




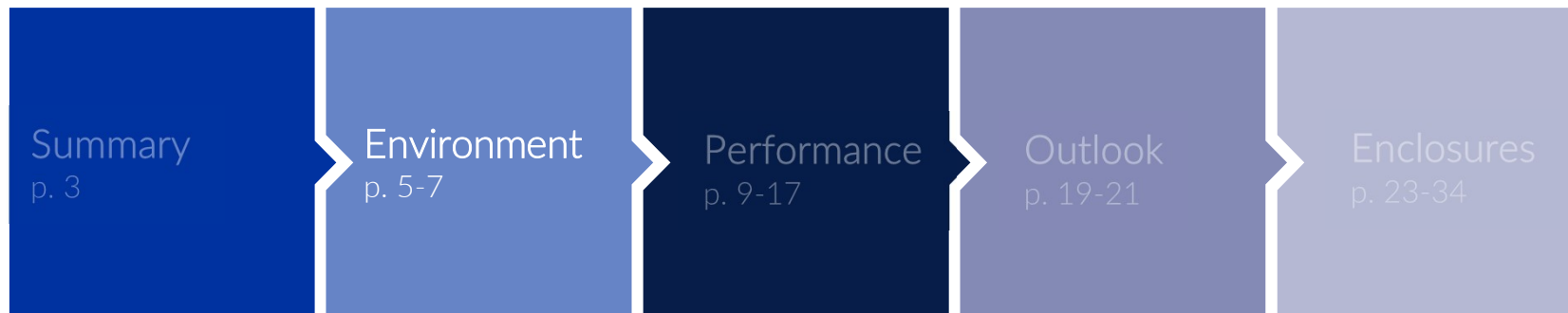
# Presentation of Śnieżka Group's performance for H1 of 2023

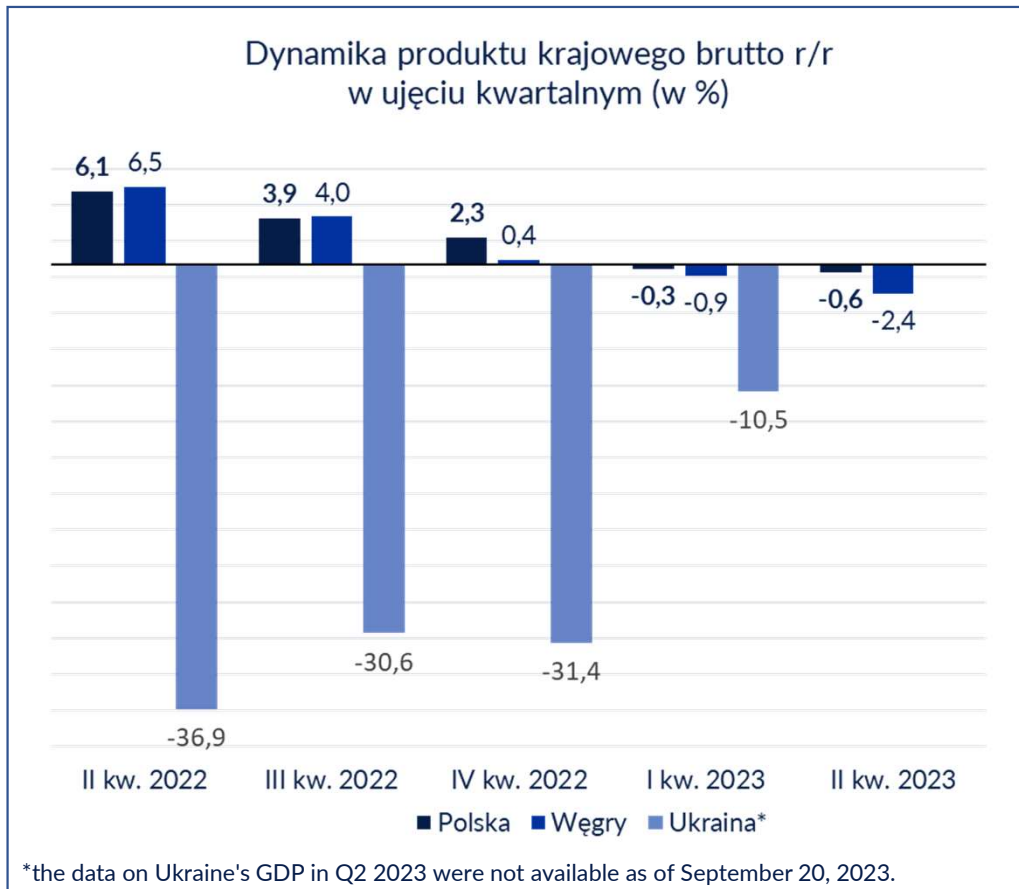
20 September 2023





- 
- **Good sales performance in the first part of the season - above expectations** (+7.7% increase in sales revenues after the first half of the year):
    - **Polish market: increase in sales above the market** related to the persistent migration of customers to the premium segment and the long-term marketing and sales strategy introduced by the Group, of which the pricing policy is an element;
    - **Hungarian market: decline in revenues** resulting from a significant reduction in purchasing power and deterioration in the mood of local consumers (related, inter alia, to record-breaking inflation);
    - **Ukrainian market: strong rebound in y/y performance** following last year's deep decrease - yet its increase is also the outcome of Śnieżka-Ukraine's strong competitive position. Implementation of the first crucial investments since the outbreak of the war in the factory in Yavoriv (located close to the Polish-Ukrainian border).
  - **Drop in volumes on the PL and HU markets** (the aftermath of falling purchasing power and consumer sentiment).
  - **Increased margins and profits** primarily as a result of carrying out the pricing policy, boosted revenues, and CAPEX reduction.
  - **The first external ESG rating**, EcoVadis gold medal (Śnieżka among the top 5% of companies).
  - **Payment of dividend to shareholders for the 20th time** (i.e. continuously since the debut on the WSE).





**Poland** 

Polish GDP in Q1 of 2023 shrank by 0.3% y/y, and in Q2 alone (according to the preliminary estimate of the Central Statistical Office) by 0.6% y/y, GDP forecasts in 2023 at a level between 0.5 and 1.2%



**Hungary** 

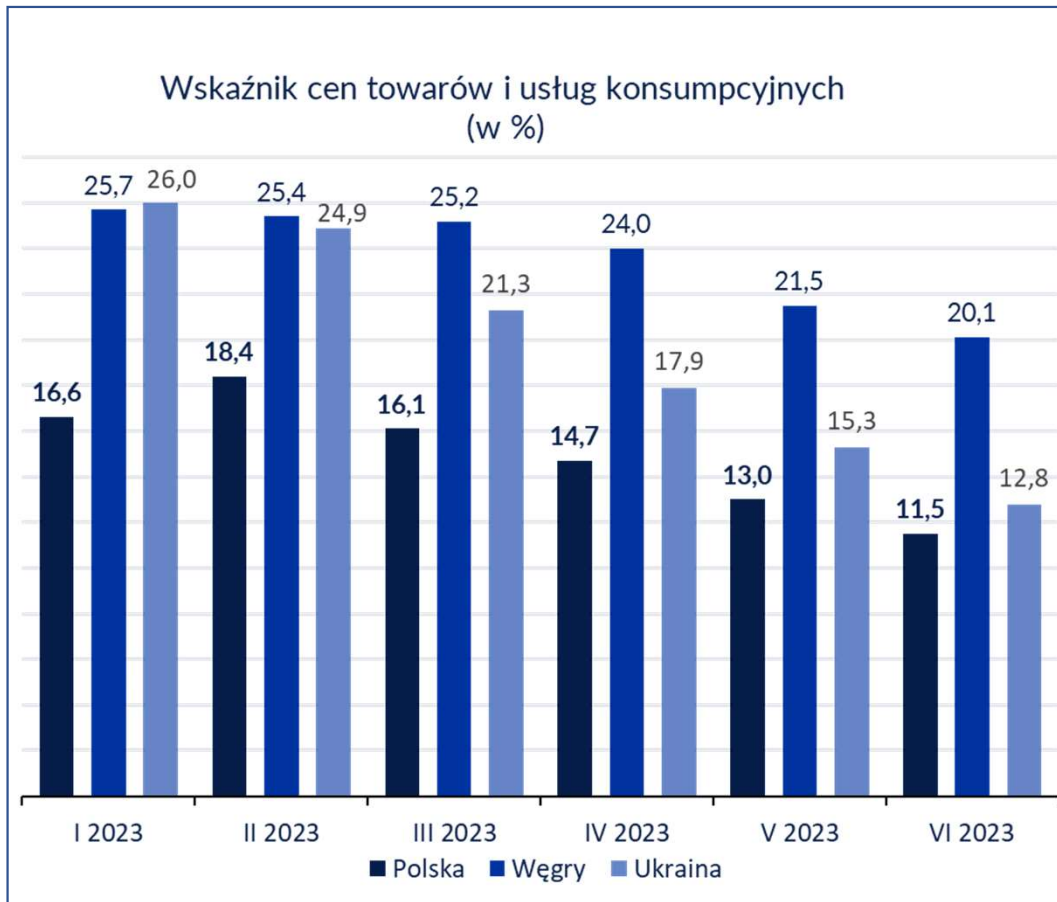
Hungary's GDP decreased by 0.9% in Q1 y/y, and in Q2 by 2.4% (so-called technical recession) Hungary's GDP growth forecasts in 2023 are 0.5%-0.6%



**Ukraine**

decline in Ukraine's GDP in Q1 of 2023 by 10.5% y/y  
In Ukraine, the first signs are being observed indicating the possibility of economic recovery in the future

# Macro 2/3 (inflation across the key markets)



## Poland



- the consumer price index (CPI inflation) in Q1 amounted to 17% y/y, in Q2: 13.1% y/y
- in June the CPI inflation amounted to 11.5% y/y
- according to the central NBP projection, in each subsequent quarter until the end of 2025, lower inflation dynamics ought to be anticipated

## Hungary

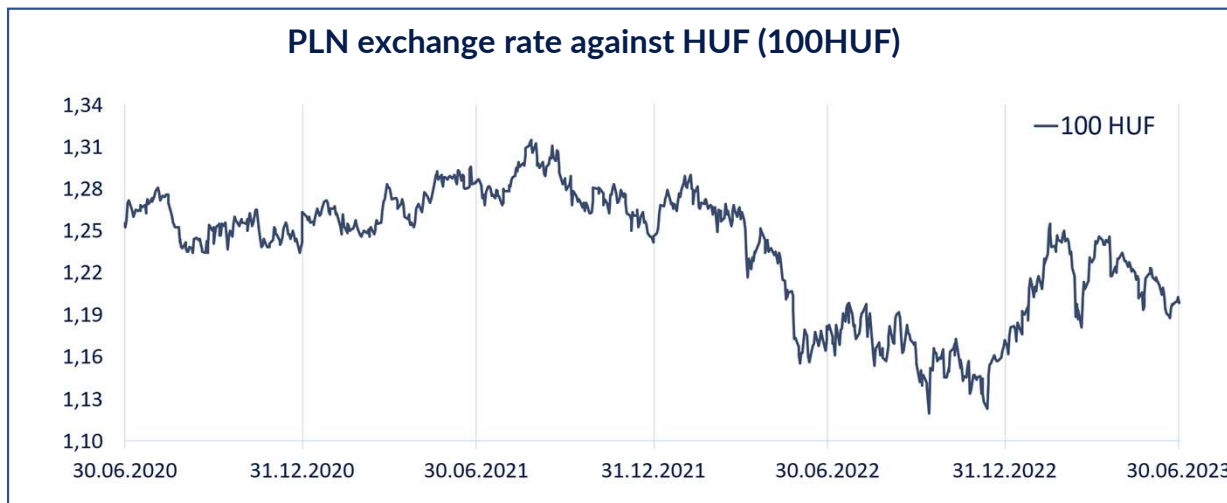
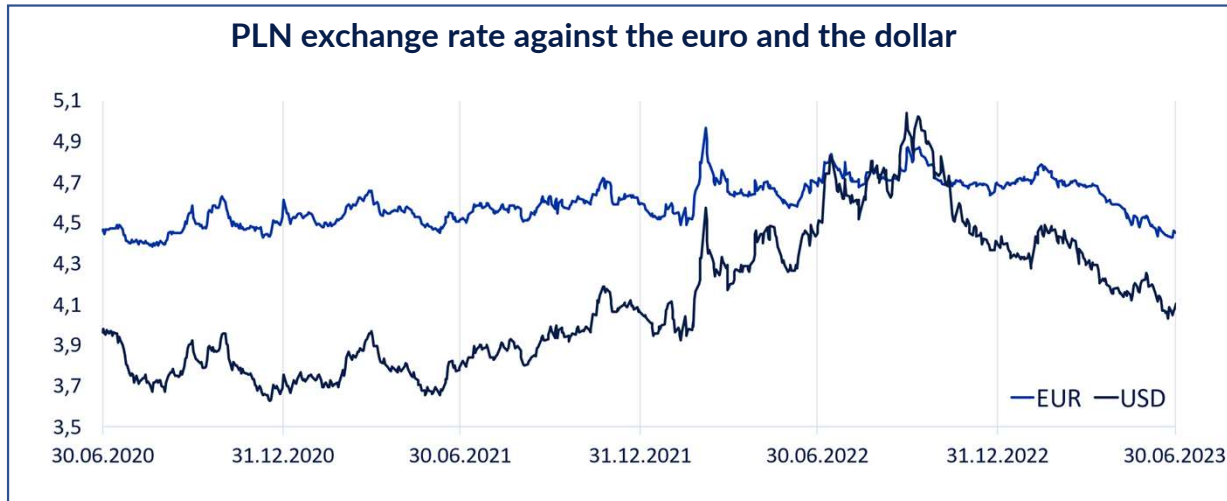


- inflation in Hungary in June 2023 was 20.1% y/y, and throughout the first half of the year - 23.6% y/y
- According to the central bank's projection, the market is currently in the process of disinflation after its January peak

## Ukraine



- in H1 of 2023, inflation in Ukraine fell down markedly - in June 2023, the CPI inflation amounted to 12.8% y/y (compared to 21.5% y/y in June 2022)



- the **euro** exchange rate in Q1 of 2023 ranged from PLN 4.43 to 4.79, and the **US dollar** between PLN 4.03 and 4.49
- the average NBP **EUR/PLN** exchange rate in H1 of 2023 was 4.63, **USD/PLN** 4.28
- at the end of the first half of the year, the strengthening of PLN against USD amounted to 6.7%
- the strengthening of PLN against EUR amounted to 5.1% (calculated on the basis of the exchange rate from the end dates of the analysed period)
- the exchange rate of **100 HUF/PLN** in H1 of 2023 fluctuated between 1.16 and 1.26
- the average NBP 100 HUF/PLN exchange rate in the first half of 2023 was 1.22
- the appreciation of PLN against HUF amounted to 2.3% (calculated on the basis of the exchange rate from the end dates of the analysed period)







PLN 434.5 mln  
of revenues (+7.7% y/y)



41.3 PLN mln  
of net profit (+79.8% y/y)



18.4%  
of EBITDA margin (+3.4%  
y/y)

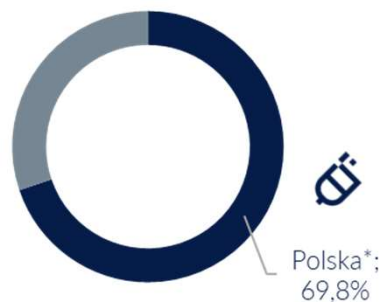
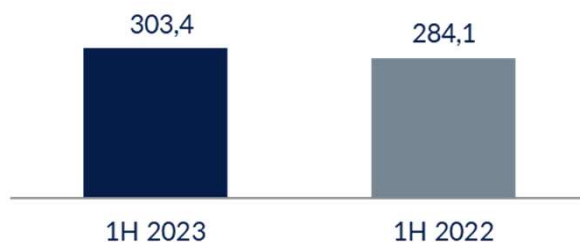
- higher sales on the Polish market, dominant for the Group
- **very high sales dynamics in Ukraine**
- continued premiumization of the market (Poland)
- effective implementation of a long-term marketing and sales strategy, including pricing policy
- a decrease in purchasing power and adverse consumer sentiment

- sales revenues increase
- gross margin increase
- increase in selling costs
- boost in general administrative expenses

- higher margins y/y: gross sales, EBIT, EBITDA, net profit

## The Polish market

(in PLN million)



\* share in the sales structure in H1 of 2023

**PLN 303 356 thousand - Group's revenues from sales on the Polish market**

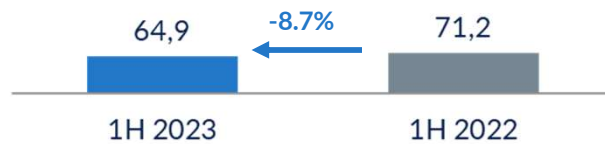
- share in the sales structure in H1 of 2023: 69.8%
- increase in sales revenues y/y by 6.8%.

The increase in the value of sales in Poland resulted, inter alia, from:

- properly shaped pricing policy,
- continuing customer migration towards premium products.

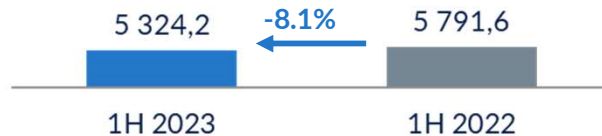
## The Hungarian market

(in PLN million)



## The Hungarian market

(in HUF mln)

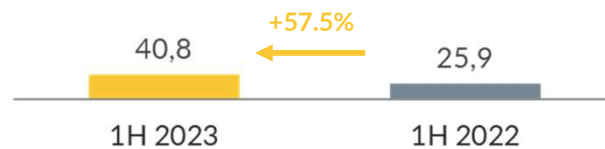


### PLN 64 943 thousand - Group's revenues from sales on the Hungarian market

- share in the sales structure in H1 of 2023: 14.9%
- decrease in sales revenues y/y by 8.7% (in local currency sales decrease by 8.1%),
- the effect of unfavourable macroeconomic conditions, including:
  - lower purchasing power,
  - decreasing demand due to the negative impact of inflation on the mood of local consumers and their renovation plans.

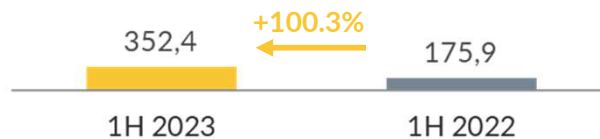
## The Ukrainian market

(in PLN million)



## The Ukrainian market

(in UAH mln)



### PLN 40 805 thousand - Group's revenues from sales on the Ukrainian market

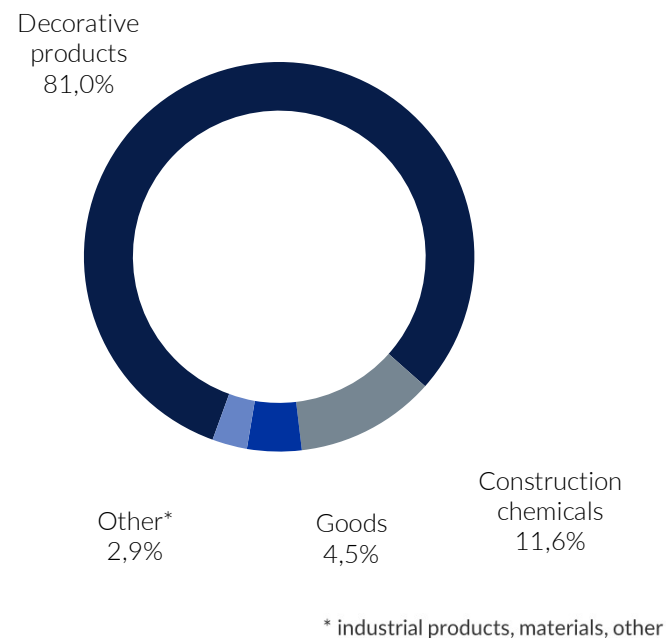
- share in the sales structure in H1 of 2023: 9.4%
- an increase in sales by 57.5% (in local currency by 100.3%) related to unrepresentative results of H1 of 2022 - partial suspension of Śnieżka-Ukraina's operations at the beginning of hostilities;
- according to the Group's estimates, in H1 of 2023, compared to the same period last year, there is a revival on the market of decorative paints and construction chemicals in Ukraine.
- there are still no indications of a significant risk of impairment of assets\* and the impact of this phenomenon on future estimated cash flows;
- the situation on the Ukrainian market remains demanding and difficult to forecast.

\* the total assets (including tangible assets, inventories, receivables and cash) of Śnieżka-Ukraina as at June 30, 2023 amounted to approx. PLN 50,1 million (in net terms: PLN 44.6 mln).

# Revenue structure - product categories

(in PLN '000)	H1 of 2023	H1 of 2022	change (y/y)
<b>Sales revenues of the Śnieżka Group by product categories</b>			
Decorative products	351 537	320 771	9.6%
Construction chemicals	50 558	50 869	-0.6%
Industrial products	4 663	5 598	-16.7%
Goods	19 654	20 024	-1.8%
Other	4 016	2 673	50.2%
Materials	4 117	3 441	19.6%
<b>Total</b>	<b>434 545</b>	<b>403 376</b>	<b>7.7%</b>

**Sales revenues structure of the Group by product categories in H1 of 2023.**



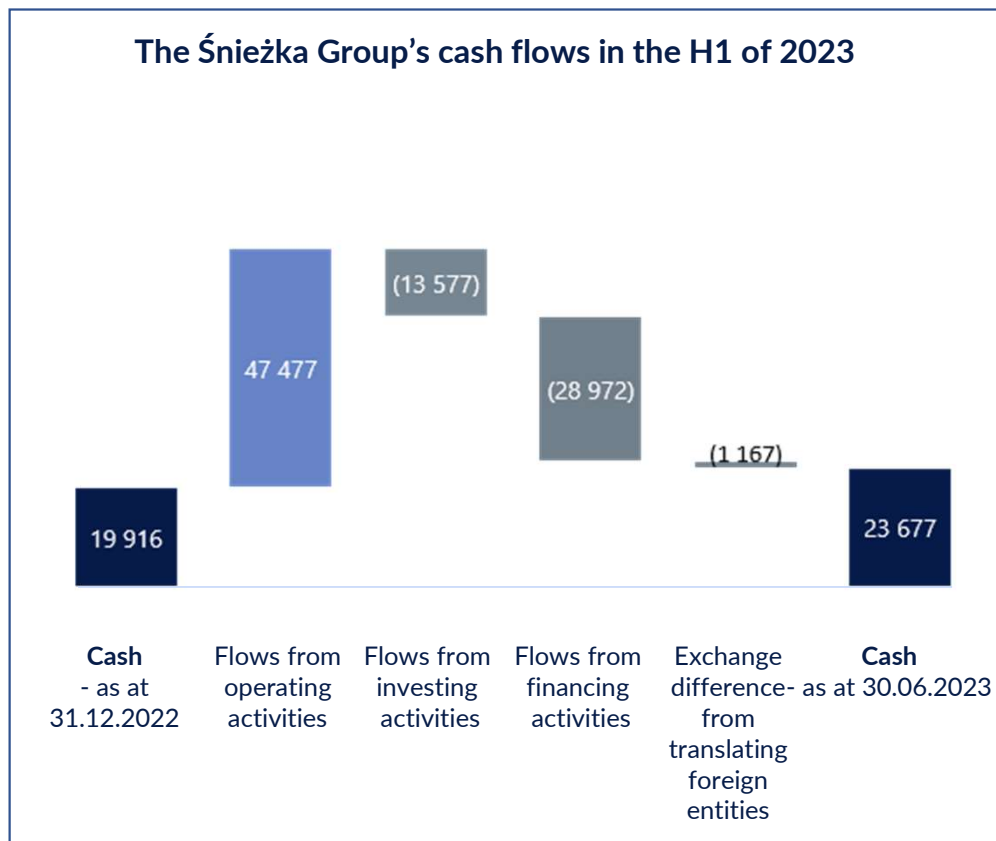
In the first six months of 2023, the Śnieżka Group generated a consolidated net profit of PLN 41,311 thousand, i.e. 79.8% higher than in the corresponding period of the previous year. Net profit attributable to the shareholders of the parent company amounted to PLN 38,335 thousand (91.9% y/y).

	H1 of 2023	H1 of 2022	Change (y/y)
Revenues (in PLN million)	434.5	403.4	7.7%
Gross margin on sales (in %)	42.8%	39.3%	+3.5%
EBIT (in PLN million)	60.6	42.3	43.0%
EBIT margin (in %)	13.9%	10.5%	+3.4%
EBITDA (in PLN million)	80.2	60.4	32.6%
EBITDA margin (in %)	18.4%	15.0%	+3.4%
Net profit (in PLN million)	41.3	23.0	79.8%
Net profit margin (in %)	9.5%	5.7%	+3.8%

- In Q2 2023, the Group generated PLN 233.1 million in revenues, which is an increase of 9.2% (mainly derived from the increase in revenues from the Polish and Ukrainian markets).
- Operating profit increased by 34.7% y/y as a result of higher dynamics of revenue growth versus cost of sales.
- Net profit increased by 118.7% to PLN 24.1 million, as a result of, inter alia, lower income tax.

	Q2 of 2023	Q2 of 2022	Change (y/y)
Revenues (in PLN million)	233.1	213.5	9.2%
EBIT (in PLN million)	33.0	24.5	34.7%
EBITDA (in PLN million)	42.7	33.8	26.3%
Net profit (in PLN million)	24.1	11.0	118.7%

The Śnieżka Group's cash flows in the H1 of 2023



**Positive cash flows in H1 of 2023 in the amount of PLN 3,761 thousand (adjusted for exchange differences).**

**Cash and cash equivalents amounted to PLN 23,677 thousand for the Group at the end of the reporting period.**

▪ **Positive cash flows from operating activities generated by the Group as a result of:**

- generating a gross profit of PLN 49,534 thousand,
- income tax paid: PLN 14,976 thousand

▪ **Negative cash flows from investing activities:**

- a total of PLN 14,634 thousand was allocated for the purchase of tangible fixed assets and intangible assets,
- the vast majority of this amount are expenses incurred by FFiL Śnieżka SA in the area of production and logistics.

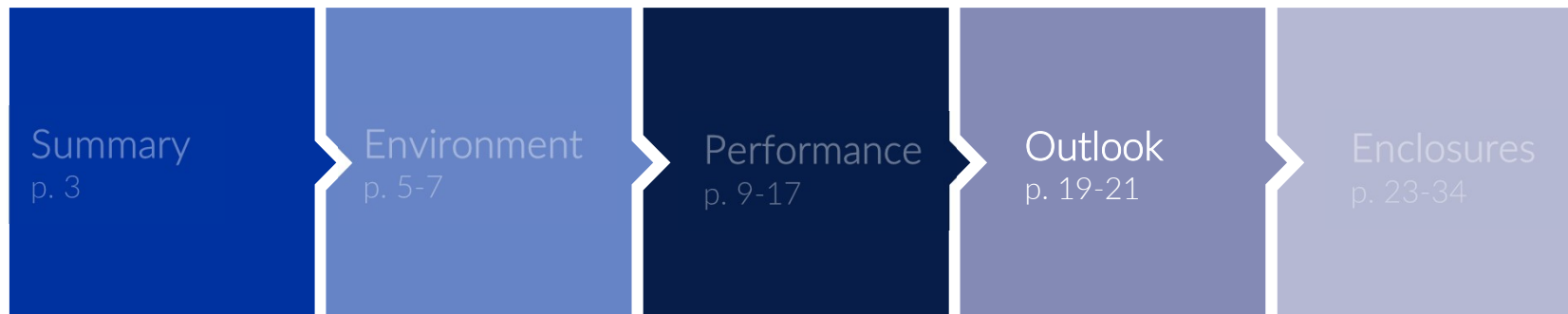
▪ **Negative cash flows from financing activities:**

- proceeds from existing credit lines in the amount of PLN 183,844 thousand; - resulting from investment needs as well as current operating activities,
- partial repayment of loans (PLN 166,674 thousand) debt servicing costs (PLN 13,467 thousand) and dividends paid (PLN 32,029 thousand).



- As at June 30, 2023, the value of the Group's assets amounted to PLN 827,195 thousand, i.e. a decrease y/y (by PLN 89,081 thousand)
- The value of the Group's fixed assets (representing 67.8% of its total assets) decreased by 4.4% during the year to PLN 560,851 thousand
- The main component of the Group's current assets were inventories, the value of which decreased by 23.4% y/y
- As at June 30, 2023, the Group had equity in the amount of PLN 337,027 thousand, i.e. 4.0% higher y/y. At the same time, its level of external debt decreased.
- Consequently, the Group financed its operations in 40.7% from its own funds, which means an increase by 5.4% y/y.

(in PLN million)	30.06.2023	30.06.2022	change (y/y)
Fixed assets	560.9	586.4	-4.4%
Inventory	125.4	163.8	-23.4%
Trade and other receivables	105.2	124.4	-15.4%
Equity	337.0	324.1	4.0%
Trade and other liabilities	109.1	154.1	-29.2%



Despite lower unfavourable impact of some factors, the performance of the entire 2023 season will still be strongly influenced by most of the factors that shaped the performance of previous periods, i.e.

- high inflation contributing to a decline in consumers' purchasing power and adverse - although improving compared to last year - consumer sentiment indicators,
- rising costs (including wages);
- high interest expenses,
- various effects of persistent geopolitical uncertainty;
- currency risk (long-term).

However, it is also worth pointing out some positive changes:

- decline in inflation dynamics (consequently: lower interest rates and a gradual **reduction in cost pressure**);
- **containing the rate of decline of the PL market in volume terms.** Growth of the UA market in terms of both volume and value;
- **launch of the First Apartment Program in Poland (2% mortgage)**, which has already stimulated the development market and may support demand for the Group's products.

The Group has a number of strategic competitive advantages that allow it to compete effectively on the market:

- effective pricing processes, strong brands, a wide product portfolio (including products with a good quality-to-price ratio, i.e. the value for money segment), wide distribution channels (traditional chain, DIY, e-com);
- brands known and favoured by consumers - their strong market position on the Group's key markets;
- modern and optimized logistics and production processes;
- diversified supply chain, on the one hand, and, on the other hand, based on long-term, strategic partnerships in many cases;
- digitization of processes in Śnieżka (although still requiring implementation in some companies of the Group);
- long-term: stable cash flow, securing repayment (of falling debt);
- a high level of automation and digitization of processes, rich production assets and a significant reserve of production capacity allowing for planning smaller capital expenditures (CAPEX) in the coming years
- implemented *Śnieżka 2023 + Sustainable Development Strategy*

- 20 years of presence on the WSE Thank you!

**PLN**

dividends paid in total

(PLN 39.26/share in the entire period)

**504.2 mln**

**PLN**

current\* share price

**73.80**

**PLN 22.00**

share price in IPO - December 29,  
2003

**413.19% TSR\*\***

Current\* market value of Śnieżka: PLN **932** mln

\* as at 18.09.2023

\*\* TSR – (Total Shareholder Return) capital benefit ratio obtained  
from disposal of shares.



## Selected financial information

### Consolidated

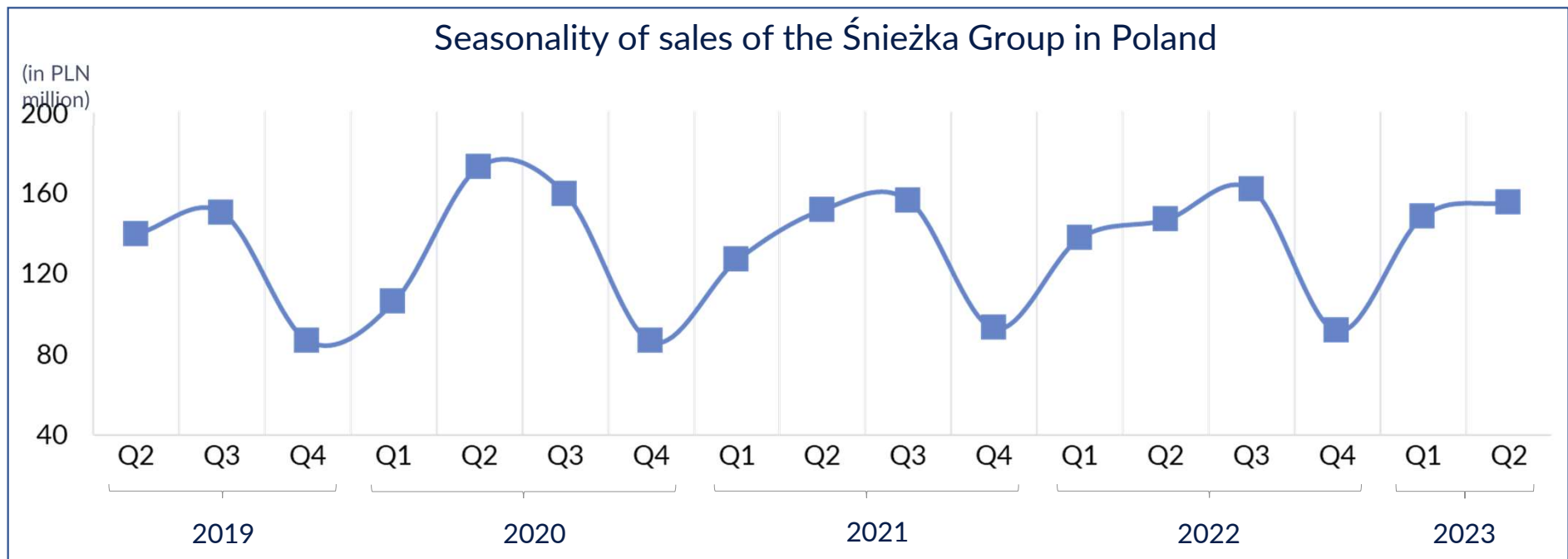
(in PLN '000)	As at/period 6 months ended 30 June 2023	As at/period 6 months ended 30 June 2022
Net sales revenues	434 545	403 376
Profit from operating activities	60 556	42 341
Gross profit	49 534	32 967
<b>Net profit</b>	<b>41 311</b>	<b>22 981</b>
Net cash flows from operating activities	47 477	(24 925)
Net cash flows from investing activities	(13 577)	(30 982)
Net cash flows from financing activities	(28 972)	66 310
Total net cash flows	4 928	10 403
Total assets	<b>827 195</b>	<b>916 276</b>
Total liabilities	490 168	592 201
Long-term liabilities	280 185	246 775
Short-term liabilities	209 983	345 426
Equity	<b>337 027</b>	<b>324 075</b>

### Standalone

(in PLN '000)	As at/period 6 months ended 30 June 2023	As at/period 6 months ended 30 June 2022
Net sales revenues	<b>286 657</b>	<b>260 080</b>
Profit from operating activities	75 067	41 539
- including dividend income	45 670	31 375
Gross profit	55 991	29 933
<b>Net profit</b>	<b>54 274</b>	<b>26 960</b>
Net cash flows from operating activities	(16 731)	(22 307)
Net cash flows from investing activities	31 173	(13 826)
Net cash flows from financing activities	(12 901)	30 050
Total net cash flows	1 541	(6 083)
Total assets	<b>905 872</b>	<b>916 828</b>
Total liabilities	656 221	690 907
Long-term liabilities	515 400	486 151
Short-term liabilities	140 821	204 756
Equity	<b>249 651</b>	<b>225 921</b>

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

The Group usually generates **higher revenues in the second and third quarters** of each financial year. In 2022, the revenues generated in Q2 and Q3 accounted for 58.2% of consolidated sales revenues.





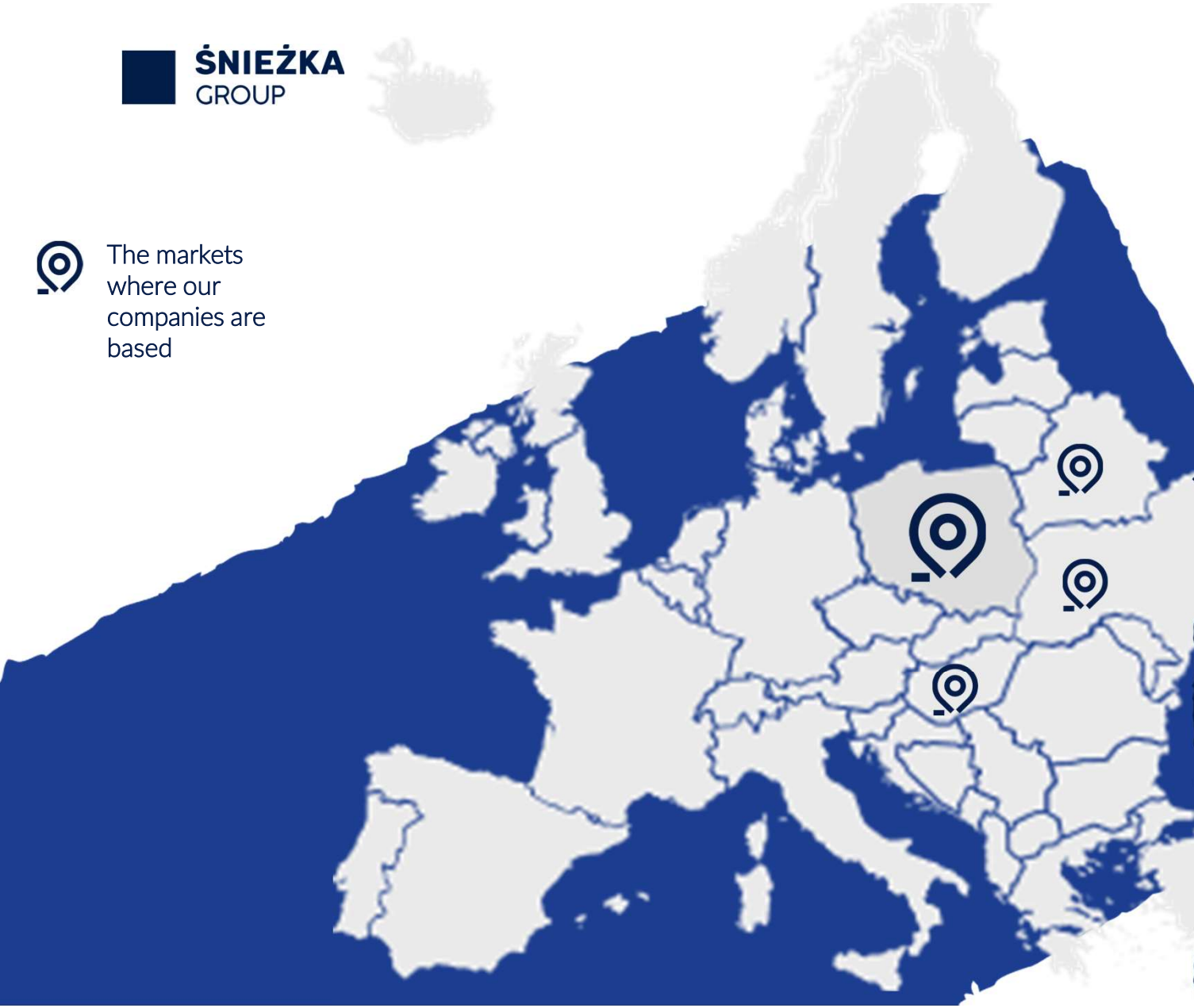
# Foreign markets

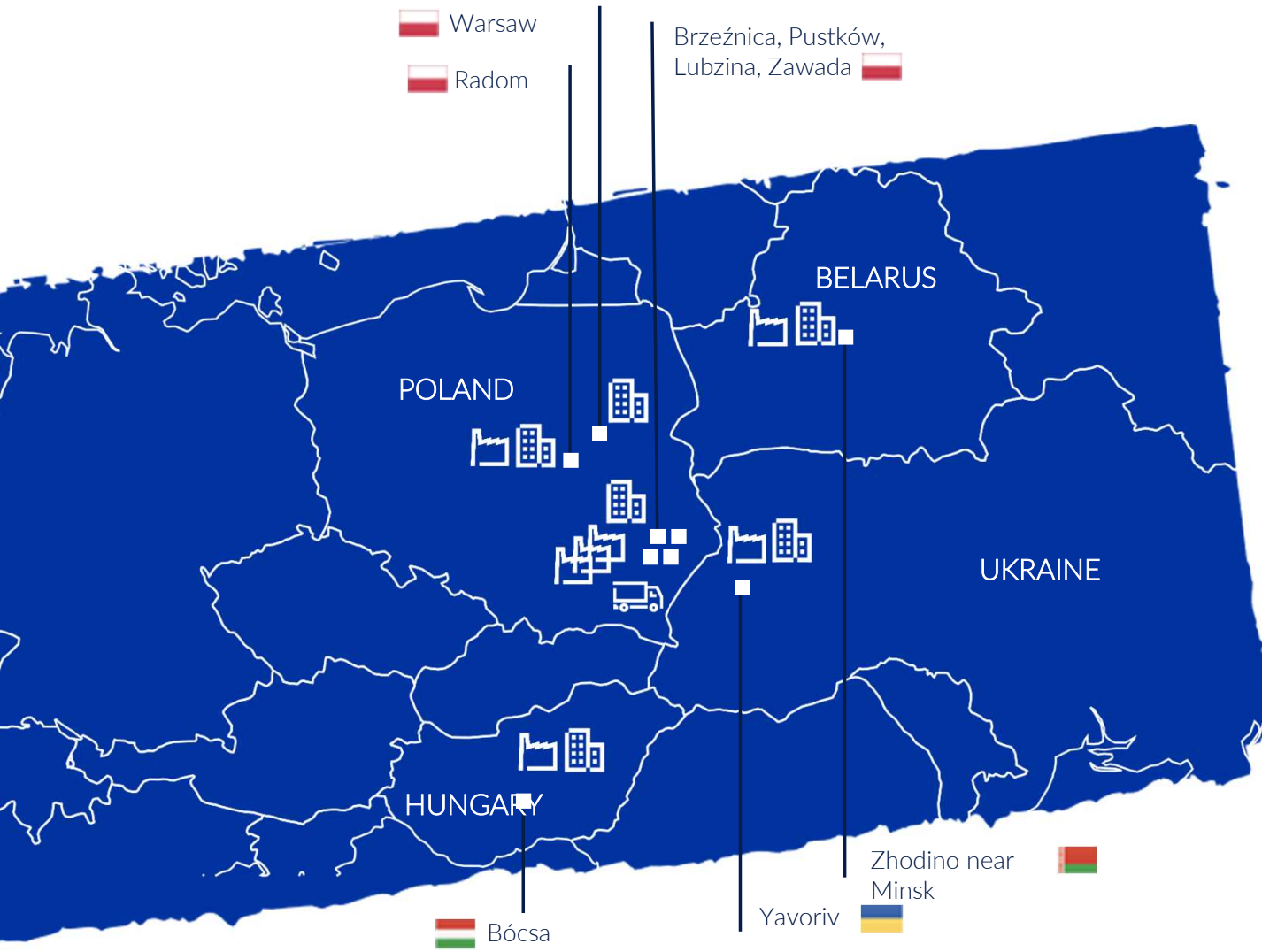


 The markets where our companies are based

Other foreign markets where we actively operate:

- Moldova
- Slovakia
- Romania
- Kazakhstan
- Armenia
- Lithuania
- Georgia
- Czech Republic
- Kyrgyzstan
- Serbia





7 production facilities



4 countries, where our offices, facilities and warehouses are located



Production facilities



Offices



Logistics centre



## Struktura marek



Consumer brands of the Śnieżka Group on the markets, where the Group has its subsidiaries





Products for 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. The brand's portfolio also includes a selection of high-quality white paints. *Magnat* stands also for textures, providing numerous decorative options.



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 smoothing walls). It is a comprehensive offer meeting customers' needs at every stage of a flat or house finishing or renovation.



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 (sub)brands on the Hungarian market: Platinum and Inntaler (including interior and facade emulsions), Cellkolor (paint for wood and metal) and Boróka (agents for wood protection and decoration). In the first months of 2023, the Otto Farbe brand was introduced to the offer, which includes products for the protection and decoration of various surfaces.

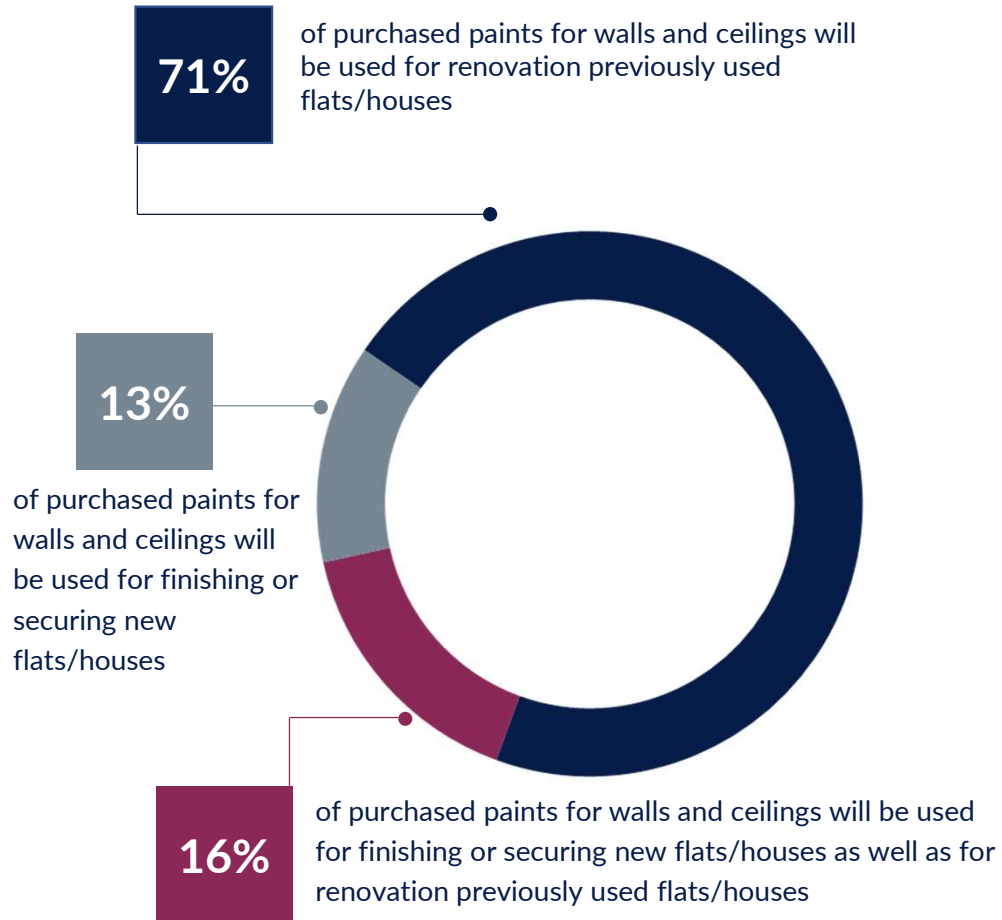


A top quality brand for wood protection and decoration. The brand's offer has been prepared for all of those who are willing to take care of wood used both indoors or outdoors in a comprehensive manner. The brand portfolio includes, inter alia, high-quality preservatives ensuring comprehensive wood protection, 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 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 facade products based on decorative plasters and facade paints, available in a wide range of colours. They are widely used in both newly built and existing buildings. These are materials for renovating buildings for thermal insulation, structural protection and exterior appearance.

## Decorative paint products – use\*



The main players operating on the market of paint products and wood protection agents in Poland (which together account for over 80% of sales) are as follows:

- PPG Deco Polska and Tikkurila Polska (controlled by the PPG Group since June 2021),
- The Śnieżka Group,
- AkzoNobel Polska

\* Source: GfK report for Śnieżka | Research on brands and the effectiveness of communication | PL

# Market in Poland: other key manufacturers



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

The core brands are as follows:



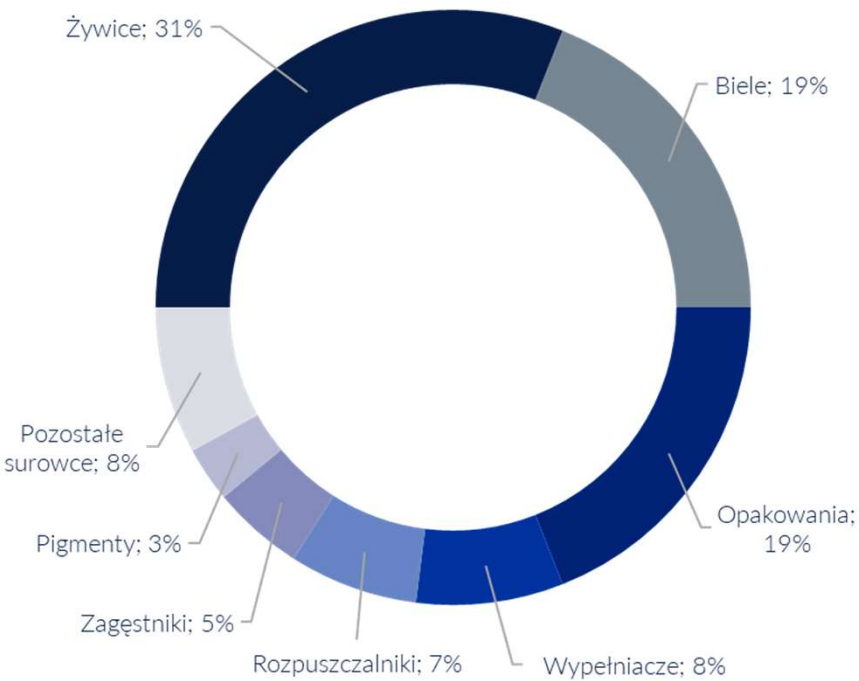
## AkzoNobel

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





# Raw materials for the paint production



**Resins** - natural or synthetic substances that bind pigments and fillers in paint 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).

**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.

**Thinner** - the diluent can be water or a solvent (e.g. white spirit, xylene). It is responsible for application properties, such as the thickness of the applied coating using a painting tool, easy application and drying time. Emulsion paints are thinned with water.

# Selected awards and distinctions



ecovadis

## EcoVadis Gold Medal

Fabryka Farb i Lakierów Śnieżka SA was assessed for its activities in the area of sustainable development by EcoVadis - the world's largest provider of business sustainability ratings. As a result of an independent assessment, Śnieżka was awarded the EcoVadis Gold Medal, which places it among the top 5% of certified companies.

Companies are assessed by EcoVadis based on dozens of indicators in four categories and each answer is subject to verification. Śnieżka, making its debut in the ranking, obtained a total score of 70 out of 100 points. Such a high score places it among the best in the industry, for which the average is 47 points.

EUROPEAN  
COATINGS

## „European Coatings” ranking

For the sixth year in a row the Śnieżka Group was included in the ranking of the "European Coatings" magazine. The performance in 2022 allowed it to take 25th place among the largest manufacturers of paints and varnishes in Europe. Śnieżka achieved its place in the ranking thanks to the Group's revenues from the sale of products included in the ranking.

Śnieżka has been present in the ranking since 2018. It is the only Polish company of industry companies from the region of Central and Eastern Europe.



## Responsible Companies Ranking

Śnieżka came 17th in the general classification and 5th in the industry classification in the 17th Responsible Companies Ranking. The partner of RCR 2023 is the Responsible Business Forum.

This year's ranking included a total of 65 companies. The organizers took advantage of a survey based on the EU project of new sustainable development indicators (ESRS). The survey included issues related to selected environmental, social and corporate governance disclosures.

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