ŚNIEŻKA
GROUP

1H RAPORT

Consolidated Report of the Śnieżka Group

for the first half of 2025

MISJA

Wierzymy, że **kolory** mają **znaczenie.**

17 September 2025

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1. SUMMARY OF THE PERIOD

Highlights, including achievements and failures

In H1 2025, the Śnieżka Group achieved sales revenues of PLN 380,328 thousand, a decline of 5.5% year-on-year. The Group's financial performance continued to be negatively influenced by sustained geopolitical uncertainty, primarily stemming from the ongoing war in Ukraine and its impact on the wider Central and Eastern European region covering the Group's key markets.

According to the Group's data, the Polish decorative paints market in H1 2025 continued to be influenced by the challenges recorded in the prior year. Due to the lack of major factors supporting demand, sales volumes were maintained at a level similar to that recorded in the previous year.

Meanwhile, unfavourable macroeconomic conditions, constraining consumer activity, resulted in an almost 11% drop in sales in the Hungarian market.

In H1 2025, the Group recorded consolidated net profit of PLN 31,269 thousand (-1.4% y/y), EBIT of PLN 47,351 thousand (-2.8% y/y), and EBITDA of PLN 66,477 thousand (-1.3% y/y).

Net profit attributable to the shareholders of the parent company amounted to PLN 30,020 thousand, remaining nearly unchanged year-on-year.

The Group's selling and general administrative costs fell marginally, down 0.3% y/y to PLN 142,998 thousand. According to the Management Board, the Group's performance should be assessed primarily on a full-year basis, due to the challenges in predicting future macroeconomic conditions, consumer demand, developments in raw materials and packaging markets, and the ongoing war in Ukraine together with its short- and particularly long-term effects.

Geographical structure of revenues

The Group's key markets are as follows: Poland (73.4% share in the revenue structure) Hungary (12.5% share) and Ukraine (10.4% share).

Sales revenues in Poland amounted to PLN 279,246 thousand, representing a 2.3% year-on-year decrease.

In foreign markets, the Group recorded sales revenues of PLN 47,542 thousand in Hungary (-10.7% y/y, primarily as a result of unfavourable macroeconomic conditions weighing on consumer sentiment and the stronger PLN against the HUF), PLN 39,392 thousand in Ukraine (-8.2% y/y), and PLN 14,148 thousand in other markets (operating segment "Other"), down 31.3% y/y.

Highlights of Q2 2025 performance

In Q2 2025, the Group reported sales revenues of PLN 208,090 thousand (-9.7% y/y), EBIT of PLN 30,247 thousand (-4.7% y/y), EBITDA of PLN 39,843 thousand (-3.0% y/y), and net profit of PLN 20,459 thousand (-3.3% y/y). Net profit attributable to shareholders of the parent company amounted to PLN 19,417 thousand, representing a 3.4% decrease y/y.

The impact of the armed conflict in Ukraine on the Group

The Company's Management Board notes that the situation in the Ukrainian market remains uncertain and challenging, and that the results for the first half of the current year should not, in the Company's view, serve as a basis for estimating results in subsequent periods.

Investments

The Group's CAPEX totalled PLN 6,365 thousand in H1 2025. The investments made were aligned with the Group's plan for the period.

This amount reflects total capital expenditures in H1 2025, less proceeds from the disposal of fixed assets in the same period (net CAPEX). Gross CAPEX amounted to PLN 9,842 thousand in H1 2025, down from PLN 16,388 thousand in the same period of the previous year.

Dividend

On 3 June 2025, at the Annual General Meeting, the shareholders of FFiL Śnieżka SA approved the payment of a dividend from 2024 earnings amounting to PLN 37,853 thousand in total, representing PLN 3.00 per share. The dividend date was set for 11 June 2025 and distributed on 17 June 2025. Since its debut on the Warsaw Stock Exchange, the Company has distributed a total of PLN 582.1 million to shareholders in the form of dividends.

2. SELECTED FINANCIAL INFORMATION

The Śnieżka Group – consolidated data (unaudited)

	in PLN '000		in EUR '000	
	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
I. Net revenues from sale of products, goods and materials	**380 328**	**402 648**	**90 108**	**93 402**
II. Profit from operating activities	47 351	48 700	11 218	11 297
III. Gross profit	39 464	39 489	9 350	9 160
IV. Net profit	**31 269**	**31 717**	**7 408**	**7 357**
- Net profit attributable to shareholders of the parent company	30 020	30 026	7 112	6 965
- Net profit attributable to non-controlling interest	1 249	1 691	296	392
V. Comprehensive income for the period	27 105	26 959	6 422	6 254
- Comprehensive income for the period attributable to shareholders of the parent company	26 621	25 924	6 307	6 014
- Comprehensive income for the period attributable to non-controlling interest	484	1 035	115	240
VI. Net cash flows from operating activities	26 806	286	6 351	66
VII. Net cash flows from investing activities	(3 089)	(25 744)	(732)	(5 972)
VIII. Net cash flows from financing activities	(44 479)	6 314	(10 538)	1 465
IX. Total net cash flows	(20 762)	(19 144)	(4 919)	(4 441)
X. Total assets	**816 877**	**877 698**	**192 573**	**203 501**
XI. Liabilities and provisions for liabilities	429 699	518 845	101 299	120 298
XII. Long-term liabilities	230 956	288 141	54 446	66 808
XIII. Short-term liabilities	198 743	230 704	46 852	53 490
XIV. Equity	**387 178**	**358 853**	**91 275**	**83 203**
- Equity attributable to the shareholders of the parent company	367 952	337 003	86 742	78 137
- Equities attributable to non-controlling interest	19 226	21 850	4 532	5 066
XV. Share capital	12 618	12 618	2 975	2 926
XVI. Number of shares / weighted average number of shares (items)	12 617 778	12 617 778	12 617 778	12 617 778
XVII. Earnings per ordinary share (in PLN / EUR)	2.48	2.51	0.59	0.58
- Earnings per share attributable to shareholders of the parent company	2.38	2.38	0.56	0.55
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	2.48	2.51	0.59	0.58
- Diluted earnings per ordinary share attributable to shareholders of the parent company	2.38	2.38	0.56	0.55
XIX. Carrying amount per share (in PLN / EUR)	30.68	28.44	7.23	6.59
XX. Diluted carrying amount per share in PLN/EUR	30.68	28.44	7.23	6.59
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.00	3.17	0.71	0.73

FFIL ŚNIEŻKA SA - standalone data (unaudited)

	in PLN '000		in EUR '000	
	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
I. Net revenues from sale of products, goods and materials	**251 459**	**273 280**	**59 576**	**63 393**
II. Profit from operating activities	71 741	72 089	16 997	16 722
III. Gross profit	58 698	56 201	13 907	13 037
IV. Net profit	**56 389**	**53 552**	**13 360**	**12 422**
V. Comprehensive income for the period	56 371	53 800	13 356	12 480
VI. Net cash flows from operating activities	(31 105)	20 228	(7 369)	4 692
VII. Net cash flows from investing activities	45 525	25 869	10 786	6 001
VIII. Net cash flows from financing activities	(6 000)	(41 993)	(1 422)	(9 741)
IX. Total net cash flows	8 420	4 103	1 995	952
X. Total assets	**880 254**	**889 548**	**207 514**	**206 248**
XI. Liabilities and provisions for liabilities	570 791	608 896	134 560	141 177
XII. Long-term liabilities	442 366	452 001	104 285	104 800
XIII. Short-term liabilities	128 425	156 895	30 275	36 377
XIV. Equity	**309 463**	**280 652**	**72 954**	**65 071**
XV. Share capital	12 618	12 618	2 975	2 926
XVI. Number of shares / weighted average number of shares (items)	12 617 778	12 617 778	12 617 778	12 617 778
XVII. Earnings per ordinary share (in PLN / EUR)	4.47	4.24	1.06	0.98
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	4.47	4.24	1.06	0.98
XIX. Carrying amount per share (in PLN / EUR)	24.53	22.24	5.78	5.16
XX. Diluted carrying amount per share in PLN/EUR	24.53	22.24	5.78	5.16
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.00	3.17	0.71	0.73

The Euro exchange rates applied for conversion of the financial statements:

	6 months of 2025	6 months of 2024
Particular items of the condensed statement of comprehensive income were translated at the average EURO exchange rate in the period	4.2208	4.3109
	as at 30 June 2025	as at 30 June 2024
Particular items of the financial position statement were translated at the EURO exchange rate at the end of the period	4.2419	4.3130

3. THE COMPANY AND THE ŚNIEŻKA GROUP

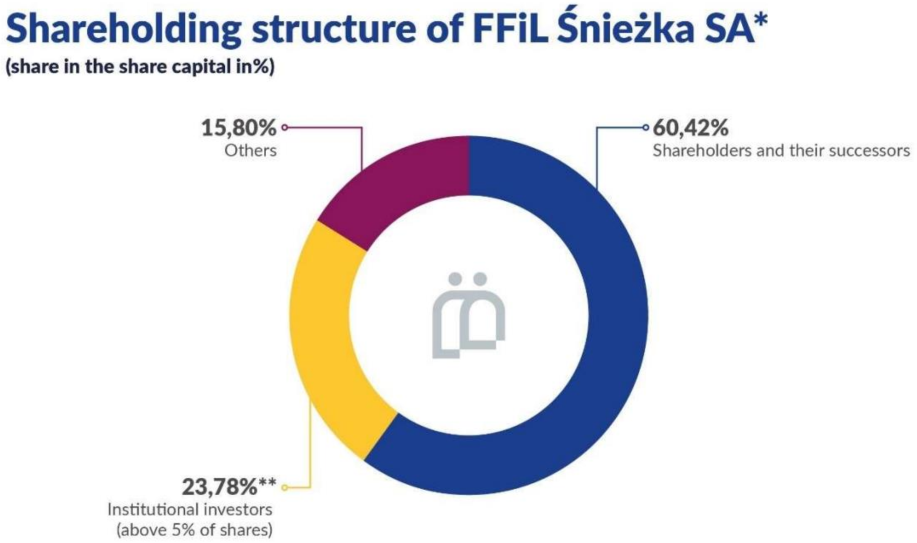
The Śnieżka Group, whose history dates back to 1984, is one of the leaders in the market of decorative paints and construction chemicals in Poland. The Group also operates actively in several foreign markets. In Hungary, it is a significant player in the decorative paints segment, and in Ukraine it is one of the dominant entities in the production of paints and putties. It is one of the 25 largest paint manufacturers in Europe (according to European Coatings 2025). In 2025, FFiL Śnieżka SA - the parent company of the Śnieżka Group - was awarded the EcoVadis Silver Medal, which places it among the top 6% of companies subject to certification as far as the sustainable development is concerned.

The Group takes on over 1,100 staff, and production facilities located in four countries yield on an annual basis over 130 million kg of products for decoration and protection of various types of substrates. The key brands of the Śnieżka Group are as follows: Śnieżka, Magnat, Poli-Farbe, Vidaron, Rafil and Foveo-Tech. he Logistics Centre, operated by the Group, represents the most significant investment undertaken in the Company's history and is among its key assets.

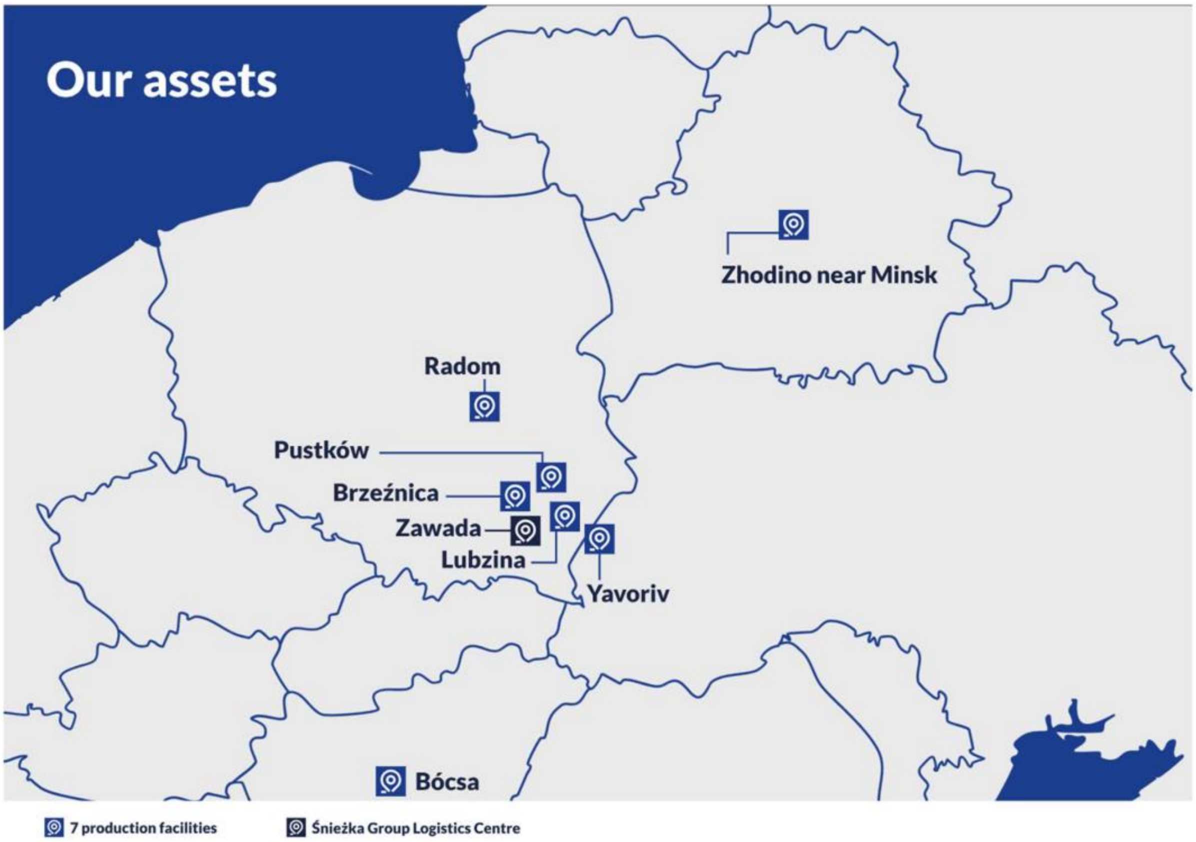
The Group is comprised of: the parent company Fabryka Farb i Lakierów Śnieżka SA - whose shares have been listed on the Warsaw Stock Exchange since 2003 - and its subsidiaries in Poland and abroad.

The shareholder structure of FFiL Śnieżka SA is dominated by its founders and their successors, who control over 60% of the votes at the general meeting. Since its debut on the stock exchange, the Company has regularly paid dividends to its shareholders from the generated profits, the total value of which, calculated since 2003, is PLN 582.1 million.

Figure 1. Shareholding structure of FFiL Śnieżka SA



** Data as at 17.09.2025*
*** PTE Allianz Polska: 14.39%;*
PTE Nationale – Nederlanden: 9.39%



Key markets

Key brands of the Group

The Group's plants are located in Poland, Ukraine, Hungary and Belarus. Foreign export markets include Armenia, the Czech Republic, Georgia, Kazakhstan, Lithuania, Moldova, Romania, Serbia, and Slovakia.

The Group entities are related by shares and have roles defined within the competence centre structure. Comprehensive organization, responsible management of resources contributes to efficient operation of the Group as well as higher profits for the shareholders. The cooperation involves mutually complementary activities, exchange of know-how and synergistic benefits. FFIL Śnieżka SA plays a leading role in these processes.

The key areas for the Group are developed at the level of two companies, i.e. FFiL Śnieżka SA and Śnieżka Trade of Colours Sp. z o.o. (Śnieżka ToC). FFIL Śnieżka SA, as the parent company, performs control functions in the supervisory bodies of the subsidiaries. In addition, it establishes a development strategy and coordinates the development of the entire Group in all aspects of its operations.

It is also a competence centre in the field of Supply Chain Management, R&D, Quality Assurance, and also serves as a shared services centre. In turn, Śnieżka ToC develops competences in the field of: Sales and Marketing. The both companies coordinate the activities of individual Group companies in the areas of their competence.

All transactions concluded by the Company and its subsidiaries with related entities are performed at arm's length. This means that they are agreed as if they were negotiated by unrelated parties. These transactions are consistent with applicable laws in Poland, European Union regulations and the regulations of the countries where the subsidiaries are located. Additionally, the marketability of transactions is verified on an annual basis.

Figure 1. The Śnieżka Group's structure (as at 30.06.2025)

In H1 of 2025 the Śnieżka Group's structure was not subject to any changes.

FFIL Śnieżka SA's subsidiaries (i.e. Poli–Farbe Vegyipari Kft., Śnieżka-Ukraina Sp. z o.o., Śnieżka-BelPol Sp. z o.o., Śnieżka Trade of Colors Sp. z o.o. and Radomska Fabryka Farb i Lakierów SA) are consolidated using the full method.

The cooperation of the Group with entities related by capital also applies to Plastbud Sp. z o. o. (consolidated using the equity method), which manufactures Colorex pigment pastes and dyestuffs for Śnieżka's colour systems. Plastbud Sp. z o.o. is a Group's supplier of some raw materials and goods.

FFIL ŚNIEŻKA SA's operations

Fabryka Farb i Lakierów Śnieżka SA is one of the paint leaders in Poland in the segment of decorative products.

Śnieżka's current market position is the result of over 40 years of development, with the Company's history dating back to 1984. The Company's roots are linked with the Podkarpackie province, where the Group's core production facilities and Research and Development Centre are still operating. Since 2003 the Company - as the only one in the industry - has been listed on the Warsaw Stock Exchange.

The portfolio of FFIL ŚNIEŻKA SA is comprised of products for protection and decoration of various substrates, both for internal and external applications. They comprise, i.a. paints for internal walls and facades, products for painting wood and metal, putties for walls and wood, as well as thermal insulation systems for buildings. In Poland, the products are sold under the following commercial brands: Śnieżka, Magnat, Vidaron, Foveo-Tech and Rafil.

FFiL Śnieżka SA runs research and development activities by taking advantage of its own professional facilities. The Company has research laboratories (including, chromatographic and microbiological ones), conducting advanced research on products and raw materials used in production.

Products manufactured by FFiL Śnieżka SA are available in many distribution channels, and Śnieżka ToC is responsible for their sale.

The Company's activity is based on a clearly defined set of values, as well as several years of involvement in supporting the society as part of programs and projects in the area of corporate social responsibility and through the activities conducted by the Śnieżka Foundation.

On June 30, 2025, the Company employed 612 employees (against 623 a year earlier), which accounted for nearly 54.4% of the entire Śnieżka Group's team.

Activities of other Group companies

Śnieżka Trade of Colours Sp. z o.o. (Śnieżka ToC).

The key tasks performed by the company are marketing and sales, which include the following areas:

- **Marketing**
  As part of marketing activities, we distinguish three key functions: strategic, implementing and supportive. Each of them plays an important role in building and implementing an effective Group's marketing strategy.
- **Sales**
  An area covering all distribution channels of the Group: independent market, retail chains, insulation systems, export sales and sales support.

Products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce. A multi-channel distribution is one of the assumptions of the sales growth strategy in all the Group's markets, and at the same time it minimizes the risk associated with too high reliance on one distribution channel. Since the beginning of 2024, the Group has expanded its distribution model in the independent market in Poland – selected retail outlets that were previously served indirectly through distributors can now also make direct purchases from Śnieżka ToC. Śnieżka continues its established cooperation with wholesale partners.

The company was established in 2010 (as TM Investment Sp. z o.o.). FFiL Śnieżka SA's share in this entity is 100%. As at June 30, 2025 the company employed 124 employees (against 131 at the end of June 2024).

Poli-Farbe Vegyipari Kft.

Poli-Farbe is a company with an established position in Hungary in the sector of decorative paints. Its product range under the Poli-Farbe commercial brand includes: interior decorative water-borne paints, enamels, products for wood protection and decoration, facade paints, primers, insulation systems, as well as putties.

The products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce.

As at June 30, 2025, Poli-Farbe Vegyipari Kft. employed 164 employees (against 172 at the end of H1 2024).

Poli-Farbe Vegyipari Kft. was established in 1998. The share of FFiL Śnieżka SA in this entity is 80%, the remaining 20% of shares are owned by the minority shareholder Lampo Kft (Lampo Korlátolt Felelősségű Társaság).

Śnieżka-Ukraina Sp. z o.o.

Śnieżka-Ukraina is one of the leaders in the production of paints in Ukraine[1] as well as a manufacture of putties. Its products are sold under the Śnieżka brand.

[1] Estimated data (access to research reports is limited due to the war in Ukraine).

The company is the main distributor of FFIL ŚNIEŻKA SA's products in the local market. The products are distributed through business partners, including wholesalers and construction materials warehouses, DIY markets, retail stores and e-commerce.

As at June 30, 2025, the company employed 166 employees (against 175 a year earlier).

Śnieżka Ukraina Sp. z o.o. with was established in 1999. The share of FFiL Śnieżka SA in this entity is 83.48%, and the remaining shares belong to: Limited liability company "Sunsnow" - 15.60% and individual shareholders - 0.92%.

Śnieżka-BelPol Sp. z o.o.

Śnieżka-BelPol is a significant manufacturer of putties in the Belarusian market. It sells its products under the Śnieżka brand.

As at June 30, 2025, the number of employees in the Company remained unchanged compared to the end of June 2024 and amounted to 15 persons.

Śnieżka-BelPol Sp. z o.o. was established in 2003. FFiL Śnieżka SA's share in this entity is 100%.

Radomska Fabryka Farb i Lakierów SA

The company specializes in the production of decorative products (enamels for metal protection and decoration) and professional anti-corrosion systems.

As at June 30, 2025, the company employed 44 employees (against 47 a year earlier).

Radomska Fabryka Farb i Lakierów SA was established in 1995. The share of FFiL Śnieżka SA in this entity is 94.15%. The remaining 5.85% of the shares belong to individual shareholders.

Plastbud Sp. z o.o.

Cooperation with capital-related entities also applies to Plastbud Sp. z o.o. in Pustków, which supplies the Group with some raw materials and products. The share of FFiL Śnieżka SA in this entity as at June 30, 2025 is 10.07%.

Trademarks

The Group's trademarks are owned by Śnieżka Trade of Colours Sp. z o.o., apart from the Hungarian brands, which are legally held by Poli-Farbe Vegyipari Kft. Śnieżka ToC, as the owner of the trademarks, markets the Group's products both directly (through cooperation with independent stores, DIY chains, end customers) and indirectly (through their sale to other Group companies).

In the reporting period, the products of the Śnieżka Group were sold under the following key commercial brands:

Śnieżka	being 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.
Magnat	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.
Poli-Farbe	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: Platinium and Inntaler (including interior and facade emulsions), Cellkolor (paint for wood and metal) and Boróka (agents for wood protection and decoration).
Vidaron	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.
Rafil	a brand specializing in the production of decorative products (enamels for metal protection and decoration) and professional anti-corrosion systems.
Foveo-Tech	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.

Figure 2. Consumer brands in the markets where the Group companies operate

Research and development activities

Designing the highest quality product solutions and searching for new raw materials constitutes the innovativeness of the Śnieżka Group.

All research and development activities are carried out at the Research and Development Centre. The Centre is formally composed of the Research and Development Department and the Quality and Climate Management Department operating within the structures of FFiL Śnieżka SA. The Centre's experts have at their disposal modern laboratory facilities, the results of the latest scientific research as well as a rich raw material base and the Group's know-how acquired over the years.

They monitor the raw materials market in search of solutions that optimize the existing product portfolio, also in terms of their impact on health and the environment.

Employment

At the end of the reporting period, total employment within the Śnieżka Group amounted to 1,125 persons, representing a decrease of 38 employees compared to the level as at 30 June 2024.

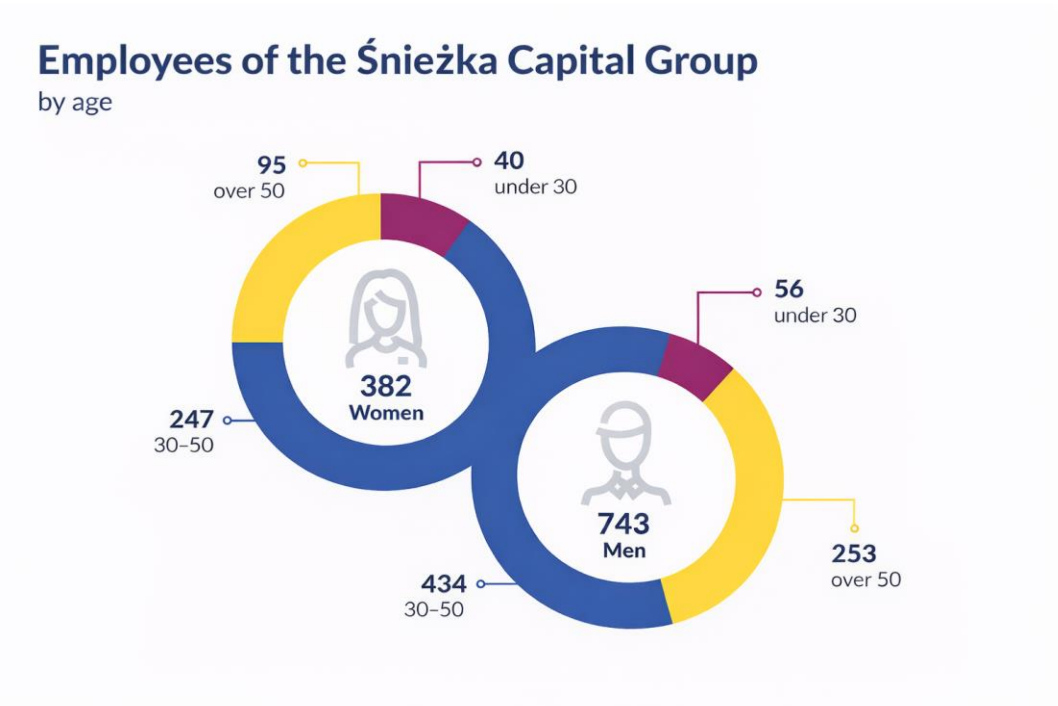
In H1 2025, the Group's average headcount was 1,127, down by approximately 2.5% compared to 1,155 in the corresponding period of the previous year.

The change in headcount reflected adjustments to current organizational requirements and the execution of the strategy.

The employment structure was male-dominated. At the end of June 2025, there were 743 employees (vs. 773 a year earlier), accounting for 66% of total headcount (vs. 67.1% a year earlier). Male share in total headcount fell by 0.5% y/y.

The number of women employed in the Group's companies decreased from 390 as at the end of June 2024 to 382 as at the end of June 2025, while their share in total headcount went up to 34%, representing an increase of 0.5 % compared to the previous year.

Figure 2. The Śnieżka Group's employees broken down by age



As at June 30, 2025, the majority of the Group's employees (60.5%) were aged 30–50 - that is 0.7% less than a year earlier. As at the reporting date, 64.7% of all employed women and 58.4% of men were aged 30–50, which for both groups represented a decrease of 0.7 % y/y. The share of employees under 30 years of age amounted to 8.5%, while those over 50 - 30.9%.

Women under 30 represented 10.5%, and those over 50 – 24.9%. For men, these figures stood at 7.5% and 34.1%, respectively.

Impact of operations on the environment and climate

The Śnieżka Group conducting business activities in the production sector, identifies the following sustainability-related impacts in the environmental area:

- on climate change through greenhouse gas emissions throughout the entire value chain and reduction of the carbon footprint in connection with the implementation of the adopted Sustainable Development Strategy,
- on air and natural environment pollution in connection with the activities carried out in production facilities and the use of potentially hazardous substances,
- on water resources in the locations where production facilites are located due to the significant water content in the Group's products – its withdrawal from water supply systems may limit its availability in a given area,
- due to the use of resources, the generation of waste and the production of products that cannot be reused or recycled,

In 2025, the Group continued the implementation of Sustainable Development Strategy. The provisions of the Strategy are presented in a multi-year perspective and relate it to the business model.

The document was drawn up for the parent company FFiL Śnieżka SA and Śnieżka ToC, due to their essential importance within the Group.

In the years 2025-2028, the strategic goals of sustainable development will be extended to the remaining companies of the Śnieżka Group.

The Śnieżka Group is aware of the importance of issues related to climate change. As part of the Sustainable Development Strategy, it has committed to managing and reducing GHG emissions, increasing energy efficiency and using green energy on a larger scale. The goals adopted and actions implemented are in line with the assumptions of the climate change mitigation transition plan. FFiL Śnieżka SA and Śnieżka ToC have committed to reducing their Scope 1 and 2 GHG emissions by 50% by 2025. Scope 3 targets have not been set yet, but their determination in the medium to long term is planned for the coming years.

Material agreements and events

The most important agreements and events in H1 of 2025

The most important agreements and events in the reporting period are as follows:

- adoption of resolutions by the Company's shareholders at the Annual General Meeting of FFiL Śnieżka SA, which was held on 3 June 2025 (current report no. 9/2025). Company's shareholders:
    - approved the Management Board's report on the activities and financial statements of the Śnieżka Group and FFiL Śnieżka SA for 2024,
    - divided the net profit for 2024 in the amount of PLN 63,610 thousand by establishing dividend in the amount of PLN 3.00 per share, i.e. in the total amount of PLN 37,853 thousand,

- approved the Annual Report of the Supervisory Board for 2024,
- granted a vote of acceptance to the members of the Company's bodies for performing their duties in 2024;
- provided a positive feedback on the Report on the remuneration of members of the Management Board and Supervisory Board of FFiL Śnieżka SA for 2024, adopted by the Company's Supervisory Board,
- adopted amendments to the Articles of Association of FFiL Śnieżka S.A.,
- adopted amendments to the Rules of Procedure for the General Meeting of Shareholders of FFiL Śnieżka S.A.
- approved amendments to the Rules of Procedure of the Supervisory Board of FFiL Śnieżka S.A.
- appointed an audit firm to provide assurance on the sustainability reporting for 2025.

Material agreements and events after the balance sheet date

- **Registration of amendments to the Articles of Association of FFiL Śnieżka S.A. – 1 July 2025**

The Management Board of Śnieżka announces that on 30 June 2025, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered amendments to the Company's Articles of Association adopted by Resolutions No. 11a/2025, 11b/2025, 11c/2025 and 12/2025 during the Annual General Meeting held on 3 June 2025.

Śnieżka announced the registration of amendments to the Articles of Association of FFiL Śnieżka SA in Current Report No. 10/2025 dated 1 July 2025.

After the balance sheet date, the Company did not conclude any agreements of significant importance, and no other material events occurred within the Group.

Awards and distinctions

- ***European Coatings* ranking**

For the eighth time, the Śnieżka Group has been ranked among the largest and best-selling producers of paints and coatings in Europe according to European Coatings magazine. Since 2018, Śnieżka has maintained its presence in the ranking as the only company from Poland and Central and Eastern Europe owing to revenues that secure a place among the European industry leaders. Based on its 2024 results, Śnieżka advanced to 24th place in the ranking, moving up one position from the previous year. The ranking is based primarily on revenues from paint and coatings sales, with total group turnover and the number of employees also taken into account. It is compiled by European Coatings Journal, published by Vincentz Network.

- **Silver EcoVadis Medal**

FiL Śnieżka SA has once again been awarded the EcoVadis medal, which is granted based on an assessment of the company's sustainability performance. Unlike last year's rating, Śnieżka improved its performance, scoring 74 out of 100 points – four more than in the previous edition of the survey. As a result, the Company was once again ranked among the top 6% of the top-performing companies. This time, it placed the Company in the top 15% of entities awarded the silver medal.

EcoVadis is an international platform that assesses companies' sustainability performance across four areas: environmental and climate protection, respect for human rights and labour law, ethical business practices, and sustainable supply chain management.

- ***Modern Retail Awards***

The Śnieżka Group received an award in the Sustainable Development & ESG category, granted during the Modern Retail Awards gala. Śnieżka was nominated for the distinction by Castorama Polska – a long-standing business partner.

The Modern Retail Awards gala marked the conclusion of the 7th edition of the Modern Distribution Congress, which brought together industry leaders, government representatives, and experts. The event was organized by the Modern Distribution Foundation, in liaison with the Polish Trade and Distribution Organization and MMC Polska. The distinctions were awarded to companies contributing to the development of the trade and distribution sector.

- ***HR Quality Award*** **Certificate**

The Śnieżka Group was honored with the *HR Quality Award* – a distinction granted for the highest standards in human capital management. The evaluation included the recruitment and on-boarding process, initiatives aimed at employee development, as well as HR administration.

The certificate is awarded by the Association of HR Practitioners. This year's edition placed particular emphasis on the actual impact of HR initiatives on the company's operations.

- ***Best Employers Poland 2025*** **Ranking**

FFiL Śnieżka SA was included in the Best Employers Poland 2025 ranking. The ranking was based on anonymous evaluations by employees of their own workplaces as well as other employers. The criteria included employment conditions, stability, workplace atmosphere, and development opportunities. The survey was conducted by Forbes Polska in cooperation with Statista.

- ***Responsible Business in Poland*** **Report** ***Best practices 2025***

The actions taken by the Śnieżka Group were recognized by the *Responsible Business in Poland* report. *Best practices 2025* Four best practices across three areas were recognized. In the competence development category, the *Śnieżka Academy* program – an internal training initiative – was taken into account. In the area of health, recognition was given to the preventive healthcare program targeted primarily at employees aged 50+. In the social engagement category, two projects carried out by the Śnieżka Foundation – *Świat w Kolorach* and *Przeogarniacze* – were recognized.

Przedsiębiorczość inaczej.

The *Responsible Business in Poland* ranking. *Best practices* are a recurring part of the annual report prepared by the Responsible Business Forum. The publication provides an overview of companies' actual activities in the area of sustainability.

- **ESG ranking:** ***Responsible Management 2025***

Śnieżka was recognized in the 19th edition of the *ESG Ranking: Responsible Management 2025,* coming 5th in the *Industrial and Chemical Production* category and 24th place in the overall ranking. It improved its position compared to the previous year, scoring 72 points – 10 more than in the previous ranking.

ESG ranking. Responsible Management 2025 is prepared by Kozminski University in collaboration with Deloitte and the Responsible Business Forum. Organizations are evaluated in terms of responsible management in line with the European Sustainability Reporting Standards (ESRS). The ranking is based on three ESG pillars: Environmental (E), Social (S), and Governance (G). It also takes into account a materiality analysis for the given business model.

Shares and shareholding structure

As at June 30, 2025, FFIL ŚNIEŻKA SA's share capital was comprised of 12,617,778 shares of nominal value of PLN 1.00 each.

In H1 of 2025 the Company's share capital was not subject to change.

The Company's share capital consists of the following series of shares:

- series A preferred registered shares - 100,000
- series B preferred registered shares - 400,000
- series C,D,E,F ordinary shares - 12,117,778

Series A and B registered shares are preferential for vote so that one share corresponds to 5 votes at the general meeting.

In addition, according to the Company's Articles of Association - series A shares entitle to elect three members of the supervisory board, including the chairman of the supervisory board, in a manner that every 30,000 shares entitle to appoint one member of the supervisory board, including the chairman of the supervisory board. If that preference expires over some series A registered shares, each remaining 20 000 series A shares give entitlement to indicate one supervisory board member, including the chairman of the supervisory board.

As at the Report publication date, the holders of series A and B shares were:

Table 1. The holders of series A and B shares as at 17 September 2025

Holders of series A shares	The number of shares held (items)
Stanisław Cymbor	33,334
Jerzy Pater	33,333
Piotr Mikrut	16,667
Rafał Mikrut	16,666
Holders of series B shares	**The number of shares held (items)**
Stanisław Cymbor	133,333
Jerzy Pater	133,334
Piotr Mikrut	133,333

Shares of all series are equally preferred as to dividends and return on equity.

No restrictions on the exercise of voting rights prevail at FFiL Śnieżka SA.

Restrictions regarding the transfer of ownership of the Company's securities concern holders of preferred registered shares of FFiL Śnieżka SA. The transfer of preferred registered shares under any legal title or their conversion into bearer shares requires prior submission of purchase offer to all shareholders holding series A shares by a shareholder interested in transferring or converting into a bearer share. The decision to issue or redeem shares requires the consent of shareholders at the general meeting of the Company.

The Company did not have employee share schemes in H1 of 2025.

Company's shares held by managing and supervising persons

As at the Report publication date the Company's shares held by the managing and supervising persons were as follows:

Table 2 The Company's shares held by the managing and supervising persons as at 17 September 2025

Managing persons	The number of shares held (items)
Piotr Mikrut	1,270,833
Witold Waśko	198
Supervising persons	**The number of shares held (items)**
Stanisław Cymbor	2,541,667
Jerzy Pater	2,541,667
Rafał Mikrut	1,270,833

In the period from the date of publication of the last periodical report (for Q1 of 2025), i.e. on May 21, 2025, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

Ownership structure of significant blocks of shares of the Company

As at the date of publication of the Report, significant shareholders of FFiL Śnieżka SA, holding at least 5% of the total number of votes at the General Meeting of the Company were the following persons and entities:

Table 3. Shareholders of FFiL Śnieżka SA holding at least 5% of the total number of votes at the General Meeting of the Company as at 17 September 2025

	The number of shares held (items)	Share in the share capital (in %)	Number of votes	Share in the total number of votes at AGM (in %)
Jerzy Pater *	2,541,667	20.14	3,208,335	21.95
	including directly 166,667	1.32	833,335	5.7
Stanisław Cymbor **	2,541,667	20.14	3,208,335	21.95
	including directly 166,667	1.32	833,335	5.7
Piotr Mikrut	1,270,833	10.07	1,870,833	12.8
Rafał Mikrut	1,270,833	10.07	1,337,497	9.15
Powszechne Towarzystwo Emerytalne Allianz Polska	1,816,307	14.39	1,816,307	12.43
Powszechne Towarzystwo Emerytalne Nationale-Nederlanden	1,185,323	9.39	1,185,323	8.11

**Jerzy Pater holds the Company's shares indirectly by PPHU Elżbieta i Jerzy Pater Sp. z o.o. (PPHU Elżbieta i Jerzy Pater Sp. z o.o. holds 2,375,000 shares, i.e. 18.82% share in the share capital and 16.25% in the total votes at the General Meeting of Shareholders).*

*** Stanisław Cymbor holds the Company's shares indirectly by voting control over Iwona i Stanisław Cymbor Fundacja Rodzinna, which holds 100% of the shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares of the issuer, which represents 18.82% of the share capital and 16.25% of the total number of votes at the General Meeting of Shareholders).*

In the period from the date of publication of the last periodic report - i.e. the report for Q1 2025 - based on information available to the Company, no changes in the significant block of shares issued by the Company occurred. The last change communicated by the Company in the Annual Report concerned a change in the scope of significant blocks issued by it and consisted in the indirect exceeding of the 15% threshold in the total number of votes in the Company by the family foundation Iwona i Stanisław Cymbor Fundacja Rodzinna with its registered office in Nagawczyna (hereinafter referred to as the "Foundation"), which, based on donation agreements concluded on February 28, 2025 (hereinafter referred to as the "Transaction"), acquired 100% of shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares in the Company.

At the same time, it should be noted that the dominant entity in relation to the Foundation (directly) and PPHU Iwona i Stanisław Cymbor Sp. z o.o. (indirectly) is Stanisław Cymbor. As a result of the Transaction, there has been no change in the number of shares in the share capital of the Company or in the number of votes that Mr. Stanisław Cymbor holds directly or indirectly (i.e. through the Foundation and its subsidiary, i.e. PPHU Iwona i Stanisław Cymbor Sp. z o.o.), as presented in Table No. 3 above.

*Figure 3. Shareholding structure of FFiL Śnieżka SA:
share in the share capital (as at 17.09.2025, data in %)*

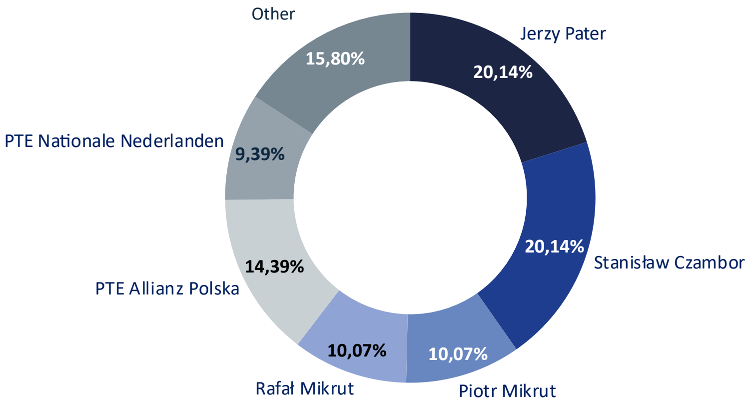
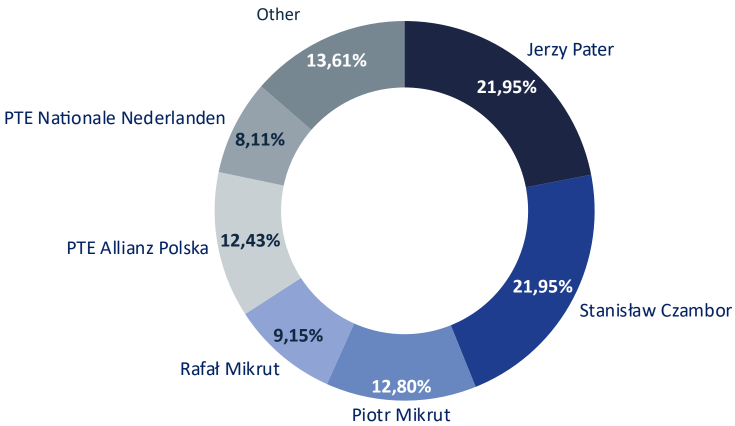


*Figure 4. Shareholding structure of FFiL Śnieżka SA:
share in the total number of votes (as at 17.09.2025, data in %)*



Management Board and Supervisory Board

Management Board

In H1 of 2025 the Management Board of FFiL Śnieżka SA was composed of the following members:

- Piotr Mikrut - Chief Executive Officer
- Joanna Wróbel-Lipa - Vice President of the Management Board, Chief Commercial Officer
- Witold Waśko - Vice President of the Management Board, Chief Financial Officer
- Zdzisław Czerwiec - Vice President of the Management Board, Chief Supply Chain Officer
- Dawid Trojan - Vice President of the Management Board, Marketing Director

The Management Board composed of: Piotr Mikrut, Witold Waśko, Joanna Wróbel-Lipa and Zdzisław Czerwiec was appointed on April 27, 2023. On December 17, 2024 the Supervisory Board appointed Mr. Dawid Trojan as a member of the Śnieżka's Management Board from January 1, 2025 for the duration of the 9th term of office. Detailed information on the members of the ninth term of office was included by the Company in the current report no. 12/2023 and 10/2024.

Supervisory Board

In H1 of 2025, the Supervisory Board of the ninth term of office was composed of:

- Jerzy Pater - Chairman of the Supervisory Board
- Stanisław Cymbor - Vice-Chairman of the Supervisory Board
- Rafał Mikrut - Secretary of the Supervisory Board
- Anna Sobocka - Member of the Supervisory Board
- Zbigniew Łapiński - Member of the Supervisory Board
- Dariusz Orłowski - Member of the Supervisory Board
- Piotr Kaczmarek - Member of the Supervisory Board

The above Supervisory Board was appointed at the Ordinary General Meeting held on May 31, 2022 and its composition was supplemented on April 27, 2023. Detailed information on the members of the Supervisory Board was included by the Company in the current report no. 14/2022 and 11/2023.

Share performance

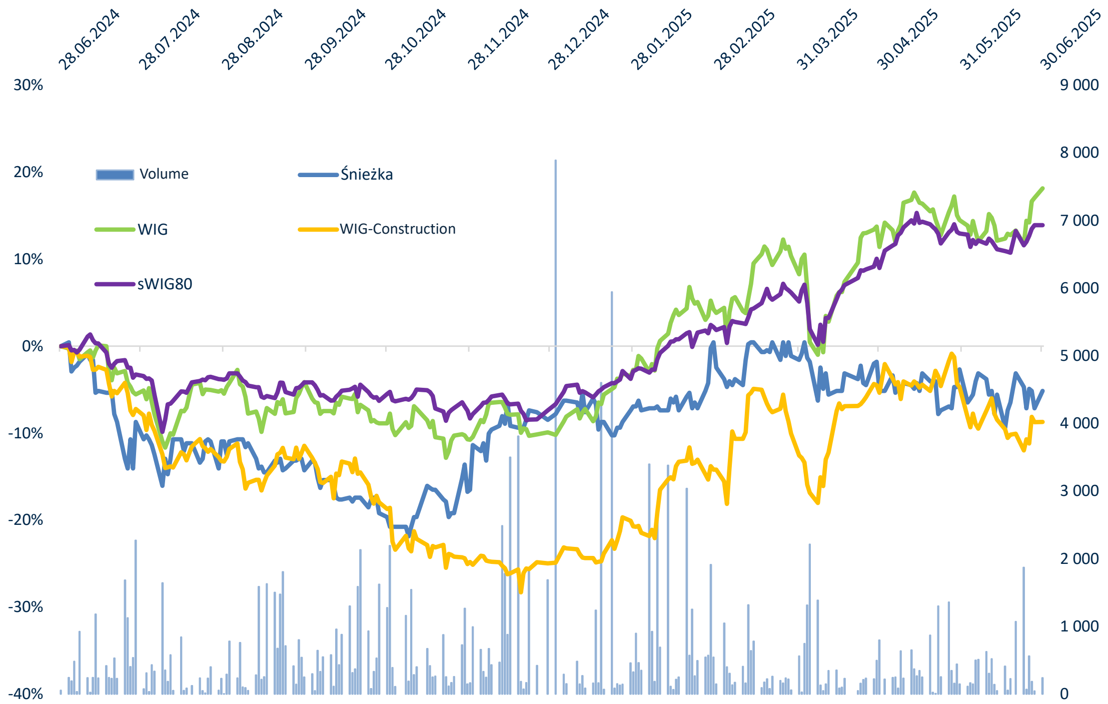
The shares of FFiL Śnieżka SA have been listed on the Warsaw Stock Exchange since December 31, 2003 (the rights to shares debuted two days earlier - December 29). As at the end of June 2025, the Company's shares were included in the following stock exchange indices: sWIG80, sWIG80TR, WIG140, WIG, WIGdivplus, WIGdiv, WIG-Poland, and WIG-Construction.

In the past year (28 June 2024 – 30 June 2025), the share price of FFiL Śnieżka SA decreased by 5.13%. For comparison, the Warsaw Stock Exchange index WIG gained 18.14%, while WIG-Construction lost 8.71%. During this period, the closing price of FFiL Śnieżka SA shares ranged from PLN 70.00 (on 5 November 2024) to PLN 90.00 (on 1 July 2024). On 30 June of the current year, one share of the Company was valued at PLN 85, compared to PLN 86.5 on 28 June 2024.

As at 30 June 2025, the Company's market capitalization amounted to PLN 1.07 billion, versus PLN 1.13 billion at 30 June 2024.

The P/B ratio (price-to-book value per share attributable to the parent company's shareholders) stood at 2.91 (compared to 3.35 at the end of June 2024), while the P/E ratio (price-to-earnings per ordinary share attributable to the parent company's shareholders) amounted to 15.47 (versus 16.31 at the end of the corresponding period of the previous year).

Figure 5. Share performance of FFiL Śnieżka SA on the Warsaw Stock Exchange in 2024 and 2025 (starting point: 28 June 2024 = 100%, end of period: 30 June 2025).



Dividend

At the Ordinary General Meeting of FFiL Śnieżka SA held on 3 June 2025, the shareholders adopted a resolution to distribute a dividend from the 2024 profit in the total amount of PLN 37,853,334.00, which represents PLN 3.00 per share. The dividend record date was set for 11 June 2025, and the payment was made on 17 June 2025. Since its debut on the Warsaw Stock Exchange, the Company has distributed a total of PLN 582.1 million to shareholders.

n the coming years – until the net debt ratio is reduced to the level of one times consolidated EBITDA – the Management Board of Śnieżka intends to recommend to the shareholders a dividend payout at the level of 50% of the consolidated net profit of the Śnieżka Group attributable to the shareholders of the parent company – Śnieżka – for each financial year. In the event of circumstances that justify a change in the Management Board's recommendation, the Company will provide information in the appropriate ESPI report.

Auditing firm selection

On May 9, 2023, the Supervisory Board of FFIL Śnieżka SA made a selection of an entity PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to conduct both the audit and statutory review of the standalone financial statements of FFIL Śnieżka SA as well as the consolidated financial statements of the Śnieżka Group for 2023-2025. The contract with the auditor was signed on July 19, 2023.

4. COMMENT TO THE PERFORMANCE

4.1 MARKET AND BUSINESS ENVIRONMENT

Macroeconomic situation

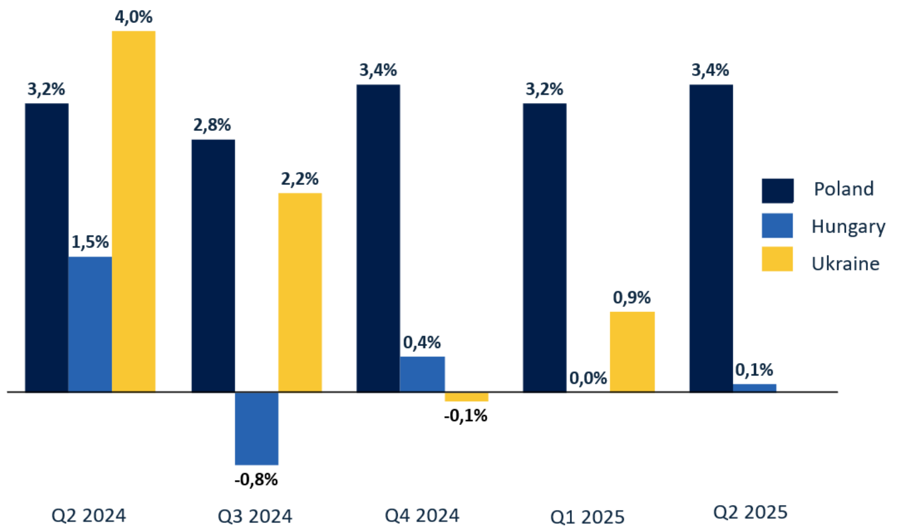
The spring economic forecasts of the European Commission (EC) and the International Monetary Fund (IMF) consistently point to the high level of uncertainty prevailing in Europe, driven by the geopolitical situation and fundamental changes in the trade policy of the United States. These aspects entail slowing factors. European Commission analysts revised down the GDP growth outlook for the entire EU to 1.1% (–0.4% compared to the autumn 2024 forecast)[2][3][4].

The European Commission's forecasts projected that euro area inflation would reach 2.0% by mid-2025, while the entire EU was expected to close the year with an inflation rate of 2.3%. By mid-year, the actual readings were very close to these forecasts (Euro area – 2.0%; EU – 2.4%). The European Commission's projections for 2026 indicate that inflation will continue to decline (Euro area – 1.7%; EU – 1.9%).

In their summer projection, experts of the European Central Bank (ECB) indicate that economic growth in the euro area will slow in 2025, mainly due to weaker external conditions, although it will be partly supported by a strong start to the year and expansionary fiscal policy.

Headline inflation is expected to continue declining, reaching 1.4% at the beginning of 2026, and then gradually returning to the ECB's 2% target in 2027, driven by negative energy price dynamics and stabilizing food prices. Core inflation is also expected to decline, supported by weakening wage pressures, productivity improvements, and lower energy costs, with additional relief coming from lower commodity prices and a stronger euro[5].

Figure 6. Annual gross domestic product dynamics y/y for the key markets of the Group on a quarterly basis (in %)



Source: GUS, Hungarian Central Statistical Office, State Statistics Service of Ukraine* (the data on GDP in Q2 of 2025 were not available as at the date of publication of the Report).

[2] The forecast assumed that U.S. import tariffs would amount to 145%, while Chinese tariffs on U.S. goods would stand at 125%.
[3] Source: European Commission, Spring 2025 Economic Forecast, August 2025.
[4] Source: International Monetary Fund, Regional Economic Outlook for Europe, April 2025, August 2025.
[5] Source: European Central Bank, ECB Staff Macroeconomic Projections for the Euro Area, August 2025.

Poland

According to the flash estimate of Statistics Poland (GUS), Poland's GDP grew by 3.4% y/y in Q2 2025[6]. In its July projection of inflation and GDP, the National Bank of Poland (NBP) forecasts GDP growth of 3.6% in 2025[7].

At its meeting held on 2–3 September of the current year, the Monetary Policy Council cut interest rates by 0.25%. The reference rate currently stands at 4.75%.

Sold industrial production in April and May of the current year was higher by 1.2% and 4.0% y/y respectively, while in June it was lower by 0.1% y/y. In Q2 of the current year, industrial production increased by 1.9% y/y.

In the same period, construction and assembly output was lower by 0.7% y/y. In the category "building construction," construction and assembly output declined by 4.2% in H1 2025 compared to the corresponding period of the previous year[8].

In H1 2025, 92.2 thousand dwellings were completed and put into use, which represents a decrease of 3.5% compared to the previous year. Fewer construction projects were also commenced and fewer building permits were issued than in the corresponding period of 2024: a decrease of 9.5% y/y (110.7 thousand) and 15.8% y/y (121.4 thousand), respectively[9].

The Consumer Price Index (CPI) inflation rate stood at 4.5% y/y in H1 2025 (with CPI inflation in June alone amounting to 4.1% y/y). According to Statistics Poland (GUS), in H1 of the current year the strongest price increases were recorded in the categories: housing and energy carriers (+10.7% y/y), education (+8.2% y/y), and restaurants and hotels (+6.2% y/y)[10]. According to the NBP's inflation projection, it is anticipated to rise in the coming quarters. According to the NBP's projections, the CPI inflation rate for the entire year 2025 is expected to reach 3.9%[11].

In April, May, and June 2025, the registered unemployment rate in Poland stood at 5.2%, 5.0%, and 5.2%, respectively, which indicates levels similar to those recorded in the corresponding months of 2024[12]. In June 2025, average employment in the enterprise sector was slightly lower than in June 2024 (–0.8% y/y). The average salary in the enterprise sector in June increased to PLN 8,140 which translates into an increase by 9.0% y/y.

The general business climate indicator for the manufacturing and construction sectors remained negative in June 2025, standing at –7.7 and –4.7, respectively[13]. Meanwhile, the PMI (Purchasing Managers' Index) reading for the manufacturing sector stood at 44.8 points in June 2025. This is a lower result compared to June of the previous year (45 points). Since the beginning of 2025, the PMI index has fluctuated between 44.8 and 50.7 points[14].

In the January publication of the World Bank on economic growth forecasts, Poland's GDP growth for 2025 was estimated at 3.2%[15]. The European Commission analysts estimate that GDP growth in the given period will amount to 3.3%, with simultaneous inflation of 3.6%[16]. The International Monetary Fund, in an April update to its forecasts, estimated that Poland's GDP is to grow at a rate of 3.2% in 2025, with average annual inflation at 4.3%[17].

[6] Source: Statistics Poland (GUS), Flash Estimate of Gross Domestic Product for Q2 2025, August 2025.
[7] Source: National Bank of Poland (NBP), Inflation and GDP Projection – July 2025, August 2025.
[8] Source: Statistics Poland (GUS), Socio-Economic Situation of the Country – Q2 2025 (unless otherwise stated).
[9] Source: Statistics Poland (GUS), Housing Construction in the Period January–June 2025, August 2025.
[10] Source: Statistics Poland (GUS), Consumer Price Indices in June 2025, August 2025.
[11] Source: National Bank of Poland (NBP), Inflation and GDP Projection – July 2025, August 2025.
[12] Source: Statistics Poland (GUS), Registered Unemployment Rate in 1990–2025, August 2025.
[13] Source: Statistics Poland (GUS), Business Tendency in Manufacturing, Construction, Trade and Services 2000–2025 (June 2025), August 2025.
[14] Source: PMI by S&P Global, S&P Global Poland Manufacturing PMI, August 2025.
[15] Source: The World Bank, Global Economic Prospects, June 2025.
[16] Source: European Commission, Spring 2025 Economic Forecast, August 2025.
[17] Source: International Monetary Fund (IMF), World Economic Outlook Database, August 2025.

Hungary

In Q2 of 2025, according to the flash estimate of the KSH (Hungarian Central Statistical Office), Hungary's gross domestic product (GDP) remained virtually unchanged, recording a year-on-year increase of 0.1%[18]. The forecasts of the National Bank of Hungary (MNB) indicate that Hungary's GDP will grow by 0.8% year-on-year in 2025, representing a significant revision compared to the March 2025 projection of 1.9–2.9%.

In H1 of 2025, inflation in Hungary amounted to 4.8% compared to the corresponding period of the previous year, while in June alone it stood at 4.6% y/y. The June Inflation Report of the National Bank of Hungary (MNB) forecasts that inflation in Hungary will reach 4.7% for the entire year. The Hungarian Central Bank, in its report, indicated that inflation will return to its target (3.0% with a symmetric tolerance band of +/-1 %) on a sustained basis in 2026[19].

In June of the current year, construction output increased by 2.6% compared to June 2024, while in the January–June period it remained broadly unchanged relative to the corresponding period of the previous year. In H1 of 2025, permits were issued for 12,830 new dwellings, representing a year-on-year increase of 43%. At the same time, industrial production in June declined by 5.3% y/y. However, in the January–June period it contracted by 4.1% compared to the corresponding period of the previous year.

The unemployment rate in June 2025 stood at 4.3%, remaining at the same level as in December 2024. In May 2025, the average gross earnings in Hungary amounted to HUF 702,800 (approximately PLN 7,578), representing a 7.8% y/y increase in wages[20].

The International Monetary Fund's (IMF) analyses of GDP forecast a 1.4% increase in 2025, along with inflation of 4.9%[21]. The European Commission, in turn, estimates that the Hungarian economy will grow by 0.8%, with inflation at 4.1%[22].

Ukraine

According to the State Statistics Service of Ukraine (SSSU), Ukraine's GDP in Q1 of 2025 increased by 0.9% (compared to 2.9% for the entire year 2024)[23]. In April 2025, CPI inflation amounted to 15.1%, in May to 15.9%, and in June to 14.3%[24]. In 2025, the NBU's policy rate changed twice and at the end of Q2 stood at 15.5% (the same level as at the end of March 2025)[25]. According to the NBU, nominal wages in Q2 of 2025 increased by 22.0% (compared to 24.1% in Q1 of 2025). Unemployment at the end of 2024 stood at 13.1% (compared to 18.2% in 2023)[26].

In Q1 2025, 28.4 thousand new dwellings were completed (+11.6% y/y), while construction was started on 22.7 thousand (+36.0% y/y)[27].

The World Bank forecasts that Ukraine's economic growth is to slow to 2.0% in 2025. The forecast is based on the assumption that the war will last the entire year[28]. The IMF predicts a real GDP growth by 2.0%, while predicting that inflation will reach 12.6%[29].

From February 24, 2022 until the date of publication of the report, the data of the Ukrainian statistical office on average wages and unemployment rate were not published.

[18] *Source: Hungarian Central Statistical Office (KSH) (unless otherwise stated).*
[19] Source: Magyar Nemzeti Bank (Central Bank of Hungary), Inflation Report, August 2025.
[20] Source: Hungarian Central Statistical Office (KSH), Short-Term Statistics – Trade and Services (KER2505)
[21] Source: International Monetary Fund (IMF), World Economic Outlook, August 2025.
[22] Source: European Commission, Spring 2025 Economic Forecast for Hungary, August 2025.
[23] Source: National Bank of Ukraine (NBU), Inflation Report – July 2025, August 2025.
[24] Source: State Statistics Service of Ukraine (SSSU), Consumer Price Indices, August 2025.
[25] Source: National Bank of Ukraine (NBU), NBU Key Policy Rate, August 2025.
[26] Source: National Bank of Ukraine (NBU), Inflation Report – July 2025, August 2025.
[27] Source: State Statistics Service of Ukraine (SSSU), Start and Completion of Construction Indicators, August 2025.
[28] Source: The World Bank, Global Economic Prospects, August 2025.
[29] Source: International Monetary Fund (IMF), World Economic Outlook, August 2025.

Market of decorative paints and construction chemicals

The main markets where the Śnieżka Group operated in Q2 of 2025 were as follows: Poland, Hungary and Ukraine. In these three markets, the Group generated approx. 96,3% of sales revenues in the reporting period.

Poland

According to the Group's estimates, the decorative paints market in Poland in Q2 of 2025 continued to struggle with the hardships that also occurred at the beginning of the year.

In the absence of a clear demand impulse, sales volume remained close to last year's level.

According to the Group's assessment, the condition of the industry has not changed fundamentally since the first quarter of this year. Among the main factors shaping it are: the slow growth of consumers' real purchasing power constrained by high interest rates, the uncertainty resulting from the overall geopolitical situation (in particular the war in Ukraine), and the fact that the Group's products are not essential goods[30].

The economic situation in the Polish market of paints and agents for wood protection and decoration is also dependent on the consumer sentiment. The situation of the Polish market of paints and wood agents in Q2 of 2025 was affected by still very low level of consumer confidence. The average value of the Current Consumer Confidence Indicator (BWUK) in Q2 of the current year remained at a moderate level (-13.5), although the June reading (-9.3) was the highest in several years[31]. The Leading Consumer Confidence Indicator (WWUK) was slightly above the BWUK Indicator, demonstrating that consumers expressed greater optimism when thinking about the next 12 months (Q2 2025: -8.4)[32]. According to the Group's internal data, as in previous years, more than 80% of decorative paints were used primarily for apartment renovations or refurbishments[33], while—according to the Group's estimates—the decision to purchase them was less frequently associated with the finishing of new apartments. Consumers are looking for high-quality products with good coverage and easy application.

In Q2 of 2025, no changes occurred among the main players in the Polish market of decorative paints and construction chemicals. The entities holding the largest shares in the Polish decorative paints market currently include: the Śnieżka Group companies, PPG Deco Polska, and AkzoNobel Polska. According to the Company's estimates, their share in the total sales of decorative products in Poland is over 80%. The entities currently holding the largest shares in the Polish construction chemicals market include: Atlas Group, Baumit, Henkel, Knauf Group, Kreisel, Mapei and Saint-Gobain Group. According to the Company's estimates, their share in the sales of construction chemicals in Poland accounts for approximately 50%.

Hungary

According to the Group's estimates, the decorative paints market in Hungary in Q2 of 2025 continued to struggle with the hardships that took place last year. In the absence of a clear demand impulse and with average macroeconomic indicators, sales volume remains at a level similar to last year.

The main factors influencing the economic situation in the industry, in the Group's opinion, have changed slightly compared to Q1 this year. The most important factors include: slower than expected economic growth, low level of consumer confidence[34], weaker-than-anticipated real wage growth, and interest rates that remain elevated (6.5%)[35].

In the reporting period, the largest entities operating in the Hungarian market were as follows: Poli-Farbe (from the Śnieżka Group), PPG Trilak and AkzoNobel Coatings. Their total share in the above market is estimated at approx. 75% in value terms.

[30] Source: Statistics Poland (GUS), Socio-Economic Situation of the Country, 2025.
[31] Source: Statistics Poland (GUS), Consumer Confidence Survey – August 2025.
[32] Ibid.
[33] Source: Śnieżka Group internal research.
[34] Source: GKI Economic Research Co., Economic Sentiment Index, August 2025.
[35] Source: Magyar Nemzeti Bank (Central Bank of Hungary), Base Rate History, August 2025.

Ukraine

According to the Group's estimates, the Ukrainian paints and varnishes market in Q2 2025 continued to face difficulties that have persisted for several years and are directly related to the on-going armed conflict. Based on the Management Board's opinion, the level of sales volume remained similar to the volumes recorded in the same period of the previous year.

Q2 of 2025 did not differ in the Group's assessment from Q1 this year. The situation in the paints and varnishes market remains complicated due to: an increase in the prices of basic goods and electricity[36]; the UAH currency devaluation[37]; a decrease in the purchasing power of consumers[38]; and continuing regulations on military mobilization, which had a direct impact on the activities of enterprises and purchasing activity. Another important factor is the operation of enterprises in a high-risk zone for missile attacks.

The biggest players in the production of decorative paints in the Ukrainian market are as follows: Śnieżka-Ukraina, Tikkurila, Meffert Hansa Farben, Henkel, ZIP, DAW, Eskaro, Feidal, Polisan, Olejníkov.

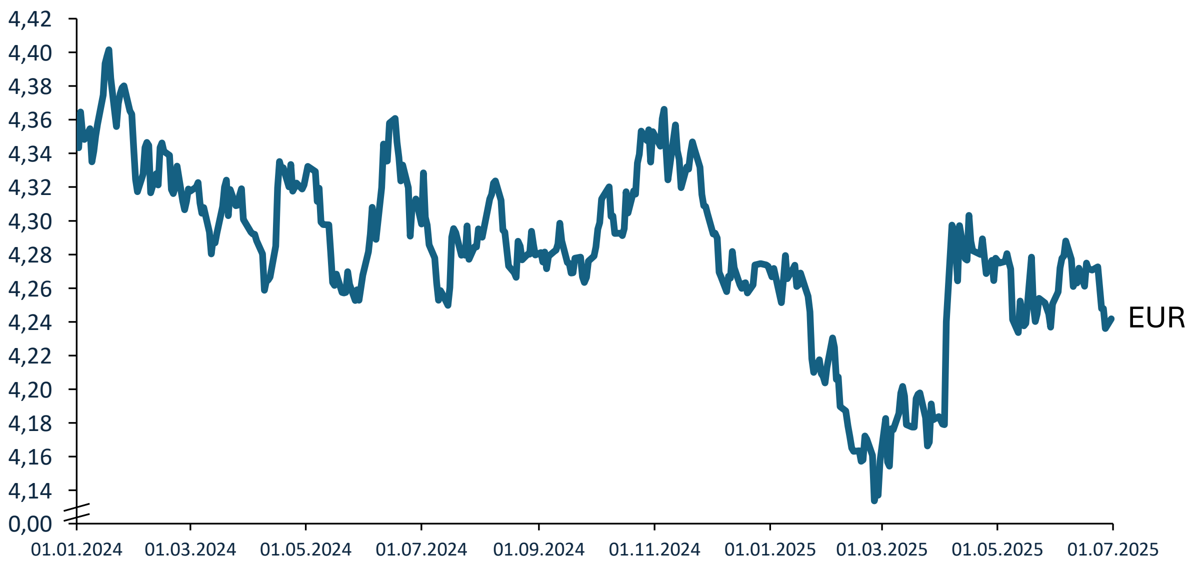
Changes in the exchange rates of the Group's key currencies

At the end of Q2 of 2025, PLN strengthened against EUR and USD compared to the end of 2024. As far as the USD/PLN exchange rate is concerned, a more dynamic impulse of strengthening (11.82%) of the Polish currency is noticeable than in the case of strengthening of EUR/PLN (0.73%).

During the first six months of 2025, the EUR/PLN exchange rate fluctuated between 4.1339 and 4.3033. The average NBP EUR/PLN exchange rate in the analysed period was 4.2317, while in the same period last year the average value was 4.3181, which represents a decrease in the current quote (y/y) by approx. PLN -0.09 (-2.0%).

In H1 of 2025, the USD/PLN exchange rate fluctuated between 3.6164 and 4.1904. The average NBP USD/PLN exchange rate in the above period was 3.8781, while in the same period last year the average value was 3.9932, which represents a decrease in the current quote (y/y) by approx. PLN -0.12 (-2.88%).

Figure 7. EUR quotations against PLN, source: NBP



[36] Source: State Statistics Service of Ukraine (SSSU), Consumer Price Indices for Goods and Services in 2025, August 2025.
[37] Source: National Bank of Ukraine (NBU), Official Exchange Rates, August 2025.
[38] Source: National Bank of Ukraine (NBU), NBU Key Policy Rate, August 2025.

Figure 8. USD quotations against PLN, source: NBP

The valuation of the PLN during the reporting period was determined, among other factors, by transatlantic trade tariff policies, the consequences of the wars in Ukraine and the Middle East, inflation, the monetary policies of major central banks, and the issue of EU aid funds.

At the end of June 2025, the PLN depreciated against the HUF by 1.96% compared with the end of 2024. In H1 of 2025, the 100 HUF/PLN exchange rate fluctuated between 1.0226 and 1.0645; the average NBP 100 HUF/PLN exchange rate in this period was 1.0458, while in the same period of the previous year the average value amounted to 1.1080, which represents a decrease in the current quote (y/y) by approximately PLN -0.06 (-5.61%).

Figure 9. HUF quotations against PLN, source: NBP

At the end of June of 2025, PLN strengthened against UAH by 11.37% compared to the end of 2024. In H1 of 2025, the UAH/PLN exchange rate fluctuated between 0.0865 and 0.0990; the average NBP UAH/PLN exchange rate in this period was 0.0931, while in the same period of the previous year the average value was 0.1024, which represents a decrease in the current quote (y/y) by nearly PLN 0.01 (-9.08%).

Figure 10. UAH quotations against PLN, source: NBP

The policy applied by the Group when converting items expressed in foreign currencies is described in the Consolidated Financial Statements of the Śnieżka Group for 2024 in point 2.4.6 *Conversion of items expressed in foreign currencies.*

In accordance with the policy, the Group adopted the closing exchange rate for UAH to PLN set by the National Bank of Poland on 27 June 2025, i.e. 1 UAH = 0.0869 PLN.

Raw materials

The first half of 2025 was characterized by a stabilization or occasionally a slight increase in the prices of raw materials used in the production of paints and varnishes. In the reporting period, this increase occurred in certain groups of raw materials, such as metal packaging, solvent resins, and dolomite fillers. As regards the availability of raw materials and packaging, the situation improved significantly, occasional restrictions on access to certain purchase items did not affect the continuity of production by the Śnieżka Group companies. In addition, the operation of supply chains in Europe and worldwide improved.

In H1 of 2025, no other significant events or threats in the area of procurement took place that would have a significant impact on ensuring the continuity of supplies of raw materials.

4.2 SALES RESULTS

In H1 2025, the Śnieżka Group generated sales revenues of PLN 380,328 thousand, down by 5.5% (PLN 22,320 thousand) compared with the corresponding period of the previous year. The Group recorded a decline in turnover value across all markets.

The Group's performance in H1 of 2025 was also adversely affected by the unstable geopolitical environment, including the pending armed conflict in Ukraine and its effects on the entire region of Central and Eastern Europe, where the Group's key markets are located. Despite the gradually increasing consumer purchasing power in 2024, in H1 of the current year the market conditions in the industry in which the Group operates remained weak.

Sales results in H1 2025 in the main markets (and the key factors behind them) were as follows:

Poland (73.4% share in the revenue structure)

Sales revenues generated by the Group in the Polish market amounted to PLN 279,246 thousand and thus were lower by 2,3% (PLN 6,653 thousand) compared to the corresponding period last year. The decline in sales value in H1 2025 in Poland was primarily driven by the persistently weak demand for decorative products, which constitute the Group's core business in the market in question.

Hungary (12.5% share in the revenue structure)

In Hungary, sales revenues generated by the Group amounted to PLN 47,542 thousand and thus were lower by 10,7% (PLN 5,706 thousand) compared to the previous year.

Lower revenues in the Hungarian market are the aftermath of persistent unfavourable macroeconomic and geopolitical conditions affecting consumer sentiment and the economic situation in the industry, in which the Group operates. The decline in revenues in local currency in the Hungarian market amounted to 6% y/y.

Ukraine (10.4% share in the revenue structure)

In Ukraine, the Group generated revenues of PLN 39,392 thousand, down by 8.2% y/y (PLN 3,516 thousand). In local currency terms, revenue dynamics in the Ukrainian market were positive at 1.7% y/y. The Company's Management Board emphasizes that the situation in the Ukrainian market remains uncertain and challenging, and in its view, the H1 2025 results should not be regarded as a basis for forecasting the Group's performance in subsequent periods.

in other markets ("Other" segment), the Group generated sales revenues of PLN 14,148 thousand, i.e. by 31.3% lower than the year before. The main reason for this significant decline is the sanctions imposed by the EU on Belarus during 2024, as a result of which the Group is prevented from conducting active trade in this market. The Group's total revenues generated in H1 2025 in other foreign markets accounted for 3.7% of its overall revenues.

Table 4. Sales revenues of the Śnieżka Group by countries

	the period of 6 months ended as at 30 June 2025	Structure	the period of 6 months ended as at 30 June 2024	Change (y/y)
Poland	279 246	73.4%	285 899	-2.3%
Hungary	47 542	12.5%	53 248	-10.7%
Ukraine	39 392	10.4%	42 908	-8.2%
Other	14 148	3.7%	20 593	-31.3%
Total sales	**380 328**	**100.0%**	**402 648**	**-5.5%**

The Group's sales structure is dominated by decorative products. In the first six months of 2025, the Group generated from their sale the amount of PLN 316,771 thousand - i.e. 5.2% less than in the corresponding period of the previous year (PLN 17,499 thousand).

Thus, decorative products accounted for 83.4% of the Group's total sales revenues, and their share in the sales structure was higher by 0.4% than the year before.

Construction chemicals ranked second in the sales structure, with an 11.6% share. The Group's revenues from the sale of products in this category amounted to PLN 44,164 thousand and were by 1.8% lower than in 2024.

Table 6 Sales revenues of the Śnieżka Group by product categories

	the period of 6 months ended as at 30 June 2025	Structure	the period of 6 months ended as at 30 June 2024	Change (y/y)
Decorative products	316 771	83.4%	334 270	-5.2%
Construction chemicals	44 164	11.6%	44 978	-1.8%
Industrial products	3 199	0.8%	3 350	-4.5%
Goods	12 841	3.4%	15 132	-15,1%
Other revenues	2 439	0.6%	2 956	-17.5%
Materials	914	0.2%	1 962	-53.4%
Total sales	**380 328**	**100.0%**	**402 648**	**-5.5%**

FFIL ŚNIEŻKA SA

Since the change of the business model that took place at the beginning of 2021, Śnieżka SA has generated revenues primarily from:

- the sale of products and goods (based on agreed transfer prices) to Śnieżka ToC responsible in the Group for marketing and sales to customers and other Group companies;
- dividends received from subsidiaries.

Additional revenues, constituting a small share of the total, are generated by FFiL Śnieżka SA from the sale of raw materials for production and services to its subsidiaries.

In H1 of 2025 FFIL ŚNIEŻKA SA generated sales revenues in the amount of PLN 251,459 thousand, i.e. by 8% lower than in the corresponding period of the previous year.

The dominant share in the total revenues of the Company (97.4%) in the reporting period was the sale of products and goods to Śnieżka ToC, recognized in the "Poland" segment.

Compared to the previous year, it decreased by 7.6%, i.e. to PLN 244,880 thousand.

In addition, in the reporting period, FFiL Śnieżka SA also generated revenues from the sale of raw materials to its subsidiaries located in Hungary and Ukraine, as well as from the sale of advertising materials to Śnieżka ToC, in the total amount of PLN 6,579 thousand. The Company's sales to foreign markets which are key from the Group's point of view (the "Hungary" and "Ukraine" segments) accounted for 2.6% of its total revenues.

Table 7 Sales revenues of the FFIL ŚNIEŻKA SA by countries

	the period of 6 months ended as at 30 June 2025	Structure	the period of 6 months ended as at 30 June 2024	Change (y/y)
Poland	244 880	97.4%	264 922	-7.6%
Hungary	592	0.2%	168	252.4%
Ukraine	5 853	2.3%	7 756	-24.5%
Other	134	0.1%	434	-69.1%

Total sales	**251 459**	**100.0%**	**273 280**	**-8.0%**

In the breakdown by product categories, the Company's sales structure - as in the case of the entire Group - was dominated by decorative products. Their share in revenues was 79% and remained unchanged year-on-year. The subsequent positions in the sales structure were taken by: other revenues (services) – 7.3%, goods – 5.2%, and construction chemicals – 5.2%.

Table 8 Sales revenues of the FFIL ŚNIEŻKA SA by product categories

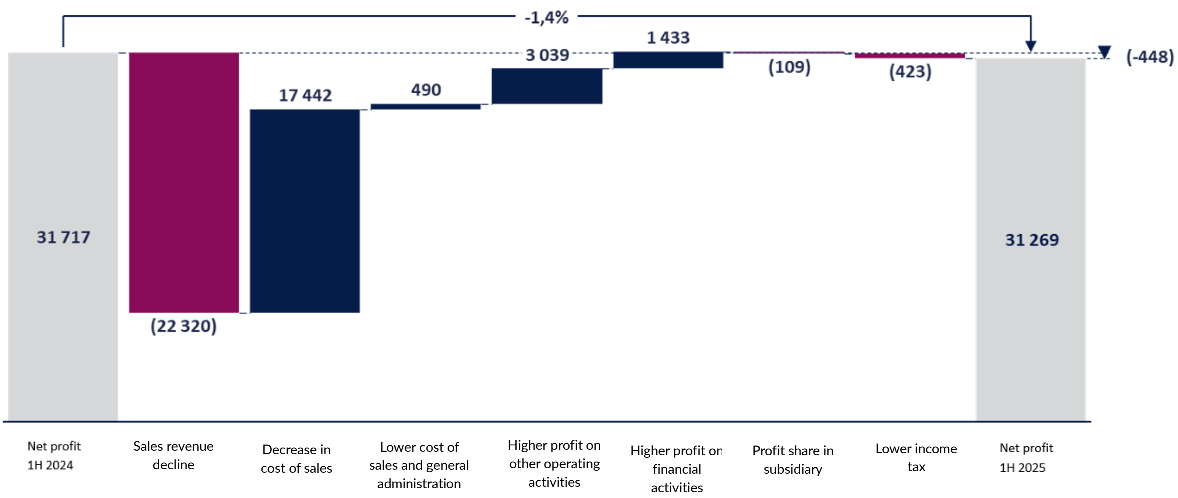
	the period of 6 months ended as at 30 June 2025	Structure	the period of 6 months ended as at 30 June 2024	Change (y/y)
Decorative products	198 744	79.0%	215 489	-7.8%
Construction chemicals	13 024	5.2%	13 647	-4.6%
Industrial products	80	0.0%	103	-22.3%
Goods	12 998	5.2%	15 253	-14.8%
Other revenues	18 365	7.3%	17 900	2.6%
Materials	8 248	3.3%	10 888	-24.2%
Total sales	**251 459**	**100.0%**	**273 280**	**-8.0%**

4.3. MAJOR FACTORS AFFECTING FINANCIAL RESULTS

The Śnieżka Group

In H1 of 2025, the Śnieżka Group generated a consolidated net profit of PLN 31,269 thousand, i.e. by 2.4% lower than in the corresponding period of the previous year.

Figure 11. The impact of individual items in the statement of comprehensive income on the Group's net profit



The Group's net profit between January and June of 2025 was primarily affected by:

- a decrease in sales revenues (PLN -22,320 thousand), including: weaker performance in all markets: Polish (-2.3%), Hungarian (-10.7%), Ukrainian (-8.2%) and other markets (-31.3%),
- a decrease in cost of sales by 8.4% (PLN 17,442 thousand),

- a slight decrease in selling and general administrative expenses by 0.3% (PLN 490 thousand),
- a positive profit form other operating activities for the six months of the current year, mainly due to revenues from the sale of fixed assets and lower provisions for doubtful receivables,
- an improvement in the financial activities result by PLN 1,433 thousand, mainly due to lower costs of servicing interest-bearing debt,"
- a higher income tax by PLN 423 thousand.

Table 9 The basic elements of the profit and loss account of the Śnieżka Group

	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024	Change (y/y)
Sales revenues	**380 328**	**402 648**	**-5.5%**
Cost of sales	190 524	207 966	-8.4%
Selling and general administrative expenses	142 998	143 488	-0.3%
Profit from other operating activities	545	(2 494)	-121.9%
Profit from financing activities	(7 912)	(9 345)	-15.3%
Share in associate's profit	25	134	-81.3%
Gross profit	39 464	39 489	-0.1%
Profit from operating activities (EBIT)	47 351	48 700	-2.8%
Profit from operating activities + depreciation (EBITDA)	66 477	67 373	-1.3%
Income tax	8 195	7 772	5.4%
Net profit, including:	**31 269**	**31 717**	**-1.4%**
profit attributable to shareholders of the parent company	30 020	30 026	0.0%

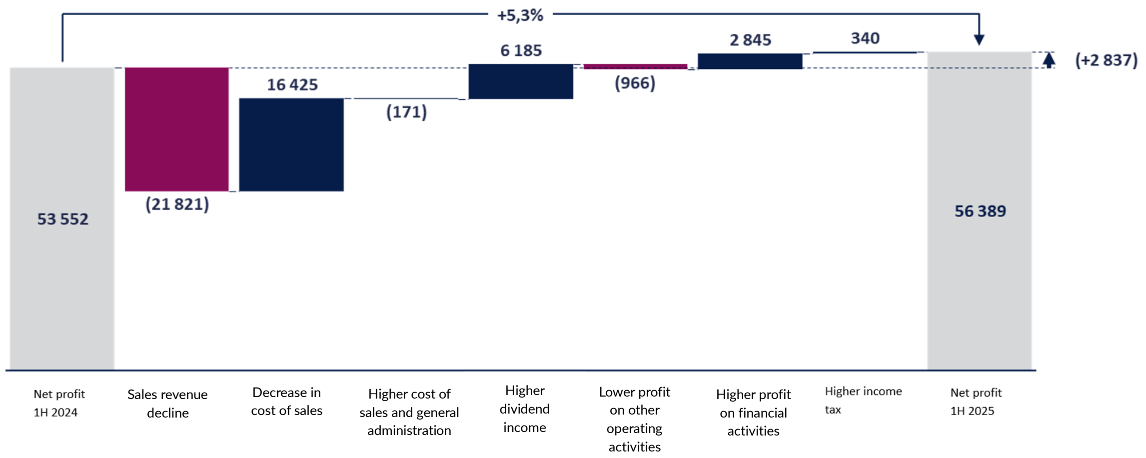
The Company did not publish forecasts of financial results for 2025, both on a consolidated and standalone basis, however, on March 26, 2024, Current Report No. 2/2024 was released, informing about the strategic goals of the Śnieżka Group. The strategic goals planned to be achieved by 2028 include:

- achieving consolidated net revenues of PLN 1.1 billion,
- achieving a consolidated operating profit margin of the Śnieżka Group increased by depreciation (EBITDA margin) of 18%,
- higher than 20% share of the Group achieved in each of the key markets: Poland, Hungary and Ukraine.

Fabryka Farb i Lakierów Śnieżka SA

FFiL Śnieżka SA in H1 of 2025 recorded a decrease in sales revenues by 8.0% compared to the same period of the previous year. The Company generated a net profit of PLN 56,389 thousand, i.e. by PLN 2,837 thousand higher than in the corresponding period of the previous year.

Figure 12. The impact of individual items in the statement of comprehensive income on the Group's net profit FFIL ŚNIEŻKA SA



The Company's performance in this period was mainly affected by:

- a decrease in sales revenues by 8.0% to PLN 251,459 thousand;
- a decrease in gross margin by PLN 5,396 thousand,
- a slightly increase in selling and general and administrative expenses by 0,3% i.e. by PLN 171 thousand,
- a higher value of dividends received by the parent company from subsidiaries, up by PLN 6,185 thousand,
- a lower profit by PLN 966 thousand from other operating activities,
- a lower loss from financing activities (by PLN 2,845 thousand), primarily due to lower interest on loans and borrowings;
- a lower income tax by PLN 340 thousand.

4.4 FINANCIAL STANDING

The Śnieżka Group

The level of the Group's balance sheet values is influenced by the phenomenon of seasonality related to the volatile intensity of renovation and construction works in particular periods of the year (described in more detail in sec. 4.7 of the Report).

Therefore, the values of such balance sheet items as: total assets, trade receivables and trade liabilities as at the end of June, as a rule, differ significantly from the values of these balance sheet items at the end of the previous year.

Due to the above, the Group decided to provide a commentary on the performance presenting the state of assets and liabilities after six months of the year: as at June 30, 2025 and June 30, 2024.

Table 10. The Śnieżka Group's assets

Group's assets	30.06.2025	30.06.2024	Change (y/y)
Fixed assets, including:	**539 940**	**559 836**	**-3.6%**
- Tangible fixed assets	476 940	491 628	-3.0%
- other fixed assets	63 000	68 208	-7.6%
Current assets, including:	**276 487**	**317 517**	**-12.9%**
- Inventory	119 344	131 484	-9.2%
- Trade and other receivables	119 358	138 942	-14.1%
- Cash and cash equivalents	33 638	44 745	-24.8%
- other current assets	4 147	2 346	76.8%
Non-current assets classified as held for sale	450	345	30.4%
Total	**816 877**	**877 698**	**-6.9%**

On June 30, 2025, the value of the assets of the Śnieżka Group was PLN 816,887 thousand, which represents a decrease by PLN 60,821 thousand (i.e. by 6.9%) compared to the end of June 2024. The value of the Group's fixed assets (representing 66.1% of its total assets) decreased by 3.6% during the year to PLN 539,940 thousand. The value of the Group's current assets amounted to PLN 276,487 thousand, which represents a decline by 12.9% compared to June 30, 2024. The main item of the Group's current assets were inventories valued at PLN 119,358 thousand, the value of which, compared to the previous year, went down by 14.1%. The second largest item were inventories valued at PLN 119,344 thousand, i.e. by -9.2% lower than in 2024. As at June 30, 2025, the Group held PLN 33,638 thousand cash (a decline by 24.8% y/y).

Table 11. The Śnieżka Group's liabilities

Group's liabilities	30.06.2025	30.06.2024	Change (y/y)
Total equity, including:	**387 178**	**358 853**	**7.9%**
- Equity (attributable to the shareholders of the parent company)	367 952	337 003	9.2%
- Equity of non-controlling interest	19 226	21 850	-12.0%
Total liabilities	429 699	518 845	-17.2%
Long-term liabilities	**230 956**	**288 141**	**-19.8%**
Short-term liabilities, including:	**198 743**	**230 704**	**-13.9%**
- Trade and other liabilities	95 741	109 917	-12.9%
- Short-term liabilities on loans and borrowings	54 590	71 591	-23.7%
- Other short-term liabilities	48 412	49 196	-1.6%
Total	**816 877**	**877 698**	**-6.9%**

As at June 30, 2025 the Group had equity in the amount of PLN 381,178 thousand, i.e. higher by 7.9% than by the end of June 2024. At the same time, its level of external debt decreased. Consequently, the Group financed its operations from its own resources at 47.4%, which represents an increase of this level by 6.5% over the year. At the end of the reporting period, the Group's long-term liabilities amounted to PLN 230,956 thousand, which represents a decrease of 19.8% (PLN 57,185 thousand) y/y. Liabilities falling due more than twelve months after the balance sheet date accounted for 28.3% of total assets.

The Group's short-term liabilities amounted to PLN 198,743 thousand, representing a year-on-year decrease of 13.9% and accounting for 24.3% of total assets. As a result of changes in the financing structure, the value of bank loans (both short-term and long-term) decreased by PLN 80,205 thousand to PLN 262,683 thousand, representing 32.1% of total assets as at 30 June 2025.

Compared to the end of June of the previous year, the Group's trade and other payables decreased by PLN 14,176 thousand, to PLN 95,741 thousand.

Put and call options

The Group's balance sheet includes a put option, i.e. a liability under the option to purchase shares of Poli-Farbe Vegyipari Kft. held by a minority shareholder. It reduces the Group's equity by PLN 25,166 thousand as at June 30, 2025. The essence of this option is that Lampo Kft. – the other shareholder of Poli-Farbe Vegyipari Kft. – has the right to sell (put option), and FFiL Śnieżka is obliged to purchase the remaining 20% of shares in this company. Whereas the call option entitles the Company, in special circumstances, to acquire the remaining 20% of shares.

Fabryka Farb i Lakierów Śnieżka SA

Similarly to the Group, the balance sheet figures of FFiL Śnieżka SA are affected by seasonality. Consequently, the Company decided to provide a commentary on the performance presenting the state of assets and liabilities after six months of the year: as at June 30, 2025 and June 30, 2024.

Table 12. FFIL ŚNIEŻKA SA's assets

Company's assets	30.06.2025	30.06.2024	Change (y/y)
Fixed assets, including:	**640 146**	**652 086**	**-1.8%**
- Tangible fixed assets	411 215	420 349	-2.2%
- Shares and stocks in other entities	201 002	200 822	0.1%
- other fixed assets	27 929	30 915	-9.7%
Current assets, including:	**239 759**	**237 462**	**1.0%**
- Inventory	95 138	91 743	3.7%
- Trade and other receivables	131 701	139 116	-5.3%
- Cash and cash equivalents	9 419	4 848	94.3%
- other current assets	3 501	1 755	99.5%
Non-current assets classified as held for sale	**349**	-	-
Total	**880 254**	**889 548**	**-1.0%**

As at 30 June 2025, the Company's assets amounted to PLN 880,254 thousand, representing a decrease of PLN 9,294 thousand, i.e. 1.0%, compared to the end of June of the previous year. The value of the Company's non-current assets (accounting for 72.8% of its total assets) declined by 1.8% year-on-year, to PLN 640,146 thousand, as a result of a decrease in the asset categories of other non-current assets and property, plant and equipment.

The Company's current assets amounted to PLN 239,759 thousand, i.e. 1.0% higher than as at 30 June 2024. The main item of these assets was trade and other receivables, which were 5.3% lower than a year earlier and amounted to PLN 131,701 thousand. Inventories on hand were valued at PLN 95,138 thousand, representing an increase of 3.7% (i.e. PLN 3,395 thousand) compared to the previous year.

At the end of June 2025, the Company held PLN 9,419 thousand in cash and cash equivalents (an increase of PLN 4,571 thousand year-on-year) as well as PLN 3,501 thousand in other current assets in the form of income tax receivables.

Table 13. FFIL ŚNIEŻKA SA's liabilities

Company's liabilities	30.06.2025	30.06.2024	Change (y/y)
Equity	**309 463**	**280 652**	**10.3%**
Total liabilities	570 791	608 896	-6.3%
Long-term liabilities, including:	**442 366**	**452 001**	**-2.1%**
- Long-term interest-bearing loans and borrowings	419 705	440 945	-4.8%
- Other long-term liabilities	22 661	11 056	105.0%
Short-term liabilities, including:	**128 425**	**156 895**	**-18.1%**
- Trade and other liabilities	59 946	90 066	-33.4%
- Current portion of interest-bearing loans and borrowings	46 937	50 396	-6.9%
- Other short-term liabilities	21 542	16 433	31.1%
Total	**880 254**	**889 548**	**-1.0%**

As at June 30, 2025, FFiL Śnieżka SA financed 35.2% of its operations with equity, representing an increase of 3.6% compared to the end of June of the previous year. At the end of the reporting period, the Company's non-current liabilities amounted to PLN 442,366 thousand (a decrease of PLN 9,635 thousand year-on-year), accounting for 50.3% of total assets.

As part of the liabilities presented in the statement as of June 30, 2025, the Company held loans and borrowings from its subsidiaries Śnieżka ToC and Rafil, which forms part of the Group's optimal liquidity management.

The total value of the loans and borrowings at the end of the analysed period amounted to PLN 237,334 thousand in principal (classified as non-current liabilities, including ToC: PLN 226,381 thousand; Rafil: PLN 10,000 thousand) and PLN 953 thousand in accrued interest (classified as current liabilities, including ToC: PLN 906 thousand; Rafil: PLN 47 thousand).

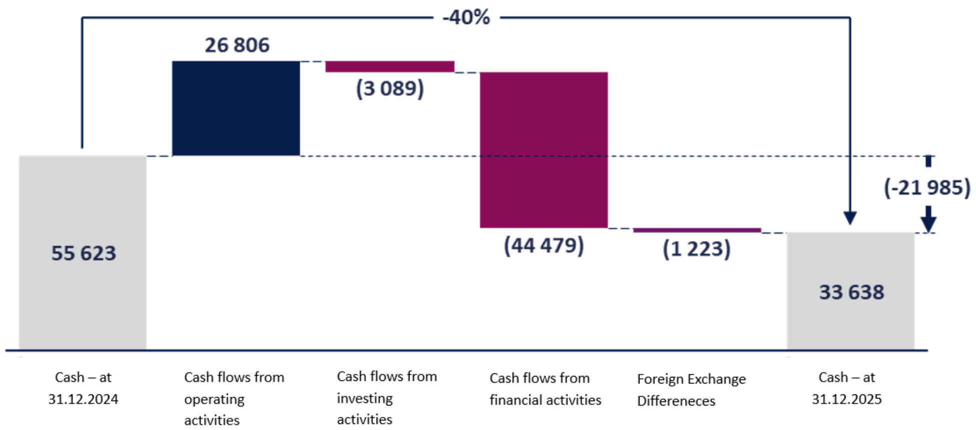
The Company's current liabilities decreased by 18.1% (PLN 28,470 thousand). This balance sheet item was mainly affected by a decrease in trade payables and other liabilities (PLN -30,120 thousand). The current portion of interest-bearing loans and borrowings amounted to PLN 46,937 thousand at the end of the reporting period, representing a 6.9% year-on-year decrease.

4.5 CASH FLOWS

The Śnieżka Group

In the first half of 2025, the Group recorded negative cash flows of PLN 21,985 thousand (after adjustment for foreign exchange differences on the translation of foreign subsidiaries), compared to negative cash flows of PLN 20,920 thousand in the previous year. As a result, at the end of the reporting period, the Group's cash and cash equivalents amounted to PLN 33,638 thousand.

Figure 13. The Group's cash flows in H1 of 2025



This performance was affected by:

- **positive cash flows from operating activities of PLN 26,806 thousand**

The following factors had a positive impact on the amount: profit before tax of PLN 39,464 thousand, change in liabilities of PLN 34,642 thousand, depreciation of PLN 19,126 thousand, and interest expenses of PLN 7,313 thousand. On the other hand, the main negative factors included: change in receivables of PLN 58,898 thousand, change in inventories of PLN 19,673 thousand, and income tax paid of PLN 4,018 thousand.

- **negative cash flows from investing activities of PLN 3,089 thousand**

In cash flows from investing activities, the Group reports total CAPEX outflows of PLN 6,583 thousand; on the positive side, proceeds from the sale of property, plant and equipment amounted to PLN 3,494 thousand.

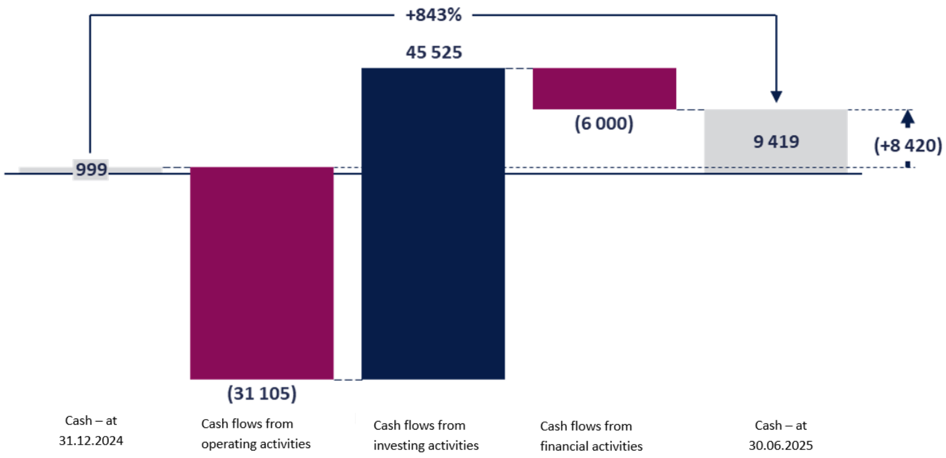
- **negative cash flows from financing activities of PLN 44,479 thousand**

Alongside inflows from existing credit lines of PLN 16,316 thousand – arising from investment needs as well as on-going operating activities – the key factors affecting final cash flows from financing activities were the partial repayment of loans (-PLN 11,375 thousand), interest payments (-PLN 7,868 thousand), and dividend pay-outs of PLN 40,933 thousand.

Fabryka Farb i Lakierów Śnieżka SA

After the first six months of 2025, the Company generated positive cash flows of PLN 8,420 thousand (compared to positive cash flows of PLN 4,103 thousand in the previous year). At the end of the reporting period, the Company's cash amounted to PLN 9,419 thousand.

Figure 14. FFIL ŚNIEŻKA SA's cash flows in H1 of 2025



They were affected by:

- **negative cash flows from operating activities in the amount of PLN 31,105 thousand**

The following factors had a positive impact on their amount: profit before tax of PLN 58,698 thousand, change in liabilities of PLN 25,826 thousand, adjustment of finance costs of PLN 12,981 thousand, depreciation of PLN 13,749 thousand, and change in provisions of PLN 7,640 thousand. On the negative side, the main factors were: change in receivables of PLN 82,531 thousand, adjustment for received dividends of PLN 47,587 thousand, and change in inventories of PLN 16,527 thousand.

- **positive cash flows from investing activities in the amount of PLN 45,525 thousand.**

In cash flows from investing activities, the Company reports total CAPEX outflows of PLN 2,863 thousand; on the positive side, proceeds from the sale of property, plant and equipment amounted to PLN 888 thousand, and dividends received totalled PLN 47,500 thousand.

- **negative cash flows from financing activities in the amount of PLN 6,000 thousand.**

This item was positively affected by inflows from existing credit lines and loans and borrowings (totalling PLN 126,188 thousand); the largest negative impact, however, came from the partial repayment of loans and borrowings (PLN 80,234 thousand) together with interest payments (PLN 13,578 thousand), as well as dividend pay-outs of PLN 37,853 thousand.

4.6 FINANCIAL RATIOS

Group's profitability ratios

In Q1 of 2025, the Śnieżka Group recorded higher percentage margins compared to the corresponding period of the previous year. The gross profit margin on sales, which amounted to 49.9% in the analysed period (an increase of 1.5%), was driven by a favourable relationship between production costs and sales value. This also had a positive impact on the profitability of subsequent result categories: the EBIT margin reached 12.5% (an increase of 0.4%), the EBITDA margin 17.5% (an increase of 0.7%), and the net profit margin 8.2% (an increase of 0.3%).

In the reporting period, however, the ROA ratio was lower (-0.1%) as was ROE (-1.3%); in the latter case, the decline was mainly attributable to the higher average equity level (an increase of +7.1%), while net profit calculated cumulatively over the last four quarters remained at the same level year-on-year.

Table 14. The Group's profitability ratios

	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
EBIT margin in % (EBIT / Sales revenues) x 100%	12.5%	12.1%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	17.5%	16.7%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	49.9%	48.4%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	8.2%	7.9%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	8.7%	8.8%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	19.0%	20.3%

** Total net profit of the Group for the last four quarters divided by the average value of total assets of the Group at the end of the last 5 quarters.*

*** Total net profit attributable to the shareholders of the parent company for the last 4 quarters divided by the average value of equity attributable to shareholders of the parent company at the end of the last 5 quarters.*

Group's liquidity and debt ratios

As at June 30, 2025, the Śnieżka Group's total debt ratio decreased by 6.5 p.p. year-on-year, driven by the accelerated decline in liabilities relative to total assets. Due to a 3.6% year-on-year decrease in non-current assets and, at the same time, a 7.9% increase in equity, the fixed assets coverage ratio with equity improved by 7.6%, reaching 71.1%.

The Group's current ratio amounted to 1.4 and was at the same level as in the previous year; similarly, the quick ratio remained at 0.8, while the cash ratio declined from 0.19 to 0.17.

The Management Board of the Company monitors the economic and social situation in its main markets as far as the demand for the Group's products is concerned. Taking this into account, it undertakes measures aimed at maintaining the Group's optimal and safe liquidity level.

At the end of the first half of 2025, the Group's net debt to EBITDA ratio stood at 1.69, compared to 2.08 in the previous year. The Śnieżka Group manages its interest-bearing debt in a conservative manner, assuming in the long term that the optimal level of indebtedness is around 1x EBITDA. Concurrently, in order to ensure financing at the optimal level, the Company prolongs credit agreements as needed.

Table 15. The Group's liquidity and debt ratios

	30.06.2025	30.06.2024
Current liquidity ratio (Current assets / Short-term liabilities)	1.4	1.4
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	0.8	0.8
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.17	0.19
Total debt ratio (Total liabilities / Total assets) x 100%	52.6%	59.1%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	71.7%	64.1%

Group's rotation ratios

In H1 of 2025, the Group's cash conversion cycle amounted to 79 days, which represents a reduction of two days compared to the corresponding period of the previous year. The six-day decrease in the receivables cycle was almost entirely offset by a comparable decrease in the payables cycle.

Table 16. The Śnieżka Group's rotation ratios

	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
Inventory cycle (Inventory level x 180 /Cost of sales) in days	112.8	113.8
Receivables cycle (Trade and other receivables x 180 / Sales revenues) in days	56.5	62.1
Payables cycle (Trade and other liabilities x 180 / Cost of sales) in days	90.5	95.1
Cash conversion cycle (Inventory cycle + receivables cycle - payables cycle) in days	78.8	80.8

FFIL ŚNIEŻKA SA

Company's profitability ratios

In the reporting period, the Company achieved a gross profit margin on sales of 33.5%, i.e. 0.7% higher than in the previous year. This resulted from lower sales revenues (-8.0%), with the rate of decline slightly differing from the decrease in the cost of sales (-8.9%).

At the same time, in the first half of 2025, FFiL Śnieżka SA achieved higher margins than in the previous year at the following levels: operating profit (EBIT) margin (+2.2%), EBITDA margin (+2.9%), and net profit margin (+2.8%).

Table 17. FFIL ŚNIEŻKA SA's profitability ratios

	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
EBIT margin in % (EBIT / Sales revenues) x 100%	28.5%	26.4%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	34.0%	31.1%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	33.5%	32.8%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	22.4%	19.6%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	7.8%	7.9%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	22.6%	25.8%

** Total net profit for the last 4 quarters divided by the average value of total assets as at the end of the last 5 quarters.*

*** Total net profit for the last 4 quarters divided by the average value of equity at the end of the last 5 quarters.*

Company's liquidity and debt ratios

As at June 30, 2025, the Company's total debt ratio decreased by 3.6%, while the fixed assets coverage ratio with equity increased by 5.3%, mainly as a result of a 10.3% increase in equity accompanied by a slight decrease in non-current assets.

The Company's current ratio improved by 0.4 compared to the previous year, which stemmed from a decrease in current liabilities (by 18.1%), while the increase in current assets (by 1.0%) further strengthened the upward trend of the ratio.

Table 18. The FFIL ŚNIEŻKA SA's liquidity and debt ratios

	30.06.2025	30.06.2024
Current liquidity ratio (Current assets / Short-term liabilities)	1.9	1.5
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	1.1	0.9
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.07	0.03
Total debt ratio (Total liabilities / Total assets) x 100%	64.8%	68.5%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	48.3%	43.0%

Rotation ratios

In H1 of 2025, the Company's cash conversion cycle amounted to 132 days, representing an extension of 39 days compared to the previous year.

This was mainly the result of a nearly 24-day shortening of the payables cycle, a 13-day increase in inventory turnover, and a three-day extension of the receivables cycle.

Table 19. FFIL ŚNIEŻKA SA's rotation ratios

	the period of 6 months ended as at 30 June 2025	the period of 6 months ended as at 30 June 2024
Inventory cycle (Inventory level x 180 /Cost of sales) in days	102.4	89.9
Receivables cycle (Trade and other receivables x 180 / Sales revenues) in days	94.3	91.6
Payables cycle (Trade and other liabilities x 180 / Cost of sales) in days	64.5	88.2
Cash conversion cycle (Inventory cycle + receivables cycle - payables cycle) in days	132.1	93.3

4.7 SEASONALITY

The activity of the Śnieżka Group's companies is characterized by the phenomenon of seasonality. It is related to the rise in demand for the Group's products, due to the intensity of renovation and construction works, falling primarily in the spring and summer months. The Group usually generates higher revenues in the second and third quarters of each financial year. They constitute approx. 60% of its annual sales revenues.

The occurring phenomenon of seasonality also affects:

- the change in the need for working capital, which is a lot higher in the second and third quarters compared to the end of December of the previous year,
- the level of production in selected Group companies in individual months of the year.

4.8 FACTORS THAT MAY AFFECT THE GROUP'S PERFORMANCE IN THE FOLLOWING QUARTERS

The performance of the Śnieżka Group in the coming months of 2025 will be influenced primarily by the performance of FFiL Śnieżka SA (parent company) and Śnieżka Trade of Colours Sp. z o.o.

In addition, due to the significant share in the Group's consolidated revenues and profits, the performance of selected subsidiaries operating in key foreign markets will be of crucial importance, particularly Poli-Farbe Vegyipari Kft. (Hungary) and Śnieżka-Ukraina Sp. z o.o. (Ukraine).

The Company's Management Board estimates that the main external factors that will affect the performance of the Group and individual companies in the coming quarters will be:

1. **Demand for the Group's products and possible changes in consumer behaviour**

The Śnieżka Group monitors consumer sentiment, the financial condition of consumers and their purchasing plans in its key markets (Poland, Hungary, Ukraine) and in its most important product categories.

Demand in future periods may be influenced by a number of factors, including: the interest rate reduction cycle initiated by the Monetary Policy Council; lower inflation readings compared to previous years; and continued wage growth. According to analyses by Statistics Poland (GUS), consumer sentiment in Poland – aggregated in the Current Consumer Confidence Index (BWUK)[39] – amounted to -13.5 in the second quarter of 2025 (-1.1 points year-on-year). The Leading Consumer Confidence Index (WWUK), which reflects the expected trends in individual consumption over the next 12 months, recorded a year-on-year decline. It currently stands at -8.4 (-0.6 points year-on-year)[40].

The Group analyses, including: how global factors (e.g. the effects of the war in Ukraine or tensions in international trade) and local ones (e.g. inflation and changes in wages) affect the GDP indicator in individual countries, with which the condition of the decorative paints industry is strongly correlated. A constant element of the activities carried out is the monitoring of situation in this sector in key markets, which provides the possibility of predicting alternations in consumer attitudes, as well as adapting the offer as well as marketing and sales activities to volatile conditions.

2. **Consequences of the armed conflict on the territory of Ukraine**

Military operations in the territory of Ukraine have a negative impact on the Group's operations and performance in the Ukrainian market.

According to the Company's knowledge at the time of the publication of this report, the property of Śnieżka-Ukraina is not endangered (its production plant is located in Yavoriv, Lviv region). At the moment, there are no premises that would indicate the loss of the ability to continue business operations in Ukraine. Nevertheless, the in-progress armed conflict and the concentration of the Russian army on destroying the energy infrastructure may cause disruptions in the energy supply, which may affect the efficiency of the production plant. In the longer term, it may also affect renovation works, and thus the demand for the company's products.

The on-going warfare in Ukraine may have an essential effect on the future performance of Śnieżka-Ukraina and, as a result, the entire Group.

The industry's results in recent quarters have deteriorated, giving a signal that a return to the volumes sold before the war may not be easy to achieve in the short term.

[39] The BWUK and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in consumer sentiment, while negative values reflect its deterioration.
[40] Source: Statistics Poland (GUS), Consumer Confidence Survey – June 2025.

At the same time, due to external factors and the current market environment, the Management Board of the Company is currently unable to estimate the impact of the war on the future performance of the Group in the said market.

The Śnieżka Group monitors the conditions in Ukraine on a regular basis and adapts its activities and plans to the current situation.

It also continues to monitor its core markets, constantly verifying, inter alia, the impact of the armed conflict in Ukraine on the condition of economies, the sentiment and financial condition of consumers or their purchasing plans.

Table 20. The exposure to risk of assets held in Ukraine as at June 30, 2025 is as follows (data in PLN thousand):

Data in PLN '000	Balance sheet as at 30.06.2025
PP&E	17 070
Inventory	8 137
Current receivables	4 665
Cash	17 751
Other assets	791
Total assets	**48 413**
Net assets (Equity)	**43 491**

3. The situation in global trade and its impact on the pace of economic growth

The World Trade Organization (WTO) Goods Trade Barometer reading in April 2025 amounted to 103.5 points, improving from the March reading of 102.8 points[41].

As WTO analysts point out, the Goods Trade Barometer is a composite leading indicator of world trade, providing early signals on the direction of changes in merchandise trade relative to past trends. Initial forecasts (prior to the announcement of tariff changes) for global trade growth in 2025 stood at 2.7%. As a result of uncertainty regarding the shape of the new U.S. trade policy, the forecasts were revised in April to -0.2%. Currently, the estimates for 2025 have once again increased to 0.9%. This can be explained by two underlying factors. Firstly, the conclusion of numerous trade agreements with the U.S., which contributed to market stabilization. Secondly, some importers, concerned about the possible introduction of higher tariffs, expedited shipments, which in turn stimulated global trade[42].

The situation in global trade translates into trade dynamics in the key markets where the Group operates, and consequently affects the economic condition of the countries that represent the Group's main sales markets. The paints and wood products industry, as well as the level of consumption of renovation and construction goods, are correlated with the level and dynamics of GDP growth. This is particularly essential in the case of Poland (the key market of the Group from the perspective of the sales revenues generated), where private consumption remains one of the main driving forces of the economy.

[41] Source: World Trade Organization (WTO), WTO Trade Barometers – April 2025, August 2025.
[42] Source: World Trade Organization (WTO), Goods Barometer Rises as Imports Surge in the First Quarter Ahead of Expected Tariff Hikes, August 2025.

The greatest threat to trade remains the on-going conflict in Ukraine, which affects the dynamics of sales in the industry both directly (due to the Group's presence in the Ukrainian market) and indirectly (including through its impact on energy commodity prices).

4. Changes in the prices of raw materials and packaging and their availability

The Company's Management Board envisages that due to the current economic and political situation in Europe and in the world, including the pending war in Ukraine and the Middle East, in 2025, as for some raw materials and packaging as well as other products, there may be further price increases. Determining the level of prices of key raw materials used in production may be subject to an insignificant error. The Company also monitors the changes to the European Union regulations on an on-going basis, describe later in this chapter, and takes appropriate steps to adapt to them.

Currently, the Company does not anticipate any events related to purchases of raw materials, packaging or other goods that could threaten its proper operation.

5. Changes in currency exchange rates

The Group's bottom-line may be significantly affected by changes in currency exchange rates, in particular: EUR/PLN, EUR/HUF, EUR/UAH, EUR/USD and USD/PLN, HUF/PLN, UAH/PLN. The greatest current currency risk for the Śnieżka Group is related to the potential strengthening of the EUR/PLN exchange rate, which may affect the change in the cost of purchasing raw materials used for production. A more detailed discussion of the risk related to exchange rate fluctuations can be found in section 5.1 Financial Risks.

6. Increase in energy prices affecting production costs

In the current macroeconomic and geopolitical environment, energy prices have stabilized, which translate into the final cost of production. In Poland, the Company has secured electricity at a fixed price for the entire years 2025 and 2026, and 100% of this energy is sourced from renewable sources.

At the Śnieżka Ukraina plant, the photovoltaic system completed in 2023, produces electricity for the plant's needs and ensures approximately 20% of demand coverage. In turn, at the Hungarian subsidiary Poli-Farbe, the photovoltaic system launched in September 2024 covers approximately 30% of the company's energy demand. In Poland, the documentation has been prepared and the required consents and building permits for photovoltaic systems have been obtained, but due to the lack of possibilities to obtain funding for the systems in question, the decision to implement them has been suspended.

7. The European Union regulations on paint and other products of the Group

The Śnieżka Group is subject to complex and increasingly restrictive European Union legal regulations regarding product safety and implementing the assumptions of the European Green Deal. Legal regulations concerning the content of biocidal substances, as well as other compounds used in production that pose or may pose risks to human health and the environment, are becoming increasingly stringent. The Group's priority is to ensure user safety while maintaining the quality and durability of its products. Śnieżka's specialized team conducts raw material analyses aimed at eliminating or substituting substances subject to restrictions arising, among others, from the REACH Regulation. The Group continuously monitors legal developments that may affect its operations and manufactured products.

The currently amended legal acts that require attention in the near future are Regulation (EC) No. 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (so-called CLP Regulation) together with amending regulations (so-called ATP), related to the classification of products and their appropriate labelling, depending on the content of the substance in the final product and affecting the information on the label.

8. Actions to prevent climate change

The Śnieżka Group is aware of the need to take action to counteract climate change. As part of the dual materiality assessment conducted in 2024, the Group's climate impact across the entire value chain was assessed as negative. On the contrary, the impact on local energy mixes resulting from the use of energy from renewable sources in Poland, as well as from own photovoltaic systems in two locations (Hungary and Ukraine), was assessed positively. Significant climate-related risks and opportunities associated with the energy transition have also been identified and incorporated into the actions defined in the Śnieżka Sustainable Development Strategy.

The Group's key decarbonisation initiatives are based on improving energy efficiency, transforming towards green energy and effectively managing greenhouse gas (GHG) emissions. By the end of 2026, the Group plans to develop a detailed transition plan, including the establishment of targets aligned with limiting global warming to 1.5°C. This plan will encompass an in-depth analysis of the Group's current environmental impact, specific emission reduction targets, and actions enabling the achievement of climate neutrality.

Other information

Investments

In the first half of 2025, the Śnieżka Group carried out its investments in line with the approved plan, focusing on areas that ensure the continued efficiency of operational activities. Total capital expenditures (CAPEX) in this period amounted to PLN 9.8 million, compared to PLN 16.4 million in the corresponding period of the previous year. Net capital expenditures (CAPEX), i.e. capital investments reduced by proceeds from the sale of fixed assets, amounted to PLN 6.4 million. The main share in these expenditures was attributed to FFiL Śnieżka SA, where investments were carried out in the areas of fleet (vehicle replacement) and production (including advance payments for the prefabrication of components for an automated palletizing line – a project implemented by Śnieżka SA for subsequent resale to Śnieżka-Ukraina). During the same period, investments were also carried out in the IT area, related to the development of existing software and cybersecurity. In addition, laboratory equipment was purchased for the Research and Development Department as well as the Quality and Climate Management Department. At the same time, a portion of the Company's fixed assets was sold, consisting mainly of motor vehicles and production equipment.

The implementation of investments proceeded in line with the approved budget plan, including necessary adjustments to align it with the current needs of the Group companies and the prevailing external environment. The investments were financed from the Group's own funds and bank loans, as well as through finance leases used to fund the purchase of the vehicle fleet.

Suppliers (sources of supply)

As part of the purchasing policy the Śnieżka Group takes advantages of a variety of raw materials and technical materials, such as titanium white, acrylic dispersions, styrene-acrylic dispersions, thickeners, solvents, pigments and fillers, resins and plastic, metal and paper packaging. The Group purchases strategic raw materials from suppliers with significant production capacities, while ensuring an optimal level of diversification. The Group has entered into agreements with all key suppliers and continues to seek new partners, both domestic and international, in order to optimize and diversify its supply chain, reduce costs, shorten delivery times, and enhance the innovativeness of its formulations.

In each case, the Group conducts detailed analysis of offers to ensure the best possible conditions for the purchase of raw materials, technical materials, equipment and services. Since 2022, the cooperation with suppliers has also been based on sustainable development guidelines, which is confirmed, among others, by: introduced the Śnieżka Group's Supplier Code, which covers suppliers of goods and services, sellers, contractors, subcontractors, intermediaries, as well as consultants and agents.

In the opinion of the Company's Management Board, current supply agreements do not contribute to dependence on any supplier in any manner that could adversely affect the operations of the entire Group.

5. RISKS IN THE GROUP'S OPERATIONS

The risk management system in the Śnieżka Group was comprehensively described in the annual report for 2024. This chapter presents significant risk factors and threats to the activities of the Śnieżka Group, related to the remaining months of the 2025 financial year.

5.1. FINANCIAL RISKS

Risks related to changes in exchange rates

The Group's operations are exposed to the risk of changes in currency exchange rates. The Group imports raw materials used for the production of paint and varnish products, which are mostly paid in Euro. Therefore, the greatest currency risk for the Group is related to the strengthening of the EUR - PLN/HUF exchange rate. The annual value of purchases in EUR accounts for approximately EUR 54 million. Other costs in foreign currencies are not material to currency risk since they are of low value.

The risk may materialize if the Group fails to pass on the increase in the costs of imported raw materials to the price of its products.

In order to minimize the negative impact of currency exchange rate fluctuations on the generated revenues and profits, the Group monitors its currency exposure on an on-going basis, conducts currency risk analysis and makes decisions on the use of appropriate mechanisms limiting the impact of exchange rate fluctuations.

The mechanisms limiting the impact of exchange rate fluctuations applied by the Group include hedging transactions, optimal arrangement of cash flows between the Group companies and appropriate shaping of product price lists. In H1 of 2025, the Group executed forward contracts that served as cash flow hedges for raw material purchases denominated in EUR.

In addition, foreign exchange risk related to the parent company's equity investments in foreign subsidiaries should be taken into account.

The most important exposures in this respect are investments in companies in Hungary and Ukraine. High volatility on the currency market is conditioned, inter alia, by the pending conflict in Ukraine. Also, macroeconomic indicators of the Polish economy affect the value of PLN in relation to other currencies. Further details, including the sensitivity analysis, can be found in the Śnieżka Group's Condensed Interim Consolidated Financial Statements for the six-month period of 2025, in Note 2.5.5 Impairment of the Group's Assets.

The purpose of the currency risk analysis is to identify the importance of exchange rate volatility for the Group's revenues and profits. These include, among others, the standard deviation for the given period, the value of the net exposure, and the deviation from the adopted budget rate.

Further details regarding foreign exchange risk for financial instruments can be found in Note 2.25.2 Foreign Exchange Risk of the Śnieżka Group's Condensed Interim Consolidated Financial Statements for the six-month period of 2025.

Financial liquidity risk

Liquidity risk relates to a company's ability to repay current liabilities and its ability to obtain funds to finance its operations, both from the banking system and trade credit.

In order to minimize such risk, the Group companies ensure good financial standing, which allows for the continuation of credit agreements providing a multi-year financing period. The agreements primarily concern FFiL Śnieżka SA.

As at June 30, 2025, the Group settled its liabilities in a timely manner, which is confirmed by the liquidity ratios presented in the Report.

The Group has interest-bearing loans and finance lease liabilities and is therefore exposed to the risk of changes in interest rates. As at June 30, 2025, the Group's total liabilities arising from bank loans and finance leases amounted to PLN 273,188 thousand.

The Group identifies interest rate risk as part of financial liquidity risk.

In H1 of 2025, fluctuations in PLN interest rates were virtually eliminated, with a prevailing downward trend. The reference interest rate WIBOR 1M amounted to 5.82% as at December 31, 2024, and 5.35% as at June 30, 2025.

During the same period, interest rates in EUR also declined. The reference interest rate EURIBOR 1M decreased from 2.85% as at December 31, 2024, to 1.93% as at June 30, 2025.

During the same period, volatility in HUF interest rates decreased. The reference interest rate BUBOR 1M amounted to 6.50% as at December 31, 2023, and 6.50% as at June 30, 2025.

During the reporting period, the Group did not apply interest rate risk hedging. The Hungarian subsidiary Poli-Farbe continued a loan agreement based on a fixed interest rate and also began utilizing a loan with a variable interest rate.

Further details, including the sensitivity analysis, can be found in Notes 2.25.1 Interest Rate Risk and 2.25.4 Liquidity Risk of the Śnieżka Group's Condensed Interim Consolidated Financial Statements for the six-month period of 2025.

Credit risk

The Group actively manages counterparty credit risk, understood as the possibility of counterparties failing to meet their obligations towards the Group. To mitigate counterparty credit risk, the Group develops and refines tools supporting the implementation of its receivables management policy, which is primarily based on cooperation with reliable business partners.

The Group concludes transactions with reputable companies which have a good credit rating. All customers willing to take advantage of trade credit, are subject to procedures of initial verification. In addition, owing to current monitoring balances of receivables, the Group's exposure to the risk of non-collectible debts is insignificant.

Further details can be found in Note 2.25.3 Credit Risk of the Śnieżka Group's Condensed Interim Consolidated Financial Statements for the six-month period of 2025.

Macroeconomic risk

Macroeconomic risks related to economic indicators are described in section 4.1 Market and Business Environment. At the same time, the Group recognises macroeconomic risks related to the consumer sector, including:

- changes in consumer sentiment and consumer purchasing power,
- the general condition of the renovation market and consumers' willingness to invest in this area.

In the Group's opinion, consumer sentiment and the purchasing power of households are strongly linked to the economic results described in the financial statements, and the main parameters in this area include: inflation, GDP, wage and unemployment rates. However, the general condition of the renovation market is, in the Group's opinion, strongly linked to consumer confidence indicators and the availability of financing sources for renovations (which is influenced, i.a., by the level of interest rates).

The Group closely monitors the above risks, as renovation purchases do not constitute necessities and in a situation of deterioration of the macroeconomic parameters of the economy, consumer investments in these areas are limited. The Group has observed an increase in consumer purchasing power over recent years, but inflationary phenomena of recent periods have significantly weakened consumer confidence, which continues to result in caution in purchasing decisions in the renovation area. The Group conducts a number of its own studies in the area of investments and renovation plans of consumers. In the Group's assessment, the above risks will continue to affect the market and consumers in the coming months of the year.

Consequences of the war in Ukraine

The Management Board of Śnieżka constantly monitors the situation related to the war in Ukraine and its regional and global consequences, adapting actions and plans to the current circumstances. The markets in which the Group companies operate and the Group's operations are and/or may be influenced by the following factors:

- **a decrease in the real purchasing power of society and in consumer sentiment** on the Group's main sales markets as a result of inflation and economic slowdown or recession, and consequently, reduced demand for the Group's products;
- **loss of property due to war operations** - the Group's property insurance contracts contain standard clauses excluding the insurer's liability in the event of war;
- **disturbances in the supply chains** of imported raw materials, components and fuels, as well as temporarily constricted access to some of them;
- **downgrading of ratings for selected countries from the conflict region** and a general further increase in the risk of conducting business activities in those countries, which may ultimately translate into higher costs for selected Group companies operating in these markets;
- **new hardships in the operation of the Śnieżka-Ukraina plant**, resulting from, for example, the lack or interruption of electricity supply, the lack of access to qualified employees or conscription of current employees for military service;
- **extension of communication routes to selected countries** and the resulting increase in transport costs;

Śnieżka-Ukraine is capable of conducting its business activities due to its location outside the current war zone. The company's plant, as one of the few in the decorative paints and construction chemicals industry in Ukraine, is located in the western part of Ukraine - in Yavoriv, in the Lviv region, approx. 20 km from the Polish border. The production activity in the first half of 2025 in Ukraine was stable (partly due to the stabilization of electricity supplies). In the Group's assessment, the above risks will also remain relevant for the Ukrainian subsidiary in the coming months of the year.

5.2. OPERATIONAL RISKS

Supply Chain Risks

Supply chain risks include:

- **the risk of disruption of supply continuity** that may occur in the event of unavailability or delays in the delivery of raw materials or packaging as a result of: natural disasters in areas where production raw materials are extracted, geopolitical changes or organizational problems at suppliers.

The occurrence of a risk of disruption of supply continuity may lead to delays in the production and delivery of Śnieżka Group products.

The Group limits the risk of interruption or disruption of supply chains by maintaining appropriate levels of inventory within the organisation and by geographically diversifying suppliers of key raw materials. Additionally, it concludes agreements with at least two suppliers for each of the key raw materials and packaging, and identifies and uses appropriate quality substitutes for production.

- **the risk of disruption of production processes,** which may occur in the event of microbiological contamination of production lines, failure of systems or production equipment.

As a result of the risk of disruption of production processes, the production line may be temporarily shut down, and consequently, production capacity may be limited, the production plan may not be executed and sales may be lost. Furthermore, microbiological contamination or interruption of production processes may result in the production of poor quality products. The sale of defective products may give rise to loss of reputation and the need to incur the costs of withdrawing defective goods from the market.

In order to prevent this risk, the Group conducts systematic testing of the microbiological purity of production lines and raw materials, periodic disinfection, inspections, maintenance and regular repairs, and updates of production systems and equipment.

The risk related to the loss and the inability to obtain qualified staff

One of the key factors that may directly affect the execution of processes and the effective implementation of the Group's adopted strategy is the challenge of retaining and attracting highly qualified employees. This applies both to the risk of losing key personnel and to the challenges in attracting individuals with the right competencies, experience, and alignment with the Group's values, objectives, and organizational culture.

Given the strategic importance of specialized knowledge and experience in specific business areas, the Group regularly monitors employee turnover levels and analyses the reasons for departures. The Group ensures the competitiveness of its remuneration and benefits offer, while systematically monitoring and optimizing recruitment, employment, and onboarding processes.
At the same time, the Group supports employee development through training programs that enable the enhancement of competencies and the adaptation of skills to the evolving business needs.

5.3. COMPLIANCE RISKS

Risks related to changes in EU and tax laws

The European Union's legal regulations concerning the paints and coatings industry are being continuously tightened and are becoming increasingly complex. This applies in particular to Śnieżka Group products certified as ecological products.

In order to prevent this risk, the Group constantly monitors legal changes by:

- implementing an internal report on legal changes;
- developing related action plans to be implemented,
- monitoring the implementation of recommendations.

In addition, the Group conducts research and development activities aimed at adapting its technological processes to dynamically updated regulations.

There is also a risk related to differences in the interpretation of tax regulations. Despite observing by the Group both domestic and EU legal regulations in the field of accounting, tax information included in tax returns and declarations may be considered by the Polish tax authorities to be unlawful. If the tax authorities adopt a different tax interpretation than the one applied by the Group to calculate the tax liability, such a situation may have a material impact on the Group's financial results.

Risks related to other activities affecting the reputation

In the group of risks related to other activities affecting the Group's reputation, the risk of corruption events, the risk of violations, including: the risk of violations of the law or internal policies and procedures, violations of consumer and competition law, and discrimination and mobbing, as well as the risk related to crisis communication management, have been identified.

To minimize the risk of actions that could negatively affect its reputation, the Company has implemented internal reporting procedures and launched anonymous whistleblowing channels across all key Group companies, i.e. Śnieżka SA, Śnieżka ToC, Poli-Farbe, and Śnieżka-Ukraina. In addition, the Group adopted the Anti-Corruption

Policy, the Procurement Policy, and the Supplier Code of Conduct, all supporting responsible business practices within the supply chain.

The Group actively prevents mobbing and discrimination, including the implementation of an anti-mobbing procedure. An Anti-Harassment Committee has been established at FFiL Śnieżka SA and Śnieżka ToC. Both companies also organize regular employee training sessions on the prevention of workplace bullying and discrimination.

An interdisciplinary Rapid Response Team operates within the Group whose tasks include anti-crisis management related to reputation.

5.4. IT RISK - CYBER THREATS

IT Security Risk

The following may have a direct impact on the business continuity and reputation of the Group companies:

- failures of key IT systems;
- unauthorized access by cybercriminals to key management support systems, process control systems, as well as to unpublished, confidential data;
- the risk of confidential data leakage due to employees using artificial intelligence tools,
- other events in the area of IT security.

In order to minimize this risk, the Group:

- develops and updates the systems used to ensure information security,
- regularly backs up key data;
- has a modern, comprehensive security system integrated with a monitoring centre, including EDR antivirus protection against, among others, phishing emails, as well as an advanced email protection system implemented at the turn of 2024/2025,
- has implemented IT security policies.

The Group companies in Poland are constantly monitored by the IT security operations centre (so-called SOC, Security Operation Centre), which responds to security incidents.

5.5. ESG RISKS

The Śnieżka Group recognizes the significance of non-market factors influencing its business activities. Therefore, it has identified environmental risks, allowing for their effective management and the reduction of the likelihood of their occurrence.

Risk associated with climate change

Long-term physical risks identified within the Group's own operations:

- the risk of asset damage due to the increasing likelihood of wildfires in Eastern and Central Europe due to rising average temperatures and drought,
- the risk of asset damage as a result of increased frequency of extreme weather events such as severe storms, flooding, etc.

Long-term transition risks:

- located upstream in the value chain – the risk of supply chain disruption resulting from partners' failure to adapt to the changing climate, which could ultimately lead to an inability to produce or deliver a product or service,
- within the Group's own operations:

    - the risk related to an increase in the operating costs of buildings due to the need to meet environmental requirements regarding energy consumption,
    - the risk of incurring costs related to the implementation of low-emission technologies in own operations (energy sources, heating, etc.),
    - the risk associated with adapting one's operations due to rising average global temperatures and extreme heat,
- the risk of increased transport costs of raw materials, materials and finished products related to the need to modernize subcontractors' transport fleets to low-emission standards.

Medium-term transition risk located within the Group's own operations:

- the risk of rising energy costs in a pessimistic scenario resulting from a range of possible events that make it more difficult to supply or produce energy.

To minimize climate-related risks, the Group:

- has adopted and is implementing decarbonization targets under its Sustainability Strategy, thereby reducing its carbon footprint,
- is enhancing the energy efficiency of its operations by investing in higher-efficiency solutions and photovoltaic systems, and by sourcing energy from renewable sources, which may help offset the related investment costs.

Water-related risks

Risk across all time horizons, upstream in the value chain – the risk of restricted water intake for production during droughts, driven by regulatory requirements.

Water is one of the key raw materials in the Group's manufacturing processes; however, the Group aims to minimize its abstraction from natural sources. To this end, the Group develops solutions based on the principles of the circular economy, analysing reduction opportunities in the use of sanitary water, the reuse of treated wastewater, and the elimination of water from processes that can be carried out without its use.

Business conduct risk

Medium-term risk across the entire value chain – the risk of corruption-related incidents that could impact reputation and trust.

The Group mitigates this risk mainly through internal training on its *Code of Ethics* and *Anti-Corruption Policy.* It also ensures that all stakeholders have access to reporting channels, available both by email and by post. Additionally, in Śnieżka SA, Śnieżka ToC, Śnieżka-Ukraina, and Poli-Farbe, employees have the possibility to submit reports through an external trusted platform. Furthermore, the Internal Reporting Procedure and the Reporting Handling Procedure have been adopted, comprehensively regulating the system for reporting irregularities, conducting investigations, and implementing follow-up actions to ensure whistleblower protection.

6. MANAGEMENT BOARD'S STATEMENT

The Management Board's statement regarding financial statements and reports on operations

(in accordance with §70(1)(4) and §71(1)(4) of the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information disclosed by issuers of securities and the conditions under which information required by the laws of a non-member state may be considered equivalent)

The Management Board of FFiL Śnieżka SA hereby declares that, to the best of its knowledge, the condensed consolidated financial statements of the Śnieżka Group for the first half of 2025 and the condensed financial statements of FFiL Śnieżka SA for the first half of 2025, together with the comparative data, have been prepared in accordance with the applicable accounting principles and give a true, fair and clear view of the financial position and performance of the Company and the Group. In addition, the semi-annual report on the activities of the Śnieżka Group, including the semi-annual report on the activities of FFiL Śnieżka SA, contains a true picture of the development, achievements and situation of the Group and the Company, including a description of the basic risks and threats.

7. CONTACT REGARDING THE REPORT

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Signatures of the Management Board of FFIL ŚNIEŻKA SA

Piotr Mikrut	Chief Executive Officer
Zdzisław Czerwiec	Vice President of the Management Board
Witold Waśko	Vice President of the Management Board
Joanna Wróbel-Lipa	Vice President of the Management Board
Dawid Trojan	Vice President of the Management Board