

Fortaco Group Holdco Plc's Half-Year Review 1–6 2025: Operational improvement programme progressing and market start to pick-up, profitability negatively impacted by ramp-up of operations in one unit

Fortaco Group Holdco Plc's Half-Year Review 29 August 2025 at 2:00 p.m. EEST

This release is a summary of Fortaco Group Holdco Plc's Half-Year Review for January–June 2025. The full release is attached and available on our website at <https://investors.fortacogroup.com>.

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

Financial highlights: April–June 2025

Reported financials

- Order intake was EUR 97.8 (97.6) million.
- Net sales were EUR 89.1 (101.0) million. Net sales decreased due to generally soft market environment and divestments completed after the comparison period.
- Recurring EBITDA was EUR 4.7 (6.5) million, i.e. 5.3 (6.5) per cent of net sales.
- EBITDA was EUR 3.8 (2.8) million, i.e. 4.3 (2.8) per cent of net sales.
- Ramp-up costs impacting EBITDA in Gliwice, Poland, amounted to EUR 1.9 million during the period. Recurring EBITDA excluding ramp-up costs in Gliwice amounted to EUR 6.6 million, i.e. 7.4 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 as well as the marine and energy business in Gruza, Serbia, divested in 2025.

- Order intake was EUR 96.5 (90.0) million.
- Net sales were EUR 88.4 (92.0) million. Net sales decreased somewhat due to soft general market environment.
- Recurring EBITDA was EUR 4.7 (7.1) million, i.e. 5.3 (7.7) per cent of net sales.
- EBITDA was EUR 3.8 (2.8) million, i.e. 4.3 (3.0) per cent of net sales.
- Ramp-up costs impacting EBITDA in Gliwice, Poland, amounted to EUR 1.9 million during the period. Recurring EBITDA excluding ramp-up costs in Gliwice amounted to EUR 6.6 million, i.e. 7.5 per cent of net sales.

Financial highlights: January–June 2025

Reported financials

- Order intake was EUR 191.1 (205.4) million.
- Net sales were EUR 171.4 (206.8) million. Net sales decreased due to continued soft market environment especially during the beginning of the year and divestments completed after the comparison period.
- Recurring EBITDA was EUR 5.9 (11.1) million, e.g. 3.4 (5.3) per cent of net sales.
- EBITDA was EUR 4.1 (6.1) million, e.g. 2.4 (2.9) per cent of net sales.

- Ramp-up costs impacting EBITDA in Gliwice, Poland, amounted to EUR 3.5 million during the period. Recurring EBITDA excluding ramp-up costs in Gliwice amounted to EUR 9.4 million, i.e. 5.5 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 as well as the marine and energy business in Gruza, Serbia, divested in 2025.

- Order intake was EUR 187.8 (187.5) million.
- Net sales were EUR 169.3 (188.7) million. Net sales decreased due to continued soft market environment especially during the beginning of the year.
- Recurring EBITDA was EUR 6.1 (12.5) million, i.e. 3.6 (6.6) per cent of net sales.
- EBITDA was EUR 4.3 (7.0) million, i.e. 2.6 (3.7) per cent of net sales.
- Ramp-up costs impacting EBITDA in Gliwice, Poland, amounted to EUR 3.5 million during the period. Recurring EBITDA excluding ramp-up costs in Gliwice amounted to EUR 9.7 million, i.e. 5.7 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 as year 2025 progresses.
- Structural investments in Narva (Estonia), Holic (Slovakia) and Gliwice (Poland) were completed, and operations were started. The start-up and ramp-up phase of the Gliwice investment is impacting profitability negatively in 2025.
- On 23 May 2025, Fortaco Oy, a subsidiary of Fortaco Group Holdco Plc, signed an agreement on the sale of its Serbian subsidiary and its marine and energy business in Gruza, Serbia, to Entec Evotec AS. The transaction was completed on 11 June 2025.
- Fortaco completed the reorganisation of its financing, including the extension of the maturity of the bond debt by two years, EUR 20 million of new equity to further strengthen the balance sheet and the liquidity position, other favourable amendments to the terms and conditions of the bond contributing to cash-flow improvements in 2025 and 2026 as well as extending the maturity of the EUR 7.5 million super senior revolving credit facility by two years.

Key figures

Fortaco Group key financials

EUR million unless otherwise noted	4–6/25	4–6/24	1–6/25	1–6/24	1–12/24	Last 12 months
Net sales	89.1	101.0	171.4	206.8	356.5	321.0
EBITDA	3.8	2.8	4.1	6.1	7.6	5.6
% of net sales	4.3%	2.8%	2.4%	2.9%	2.1%	1.7%
EBITA	-0.3	-0.7	-4.0	-1.3	-7.4	-10.1
% of net sales	-0.4%	-0.7%	-2.3%	-0.6%	-2.1%	-3.1%
Non-recurring items	0.9	3.7	1.8	5.0	11.1	7.9
Recurring EBITDA	4.7	6.5	5.9	11.1	18.6	13.4
% of net sales	5.3 %	6.5%	3.4%	5.3%	5.2%	4.2 %
Recurring EBITA	0.6	3.0	-2.2	3.7	3.7	-2.2

% of net sales	0.6%	2.9%	-1.3 %	1.8%	1.0%	-0.7%
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Financial position

Return on Capital Employed % (ROCE)	1.0%	5.0%	-1.9%	3.1%	1.6%	-0.9%
Equity ratio %	12.8%	19.3%	12.8%	19.3%	12.7%	12.8%
Net debt	134.6	102.7	134.6	102.7	150.0	134.6
Net gearing %	333.5%	166.5%	333.5%	166.5%	384.9%	333.5%
Net debt / last 12 months recurring EBITDA	10.0x	5.5x	10.0x	5.5x	8.1x	10.0x

Guidance for 2025 (specified)

Fortaco estimates that its net sales will be in a range of EUR 335–350 (332, excluding divested businesses) million and recurring EBITDA in a range of EUR 20–23 million in 2025 (EUR 20 million excluding divested businesses). On an LTM basis (excluding divested businesses), net sales is estimated to be in a range of EUR 323–338 million for Q3/2025.

Net sales of the comparison period has been specified to be EUR 332 million (previously EUR 338 million) due to the divestment of the marine and energy business in Gruza.

President & CEO Mika Mahlberg's comments

In the second quarter of 2025, the market situation remained challenging. As expected, our comparable revenue for the quarter was below the level of the comparison period and amounted to EUR 88.4 million (92.0). However, our comparable order intake increased by approximately 7 per cent compared with the second quarter of last year and by 6 per cent from the first quarter of this year.

Operational profitability declined from the comparison period. Our comparable EBITDA, excluding items affecting comparability, was EUR 4.7 million (7.1), representing 5.3 (7.7) per cent of revenue. The result was significantly burdened by the ongoing ramp-up measures at the Gliwice unit in Poland, the costs of which will continue to impact profitability during the remainder of the year. The turnaround process at the Breitenau, Austria business unit, which is progressing as planned, also continued to affect the result.

Although comparable revenue and EBITDA remained below the level of the comparison period, the gap was smaller than in the first quarter of the year, and we take a cautiously positive view of the remainder of the year. We are increasing production capacity at several plants to meet customer demand. Sales development is encouraging, and we see new, tangible opportunities in the market related to the long-term outsourcing trend. We have lately secured several new customers, which are currently ramping up. Fortaco is committed to delivering the highest quality, reliability of supply and flexibility in its industry, thereby supporting its customers' profitable growth across different market cycles. We believe these factors will become increasingly important as volumes return to growth.

Fortaco's performance improvement programme, Fortaco 25, had a positive impact on second-quarter profitability and partly offset the cost effects of the ramp-up operations in Gliwice. The programme is progressing according to plan, and we are pleased with the positive impacts it has delivered on both result and cash flow. We will continue to focus on improving the profitability of our core business and strengthening our cash flow.

Positive market signals, but US tariff policy creates uncertainty

Despite the positive signs observed in some of Fortaco's customer segments, the market does not yet show signs of broad-based recovery, although conditions in the mining and defence equipment industries remain favourable. United States trade policy continues to create significant uncertainty and reduces the predictability of market developments. At present, US tariffs have no material direct impact on Fortaco's business, as both direct and indirect exports to the United States are limited and the business is primarily focused on Europe.

Our balance sheet strengthened significantly

Our balance sheet and liquidity strengthened significantly in May, when the company's principal shareholder made an equity investment of EUR 20 million in the company, and amendments were made to the terms and conditions of our bond to strengthen cash flow. As a result of these measures, we are well positioned to implement our strategy and grow together with our customers when market conditions improve.

In June, we sold our Serbian subsidiary and the business unit located in Gruza, which focused on the marine and energy industries, to the Norwegian Entec Evotec AS. The sale of the Gruza business unit was the final step in the strategic review of the company's marine, energy and heavy project businesses, which has now been completed. The sale of the subsidiary will have no material impact on Fortaco's revenue or profit this year.

Developing our climate targets and sustainability reporting

In the first half of 2025, we advanced key elements of our sustainability agenda. A project was launched to define science-based climate targets and outline our transition plans. We also explored ways to improve product-level emission calculations and identified further opportunities to decarbonise our Scope 1–3 emissions.

We follow closely the development of EU regulations and the Omnibus proposal. We have gathered stakeholder feedback, benchmarking data, and insights to develop our reporting and processes further. We also integrated material sustainability topics more deeply into our business processes, reinforcing our commitment to long-term value creation and climate resilience.

Fortaco's personnel have done excellent work to improve our profitability and to meet the needs of our customers, and I would like to thank all Fortaco employees for their strong commitment. I also wish to thank our partners for their smooth cooperation, as well as our customers and principal shareholder for their continued trust.

Mika Mahlberg
President & CEO

Financial reporting in 2025

In 2025, Fortaco publishes the following financial reports:
Business Review January–September 2025 on Wednesday 26 November 2025

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Fortaco Group

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