

Business review

1 January – 31 March 2025

Fortaco Group Holdco Plc



FORTACO

Business review January–March 2025

Unaudited, IFRS

Net sales and profitability remained low ahead of improving market – operational improvements continue

Financial highlights: January–March 2025

Unless stated otherwise, comparison figures in parentheses refer to the corresponding period in the previous year.

Reported financials

- Order intake was EUR 93.3 (107.8) million.
- Net sales were EUR 82.3 (105.8) million.
- Recurring EBITDA was EUR 1.2 (4.5) million, i.e. 1.4 (4.3) per cent of net sales.
- EBITDA was EUR 0.3 (3.2) million, i.e. 0.3 (3.1) per cent of net sales.

Financials excluding divested businesses

Note: The financials presented below are based on the “New Fortaco” scope, i.e. excluding the marine, energy and heavy project businesses in Jászberény, Hungary and Kalajoki & Sepänkylä, Finland, which have been divested during 2024.

- Order intake was EUR 93.3 (99.3) million.
- Net sales were EUR 82.3 (98.1) million. The decrease in net sales was due to continuing weak market demand.
- Recurring EBITDA was EUR 1.2 (5.4) million, i.e. 1.4 (5.5) per cent of net sales.
- EBITDA was EUR 0.3 (4.1) million, i.e. 0.3 (4.2) per cent of net sales.

Operational highlights

- Group-wide performance improvement program focused on identifying and executing both profitability and cashflow improvement opportunities continued with full focus and is expected to deliver results as planned going forward 2025.
- Investments in Narva (Estonia), Holic (Slovakia) and Gliwice (Poland) were completed and operations were started.

Key figures

Fortaco Group key financials

EUR million unless otherwise noted	1–3/25	1–3/24	1–12/24	Last 12 months
Net sales	82.3	105.8	356.5	333.0
EBITDA	0.3	3.2	7.6	4.6
% of net sales	0.3%	3.1%	2.1%	1.4%
EBITA	-3.7	-0.6	-7.4	-10.5
% of net sales	-4.5%	-0.5%	-2.1%	-3.2%
Non-recurring items	0.9	1.3	11.1	10.7
Recurring EBITDA	1.2	4.5	18.6	15.3
% of net sales	1.4%	4.3%	5.2%	4.6%
Recurring EBITA	-2.8	0.7	3.7	0.2
% of net sales	-3.4%	0.7%	1.0%	0.0%
Financial position				
Return on Capital Employed % (ROCE)	-5.0%	1.2%	1.6%	0.1%
Equity ratio %	9.5%	20.9%	12.7%	9.5%
Net debt	156.8	93.5	150.0	156.8
Net gearing %	542.9%	133.9%	384.9%	542.9%
Net debt / last 12 months recurring EBITDA	10.3x	6.1x	8.1x	10.3x

Guidance for 2025

After the review period, Fortaco issued a profit forecast for 2025. Fortaco estimates that its net sales will be in a range of EUR 335–350 (338, excluding divested businesses) million and recurring EBITDA in a range of EUR 20–23 million in 2025 (EUR 20 million excluding divested businesses).

President & CEO Mika Mahlberg's comments

The year 2025 began as expected in a challenging market environment. In the first quarter, our comparable order intake decreased by 6 per cent year on year, and our comparable net sales decreased to EUR 82.3 (98.1) million.

Operational profitability was below the comparison period's level. Our comparable recurring EBITDA was EUR 1.2 (5.4) million or 1.4 (5.5) per cent of net sales. In addition to lower net sales, the result was burdened by the ongoing ramp-up of our business site in Gliwice in Poland, the costs of which will impact our profitability also in the second and third quarter. The result was also weakened by the performance of our Breitenau business site in Austria, which was lower than in the comparison period as the site's turnaround process is still ongoing.

Fortaco's business and margin improvement programme, Fortaco 25, is proceeding as planned, and its profitability impacts are expected to materialise from the second half of 2025 onwards. The programme has already had positive cash flow impacts during the first months of the year, and we are satisfied with its progress. We continue our strong efforts to improve the profitability of our core business.

Despite the challenging start of the year, some of Fortaco's customer segments are showing positive signs of market activation, and some capacity allocations for the latter half of the year have already been made. The market situation appears favourable particularly in the mining and defence industries, although the unpredictability of the United States' customs policy creates significant uncertainty in all industries, making it difficult to predict market development. Fortaco, however, operates mainly as a partner to European machinery manufacturers and has only a small amount of direct trade into the US. This reduces the direct impacts of US customs policy on the company.

Smart innovation advances strategy implementation

During the review period, Fortaco implemented its strategy by presenting a new SmartCabin product at the Bauma fair in Germany. The new cabin, which is designed by Fortaco and can be used in different vehicles, is targeted to customers who want to make use of pre-designed high-quality cabin technology. The SmartCabin reduces customers' R&D needs through its integration possibilities and reduces expenses by, e.g., combining several different data feeds into a single display.

Importance of sustainability for customers continues to increase

In the first quarter of 2025, Fortaco continued to execute its sustainability programme. In March, we published our first Corporate Sustainability Reporting Directive (CSRD) compliant Sustainability Statement as part of our 2024 Annual Report. In 2025, key actions of our sustainability work include, among other things, reviewing our climate and environmental impacts and finalising our climate programme, developing our data collection and reporting, and continuing the integration of sustainability into supplier processes.

Our customers are showing increasing interest towards emission-free solutions, and defining a sustainable portfolio is one of our actions for 2025. This supports our strategic ambition to make the heavy off-highway equipment industry emission-free.

Our balance sheet strengthened significantly

After the review period in April, we carried out a written procedure regarding certain changes to the terms and conditions of Fortaco's bonds. In connection with the written procedure, the company's sole shareholder has made a EUR 20 million equity investment in the company, which together with the other changes to the terms and conditions of the bonds significantly strengthens the Group's balance sheet and liquidity.

After the review period on 23 May, we also sold our subsidiary in Serbia and thereby our marine and energy focused Business Site Gruza to the Norwegian Entec Evotec AS. The sale of Business Site Gruza was the final step in the strategic evaluation of our marine, energy, and heavy project businesses, which has thereby been completed.

Despite the challenging market environment, my first quarter as the CEO of Fortaco has been rewarding, and I want to thank our customers and owner for their trust. At the same time, I extend my thanks to our partners for seamless cooperation and to the entire personnel of Fortaco for their hard work and commitment during the first months of the year.

Changes in management

Lars Hellberg was appointed as a member of Fortaco's Supervisory Board as of 3 January 2025.

Mika Mahlberg was appointed President & CEO and member of the Board of Directors as of 3 January 2025.

Events after the review period

After the review period, on 2 April 2025, Fortaco announced that it would initiate written procedure with respect to its senior secured bonds. The written procedure regarded certain amendments to the terms and conditions of the company's bonds, including an extension of the tenor by two years, amending the interest rate during 2025 and 2026, introducing the option to make voluntary partial redemptions of up to EUR 20 million at a price of 101 per cent, together with certain other amendments.

On 2 April 2025, the company also provided a profit forecast for 2025 and long-term financial outlook. Fortaco has not previously issued a profit forecast for 2025. Now, Fortaco estimates that its net sales will be in a range of EUR 335–350 (338, excluding divested businesses) million and recurring EBITDA in a range of EUR 20–23 (20, excluding divested businesses) million in 2025. On an LTM basis (excluding divested businesses), net sales is estimated to be in a range of EUR 318–328 million for Q1 2025, in a range of EUR 313–328 million for Q2 2025, and in a range of EUR 323–338 million for Q3 2025.

Fortaco also provided a long-term financial outlook for 2026 and 2027. Net sales are expected to amount to approximately EUR 375–400 million in 2026 and approximately EUR 400–425 million in 2027. Recurring EBITDA is expected to amount to approximately EUR 35–39 million in 2026 and approximately EUR 44–48 million in 2027.

On 17 April 2025, Fortaco announced having successfully completed the written procedure in relation to the company's outstanding senior secured bonds. The amendments approved in the written procedure will become effective when the applicable conditions precedents, including the equity contribution of no less than EUR 20 million to be made by the principal shareholder of the company, have been satisfied.

On 7 May 2025, Fortaco announced that the EUR 20 million equity contribution had been made, and other conditions precedent had been satisfied and that the amendments approved in the written procedure had become effective.

On 23 May 2025, Fortaco announced the sale of its subsidiary in Serbia and thereby the marine and energy focused Business Site Gruza to the Norwegian Entec Evotec AS. The sale of Business Site Gruza is the final step in the strategic evaluation of Fortaco's marine, energy, and heavy project businesses. The transaction is subject to some customary closing conditions and is expected to be closed in June 2025.

On 27 May 2025, Fortaco signed an agreement to extend the maturity of EUR 7.5 million super senior revolving credit facility with two years, new maturity of the facility being June 2027.

Financial reporting in 2025

In 2025, Fortaco will publish the following financial reports:

Half-Year Review January–June 2025 on Friday 29 August 2025

Business Review January–September 2025 on Wednesday 26 November 2025

Fortaco Group Holdco Plc
Board of Directors

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Fortaco Group

Fortaco is the leading European full-solution provider for OEMs in the off-highway equipment industries. Pioneering the design and production of assemblies, cabins, steel fabrications, and zero emission solutions, we offer cutting-edge technology for enhanced productivity. We empower off-highway machines to use fossil-free steel and our customers to optimize their operations and move towards a greener future. Fortaco Group has operations in multiple European and Asian business sites and technology hubs, which support our global customers. www.fortacogroup.com

Financial information

Unless otherwise stated, comparison figures in parentheses refer to the corresponding period of the previous year.

Part corresponding to IAS 34

Consolidated statement of comprehensive income

1 000 EUR	1.1.–31.3.2025	1.1.–31.3.2024	1.1.–31.12.2024
NET SALES	82,290	105,808	356,471
Other operating income	154	383	2,994
Work performed for own purposes and capitalised	-1	60	469
Materials and services	-46,699	-63,295	-205,670
Employee benefit expenses	-26,224	-29,041	-103,907
Other operating expenses	-9,237	-10,679	-42,804
Depreciation, amortisation and impairments	5,392	-14,748	-31,740
OPERATING PROFIT (LOSS)	-5,109	-11,513	-24,187
Finance income	590	772	3,214
Finance costs	-6,682	-6,432	-27,455
PROFIT (LOSS) BEFORE INCOME TAX	-11,201	-17,173	-48,428
Income tax	489	-142	-111
PROFIT (LOSS) FOR THE PERIOD	-10,712	-17,315	-48,538
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Actuarial gains / losses from defined benefit plans		25	-55
Total items that will never be reclassified to profit or loss, net of tax			-55
Items that may be subsequently reclassified to profit or loss			
Translation differences	458	125	215
Total items that may be subsequently reclassified to profit or loss, net of tax	458	150	215
Other comprehensive income, net of tax			160
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-10,254	-17,165	-48,378
Profit (loss) for the period attributable to			
Owners of the parent company	-10,254	-17,310	-48,536
Non-controlling interests		-5	-3
Profit (loss) for the period	-10,254	-17,315	-48,538
Total comprehensive income for the period attributable to			
Owners of the parent company	-10,254	-17,161	-48,377
Non-controlling interests		-4	-2
Total comprehensive income for the period	-10,254	-17,165	-48,378
Earnings per share for profit attributable to the ordinary equity holders of the parent company, EUR			
Earnings per share, basic and diluted, EUR	-10,3	-17,3	-48,5

Consolidated statement of financial position

1 000 EUR	31.3.2025	31.3.2024	31.12.2024
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	45,797	49,987	47,043
Goodwill	20,965	20,976	20,976
Property, plant and equipment	81,147	92,197	87,028
Right-of-use assets	52,769	15,871	47,152
Trade, other receivables and financial assets	5,936	1,877	5,682
Receivables from defined benefit plan	681	629	681
Deferred tax assets	4,845	5,210	4,805
TOTAL NON-CURRENT ASSETS	212,140	186,746	213,366
CURRENT ASSETS			
Inventories	38,445	44,184	37,683
Trade and other receivables	22,492	35,628	20,480
Contract assets		332	
Income tax assets	1,191	1,143	1,695
Cash and cash equivalents	29,696	61,386	32,034
TOTAL CURRENT ASSETS	91,825	142,673	91,892
ASSETS HELD FOR SALE	1,000	4,306	1,000
TOTAL ASSETS	304,965	333,724	306,258
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	80	80	80
Invested unrestricted equity capital	105,178	105,178	105,178
Translation differences	3,199	2,651	2,741
Retained earnings	-86,180	-44,042	-75,467
Total equity attributable to owners of the parent company	22,277	63,867	32,531
Non-controlling interests		99	
TOTAL EQUITY	22,277	63,966	32,531
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17,413	18,429	17,895
Borrowings	127,529	132,500	128,769
Borrowings from related parties	6,610	5,858	6,441
Other liabilities	5,732	5,407	5,372
Lease liabilities	39,000	12,657	37,175
Provisions	1,065	1,076	1,494
Liabilities from defined benefit plan	2,672	3,660	3,003
TOTAL NON-CURRENT LIABILITIES	200,021	179,586	200,149

CURRENT LIABILITIES			
Borrowings	10,063	2,862	5,439
Trade and other payables	64,496	78,051	59,496
Lease liabilities	6,997	3,564	7,581
Provisions	1,082	1,058	860
Contract liabilities		186	
Income tax liabilities	30	137	203
TOTAL CURRENT LIABILITIES	82,667	85,858	73,578
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE		4,315	
TOTAL LIABILITIES	282,688	269,758	273,728
TOTAL EQUITY AND LIABILITIES	304,965	333,724	306,258

Consolidated statement of cash flow

1000 EUR	1.1.–31.3.2025	1.1.–31.3.2024	1.1.–31.12.2024
Cash flow from operating activities			
PROFIT (LOSS) FOR THE PERIOD	-10,712	-17,315	-48,538
Depreciation, amortisation and impairments	5,392	14,748	31,740
Gains and losses on sale of property, plant and equipment and other non-current assets	-12	25	439
Share of profit accounted for using the equity method			
Financial income and expenses	6,095	5,805	24,333
Income tax	-489	142	111
Other adjustments	3	-1,233	904
Change in working capital			
Increase / decrease in inventories	-605	5,838	5,957
Increase / decrease in trade and other receivables	-2,718	-5,654	8,143
Increase / decrease in interest free trade payables	5,305	-2,889	-16,433
Change in provisions	-561	-269	4
Interest paid	-4,826	-4,064	-16,907
Interest received	133		27
Other financial items	-930	-517	-3,832
Income tax paid	441	-637	-958
Total cash flow from operating activities	-3,484	-6,019	-15,010
Cash flow from investing activities			
Investments in property, plant and equipment and intangible assets	-902	-2,275	-15,604
Disposal of property, plant and equipment and intangible assets	991	698	2,322
Acquisition of subsidiaries reduced with the cash and cash equivalents at the acquisition moment			74
Disposal of subsidiaries increased with the cash and cash equivalents at the acquisition moment			-321
Used collateral deposit		50	50
Dividends received			
Cash flow from investing activities	89	-1,527	-13,480

Cash flow from financing activities

Proceeds from issue of share capital		10,000	10,000
Proceeds from loans	3,498	29,939	39,456
Repayments from current loans	-375	-1,170	-7,863
Repayments of non-current borrowings	-186	-794	-1,193
Repayments of leasing liabilities	-1,951	-1,632	-7,877
Granted loans			-4,500

Total cash flow from financing activities	986	36,343	28,023
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Change in cash and cash equivalents	-2,409	28,796	-467
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Cash and cash equivalents at the beginning of the period	32,034	32,420	32,420
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Effects of exchange rate changes on cash and cash equivalents	71	170	81
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Cash and cash equivalent at the end of the period	29,696	61,386	32,034
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Consolidated statement of changes in equity

Attributable to owners of the parent company 31.3.2025							
1,000 EUR	Share capital	Invested unrestricted equity reserve	Translation differences	Profit (loss) for period	Total	Non-controlling interests	Total equity
EQUITY 1.1.2025	80	105,178	2,741	-75,467	32,531		32,531
Comprehensive income							
Profit/loss for the period				-10,172	-10,712		-10,712
Translation differences			458		458		458
Actuarial gains/losses from defined benefit plans							
TOTAL COMPREHENSIVE INCOME			458	-10,712	-10,254		-10,254
Transactions with shareholders							
Investments							
Changes in subsidiary ownership shares							
Changes in equity total			458	-10,712	-10,254		-10,254
TOTAL EQUITY 31.3.2025	80	105,178	3,199	-86,180	22,277		22,277

Attributable to owners of the parent company 31.3.2024							
1,000 EUR	Share capital	Invested unrestricted equity reserve	Translation differences	Profit (loss) for period	Total	Non-controlling interests	Total equity
EQUITY 1.1.2024	80	95,178	2,527	-26,757	71,028	103	71,131
Comprehensive income							
Profit/loss for the period				-17,310	-17,310	-5	-17,315
Translation differences			124		124	1	125
Actuarial gains/losses from defined benefit plans				25	25		
TOTAL COMPREHENSIVE INCOME			2,651	-17,285	-14,634	-4	-14,639
Transactions with shareholders							
Investments		10,000			10,000		10,000
Changes in subsidiary ownership shares							
Changes in equity total		10,000	124	-17,285	7,161	-4	-7,165
TOTAL EQUITY 31.3.2024	80	105,178	2,651	-44,042	63,867	99	63,966

Attributable to owners of the parent company 31.12.2024

1,000 EUR	Share capital	Invested unrestricted equity reserve	Translation differences	Profit (loss) for period	Total	Non-controlling interests	Total equity
EQUITY 1.1.2024	80	95,178	2,527	-26,757	71,028	103	71,131
Comprehensive income							
Profit/loss for the period				-48,536	-48,536	-3	-48,538
Translation differences			214		214	1	215
Actuarial gains/losses from defined benefit plans				-55	-55		-55
TOTAL COMPREHENSIVE INCOME			214	-48,591	-48,377	-2	-48,378
Transactions with shareholders							
Investments		10,000			10,000		10,000
Changes in subsidiary ownership shares				-120	-120	-102	-222
Changes in equity total			214	-48,711	-38,497	-103	-38,600
TOTAL EQUITY 31.12.2024	80	105,178	2,741	-75,467	32,531		32,531

Notes to the business review

On 4 July 2024, Fortaco announced having signed an agreement for the sale of the marine and energy business operations in Kalajoki and Sepänkylä of Fortaco Oy, a subsidiary of Fortaco Group Holdco Plc, to Componenta. The business transaction was completed on 1 October 2024, and the related property transaction is expected to be completed during the second half of 2025.

The property is still classified as an asset held for sale, as its sale is expected to be completed within the next 12 months. The property has been measured at fair value based on the expected selling price. No liabilities are associated with the asset held for sale.

Assets held for sale and related liabilities on 31 March 2025

1,000 EUR	Carrying amount 31.3.2025
ASSETS	
Current assets	
Intangible assets	75
Tangible assets	925
Total non-current assets	1,000
Assets held for sale	1,000
LIABILITIES	
Liabilities held for sale	0

Formulas of alternative performance measures

EBITDA	Operating profit + depreciation + amortisation + impairments
EBITA	Operating profit + amortisation + impairments
Recurring EBITDA	Operating profit + depreciation + amortisation + impairments +/- non-recurring items
Recurring EBITA	Operating profit + amortisation + 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 (annualised) / (total assets – current liabilities)
Equity ratio	(Equity + subordinated shareholder loans) / total assets
Net debt	Current and non-current interest-bearing liabilities + M&A liabilities - total liquidity
Net gearing	Net gearing = net debt / (total equity + subordinated shareholder loans)

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	1–3/25	1–3/24	1–12/24	Last 12 months
EBIT	-5.1	-11.5	-24.2	-17.8
Amortisation and impairments	1.4	10.9	16.8	7.3
EBITA	-3.7	-0.6	-7.4	-10.5
Depreciation	4.0	3.8	14.9	15.1
EBITDA	0.3	3.2	7.6	4.6
Non-recurring items				
Transaction costs	0.1	0.2	2.9	2.8
Other non-recurring items	0.7	1.0	8.1	7.8
Non-recurring items, total	0.9	1.3	11.1	10.7
Recurring EBITDA	1.2	4.5	18.6	15.3
Recurring EBITA	-2.8	0.7	3.7	0.2