

**BIG ENOUGH
TO COMPETE –
SMALL ENOUGH
TO CARE.**

QUARTERLY REPORT
Q1 2023/2024

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Preface

Dear Shareholders,

Despite the challenging global conditions, FORTEC managed to achieve sustainable growth again in the first quarter of the 2023/2024 financial year (01/07/2023 – 30/09/2023). Compared to the previous year, we were able to increase Group turnover by around 6 % to EUR 26.6 million (previous year: EUR 25.0 million), as well as increasing earnings before interest and taxes (EBIT) by around 29 % to EUR 3.5 million (previous year: EUR 2.7 million). This significant increase to the Group EBIT is a significant performance indicator and mainly results from a dynamic development in the power supplies segment and the continued high-margin segment of data visualisation. This indicates that the Group is able to face the global challenges successfully and continue to achieve robust growth.

Our continued success story is the result of hard work, strategic foresightedness and the commitment of our employees and partners. We are proud of this performance and are looking to a positive future in which we will work to achieve sustainable value for our shareholders.

The first quarter of the current financial year was a promising start and we are confident that FORTEC will cement its place on the market and continue to develop it. Dear shareholders, thank you for your trust and support along our road to success.

Wishing you a happy Christmas in advance and all the best for the rest of 2023!

Sandra Maile

Chair of the Management Board



Group quarterly report: 1st quarter 2023/2024

01/07/2023–30/09/2023

Profit situation

Group turnover reached EUR 26.6 million and was therefore around 6 % higher than the previous year's turnover (EUR 25.0 million). The data visualisation segment was able to continue to maintain the turnover level that it has achieved up to now in the first quarter of the new financial year. Due to the increased share of sales in the defence sector, the power supplies segment was also able to increase its margin.

The inventories of finished goods and work in progress increased significantly in comparison to the previous year's period to EUR 802 thousand. The high inventory changes occur when products have already been manufactured but cannot be completed due to missing components.

The cost of materials increased proportionately from EUR 16.9 million to EUR 18.0 million in line with the higher turnover. The cost of sales ratio fell significantly to 64.5 % (previous year: 68.3 %).

Personnel expenses rose from EUR 3.8 million in the first quarter of the previous year to EUR 4.1 million as of 30 September 2023 due to generally higher personnel costs and an increase in staff numbers. The personnel cost ratio increased slightly from 15.1 % in the previous year to 15.5 % in the reporting quarter due to personnel expenses that increased slightly disproportionately compared to turnover.

At EUR 0.4 million, depreciation and amortisation was almost the same as in the previous year.

Other operating costs decreased from EUR 2.1 million in the previous year to EUR 1.9 million. Relative to turnover, other operating costs amounted to 7.2 % (previous year: 8.4 %).

The aforementioned factors resulted in another increase in EBIT as a key financial performance indicator of EUR 3.5 million, which is around EUR 0.8 million above the previous year's figure of EUR 2.7 million. The EBIT margin therefore increased from 10.9 % in the previous year to 13.3 % in the first quarter of the 2023/2024 financial year.

The net profit for the first quarter of the 2023/2024 financial year stood at EUR 2.4 million (previous year: EUR 1.9 million).

Earnings per share therefore rose from EUR 0.60 to EUR 0.74.

The order book was EUR 73.9 million at the end of September and has therefore reduced further in comparison to 30 June 2023 (EUR 83.0 million) but still remains significantly higher than the value in 2020.

Asset situation

On the assets side, with a balance sheet total of EUR 77.4 million (30/06/2023: EUR 76.3 million), non-current assets amounted to EUR 16.6 million (30/06/2023: EUR 16.7 million). Of this figure, at EUR 6.5 million (30/06/2023: EUR 6.4 million) the goodwill from the acquired subsidiaries is the largest item.

Due to accounting in accordance with IFRS 16, rights of use amounting to EUR 4.7 million (30/06/2023: EUR 4.8 million) are reported. Under current assets, with a value of EUR 60.9 million (30/06/2023: EUR 59.6 million), the stocks at EUR 32.1 million (30/06/2023: EUR 32.6 million) are therefore the largest single item on the balance sheet total. At EUR 11.7 million, the receivables from deliveries and services item increased compared to the previous quarter (30/06/2023: EUR 11.4 million). Cash and cash equivalents, the second largest item on the assets side, increased from EUR 13.2 million on 30/06/2023 to EUR 14.8 million.

Financial and liquidity position

The Group's equity ratio is 74.3 % (30/06/2023: 72.1 %). At EUR 57.5 million (30/06/2023: EUR 55.0 million), the Group has sufficient equity.

Under current liabilities, liabilities due to deliveries and services decreased from EUR 6.5 million in the previous quarter to EUR 5.4 million.

The FORTEC GROUP defines the net financial assets that are relevant for a potential company valuation as the difference between the cash and cash equivalents, and the interest-bearing financial liabilities, of which the FORTEC GROUP only counts the bank liabilities. The net financial assets defined in this way are therefore EUR 13.3 million.

Forecast

The Management Board confirms its existing forecast for the 2023/2024 business year and continues to expect a Group turnover in the range of EUR 106.0 million to EUR 116.0 million and a Group EBIT between EUR 9.5 million and EUR 11.0 million. Nevertheless, the forecast is subject to uncertainties due to the current geopolitical situation, which could have a significant influence on the forecast turnover and results development. The corresponding effects cannot be conclusively estimated at the current time.

Consolidated statement of comprehensive income at 30/09/2023

unaudited, in accordance with IAS/IFRS

In thousand EUR	Consolidated statement of income 01/07/2023 -30/09/2023	Consolidated statement of income 01/07/2022 - 30/09/2022
Sales revenues	26,586	24,978
Increased inventory of unfinished goods	802	153
Other operating income	539	791
Cost of materials	17,954	16,897
Personnel expenses	4,131	3,783
Depreciation	413	399
Other operating costs	1,902	2,110
Operating result (EBIT)	3,527	2,733
Income from investments	0	0
Other interest and similar income	2	0
Other interest and similar costs	33	41
Result before taxes	3,496	2,693
Taxes on income and earnings	1,092	756
Consolidated net profit for the period	2,404	1,937
Other earnings*	140	386
Total earnings	2,544	2,322
Earnings per share (in EUR)	0.74	0.60
Number of shares (in units)	3,250,436	3,250,436
Of the total result, the following are attributable to:		
Shareholders of the parent company	2,545	2,323
Non-controlling shareholders	-1	-1

*Other comprehensive income exclusively comprises currency translation differences not recognised in profit or loss.

Explanatory notes

The basis for the preparation of the financial statements

The condensed Group report does not contain all information and disclosures required for consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements and the Group management report dated 30 June 2023.

The consolidated quarterly financial statements have been neither audited nor reviewed by an auditor.

The report has been drawn up in euros. For reasons of calculation, rounding differences may occur in the tables and in references.

Segment reporting

The Group's reportable segments are data visualisation and power supplies. Other segments include intra-group services.

In thousand EUR	Data visualisation	Power supplies	Other segments	Total	Reconciliation Consolidation	Consolidated
External revenues	16,216	10,366	3	26,586	0	26,586
<i>Previous year</i>	<i>16,028</i>	<i>8,950</i>	<i>0</i>	<i>24,978</i>	<i>0</i>	<i>24,978</i>
Internal revenues	955	551	868	2,374	2,374	0
<i>Previous year</i>	<i>1,040</i>	<i>473</i>	<i>501</i>	<i>2,143</i>	<i>2,014</i>	<i>0</i>
Segment revenues	17,171	10,917	871	28,959	2,374	26,586
<i>Previous year</i>	<i>17,068</i>	<i>9,423</i>	<i>501</i>	<i>26,992</i>	<i>2,014</i>	<i>24,978</i>
Gross margin (total operating performance ./. cost of sales)	6,174	3,358	801	10,333	898	9,434
<i>Previous year</i>	<i>5,790</i>	<i>2,540</i>	<i>501</i>	<i>8,832</i>	<i>598</i>	<i>8,234</i>
Gross margin in %	36.0	30.8	91.9	35.7		35.5
<i>Previous year</i>	<i>33.9</i>	<i>27.0</i>	<i>100.0</i>	<i>32.7</i>		<i>33.0</i>
EBIT	2,217	1,281	31	3,529	-2	3,527
<i>Previous year</i>	<i>2,234</i>	<i>690</i>	<i>-179</i>	<i>2,745</i>	<i>12</i>	<i>2,733</i>
EBIT in %	12.9	11.7	3.5	12.2	0.1	13.3
<i>Previous year</i>	<i>13.1</i>	<i>7.3</i>	<i>-35.7</i>	<i>10.2</i>	<i>0.6</i>	<i>10.9</i>

Disclaimer of liability

This report contains certain forward-looking statements based on currently discernible and available information, assumptions and forecasts made by the Management of FORTEC Elektronik AG. They serve solely to provide information and are characterised by terms such as "believe", "expect", "predict", "intend", "forecast", "plan", "estimate" or "endeavour". These statements are therefore only valid at the time of their publication. Various known and unknown risks, uncertainties and other factors could lead to material differences between the forecasts given here and the actual results, financial situation, development or performance of the Company. FORTEC Elektronik AG assumes no obligation to update such forward-looking statements or to align them with future events or developments. Accordingly, no liability or guarantee for the topicality, correctness or completeness of this data and information is assumed either explicitly or implicitly.

FORTEC
GROUP

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