

**FORTACO**

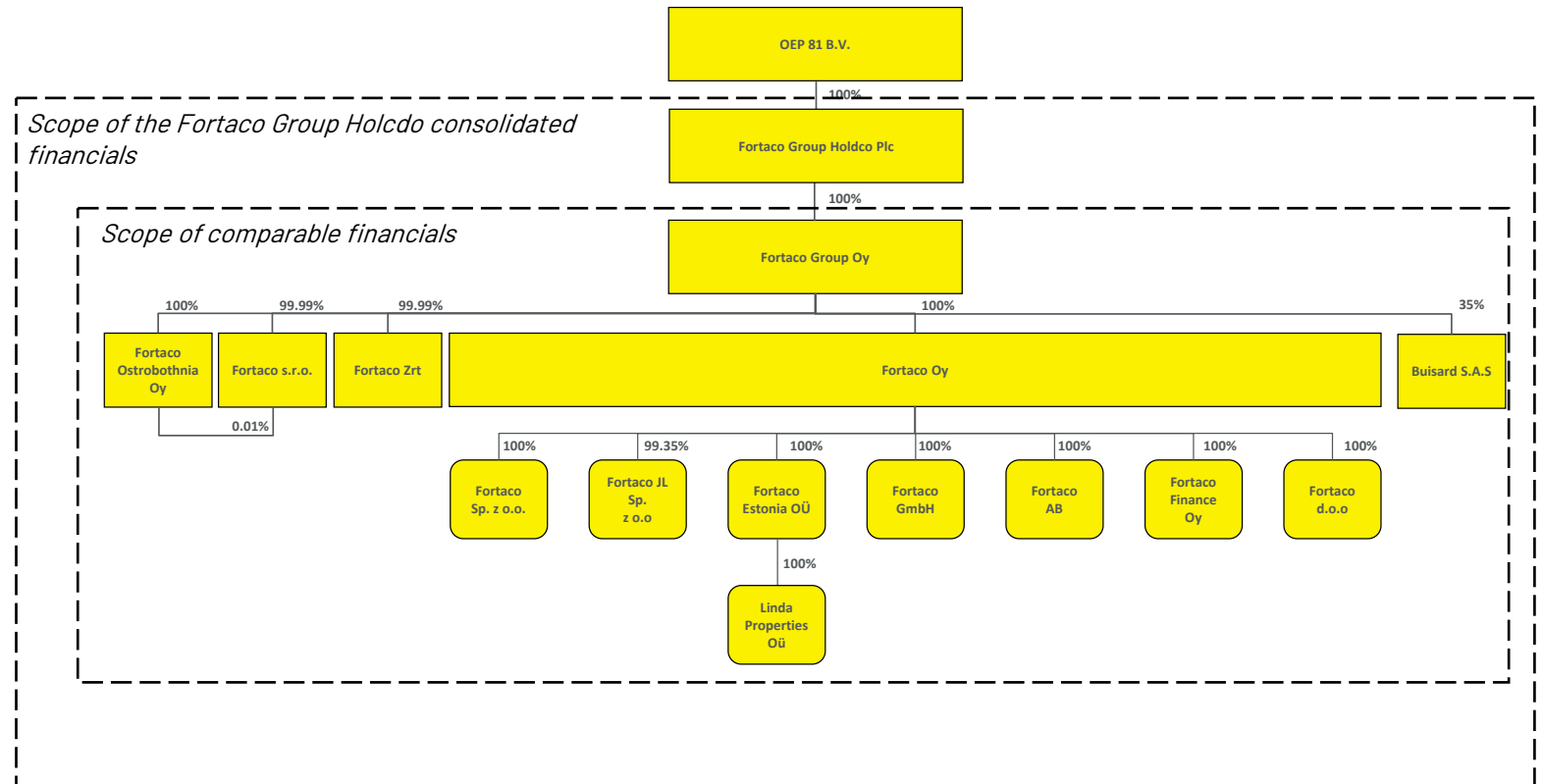


# **FORTACO GROUP HOLDCO PLC YEAR-END REPORT Q4 2022**

28 February 2023

# GROUP STRUCTURE AND BASIS OF PREPARATION OF THE REPORT

- Fortaco Group Holdco Plc acquired 100% of the shares in Fortaco Group Oy in 30 September 2022, after which period Fortaco Group Oy and its subsidiaries are consolidated to Fortaco Group Holdco
- Consequently, full-year 2022 P&L (page 5) or full-year cash-flow (page 6) are not representing the operative performance of Fortaco Group, as only during Q4 2022 the official Group financials have been including operative units
- Additionally, during Q4 2022 Fortaco Group incurred significant amount of transaction related costs and other non-recurring items
- The consolidated balance sheet of Fortaco Group Holdco (page 7) is representing the fair view of Fortaco Group Holdco consolidated balance sheet as of 31 December 2022



# Q4 2022 EXECUTIVE SUMMARY

- Good business volume delivered during Q4 2022. Customer demand remains generally very healthy and order intake has remained to be good. Full year basis app. 50% of the growth is deriving from volume increase and the remaining 50% is driven by pricing factors (steel pass-through and others)
- Margins somewhat impacted by inflated net sales driven by converting cost increases to prices without margin. Underlying margins remained stable in 2022
- High amount of non-recurring items in new Holdco Group, driven by transaction costs and other transaction related items
- Concerning 2023 volume outlook, general market situation remains healthy driven by growth in selected industries such as defense. Additionally, Fortaco is continuing to introduce new business from existing and new customers
- Cost inflationary environment (excl. steel) is expected to continue in 2023, commercial negotiations to be conducted with the customers respectively

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Figures are based on unaudited IFRS financials

Fortaco Group Holdco Consolidated Key Financials	Fortaco Group Holdco Key Financials		New Holdco Group Financials			
	kEUR, IFRS		Q4 2021	Q4 2022	2021	2022
Net sales	0	94 901	0	94 901	0	94 901
EBITDA	0	1 945	0	620	0	620
% of net sales	<i>n.m.</i>	2.0 %	<i>n.m.</i>	0.7 %	<i>n.m.</i>	0.7 %
EBITA	0	-642	0	-1 985	0	-1 985
% of net sales	<i>n.m.</i>	-0.7 %	<i>n.m.</i>	-2.1 %	<i>n.m.</i>	-2.1 %
Non-recurring items	0	3 174	0	4 499	0	4 499
<b>Recurring EBITDA</b>	<b>0</b>	<b>5 120</b>	<b>0</b>	<b>5 120</b>	<b>0</b>	<b>5 120</b>
% of net sales	<i>n.m.</i>	5.4 %	<i>n.m.</i>	5.4 %	<i>n.m.</i>	5.4 %
Fortaco Comparable Key Financials	Fortaco Comparable Key Financials		Comparable Financials			
	kEUR, IFRS		Q4 2021	Q4 2022	2021	2022
Net sales	69 099	94 901	235 679	332 446	235 679	332 446
EBITDA	3 977	4 345	24 782	22 828	24 782	22 828
% of net sales	5.8 %	4.6 %	10.5 %	6.9 %	10.5 %	6.9 %
EBITA	1 573	1 810	14 654	12 969	14 654	12 969
% of net sales	2.3 %	1.9 %	6.2 %	3.9 %	6.2 %	3.9 %
Non-recurring items	759	821	-4 043	1 837	-4 043	1 837
<b>Recurring EBITDA</b>	<b>4 736</b>	<b>5 165</b>	<b>20 739</b>	<b>24 666</b>	<b>20 739</b>	<b>24 666</b>
% of net sales	6.9 %	5.4 %	8.8 %	7.4 %	8.8 %	7.4 %
EBITDA adjustments *	-822	-245	-3 186	-1 397	-3 186	-1 397
Adjusted Recurring EBITDA	3 914	4 921	17 553	23 269	17 553	23 269
% of net sales	5.7 %	5.2 %	7.4 %	7.0 %	7.4 %	7.0 %
Guidance 2023**	Guidance for 2023 is net sales range of 370 – 390mEUR and Adjusted Recurring EBITDA in excess of 28mEUR					

\*) EBITDA adjustments consist of pro rata share of Buisard EBITDA and IFRS 16 EBITDA adjustment

\*\*) Both net sales and Adjusted Recurring EBITDA including pro rata share of Buisard net sales and EBITDA, respectively as well as IFRS 16 adjustment

# FORTACO GROUP HOLDCO CONSOLIDATED P&L

Fortaco Group Holdco Consolidated P&L IFRS, KEUR	Q4/2021	Q4/2022	2021	2022
<b>Net sales</b>	0	<b>94 901</b>	0	<b>94 901</b>
Change in inventories	0	-18 885	0	-19 468
Materials and services	0	-45 573	0	-45 571
Personnel expenses	0	-18 215	0	-18 215
Other operating expenses	0	-11 386	0	-12 131
Other operating income	0	1 103	0	1 103
<b>EBITDA</b>	<b>0</b>	<b>1 945</b>	<b>0</b>	<b>620</b>
% of net sales	<i>n.m.</i>	2.0 %	<i>n.m.</i>	0.7 %
Depreciations	0	-2 587	0	-2 605
<b>EBITA</b>	<b>0</b>	<b>-642</b>	<b>0</b>	<b>-1 985</b>
% of net sales	<i>n.m.</i>	-0.7 %	<i>n.m.</i>	-2.1 %
Amortizations	0	-933	0	-1 140
<b>EBIT</b>	<b>0</b>	<b>-1 575</b>	<b>0</b>	<b>-3 125</b>
% of net sales	<i>n.m.</i>	-1.7 %	<i>n.m.</i>	-3.3 %
Financial items, net	0	-2 614	0	-3 292
Taxes	0	-22	0	-791
Share of profit in associated companies	0	385	0	385
<b>Net income</b>	<b>0</b>	<b>-3 826</b>	<b>0</b>	<b>-6 822</b>
Non-recurring items impacting EBITDA	0	3 174	0	4 499
<b>Recurring EBITDA</b>	<b>0</b>	<b>5 120</b>	<b>0</b>	<b>5 120</b>
% of net sales	<i>n.m.</i>	5.4 %	<i>n.m.</i>	5.4 %

- Fortaco Group Holdco performance in Q4 2022 impacted significantly by high amount of non-recurring items incurred during the period
  - Transaction costs and other transaction related items
  - Other non-recurring items originating from the business operations
  - High amount of non-recurring items incurred also Q3 2022, impacting full year financials further
- Recurring EBITDA 5.1mEUR (5.4%) in Q4 2022, corresponding largely the comparable recurring EBITDA during the same period

# FORTACO GROUP HOLDCO CONSOLIDATED CASH-FLOW

Fortaco Group Holdco Consolidated Cash-flow IFRS	30.9.2022 - 31.12.2022 kEUR
<b><u>Operating activities</u></b>	
Net profit / loss for the period	-6 822
Adjustments to the net profit / loss for the period*	9 690
Financial items and taxes paid and received	-2 789
Change in working capital	-5 724
<b>Net cash flow from operating activities</b>	<b>-5 645</b>
<b><u>Investing activities</u></b>	
Net investments	-1 507
Acquisition of subsidiaries, net of cash acquired	-50 534
Other items	36
<b>Net cash flow from investing activities</b>	<b>-52 004</b>
<b><u>Financing activities</u></b>	
Proceeds of issue of share capital	62 001
Net change in borrowings	8 075
<b>Net cash flow from financing activities</b>	<b>70 076</b>
<b>Net change in cash and cash equivalents</b>	<b>12 427</b>
Net change in cash and cash equivalents	12 427
Cash and cash equivalents acquired	15 734
Effects of exchange rate fluctuations on cash held	21
<b>Cash and cash equivalents at the end of the period</b>	<b>28 182</b>

\*) Includes reversal of non-cash items, income taxes, financial income and expenses and other adjustments

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Figures are based on unaudited IFRS financials

- Fortaco Group Holdco cash-flow significantly impacted by the acquisition of Fortaco Group Oy and its subsidiaries including simultaneous refinancing of the company
- Cash flow from operating activities burdened by high amount of non-recurring items incurred during the period, primarily related to the transaction
- Net change in cash and cash equivalents 12.4mEUR during the period. Acquired cash amounting to 15.7mEUR. Cash in December 2022 balance sheet hence 28.2mEUR

# FORTACO GROUP HOLDCO CONSOLIDATED BALANCE SHEET

## Fortaco Group Holdco Consolidated Balance Sheet IFRS 31.12.2022 KEUR

<b>Assets</b>	
Intangible assets	37 345
Goodwill	304
Property, plan and equipment	62 863
Right of use assets	6 479
Investment in associated companies	7 896
Other non-current financial assets	9
Non-current trade and other receivables	766
Deferred tax assets	5 058
<b>Non-current assets</b>	<b>120 720</b>
Inventories	43 881
Trade receivables and other receivables	35 627
Income tax receivables	127
Cash and cash equivalents	28 182
<b>Current assets</b>	<b>107 816</b>
<b>Total Assets</b>	<b>228 536</b>

- Fortaco Group Holdco December 2022 balance sheet is fairly representing the new balance sheet structure of Fortaco
- Purchase price allocation analysis has been updated in December to reflect the best updated view of the contingent liabilities related to the acquisition of Fortaco Group
- Trade and other receivables are including 13mEUR pledged cash to be used for M&A and other expansionary capex purposes
- Interest bearing liabilities including bond financing and other senior interest-bearing debt including capital leases

## Fortaco Group Holdco Consolidated Balance Sheet IFRS 31.12.2022 KEUR

<b>Equity &amp; Liabilities</b>	
Share capital	80
Unrestricted equity reserve	61 920
Treasury shares	0
Translation differences	669
Accumulated earnings	-6 829
<b>Equity attributable to owners of the parent</b>	<b>55 840</b>
Minority interest	82
<b>Total equity</b>	<b>55 922</b>
Deferred tax liabilities	8 842
Interest bearing liabilities	73 091
Non-interest bearing liabilities	3 505
Right of use liabilities	4 349
Provisions	1 104
<b>Non-current liabilities</b>	<b>90 892</b>
Interest bearing liabilities	4 027
Trade payables and other liabilities	74 824
Right of use liabilities	2 614
Income tax liabilities	257
<b>Current liabilities</b>	<b>81 722</b>
<b>Total Liabilities</b>	<b>172 614</b>
<b>Total Equity &amp; Liabilities</b>	<b>228 536</b>



# APPENDIX



# SUMMARY OF FORTACO GROUP COMPARABLE FINANCIALS

Fortaco Group Key Financials kEUR, IFRS	Fortaco Comparable Key Financials			
	Q4 2021	Q4 2022	2021	2022
<b>Net sales</b>	<b>69 099</b>	<b>94 901</b>	<b>235 679</b>	<b>332 446</b>
COGS	-56 693	-79 055	-186 873	-273 294
<i>% of net sales</i>	-82.0 %	-83.3 %	-79.3 %	-82.2 %
<b>Gross Margin</b>	<b>12 406</b>	<b>15 845</b>	<b>48 805</b>	<b>59 152</b>
<i>% of net sales</i>	18.0 %	16.7 %	20.7 %	17.8 %
Fixed costs total	-8 429	-11 501	-24 023	-36 324
<i>% of net sales</i>	-12.2 %	-12.1 %	-10.2 %	-10.9 %
<b>EBITDA</b>	<b>3 977</b>	<b>4 345</b>	<b>24 782</b>	<b>22 828</b>
<i>% of net sales</i>	5.8 %	4.6 %	10.5 %	6.9 %
Depreciation	-2 404	-2 534	-10 128	-9 860
<b>EBITA</b>	<b>1 573</b>	<b>1 810</b>	<b>14 654</b>	<b>12 969</b>
<i>% of sales</i>	2.3 %	1.9 %	6.2 %	3.9 %
Total non-recurring items	759	821	-4 043	1 837
<b>Recurring EBITDA</b>	<b>4 736</b>	<b>5 165</b>	<b>20 739</b>	<b>24 666</b>
<i>% of net sales</i>	6.9 %	5.4 %	8.8 %	7.4 %
<b>Recurring EBITA</b>	<b>2 331</b>	<b>2 631</b>	<b>10 611</b>	<b>14 806</b>
<i>% of net sales</i>	3.4 %	2.8 %	4.5 %	4.5 %
EBITDA adjustments	-822	-245	-3 186	-1 397
<b>Adjusted Recurring EBITDA</b>	<b>3 914</b>	<b>4 921</b>	<b>17 553</b>	<b>23 269</b>
<i>% of net sales</i>	5.7 %	5.2 %	7.4 %	7.0 %

- Significant growth in net sales during 2022
  - App. 50% of the growth is volume related, 50% is driven by pricing factors (steel pass-through and others)
- Margins diluted somewhat due to price increases not including margin. The underlying gross margin -% and EBITDA -% has remained stable during 2022
- Fixed cost base increasing due to increasing business volume and certain rebound elements in the cost base on back of the period of lower spending during 2020 and 2021
  - Note, full year 2021 figures are including significant non-recurring gain impacting fixed cost positively
- Non-recurring items defined as costs or income not relating to normal running business
- EBITDA adjustments defined as pro rata share (35%) of Buisards EBITDA and IFRS 16 adjustment
- Adjusted recurring EBITDA in line with Bond terms and conditions definition of "EBITDA"

# NET DEBT BREAKDOWN AND KEY LEVERAGE RATIOS

Fortaco Group Holdco	31.12.2022
Net debt breakdown	kEUR
Interest bearing liabilities	77 119
Right of use liabilities	6 964
Other gross debt items	9 083
<b>Gross Debt (IFRS)</b>	<b>93 165</b>
Cash and cash equivalents	28 182
Pledged cash	13 000
<b>Gross Cash (IFRS)</b>	<b>41 182</b>
<b>Net Debt (IFRS)</b>	<b>51 984</b>
<b>Net debt adjustments</b>	
Right of use liabilities	-6 964
Other IFRS to local GAAP adjustments	5 283
Share of net debt in minority holdings	1 257
<b>Total adjustments</b>	<b>(424)</b>
<b>Adjusted Net Debt</b>	<b>51 560</b>
Recurring EBITDA	24 666
Adjusted Recurring EBITDA	23 269
Net debt / Recurring EBITDA	2.1x
Adjusted net debt / Adjusted Recurring EBITDA	2.2x

- Interest bearing liabilities including both current and non-current debt
  - Bond and other senior debt
  - Capital leases
- Right of use liabilities consist of IFRS 16 debt
- Other gross debt items including contingent liabilities related to the acquisition of Fortaco Group as well as certain debt items related to acquisitions done by Fortaco
- Pledged cash available for M&A and other structural investments
- Net debt adjustments include right of use liability (IFRS 16) adjustment, adjustment to convert certain IFRS loan principals to local GAAP loan principals as well including Fortaco's share of net debt in Buisard. Adjusted Net Debt in line with Bond terms and conditions definition of "Net Interest Bearing Debt"

# COMPLIANCE CERTIFICATE Q4 2022

## FORM OF COMPLIANCE CERTIFICATE

To: Nordic Trustee & Agency AB (publ)  
From: Fortaco Group Holdco Oyj (the "Issuer")  
Dated: 28 February 2023

**Fortaco Group Holdco Oyj – Initially EUR 75,000,000 Senior Secured Floating Rate Bonds with ISIN NO0012547274 (the "Bonds")**

Dear Madams and Sirs,

1. Reference is made to the terms and conditions for the Bonds, dated 19 July 2022 and entered into by the Issuer as issuer and the Agent as agent for the bondholders (the "**Terms and Conditions**"). Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. This is a Compliance Certificate referred to in the Terms and Conditions and delivered pursuant to paragraph (g) of Clause 11.1 (*Information from the Issuer*) of the Terms and Conditions.
3. This Compliance Certificate is delivered in connection with the the Group's quarterly unaudited financial report for Q4/2022.
4. We confirm that no Event of Default has occurred, is continuing or would occur upon the incurrence of the new Financial Indebtedness or making the Restricted Payment.

**Fortaco Group Holdco Oyj**

as Issuer



By: Kimmo Raunio  
Senior Vice President & CFO

**TRUST IN TOMORROW**

