energy, and heavy project business.
- Non-recurring items amounted to EUR 2.5 million. The amount of non-recurring items is driven by M&A activities, and the extensive business development as well as the performance improvement agenda currently being executed.

Highlights: January–December 2023

- Net sales was EUR 373.8 million (EUR 332.4 million), comparable net sales increase 12.5 per cent.
- Recurring EBITDA was EUR 24.4 million (EUR 24.7 million) and 6.5 per cent of net sales, comparable decline in recurring EBITDA 0.9 per cent. EBITDA was EUR 17.3 million (EUR 22.8 million) and 4.6 per cent of net sales. Group's recurring EBITDA is including a loss of EUR 5.6 million originating from the energy, marine, and heavy project business. Recurring EBITDA, excluding this loss and before considering the impact of acquisitions was at a budgeted level. Hence, the profitability of the core business remained healthy in 2023.
- Recurring EBITA was EUR 12.3 million (EUR 14.8 million) and 3.3 per cent of net sales. EBITA was EUR 5.1 million (EUR 13.0 million) and 1.4 per cent of net sales. Recurring EBITA includes a loss of EUR 7.5 million originating from the marine, energy, and heavy project business.
- Non-recurring items amounted to EUR 7.1 million. The amount of non-recurring items is driven by M&A activities, business development, and other performance improvement programmes currently undertaken.
- Figures above are including the impact from the acquisition of MauserCABS and Buisard since the closing of transactions.
- 2023 pro forma key financials, including the full-year impact of MauserCABS and Buisard acquisitions, as if they were acquired on 1 January 2023, and excluding the loss-making energy, marine, and heavy project business, is net sales of EUR 420.4 million and recurring EBITDA of EUR 37.3 million, respectively.
- Net debt at year end 2023 was EUR 91.2 million and net debt to comparable recurring EBITDA 3.7x, including only partially the full-year EBITDA impact from acquisitions carried out in September and October. The pro forma leverage ratio, including MauserCABS and Buisard full year impact, as well as excluding the losses generated in the marine, energy, and heavy project business, is 2.4x. Equity ratio, including subordinated shareholder loan was 24.8 per cent.

The most important events during the financial year 2023

- Trading on the Fortaco's Senior Secured Bonds commenced on 25 May 2023 on the corporate bonds list of Nasdaq Helsinki Ltd.
- Connected to the bond tap issue the trading with the additional bonds commenced in August 2023. After the tap issue, the total bond principal outstanding amounts to EUR 102.5 million, of which EUR 3.6 million is held by Fortaco Group itself reducing the balance sheet value of the loan.
- Fortaco Group acquired the entire share capital of Walter Mauser GmbH on 6 September 2023.
- On 24 October 2023, Fortaco closed the acquisition of the remaining shares of Buisard.
- On 23 November 2023, Fortaco received a EUR 5 million shareholder loan from the sole shareholder of the company, OEP 81 B.V. The loan is subordinated to the bond financing. The funds have been used to repay in full a temporary local financing facility in MauserCABS, which was related to the acquisition carried out in September 2023.

- In November 2023, took place the inauguration of TATA AutoComp's manufacturing facility for vehicle cabins based on Fortaco's cabin design and manufacturing technology, and the ground-breaking ceremony of Fortaco's new business site located in the Gliwice region, Poland.
- The capacity expansion projects in Narva, Estonia and Holic, Slovakia continued according to the schedule.
- Fortaco continued to have good position in the market and additional new business was secured both from the existing and new customers.
- The energy, marine, and heavy project businesses have been placed under strategic review, and Fortaco is targeting to find a structural solution for these entities.

Key figures

Fortaco Group key financials

In this report, figures in parentheses refer to the corresponding period from the previous fiscal year and are based on the financials of acquired Fortaco Group thus diverging from the officially consolidated financial statements of Fortaco Group Holdco for the year 2022. Same goes for comments and comparisons on 2022 financials. See more information at Key figures section of this report. Formulas for calculating alternative performance metrics, along with their respective reconciliations, are outlined at the end of this report.

The terms 'comparable net sales', 'comparable EBITDA', 'comparable EBITA', 'comparable recurring EBITDA', and 'comparable recurring EBITA' are utilized specifically in relation to the financial performance of Fortaco Group, which was acquired by Fortaco Group Holdco in 2022. Consequently, these metrics diverge from the officially consolidated financial statements of Fortaco Group Holdco for the year 2022.

For the avoidance of doubt, no adjustments for comparability have been applied to the financial data presented for the year 2023.

MEUR	10-12/23	10-12/22	1-12/23	1-12/22*
Reported				
Net sales	101.9	94.9	373.8	94.9
EBITDA	2.5	1.9	17.3	0.6
% of net sales	2.5 %	2.0 %	4.6 %	0.7 %
EBITA	-1.4	-0.6	5.1	-2.0
% of net sales	-1.4 %	-0.7 %	1.4 %	-2.1 %
Non-recurring items	2.5	3.2	7.1	4.5
Recurring EBITDA	5.0	5.1	24.4	5.1
% of net sales	4.9 %	5.4 %	6.5 %	5.4 %
Recurring EBITA	1.1	2.5	12.3	2.5
% of net sales	1.1 %	2.7 %	3.3 %	2.6 %
Comparable				
Comparable net sales	101.9	94.9	373.8	332.4
Comparable EBITDA	2.5	4.3	17.3	22.8
% of net sales	2.5 %	4.6 %	4.6 %	6.9 %
Comparable EBITA	-1.4	1.8	5.1	13.0
% of net sales	-1.4 %	1.9 %	1.4 %	3.9 %
Comparable non-recurring items	2.5	0.8	7.1	1.8
Comparable recurring EBITDA	5.0	5.2	24.4	24.7
% of net sales	4.9 %	5.4 %	6.5 %	7.4 %

Comparable recurring EBITA	1.1	2.6	12.3	14.8
% of net sales	1.1 %	2.8 %	3.3 %	4.5 %
Balance sheet ratios				
Return on Capital Employed % (ROCE)	2.0 %	7.2 %	5.7 %	10.1 %
Equity ratio %	24.8 %	24.3 %	24.8 %	24.3 %
Net debt	91.2	51.9	91.2	51.9
Net gearing	119.9 %	92.9 %	119.9 %	92.9 %
Net debt/last 12 months comparable recurring EBITDA	3.7x	2.1x	3.7x	2.1x

*) Period 12.4.2022-31.12.2022 for reported figures.

Financials include MauserCABS since September 2023 and Buisard since 24 October 2023.

Guidance for 2024

Fortaco does not provide guidance for the financial year 2024.

President & CEO Lars Hellberg's comments

Fortaco continued its path of a consistent strategy during the period H2 under review. We further strengthened our position as a leading brand-independent strategic partner for heavy off-highway machine manufacturers in Europe and globally.

Uncertainties in the global operating environment continued to be reflected in our businesses during the period as the market continued to soften. Inflation, which has been at a high level for a long time, is now on a downward trend in Europe averaging 2.9 per cent at the end of December 2023 compared to 9.3 per cent at the end of 2022. The inflation rate was 5.9 per cent at the end of August and 3.6 per cent at the end of October. The profitability of the marine, energy, and heavy project businesses continued to be negatively impacted during the period due to low order intake and current customer strategic re-structuring. The cumulative net sales and EBITDA of the segment for full year 2023 amounted to EUR 40 million and -6 million, respectively. As announced 28 February 2024, Fortaco has started a strategic evaluation of its marine, energy, and heavy project businesses while these businesses are not considered strategic anymore. The evaluation is expected to be completed during H1 2024.

The acquisition of MauserCABS was completed as planned in the second half of the year, and the company is reported as part of Fortaco Group from 6 September 2023 onwards. MauserCABS is an Austrian company that manufactures high-quality safety cabins and operates on an international market. On 24 October 2023, Fortaco acquired the remaining part of shares and reached 100 per cent ownership of Buisard Cabins in France and the company has been reported as part of Fortaco Group since the acquisition date mentioned above.

In addition, we announced the inauguration of the Tata AutoComp manufacturing facility for state-of-the-art vehicle cabins in Pune, India. Together we will provide safe and ergonomic vehicle cabins to the Indian and international markets. Safety cabin manufacturing is made by Tata AutoComp and it is based on Fortaco's cabin design and manufacturing technology. The product offering will include cabins for Indian agriculture, construction equipment, and other off-highway applications, and also exports in all volume categories.

Together, our premium brands of Buisard, Fortaco, MauserCABS, and Tata AutoComp offer high-quality vehicle cabins and technology development to off-highway machine manufacturers worldwide. Fortaco's vehicle cabin business sites are located in Austria, Finland, France, Slovakia, and India. After these acquisitions, Fortaco is one of the leading players in the vehicle cabin business in the European market, having more capacity to expand its vehicle cabin offerings, technology, and manufacturing.

The ongoing project in Gliwice, Poland, with its aim to increase production capacity of steel fabricated components, is progressing as planned, though real estate works have been somewhat delayed. The capacity investment in Holic, Slovakia, is proceeding as planned. The capacity investment in Narva, Estonia, is also proceeding as planned.

Net sales grew by 7 per cent in Q4 2023, compared to the corresponding period in the previous year, driven by acquisitions of MauserCABS and Buisard, and totalled to EUR 102 (95) million. Recurring EBITDA was basically flat in Q4 2023, compared to the corresponding period in the previous year, and was EUR 5.0 (5.2) million, which included MauserCABS and Buisard since the closing. The profitability was negatively impacted by EBITDA losses generated in the marine, energy, and heavy project businesses.

During Q4 2023 we saw declining order intake driven by softening market demand. Depending on the market and customer segment, retailers and OEMs continue to adapt their warehouses after extraordinary supply chain issues in 2021/2022, as the distribution situation in the supply chain normalizes after the Covid pandemic. Along with the normalization of inventories in various industries a general weakening of customer demand has also been seen in several industry segments, due to inflation and high interest rates compared to recent years.

We see growth in customer needs in the US market, and we have won business from US customers to be delivered from our European operations. As earlier communicated, we plan to expand our business in this market in the near future. In accordance with our strategy, we plan to offer the same business portfolio in the US and Europe in the future.

The development of our internal processes continued in Q4 2023. The SAP S4/Hana project is progressing with a slight delay and the first deployment for two business sites is expected at the end of Q2 2024. In the review period, we have moved forward with our sustainability development plan to set the right targets, engagement, and actions. Sustainability is a focus of our operations, and we develop solutions together with our clients to reduce global warming, among other things.

Fortaco is seen as an attractive partner resulting in increased market share, new customers, and the introduction of new products. We have a strong new business order book to be implemented in 2024 and 2025. We have good opportunities to win new customers and increase our market share. We have a solid and established market position, quality performance, and an excellent delivery performance that make us an interesting strategic partner for both current and new customers.

We closely follow global-, local-, and several other indices, as well as our listed customers' quarterly reports, and keep a constant dialogue with customers to anticipate development of the market. Additionally, Fortaco is executing capacity adjustments warranted by the changing demand situation. In H2 2023, Fortaco reduced its workforce by 12 per cent. The outlook for the near future is coloured by uncertainties in the global economy. In the longer term, the outlook is good for Fortaco. Fortaco's diversified industry exposure provides protection from cyclicalities. We have a good cash position, which enables sustainable business development.

I would like to thank our customers and business partners for your trust. Also, I would like to thank our employees for their dedication to the path towards achieving our common goals.

Events after the review period

On 28 February 2024, Fortaco announced the strategic evaluation of Fortaco's marine, energy and heavy project business. These businesses representing less than 10 per cent of the net sales of Fortaco Group, including MauserCABS and Buisard, have contributed significant losses to Fortaco Group in 2023. The recurring EBITDA loss incurred in these businesses during full year 2023 is amounting EUR 6 million and EUR 2 million during Q4 2024. The evaluation is expected to be completed during H1 2024.

Financial reporting in 2024

Fortaco plans to publish its Annual Report 2023, which includes the report by the Board of Directors and the audited Financial Statements, during week 12 2024.

The Interim Review for January–March 2024 will be published on Monday, 27 May 2024, the Half-Year Report for January–June will be published on Monday, 26 August 2024 and the Interim Review for January–September will be published on Thursday, 28 November 2024.

Fortaco Group Holdco Plc

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Fortaco Group

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