

FORTACO



H1 2023 INTERIM REPORT INVESTOR PRESENTATION

19 September 2023

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FORTACO IN BRIEF

Components and engineering for heavy off-highway equipment



Leading market position

Fortaco is the number 1 and number 2 leading, strategic partner in the steel fabrication and cabin markets, respectively, working towards the off-highway equipment and marine industries



Wide-spanning offering

The Group provides engineering services and steel-based components for, e.g., excavators, bulldozers, lifts, mining machinery and container handling equipment



Competitive offering

The Group offers technology, vehicle cabins, steel fabrication, and assemblies independently of any brands



Tier 0.5 partner

Fortaco partners with its customers' development teams in discussions relating to, e.g., product design and R&D, making the Group a Tier 0.5¹ partner



Lock-up and high switching costs

Fortaco's vast know-how, as well as its wide and premium quality offering, has enabled the Group to be an integral part of its blue-chip customers' supply chains, with strong lock-up effects



Expanding operations

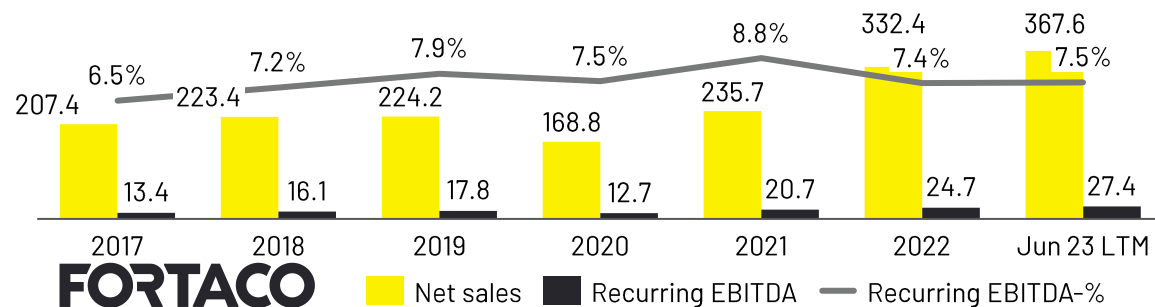
Recently closed acquisition of Walter Mauser and on-going acquisition of Buisard will further strengthen Fortaco and its offering



Operational excellence

The Group is devoted to safety and quality with the right delivery accuracy and the right price

Long-term financial development, mEUR



Geographical presence



6 technology hubs



13 business sites¹



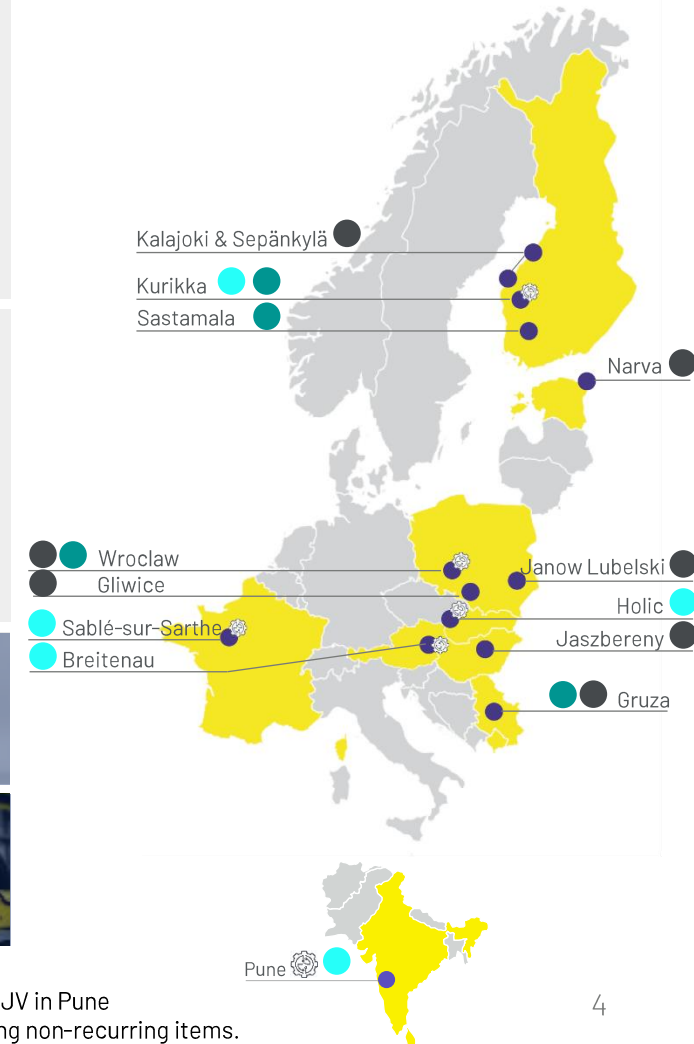
8 countries¹



~3,300 employees²

Business sites

- Assembly
- Vehicle Cabins
- Steel Fabrications
- Technology Hub



- 1) Including Mauser and Buisard and commercial JV in Pune
- 2) Including Mauser and Buisard. EBITDA excluding non-recurring items. Net sales and EBITDA are excluding Buisard and Mauser

Q2 2023 KEY HIGHLIGHTS

Q2/2023 Net sales
(mEUR, growth)

95.9 (+15%¹)

Q2/2023 Recurring EBITDA
(mEUR, growth)

8.7 (-2%¹)

June 23 LTM Net sales
(mEUR, growth)

367.6 (+30%¹)

June 2023 LTM Recurring
EBITDA (mEUR, growth)

27.4 (+14%¹)

June 2023 Net Debt (mEUR)

51.3

June 2023 Net Debt / LTM
Recurring EBITDA

1.9x

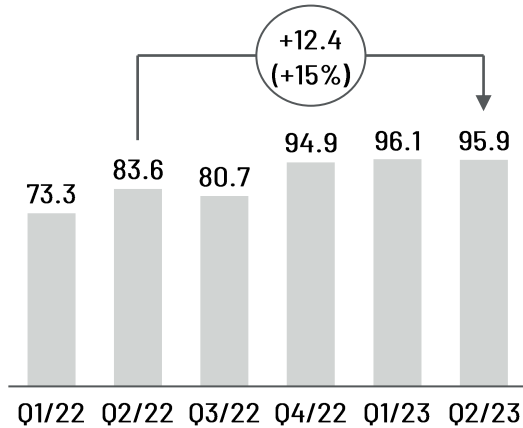
- Business activities remained high during the review period
- Bond listed to Nasdaq Helsinki in May
- The acquisition of Walter Mauser GmbH was signed in May and has been closed subsequent to the review period in September
- Lol signed with Buisard regarding acquisition of the remaining 65% of the shares
- Bond tap issue 27.5mEUR was completed in June, to finance the transactions and for general corporate purposes
- Investment to build new steel fabrication business site in Gliwice Poland was announced in June. Internal reorganization of operations to boost the profitability

See calculation formulas and reconciliation of alternative performance measures in slide 10. EBITDA is excluding non-recurring items. EBITDA and net sales are excluding Buisard and Mauser. 1) Growth compared to comparable net sales and EBITDA a year ago, the figures of which are based on the financials of the acquired Group

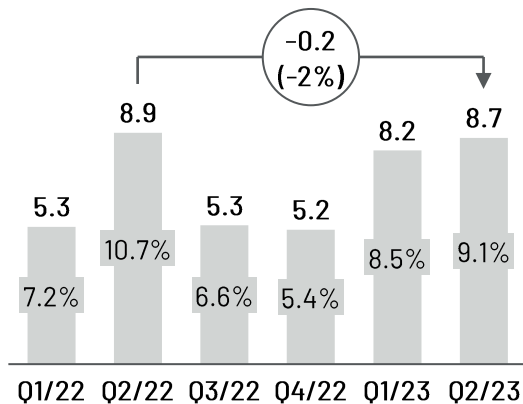
CURRENT TRADING UPDATE

Quarterly financials

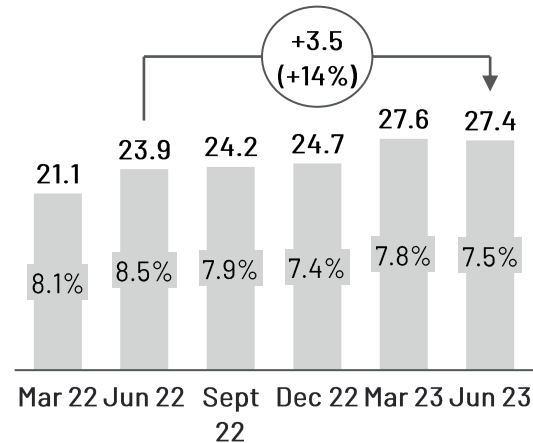
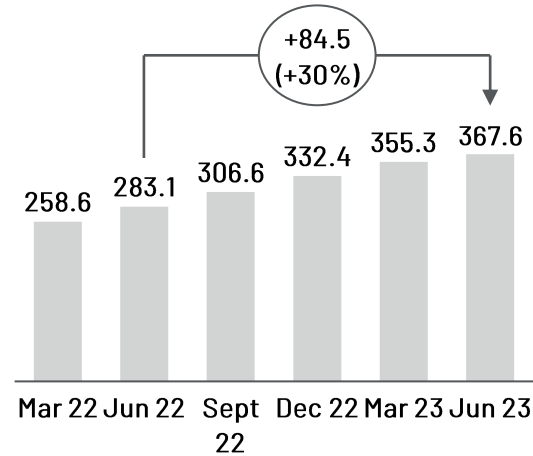
Net sales
(mEUR)



Recurring
EBITDA
and margin
(mEUR, %)



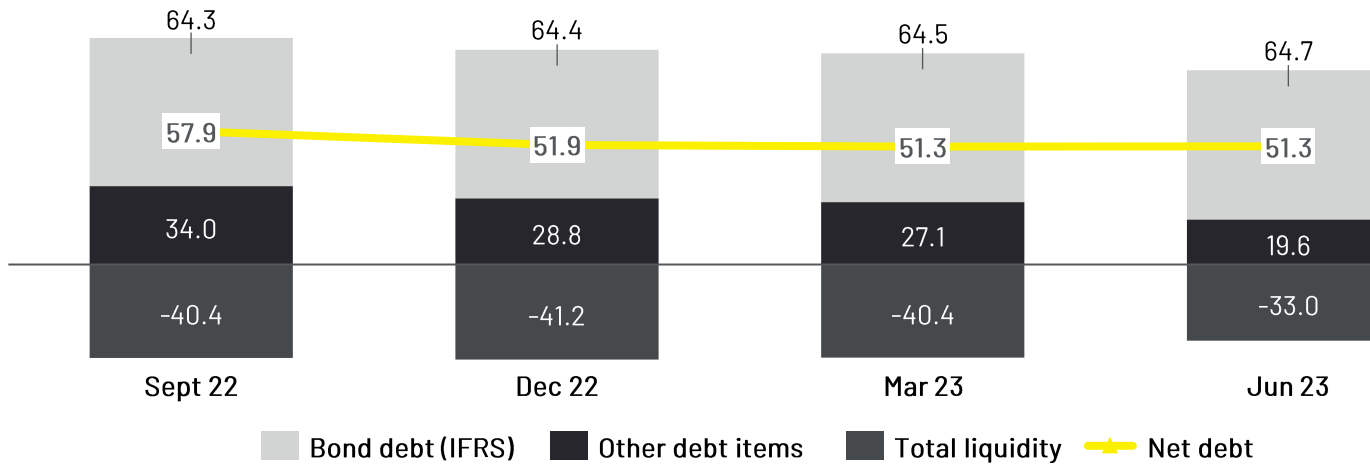
LTM financials



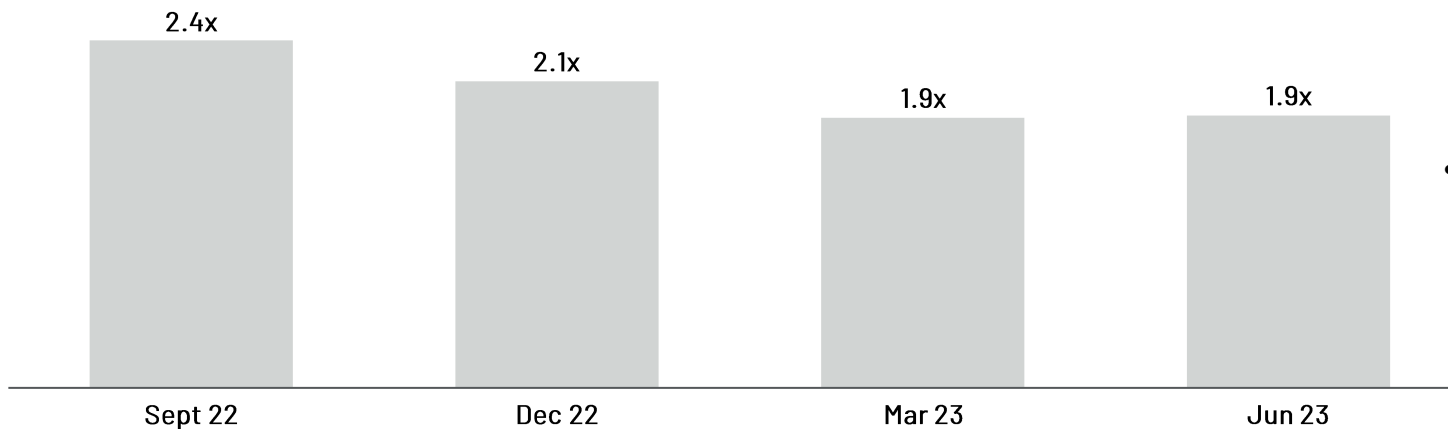
- Generally healthy market situation continued during Q2/23 and Fortaco continued to deliver high volume overall
- Towards the end of the period, certain signals emerging that supply chains are starting to align inventories to normalized delivery situation. Fortaco is closely monitoring the market and is prepared for potential capacity adjustments
- Steel market prices are having declining trend. Lower cost is adjusted to net sales and cost base, respectively. Otherwise cost inflation is stabilizing, but overall cost level remains high
- During Q2/23, Fortaco generated increasing net sales and flattish EBITDA compared to Q2/22. The underlying business performance continued to improve. However, Fortaco is having a few business sites where the performance is not meeting expectations and turnaround actions are on-going
- Flattish EBITDA performance in Q2/23 vs Q2/22 despite growing net sales driven primarily by positive timing impact in Q2/22 from steel price adjustments, hence strong comparables
- LTM net sales and EBITDA 367.6mEUR and 27.4mEUR.
 - Current guidance for 2023 is net sales >350mEUR and recurring EBITDA higher than in 2022 (24.7mEUR)

OVERVIEW OF FINANCIAL POSITION

Net debt (mEUR)



Net debt / LTM Recurring EBITDA



- Bond debt according to IFRS principles. Tap issue 27.5mEUR closed after the review period in July
- Other debt items including local debt, acquisition related debt and earn-out debt which was repaid in June (8.3mEUR)
- Total liquidity including cash and cash equivalents as well as pledged cash, which can be used for expansionary capex purposes
- Net debt remaining stable and leverage reducing since September 2022 driven by increasing LTM EBITDA

Q&A

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APPENDIX: FULL P&L AND BALANCE SHEET

Consolidated statement of comprehensive income

1,000 EUR	Note	1.4.–30.6.2023	1.1.–30.6.2023	12.4.–31.12.2022
NET SALES	2	95,923	192,065	94,901
Other operating income		538	734	1,103
Change in inventories of finished goods and work in progress		-8,946	-15,510	-19,571
Work performed for own purposes and capitalized		199	457	105
Materials and services		-50,520	-104,349	-45,571
Employee benefits expenses		-20,473	-40,117	-18,215
Other operating expenses		-9,296	-18,441	-12,132
Depreciation, amortization and impairments		-3,471	-6,860	-3,745
OPERATING PROFIT (LOSS)		3,953	7,978	-3,125
Finance income		805	1,076	357
Finance costs		-4,566	-7,553	-3,648
Share of net profit of associates accounted for using the equity method		318	439	385
PROFIT (LOSS) BEFORE INCOME TAX		510	1,940	-6,031
Income taxes		-827	-869	-791
PROFIT (LOSS) FOR THE PERIOD		-317	1,070	-6,822
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Translation differences		1,138	1,300	671
Other comprehensive income for the period, net of tax		1,138	1,300	671
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		820	2,371	-6,151
Profit (loss) for the period attributable to				
Owners of the parent company		-318	1,059	-6,829
Non-controlling interests		1	12	7
Profit (loss) for the period		-317	1,070	-6,822
Total comprehensive income for the period attributable to				
Owners of the parent company		815	2,354	-6,160
Non-controlling interests		6	17	9
Total comprehensive income for the period		820	2,371	-6,151
Earnings per share for profit attributable to the ordinary equity holders of the parent company				
Basic and diluted, EUR	6	-0.3	1.1	-6.8

Consolidated statement of financial position

1,000 EUR	Note	30.6.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4	36,348	37,345
Goodwill	4	304	304
Property, plant and equipment	3	64,743	62,863
Right-of-use assets	5	5,999	6,479
Investments accounted for using the equity method		8,335	7,896
Trade and other receivables	7	11,647	775
Deferred tax assets		4,407	5,058
TOTAL NON-CURRENT ASSETS		131,783	120,720
CURRENT ASSETS			
Inventories		47,873	43,881
Trade and other receivables	7	23,920	33,556
Contract assets		873	3,543
Income tax assets		143	127
Cash and cash equivalents	7	21,979	28,182
TOTAL CURRENT ASSETS		94,788	109,288
TOTAL ASSETS		226,571	230,008
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	6	80	80
Invested unrestricted equity capital	6	61,920	61,920
Translation differences		1,964	669
Retained earnings		-5,770	-6,829
Total equity attributable to owners of the parent company		58,194	55,840
Non-controlling interests		99	82
TOTAL EQUITY		58,293	55,922
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8,479	8,842
Borrowings	7	74,215	73,091
Other liabilities	7	2,614	3,505
Lease liabilities	7	3,796	4,349
Provisions		616	481
TOTAL NON-CURRENT LIABILITIES		89,720	90,269
CURRENT LIABILITIES			
Borrowings	7	3,346	4,027
Trade and other payables	7	71,445	74,824
Lease liabilities	7	2,704	2,614
Provisions		425	623
Contract liabilities		594	1,472
Income tax liabilities		44	257
TOTAL CURRENT LIABILITIES		78,557	83,817
TOTAL LIABILITIES		168,278	174,086
TOTAL EQUITY AND LIABILITIES		226,571	230,008

APPENDIX: RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES AND KEY DEFINITIONS

Reconciliation of Alternative Performance Measures

The following table sets forth a reconciliation of the Alternative Performance Measures as of the dates and for the periods indicated.

Reconciliation of Recurring EBITDA and Recurring EBITA

MEUR, IFRS	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22**	Last 12 months
Reported						
EBIT	4.0	N/A	8.0	N/A	-3.1	N/A
Amortization and impairments	0.8	N/A	1.7	N/A	1.1	N/A
EBITA	4.8	N/A	9.6	N/A	-2.0	N/A
Depreciation	2.6	N/A	5.2	N/A	2.6	N/A
EBITDA	7.4	N/A	14.8	N/A	0.6	N/A
Non-recurring items						
Transaction costs	0.0	N/A	0.1	N/A	3.9	N/A
Other non-recurring items	1.2	N/A	2.0	N/A	0.6	N/A
Non-recurring items, total	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
Recurring EBITA	6.1	N/A	11.7	N/A	2.5	N/A
Comparable*						
EBIT	4.0	5.9	8.0	8.3	12.5	12.2
Amortization and impairments	0.8	0.1	1.7	0.3	0.5	1.8
Comparable EBITA	4.8	6.0	9.6	8.6	13.0	14.1
Depreciation	2.6	2.4	5.2	4.8	9.9	10.2
Comparable EBITDA	7.4	8.4	14.8	13.4	22.8	24.3
Non-recurring items						
Transaction costs	0.0	0.1	0.1	0.3	0.6	0.4
Other non-recurring items	1.2	0.4	2.0	0.5	1.3	2.7
Non-recurring items, total	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
Comparable Recurring EBITA	6.1	6.5	11.7	9.3	14.8	17.2

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

**) Period 12.4.2022-31.12.2022 for reported figures

Formulas of alternative performance measures

EBITDA	Operating profit + depreciation + amortization + impairments
EBITA	Operating profit + amortization + impairments
Recurring EBITDA	Operating profit + depreciation + amortization + impairments +/- non-recurring items
Recurring EBITA	Operating profit + amortization + impairments +/- non-recurring items
Non-recurring items	Certain costs or income not related to the ordinary course of business, including restructuring costs, strategic development projects and transaction costs
Return of Capital Employed % (ROCE)	Recurring EBITA / (total assets – current liabilities)
Equity ratio	Equity / total assets
Net debt	Current and non-current interest bearing liabilities + M&A liabilities - total liquidity
Net gearing	Net debt / total equity

TRUST IN TOMORROW

