

BIG ENOUGH TO COMPETE – SMALL ENOUGH TO CARE.

QUARTERLY REPORT
Q1 2024/2025

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Preface

Dear Shareholders,

As expected, FORTEC developed significantly weaker in the first quarter of the 2024/2025 financial year (01/07/2024 – 30/09/2024) than in the previous year. Compared to the previous year, the group turnover reduced by around 34 % to EUR 17.5 million (previous year: EUR 26.6 million) and is therefore at a similar level to during the COVID pandemic in 2021. This development can be traced back to our customers' reluctance to invest, as well as pull-forward effects from the fourth quarter of the previous year, which are now having a corresponding negative effect on the turnover. Earnings before interest and taxes (EBIT) at EUR -0.2 million were slightly negative following a positive result of EUR 3.5 million in the previous year. This can mainly be attributed to a higher cost base in comparison to the turnover. Both segments were affected equally by this development, although the power supply segment developed somewhat better than the data visualisation segment thanks to the orders from the defence sector.

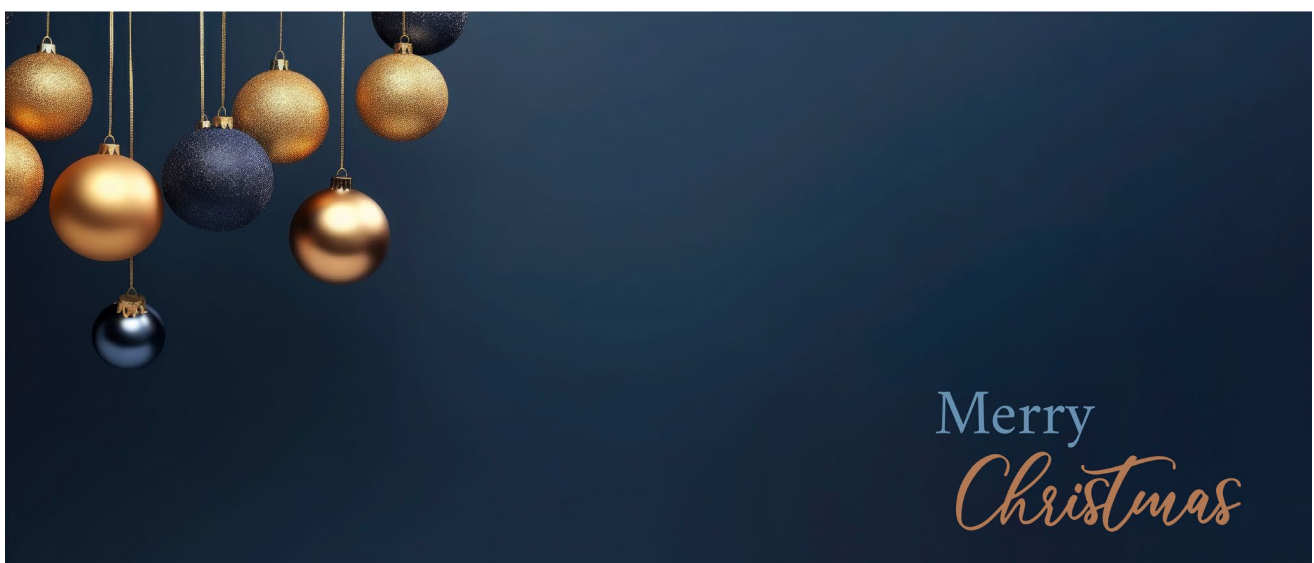
Our previous success story is the result of hard work, strategic foresightedness and the commitment of our employees and partners. It's exactly this foresight that tells us that the basic growth trends for our company remain on track and that we are positioned perfectly to profit from this in the future and to achieve sustainable figures for our shareholders.

The first quarter of the current financial year brought an expected, short-term interruption to our long-term growth story. However, we remain confident in the remainder of the financial year and are therefore confirming our annual forecast again. Dear shareholders, thank you for your trust and support along our road to new successes.

Wishing you a happy Christmas in advance and all the best for the rest of 2024!

Sandra Maile

Chair of the Management Board



Group quarterly report:

1st quarter 2024/2025, 01/07/2024-30/09/2024

Profit situation

Due to the ongoing local and geopolitical challenges, the group turnover of EUR 17.5 million was around 34 % below the best ever figure from the previous year (EUR 26.6 million). The data visualisation segment was not able to maintain the high level from the first quarter of the previous year. Thanks to the increased share of sales in the defence sector, the power supplies segment developed somewhat better than the data visualisation segment.

The increased stock of work in progress and finished products at EUR 210 thousand has reduced significantly by 73.8 % compared to the previous period (EUR 802 thousand).

The cost of materials decreased from EUR 18.0 million to EUR 11.7 million in line with the reduced turnover. The cost of sales ratio increased slightly to 66.7 % (previous year: 64.5 %).

Personnel expenses reduced from EUR 4.1 million in the first quarter of the previous year to EUR 3.8 million in the reporting period, as external services were increasingly used to bridge the announced job growth. The personnel cost ratio increased from 15.5 % to 21.7 % in the reporting quarter due to the decline in turnover.

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

Other operating expenses increased from EUR 1.9 million in the previous year to EUR 2.3 million due to increased advertising and travel costs due to trade fair involvements, as well as inflation-related increases to premises costs. Relative to turnover, other operating costs amounted to 13.0 % (previous year: 7.1 %).

The aforementioned factors resulted in a temporarily negative EBIT of EUR -0.2 million, which is around EUR 3.7 million below the previous year's figure of EUR 3.5 million. The EBIT margin was therefore 1.4 % (previous year: 13.3 %) in the first quarter of the 2024/2025 financial year.

The period result for the first quarter of the 2024/2025 financial year was EUR -0.3 million (previous year: EUR 2.4 million).

Earnings per share therefore reduced from EUR 0.74 to EUR -0.09.

The order book was EUR 57.2 million at the end of September 2024 and has therefore increased again slightly in comparison to 30 June 2024 (EUR 53.4 million). It has returned to a normal level since the COVID pandemic.

Asset situation

On the assets side, with a balance sheet total of EUR 75.8 million (30/06/2024: EUR 78.8 million), non-current assets amounted to EUR 16.5 million (30/06/2024: EUR 16.8 million). Of this figure, at EUR 6.6 million (30/06/2024: EUR 6.5 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 4.6 million (30/06/2024: EUR 4.8 million) are reported. Under current assets, with a value of EUR 59.4 million (30/06/2024: EUR 62.0 million), the stocks at EUR 23.9 million (30/06/2023: EUR 22.3 million) are therefore the largest single item on the balance sheet total. At EUR 10.5 million, the receivables from deliveries and services item decreased compared to the previous quarter (30/06/2024: EUR 14.8 million). Cash and cash equivalents, the second largest item on the assets side, at EUR 22.1 million remained almost unchanged compared to the previous quarter (30/06/2023: EUR 22.3 million).

Financial and liquidity position

The group's equity ratio increased to 75.8 % on 30/09/2024 (30/06/2023: 73.3 %). EUR 57.5 million (30/06/2024: EUR 57.8 million), the Group has sufficient equity.

Under current liabilities, liabilities due to deliveries and services decreased from EUR 6.3 million in the previous quarter to EUR 5.8 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 20.9 million.

Forecast

The Management Board confirms its existing forecast for the 2024/2025 business year and continues to expect a group turnover in the range of EUR 95.0 million to EUR 110.0 million and a group EBIT of between EUR 6.0 million and EUR 8.0 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 balance sheet as at 30/09/2024 in accordance with IAS/IFRS

ASSETS in thousand EUR			LIABILITIES AND SHAREHOLDER'S EQUITY in thousand EUR		
	30/09/2024	30/06/2024		30/09/2024	30/06/2024
A. Non-current assets	16,456	16,771	A. Equity capital	57,459	57,762
I. Acquired goodwill	6,568	6,503	I. Subscribed capital	3,250	3,250
II. Intangible assets	312	331	II. Capital reserve	14,481	14,481
III. Tangible fixed assets	4,375	4,492	III. Conversion adjustments	1,884	1,907
IV. Rights of use	4,595	4,830	IV. Other reserves	38,128	32,813
V. Financial assets balanced in accordance with the equity method	84	84	V. Consolidated net profit for the period	-279	5,315
VI. Financial assets	76	77	VI. Non-controlling interests	-5	5
VII. Deferred taxes	446	454			
B. Current assets	59,353	62,031	B. Non-current liabilities	5,464	5,781
I. Inventories	23,924	22,290	I. Non-current bank liabilities	861	944
II. Receivables from deliveries and services	10,507	14,795	II. Non-current leasing liabilities	3,737	3,973
III. Tax refund entitlements	1,998	2,100	III. Other non-current financial liabilities	89	87
IV. Other financial assets	480	236	IV. Other non-current liabilities	24	24
V. Other assets	335	351	V. Non-current reserves	400	400
VI. Cash and cash equivalents	22,109	22,259	VI. Deferred tax liabilities	353	352
			C. Current liabilities	12,886	15,260
			I. Liabilities to credit institutes	333	333
			II. Liabilities from deliveries and services	5,779	6,321
			III. Current leasing liabilities	1,047	1,040
			IV. Tax liabilities	2,994	4,408
			V. Other current financial liabilities	1,029	1,275
			VI. Other current liabilities	1,437	1,595
			VII. Reserves	267	287
Total assets	75,809	78,802	Total liabilities	75,809	78,802

Consolidated statement of comprehensive income at 30/09/2024 unaudited, in accordance with IAS/IFRS

In thousand EUR	Consolidated statement of income 01/07/2024 - 30/09/2024	Consolidated statement of income 01/07/2023 - 30/09/2023
Sales revenues	17,491	26,586
Increased inventory of unfinished goods	210	802
Other operating income	218	539
Cost of materials	11,669	17,954
Personnel expenses	3,796	4,131
Depreciation	418	413
Other operating costs	2,281	1,902
Operating result (EBIT)	-246	3,527
Income from investments	0	0
Other interest and similar income	87	2
Other interest and similar costs	31	33
Result before taxes	-190	3,496
Taxes on income and earnings	89	1,092
Consolidated net profit for the period	-279	2,404
Other earnings*	-23	140
Total earnings	-303	2,544
Earnings per share (in EUR)	-0.09	0.74
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	-303	2,545
Non-controlling shareholders	0	-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 2024.

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	10,357	7,134	-	17,491	-	17,491
<i>Previous year</i>	16,216	10,366	3	26,586	0	26,586
Internal revenues	541	402	997	1,941	-1,941	-
<i>Previous year</i>	955	551	868	2,374	2,374	0
Segment revenues	10,899	7,537	997	19,432	-1,941	17,491
<i>Previous year</i>	17,171	10,917	871	28,959	2,374	26,586
Gross margin (total operating performance ./ cost of sales)	3,703	2,413	997	7,112	-1,080	6,032
<i>Previous year</i>	6,174	3,358	801	10,333	898	9,434
Gross margin in %	34.0%	32.0%	100.0%	36.6%		34.5%
<i>Previous year</i>	36.0	30.8	91.9	35.7		35.5
EBIT	-241	24	-19	-236	-10	-246
<i>Previous year</i>	2,217	1,281	31	3,529	-2	3,527
EBIT in %	-2.2%	0.3%	-1.9%	-1.2%	0.5%	-1.4%
<i>Previous year</i>	12.9	11.7	3.5	12.2	0.1	13.3

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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