

**Prezentacja wyników
za 1Q 2021 r.**

Presentation agenda



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The most important events

- **Increase in consolidated revenues and profits, as well as a slight increase in margins** at almost all levels.
- **The shareholders' approval of the dividend payment** from the net profit for 2020 in the amount of PLN 3.6 per share - the highest nominal value (in PLN) in the history of Śnieżka.
- **Follow-up of the investment cycle** - in the first quarter of this year expenditure amounted to PLN 24.6 million (mainly due to the on-going erection of the Logistics Centre in Zawada).
- **The turmoil on the market of raw materials** (including an increase in their prices) with a slight impact on the Group in Q1.
In the longer term, while maintaining the current situation, this impact will be negative.
- **Taking over on January 1, 2021 by Śnieżka ToC of tasks in the field of marketing and sales**, as well as the accompanying long-term changes in operational processes - also in foreign companies.
- As a result of the change in the operating model of the Śnieżka Group, **the standalone results** (FFiL Śnieżka SA) achieved from the beginning of 2021 became **incomparable to the historical results**.
- Increased **volatility in some currencies** important for the Group.

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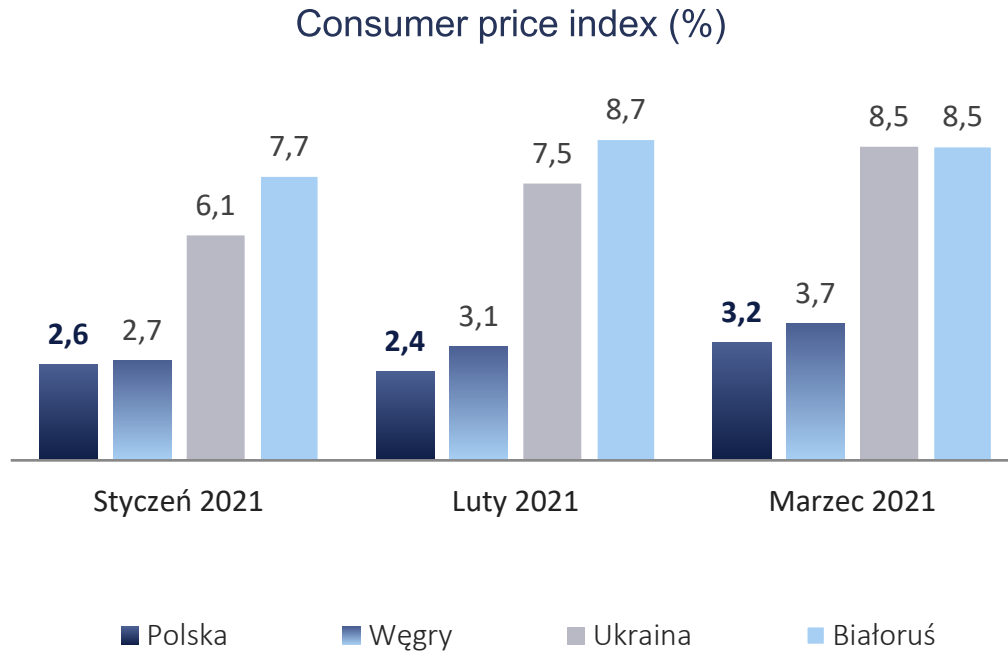
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Macro 1/4 (inflation in major markets)



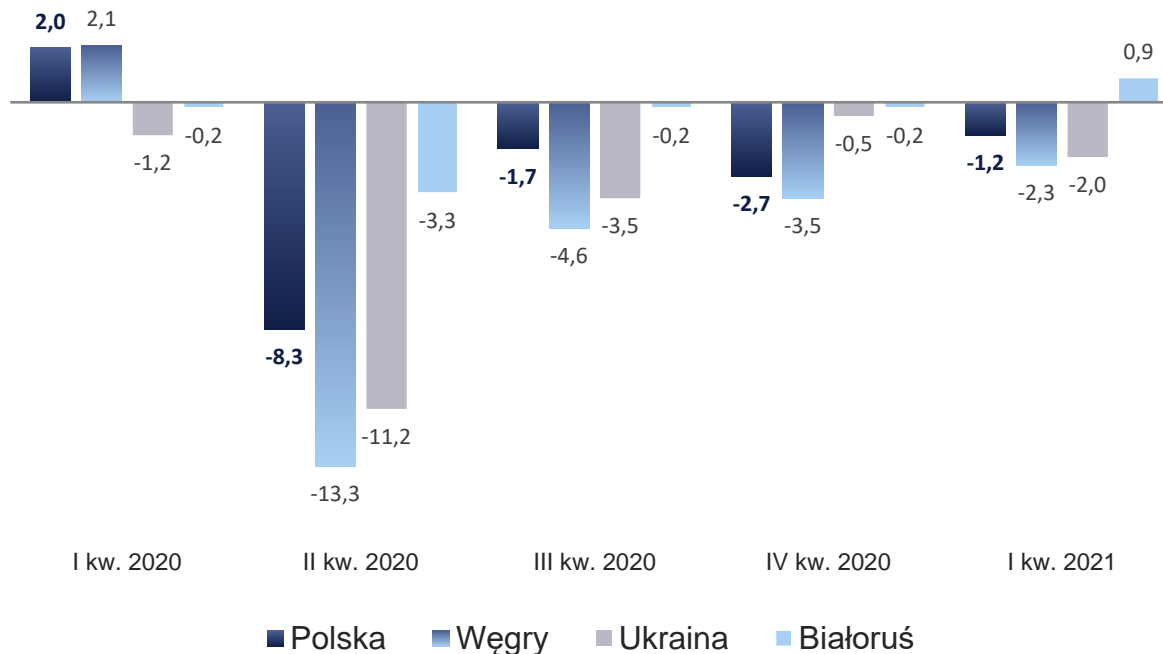
The consumer price index in the CEE region continues to show an upward trend.

In the first quarter of 2021, CPI inflation in Poland amounted to 2.7% y/y. In Hungary, the first quarter brought a change of 3.2%.

In the two remaining most important markets for the Group - Ukraine and Belarus - the price increase is much faster.

Macro 2/4 (GDP in major markets and the EU)

Annual gross domestic product dynamics (in%)



The EU

According to preliminary Eurostat data, in the first quarter of this year the GDP of the European Union decreased by 1.7% y/y.

Poland

The Polish economy contracted in the first quarter of this year by 1.2% y/y (GUS quick estimate). At the same time, in March the NBP raised the projection of the growth of the Polish economy to 4.1% in 2021.

Hungary

In the first quarter, Hungarian GDP decreased by 2.3%. At the same time, the GKI Economic Institute increased its forecast of Hungarian GDP in 2021 to 4.3%.

Ukraine

According to preliminary estimates, the Ukrainian economy fell by 2.0% y/y. The country is at risk of political and further development of the COVID-19 pandemic.

Belarus

According to Belstat data, in the first quarter of this year GDP in Belarus increased by 0.9% despite the post-pandemic recession.

Macro 3/4 (raw materials and currencies: EUR/PLN and USD/PLN)

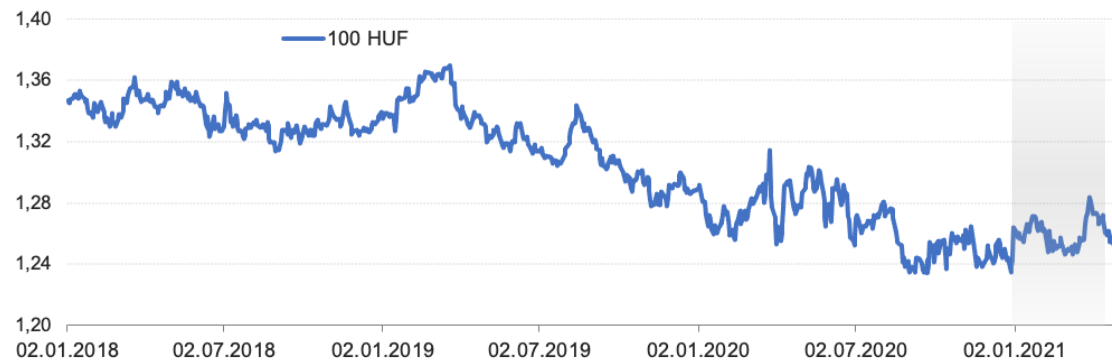
PLN exchange rate against the euro and the dollar



In the first quarter of this year PLN remained weaker in relation to the main currencies: the **euro** and the **US dollar**. The EUR/PLN exchange rate has increased by approx. 1% since the end of last year, and USD / PLN - by approx. 5.6%.

Macro 4/4 (HUF/PLN and UAH/PLN)

PLN exchange rate against HUF (100HUF)



In the first quarter of 2021, the **Hungarian forint** strengthened against the zloty by approx. 1.4%, but it still did not return to the level recorded in May last year, i.e. 1.3 for 100 HUF.

PLN exchange rate against UAH



The **Ukrainian hryvnia** began to gain in value in the first quarter after a strong sale in 2020. It appreciated against the zloty by over 7.6%. Its rate, however, still remains below the level from 12 months ago.

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The most important data (1Q of 2021)



PLN 182.6 million of revenues
(+8.8% y/y)

Higher sales in Poland, which compensated for the lower results of the Group achieved on foreign markets.



PLN 17.3 million of net profit
(+12.9% y/y)

Sustained demand for premium brand products as well as mid-priced products in Poland, Hungary and Ukraine.



16.9% EBITDA margin
(+0.1% y/y)

In the first three months of 2021, the Śnieżka Group generated slightly higher y/y profit margins and a slightly lower gross margin on sales.

The key market: Poland



19.5%

increase in sales
1Q of 2021/1Q of 2020

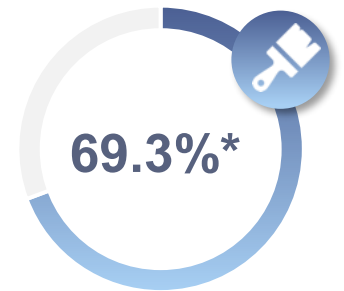
On the **Polish market**, the sales result reached PLN 126,594 thousand and increased by 19.5% compared to the first quarter of 2020. The increase in the value of sales in Poland is the result of, inter alia, persistent demand for premium and mid-priced products.

The results of the 1Q of this year and 2Q and 3Q of last year should not be the basis for estimates of the Group's business results for this year's entire season due to:

- observed last year consumer behaviour, probably one-off (e.g. record high sales results in May and June last year),
- unpredictability of further possible events and their consequences related to the further course of the pandemic (for example, in April and May this year, the activities of DIY stores were administratively limited),
- the possibility of shifting sales results between quarters as a result of larger, single orders at the turn of individual quarters (the so-called stocking),

Two factors that significantly influenced sales in all four major markets of the Group in 1Q of 2021:

- pandemic consequences,
- weather conditions.



Poland as the main sales market for the Group

* share in the sales structure in 1Q of

Key foreign markets



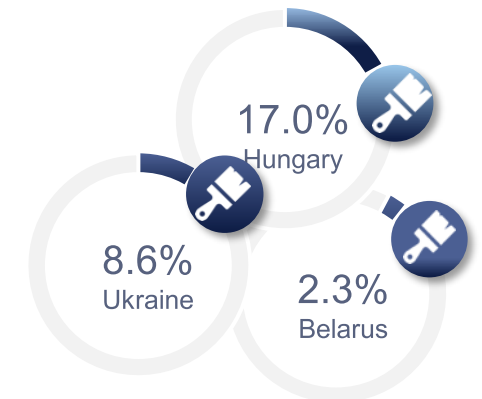
In the first quarter, the Group generated sales revenues of PLN 30,985 thousand on the **Hungarian market** - lower than last year in the same period. The decline in revenues is the result of the change in the structure of the sales department in Poli-Farbe, which is part of the implementation of the new operating model of the Group.



On the **Ukrainian market**, the Group achieved sales revenues in the amount of PLN 15,749 thousand. Their decline in the y/y relation is caused, inter alia, by weakening of the Ukrainian hryvnia against the zloty y/y.



Revenues from sales on the **Belarusian market** amounted to PLN 4,170 thousand. The results on this market are still affected by the difficult political, social and economic situation as well as exchange rate differences.

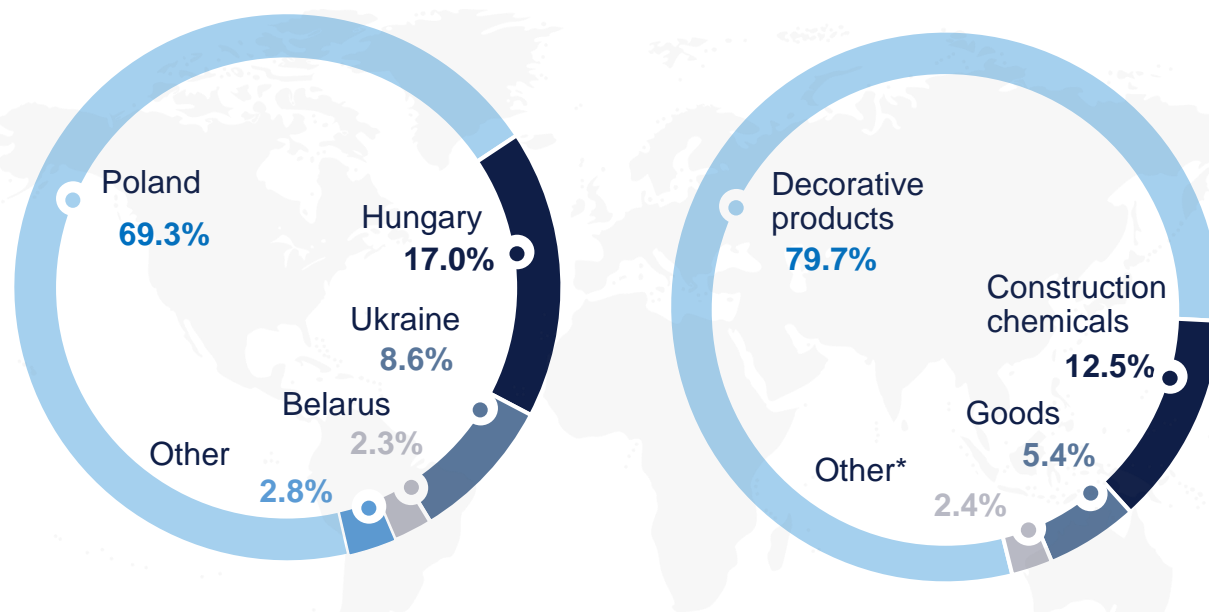


In 1Q of 2021, the four main markets accounted for a total of 97.2% of revenues.



Geographical structure of revenues

Sales revenues structure of the Group
by countries and product categories in the 1Q of 2021



** industrial products, materials, other revenues

(in PLN '000)	1Q of 2021	1Q of 2020	change (v/v)
Sales revenues of the Śnieżka Group by product categories			
Decorative products	145 543	127 550	14.1%
Construction chemicals	22 766	24 487	-7.0%
Industrial products	1 447	1 799	-19.6%
Goods	9 874	11 022	-10.4%
Other revenues	1 493	1 405	6.3%
Materials	1 488	1 502	-1.0%
Total sales	182 611	167 765	8.8%

Sales revenues of the Śnieżka Group by countries			
Poland	126 594	105 954	19.5%
Hungary	30 985	32 989	-6.1%
Ukraine	15 749	16 074	-2.0%
Belarus	4 170	6 787	-38.6%
Other countries	5 113	5 961	-14.2%
Total sales	182 611	167 765	8.8%

Profit and Loss Account (key items)

In the first quarter of 2021, the Śnieżka Group generated a consolidated net profit at the level of PLN 17,315 thousand, by 12.9% higher compared to the previous year.

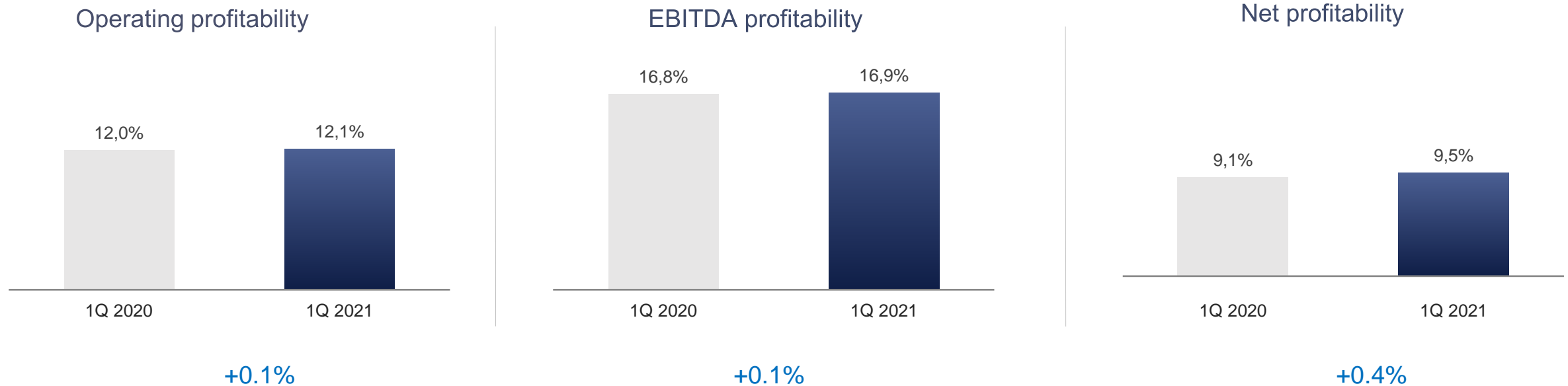
Operating profit (EBIT) increased by 9.7%, and EBITDA improved by 9.6%.

	1Q of 2021	1Q of 2020	change (y/y)
Revenues (in PLN million)	182.6	167.8	8.8%
Gross margin on sales (in %)	41.8%	42.7%	-0.9%
EBIT (in PLN million)	22.0	20.1	9.7%
EBIT margin (in %)	12.1%	12.0%	0.1%
EBITDA (in PLN million)	30.8	28.1	9.6%
EBITDA margin (in %)	16.9%	16.8%	0.1%
Net profit (in PLN million)	17.3	15.3	12.9%
Net profit margin (in %)	9.5%	9.1%	0.4%

Financial ratios

In the first quarter, the Śnieżka Group generated slightly higher EBIT (by 0.1%), EBITDA (by 0.1%) and net profit (by 0.4%) margins than in the corresponding period of the previous year.

Despite the demand for paints and varnishes from the medium (mainstream) and premium price segments remained unchanged, the gross margin decreased slightly compared to the previous year (by 0.9%).



Balance

At the end of the first quarter of 2021, the value of the Group's assets amounted to PLN 814,387 thousand. The value of fixed assets of the Group (constituting 62.5% of its total assets) over the year increased by 15.4% to PLN 508,824 thousand, primarily as a result of development investments carried out by FFIL ŚNIEŻKA SA.

The Group's trade and other liabilities decreased by 9.5% y/y. This resulted, inter alia, from the repayment of all liabilities related to the transfer of the in-kind contribution of the Commercial Division from FFIL Śnieżka SA to the subsidiary - Śnieżka Trade of Colours Sp. z o.o.

(in PLN million)	31.03.2021	31.03.2020	change (y/y)
Fixed assets	508.8	440.8	15.4%
Inventory	134.5	130.6	3.0%
Trade and other receivables	143.9	138.7	3.7%
Equity	346.6	309.9	11.8%
Trade and other liabilities	113.5	125.4	-9.5%

Cash flow

In the first three months of 2021, the Group recorded positive cash flows of PLN 5,737 thousand. As a result, at the end of the first quarter, the Group's cash amounted to PLN 21,963 thousand.

Negative cash flows from **operating activities**

Their level was positively influenced by the profit generated by the Group, whereas negatively - by changes in the Group's working capital and income tax paid.

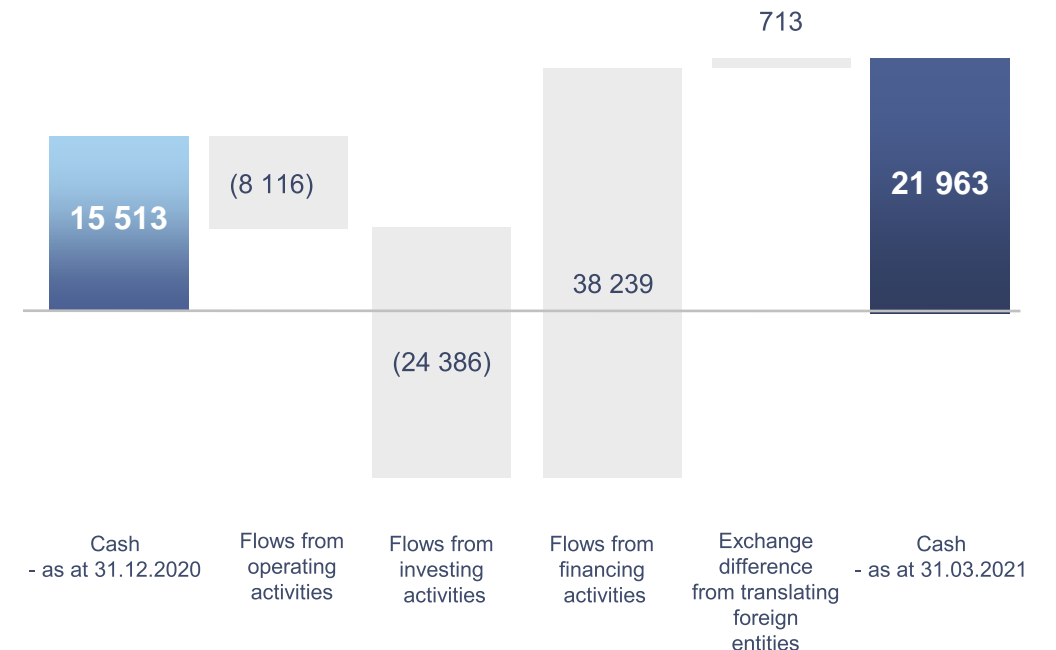
Negative cash flows from **investing activities**

The Group companies incurred expenses for the purchase of property, plant and equipment and intangible assets. Their negative impact on the Group's cash flows amounted in total PLN 24,596 thousand.

Positive cash flows from **financing activities**

The Group companies increased the existing credit lines to the amount of PLN 55,673 thousand due to investment needs and current operating activities. These flows were also influenced by the repayment of loans and borrowings in the amount of PLN 16 393 thousand.

The Śnieżka Group's cash flows in the 1Q of 2021



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Outlook on 2021 season (short-term)

- The effects of the fight against the COVID-19 pandemic (e.g. administrative restriction of the activities of DIY stores in early spring this year) and changes in consumer behaviour (record sales in May and June last year, probably of a one-off nature) **do not allow for the assessment and estimation of the results of the 2021 season.**
The above factors also mean that the results of the second quarter of this year will be incomparable to the results of the second quarter of last year.
- Currently, **the situation in terms of the continuity of supplies and the Group's production capacity is safe.**
- **The follow-up of the investment in the new Logistics Centre** is carried out according to plan. The testing stage, currently scheduled for the third and fourth quarter of this year, will be the key stage for business processes.
- Further **changes in the operational processes in all key companies of the Group**, as part of the implementation of the new operating model.

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Enclosures



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Selected financial information

Consolidated

(in PLN '000)	As at/period 3 month ended 31.03.2021	As at/period 3 month ended 31.03.2020
Net revenues from sales of products	182 611	167 765
Profit from operating activities	22 023	20 068
Gross profit	21 252	19 027
Net profit	17 315	15 332
Net cash flows from operating activities	(8 116)	2 373
Net cash flows from investing activities	(24 386)	(41 188)
Net cash flows from financing activities	38 239	28 234
Total net cash flows	5 737	(10 581)
Total assets	814 387	735 248
Total liabilities	467 824	425 360
Long-term liabilities	161 250	153 753
Short-term liabilities	306 574	271 607
Equity	346 563	309 888

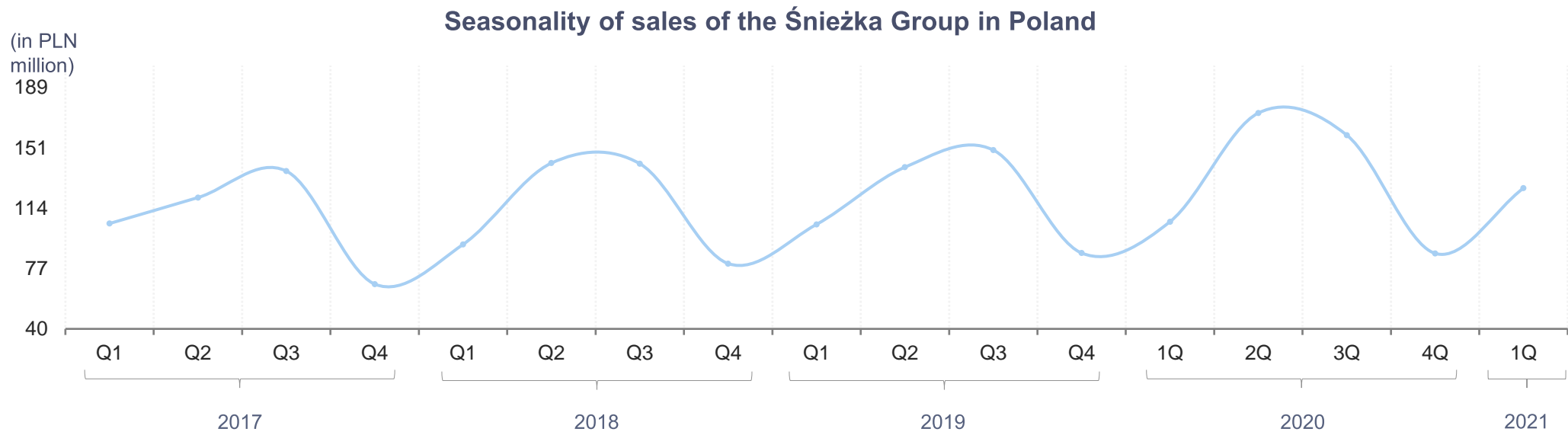
Standalone

(in PLN '000)	As at/period 3 month ended 31.03.2021	As at/period 3 month ended 31.03.2020
Net revenues from sales of products	109 171	117 437
Profit from operating activities	1 613	10 466
Gross profit	(2 487)	10 299
Net profit	(1 675)	7 501
Net cash flows from operating activities	(70 474)	7 547
Net cash flows from investing activities	(23 695)	(40 438)
Net cash flows from financing activities	94 167	28 940
Total net cash flows	(1)	(3 950)
Total assets	777 493	648 741
Total liabilities	563 492	449 426
Long-term liabilities	323 317	203 095
Short-term liabilities	240 175	246 331
Equity	214 001	199 315

Seasonality

The industry features the **phenomenon of seasonality**, related to the intensity of renovation and construction works in particular periods of the year, (is higher in spring and summer).

The untypical nature of the 2020 season, visible in the appearance of a very strong purchasing impulse in the second quarter (especially in May and June last year).



The markets where the Group operates

190 million kilograms of products per year



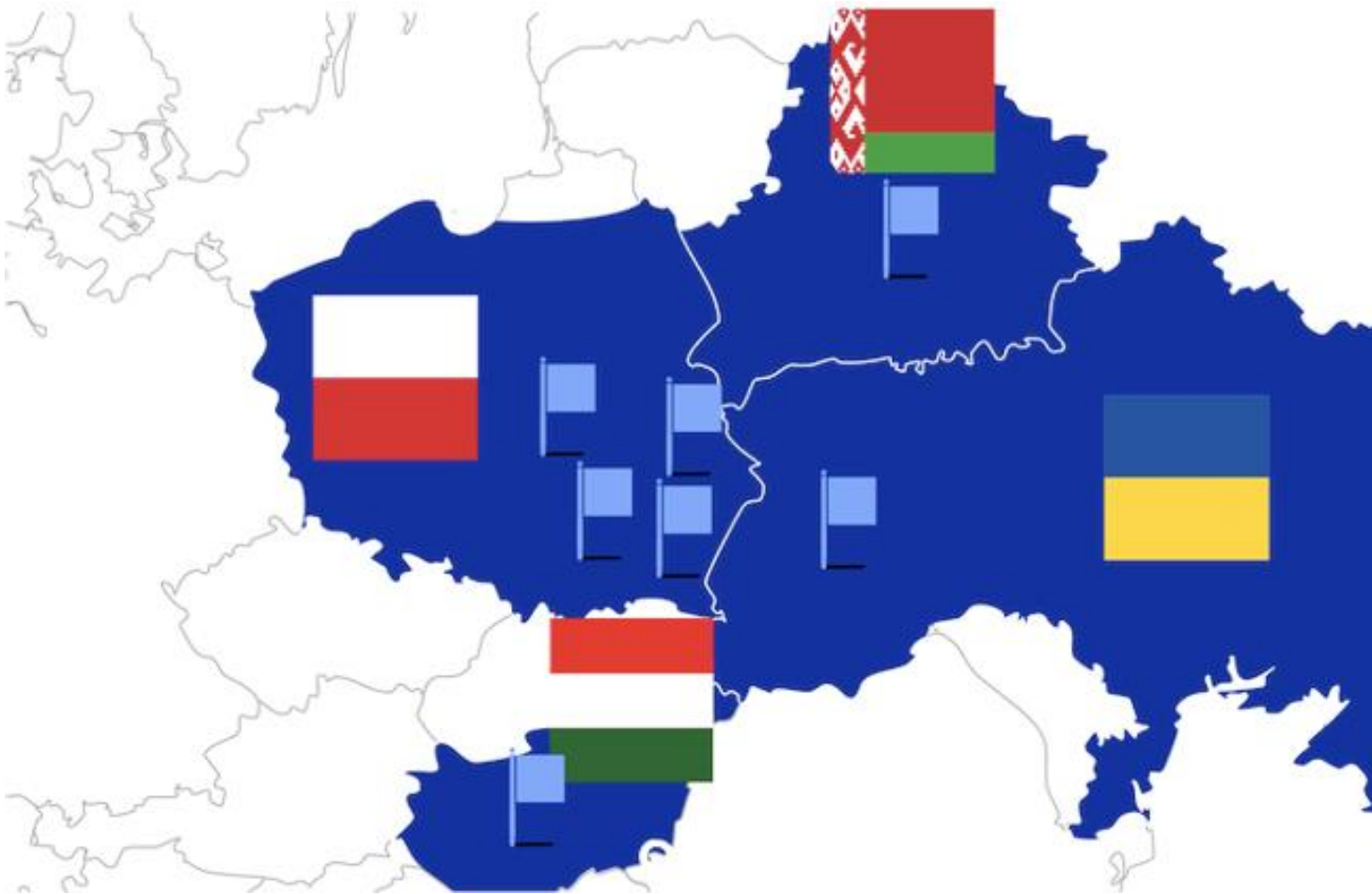
7 manufacturing facilities of paints and varnishes

- Poland**
Bócsa
Brzeźnica
Lubzina
Pustków
Radom
- Hungary**
- Ukraine**
Yavoriv
- Belarus**
Zhodino near Minsk



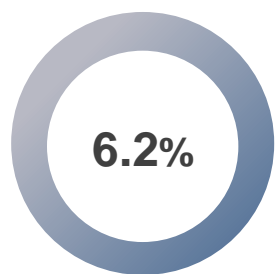
Over a dozen of markets we actively operate in:

- POLAND**
- HUNGARY**
- UKRAINE**
- BELARUS**
- MOLDOVA**
- RUSSIA**
- LITHUANIA**
- KAZACHSTAN**
- CZECH REPUBLIC**
- SLOVAKIA**
- ROMANIA**
- GEORGIA**
- ARMENIA**
- THE UNITED KINGDOM**
- CROATIA**
- SERBIA**



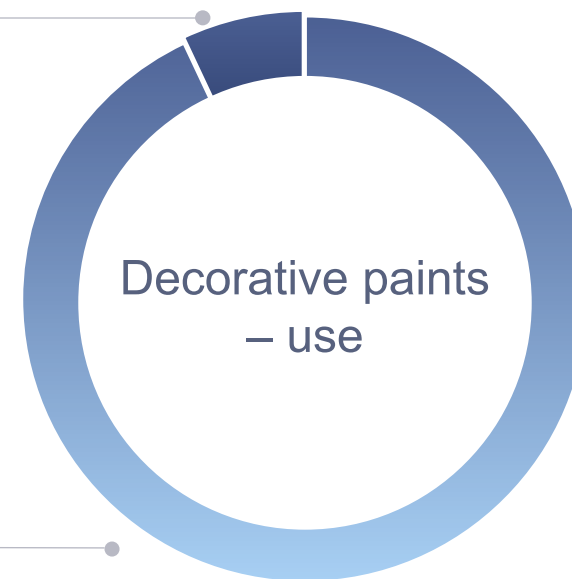
The key market: Poland

The main players on the market of paints and wood protection preservatives in Poland are in the following order: The Śnieżka Group, Tikkurila Polska, PPG Deco Polska and AkzoNobel Polska. Their combined share in total sales accounts for over 80%.



The value of the market of paints and preservatives for the wood protection and decoration increased year by year in Poland in 2020.

only 7% of products is used when finishing newly constructed facilities (construction market)



as many as 93% of all products sold on the Polish market are intended for renovation purposes

Market: other key manufacturers operating in Poland



A manufacturer of paints, varnishes, chemicals, optical products, glass and glass fibres, listed on the New York Stock Exchange.

The core brands are as follows:



Dutch manufacturer of paints and varnishes and special-purpose chemicals, listed on Euronext Amsterdam.

The core brands are as follows:



TIKKURILA

Scandinavian manufacturer in the dyeing field listed on Nasdaq Helsinki.

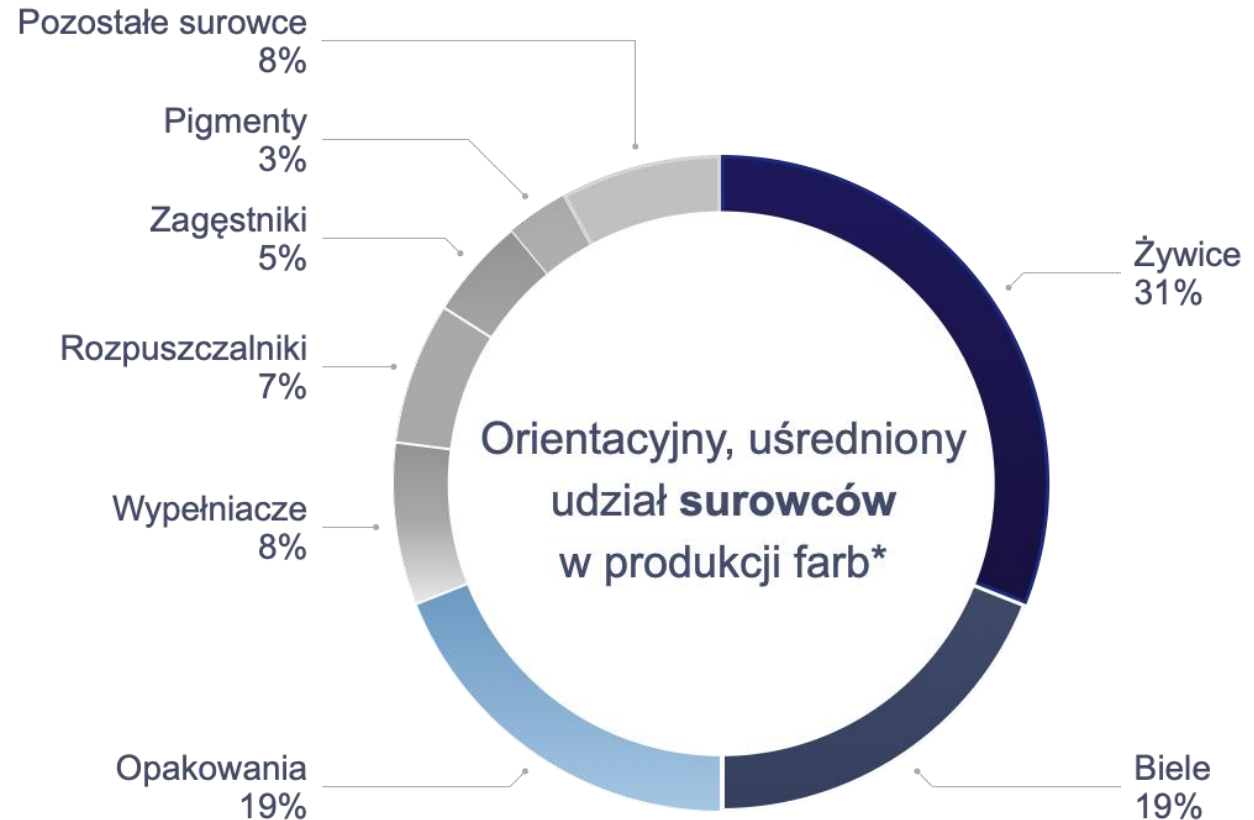
The core brands are as follows:



Raw materials for the production of paints

Binders (resins) - natural or synthetic substances that bind pigments and fillers in paints with each other and with the substrate. They ensure paint properties such as: wash and scrub resistance and gloss. Generally, the higher the resin content, the higher the quality and resistance of the paint.

Titanium white - the core raw material used for the production of paints featuring high coverage efficiency. It is obtained by the sulfate (older) or chloride (latest) method - allowing to obtain titanium white of better quality, used in the production of high quality paints (the one used by the Group).



* all products excluding putties, adhesives and plasters,
for the last 12 months; shares based on value.

Glossary - selected raw materials

Fillers - substances insoluble in the binder or water used to modify or affect some of the physical properties of paints. Fillers regulate the viscosity, thickness and structure of the coating, as well as the gloss/matt degree of the paint.

Pigments - substances used for dyeing paints and varnishes. Due to their origin, they are divided into organic and inorganic ones. Generally, the more pigments in the paint the higher covering efficiency. One of the most popular pigments used in the production of paints is titanium white.

Solvent - an ingredient found in paints and varnishes. Water or a solvent can be a diluent (e.g., mineral spirits, xylene). It is responsible for application properties, such as the thickness of the applied coating using a painting tool, easy application and drying time. Water is used in emulsion paints.

Our key brands 1/2

The logo for the MAGNAT brand, featuring the word "MAGNAT" in a bold, sans-serif font. The letters are white and set against a solid brown rectangular background.

The products addressed to the most demanding customers, who value quality and style. The portfolio of this innovative premium brand includes high quality ceramic paints featuring colour durability, remarkable colour range, resistance to stains and dirt as well as heavy duty purposes. Magnat stands also for textures, providing numerous decorative options, imitating various surfaces: from “raw concrete”, “rubbed” plaster through to marble or pearl gloss. The brand portfolio is also complemented by painting tools that feature high quality and comfort of use.

The logo for the Śnieżka brand, featuring the word "Śnieżka" in a white, stylized font. Above the letter "i" is a small horizontal bar with four colored squares: red, yellow, green, and blue. The text is set against a dark blue rectangular background.

The core brand of the Group, which offers a wide range of products. Its portfolio is comprised of products for protection and decoration of various substrates, both for internal and external applications (i.a. paints for walls and facades, products for painting metal and wood as well as putties for smoothening walls). It is a comprehensive offer meeting customers' needs at every stage of a flat or house finishing or renovation.

The logo for the POLI-FARBE brand, featuring the words "POLI-FARBE" in a white, bold, sans-serif font. The text is set against a dark blue rectangular background with a slight wave effect at the bottom.

An umbrella brand, which offers a wide portfolio of products for the protection and decoration of various surfaces. It comprises one of the most recognizable brands on the Hungarian market: Platinum and Inntaler (including interior and facade emulsions), Cellkolor (paints for wood and metal) and Boróka (preservatives for wood protection and decoration).

Our key brands 2/2



A top quality brand for wood protection and decoration. The brand's offer has been prepared for all of those who are willing to take care of wood used both indoors or outdoors in a comprehensive manner. The brand portfolio includes, inter alia,: high-quality preservatives ensuring comprehensive wood protection, both from the inside (priming agent) and from the outside (topcoat agent), as well as renovation agent intended for pre-painted wood, stain and varnish as well as oils and varnishes.



A brand providing undercoat and surface anticorrosive industrial paints. Its portfolio consists of alkyd, polyvinyl, polyurethane, epoxy and heat-resistant systems. The brand's offer includes environmentally friendly products with a reduced content of organic solvents and waterborne products. Rafil also offers roof coatings, floor paints as well as paints for fences, windows and doors.



A brand of professional thermal insulation systems based on excellent quality of decorative plasters and facade paints available in a rich palette of colours. They are widely used in both newly built and existing buildings. These are excellent materials for renovating buildings for thermal insulation, structural protection and exterior appearance.

Selected awards and distinctions

Ranking of the Stock Exchange Company of the Year "*Puls Biznesu*"

Śnieżka came 2nd in the Investor Relations category and 13th in the main ranking of 22nd edition of the Stock Exchange Company of the Year ranking, organized by "Puls Biznesu". After counting the marks from all five categories, Śnieżka obtained 81.71 points out of 100.



"The Ranking of 100 Largest Polish Private Companies" by the Forbes magazine

Śnieżka was ranked 62nd in the Forbes' 100 Largest Polish Private Companies ranking, advancing by 26 positions. The value of Śnieżka was estimated at PLN 1,296 million, which is an increase of 46% compared to last year's list. The better ranking resulted from better financial outcome and the effect of reducing the net debt by Śnieżka.



"50 best employers" by "Wprost"

Polish companies of the Śnieżka Group were distinguished as one of the most employee-caring companies in Poland - also during the pandemic. They are the only paint and varnish companies on the list. The editors of "Wprost" took into account, inter alia, the number of redundancies and planned layoffs (including group layoffs), changes in the amount of employees' salaries or the number of new employees. The activity of companies during the pandemic was also taken into consideration. Śnieżka appeared in the ranking for the second year in a row.



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