

CONSOLIDATED QUARTERLY REPORT OF THE ŚNIEŻKA CAPITAL GROUP

for the first quarter of 2023



The Śnieżka Group - Consolidated quarterly report for the first quarter of 2023

Data in PLN thousand

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SUMMARY OF THE PERIOD

Highlights, including achievements and failures

In the Q1 of 2023, The Śnieżka Group generated sales revenues of PLN 201,4 thousand, i.e. 6.1% higher than in the corresponding period of the previous year.

The performance was primarily influenced by higher sales on the Polish market, which dominates the total revenues of the Group. The increase in the value of sales in this period is the result of increased purchases by Partners in distribution channels related to preparation for the season and the Company's implementation of its long-term pricing strategy.

It should be emphasized, however, that unfavourable macroeconomic conditions persist, e.g. high inflation affecting the decline in the purchasing power of consumers. The Group's performance, however, was positively influenced by the trend of premiumization, which has been going on for several years, i.e. purchasing higher quality products in Poland.

In the reporting period, the Group generated: consolidated net profit of PLN 17.2 million (increase by 43.9% y/y), operating profit of PLN 27.5 million (increase by 54.5% y/y) and EBITDA of PLN 37.5 million (increase by 40.6% y/y).

Net profit attributable to shareholders of the parent company amounted to PLN 16,3 mln (increase of 47.0% y/y).

The amount of the Group's net profit generated in the period of January-September 2023 was mainly affected by the increase in debt servicing costs (interest on loans taken), as well as an increase in selling and general administrative expenses. The net performance was positively influenced principally by the increase in sales revenues.

The Management Board of the Company indicates that the Group's performance should be analysed after the end of the year, due to the difficulty of predicting the future macroeconomic situation, future consumer demand, the situation on the raw materials and packaging market as well as the further course of the war in Ukraine or its end, including short-term and, above all, long-term effects of this conflict.

Geographical structure of revenues

The Śnieżka Group's key markets are Poland (73.6% share in the revenue structure) and Hungary (13.4% share).

In Poland, the Group's sales revenues amounted to PLN 148.2 million and were 7.8% higher than in the previous year. The increase in the value of sales in Poland resulted primarily from: properly shaped pricing policy, marketing and sales activities and on-going migration of customers towards premium products.

The Group's revenues on other markets amounted to: in Hungary PLN 27.1 million (-21.8% y/y), in Ukraine PLN 16.6 million (increase by 89.3% y/y), and in other markets (segment "Other") PLN 9.5 million (increase by 6% y/y).

The impact of the armed conflict in Ukraine on the Group

In the first quarter of 2022 Śnieżka-Ukraina temporarily suspended its operations, i.e. from February 25, 2022, it stopped deliveries and production. Production was resumed on April 11, 2022. Therefore, the performance of the first quarter of 2023 are incomparable to the performance in Ukraine in the same period of 2022.

The Company's Management Board indicates that the situation on the market in question remains uncertain and demanding and that the performance of the first quarter of this year should not, in the Company's opinion, be any basis for estimating the performance of subsequent periods.

Investments

In Q1 of 2023, the Group's capital expenditures (CAPEX) amounted to PLN 2.3 million and were 85.8% lower than in the same period last year.

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SELECTED FINANCIAL INFORMATION

The Śnieżka Group – consolidated data (unaudited, not subject to review)

	in PLN '000		in EUR '000	
	as at / the period of 3 months ended as at 31 March 2023	as at / the period of 3 months ended as at 31 March 2022	as at / the period of 3 months ended as at 31 March 2023	as at / the period of 3 months ended as at 31 March 2022
I. Net revenues from sale of products, goods and materials	201 405	189 877	42 848	40 858
II. Profit from operating activities	27 540	17 824	5 859	3 835
III. Gross profit	21 327	14 193	4 537	3 054
IV. Net profit	17 227	11 969	3 665	2 576
- Net profit attributable to shareholders of the parent company	16 310	11 097	3 470	2 388
- Net profit attributable to non-controlling interests	917	872	195	188
V. Comprehensive income for the period	19 342	11 876	4 115	2 556
- Comprehensive income for the period attributable to shareholders of the parent company	17 050	10 756	3 627	2 315
- Comprehensive income for the period attributable to non-controlling interests	2 292	1 120	488	241
VI. Net cash flows from operating activities	(19 046)	(51 875)	(4 052)	(11 163)
VII. Net cash flows from investing activities	(9 740)	(18 572)	(2 072)	(3 996)
VIII. Net cash flows from financing activities	45 633	65 461	9 708	14 086
IX. Total net cash flows	16 847	(4 986)	3 584	(1 073)
X. Total assets	877 565	911 760	187 694	195 972
XI. Liabilities and provisions for liabilities	536 981	565 921	114 850	121 638
XII. Long-term liabilities	315 251	307 366	67 426	66 065
XIII. Short-term liabilities	221 730	258 555	47 424	55 573
XIV. Equity	340 584	345 839	72 844	74 334
- Equity attributable to the shareholders of the parent company	309 992	314 855	66 301	67 674
- Equities attributable to non-controlling interests	30 592	30 984	6 543	6 660
XV. Share capital	12 618	12 618	2 699	2 712
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	1.37	0.95	0.29	0.20
- Earnings per share attributable to shareholders of the Parent Company	1.29	0.88	0.27	0.19
XVIII. Diluted earnings per ordinary share in PLN/EUR	1.37	0.95	0.29	0.20
- Diluted earnings per ordinary share attributable to shareholders of the Parent Company	1.29	0.88	0.27	0.19
XIX. Carrying amount per share in PLN/EUR	26.99	27.41	5.77	5.89
XX. Diluted carrying amount per share in PLN/EUR	26.99	27.41	5.77	5.89

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XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	2.00	2.50	0.43	0.54
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FFIL ŚNIEŻKA SA - standalone data (unaudited, not subject to review)

	in PLN '000		in EUR '000	
	as at / the period of 3 months ended as at 31 March 2023	as at / the period of 3 months ended as at 31 March 2022	as at / the period of 3 months ended as at 31 March 2023	as at / the period of 3 months ended as at 31 March 2022
I. Net revenues from sale of products, goods and materials	134 131	125 035	28 535	26 905
II. Profit from operating activities	13 513	6 146	2 875	1 323
III. Gross profit	2 913	(532)	620	(114)
IV. Net profit	2 169	(678)	461	(146)
V. Comprehensive income for the period	2 169	(399)	461	(86)
VI. Net cash flows from operating activities	(1 199)	(21 185)	(255)	(4 559)
VII. Net cash flows from investing activities	(9 568)	(17 688)	(2 036)	(3 806)
VIII. Net cash flows from financing activities	20 919	32 522	4 450	6 998
IX. Total net cash flows	10 152	(6 351)	2 160	(1 367)
X. Total assets	883 188	901 457	188 897	193 758
XI. Liabilities and provisions for liabilities	657 843	672 122	140 700	144 465
XII. Long-term liabilities	512 572	540 416	109 629	116 156
XIII. Short-term liabilities	145 271	131 706	31 071	28 309
XIV. Equity	225 345	229 335	48 197	49 293
XV. Share capital	12 618	12 618	2 699	2 712
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	0.17	(0.05)	0.04	(0.01)
XVIII. Diluted earnings per ordinary share in PLN/EUR	0.17	(0.05)	0.04	(0.01)
XIX. Carrying amount per share in PLN/EUR	17.86	18.18	3.82	3.91
XX. Diluted carrying amount per share in PLN/EUR	17.86	18.18	3.82	3.91
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	2.00	2.50	0.43	0.54

Euro (EUR) exchange rates adopted for conversion of condensed statements:

	3 months of 2023	3 months of 2022
Particular items of the condensed statement of comprehensive income were translated at the average EURO exchange rate in the period	4.7005	4.6472
	as at 31 March 2023	as at 31 March 2022
Individual items of the condensed statement of financial position were converted at the exchange rate of the euro (EUR) at the end of the period	4.6755	4.6525

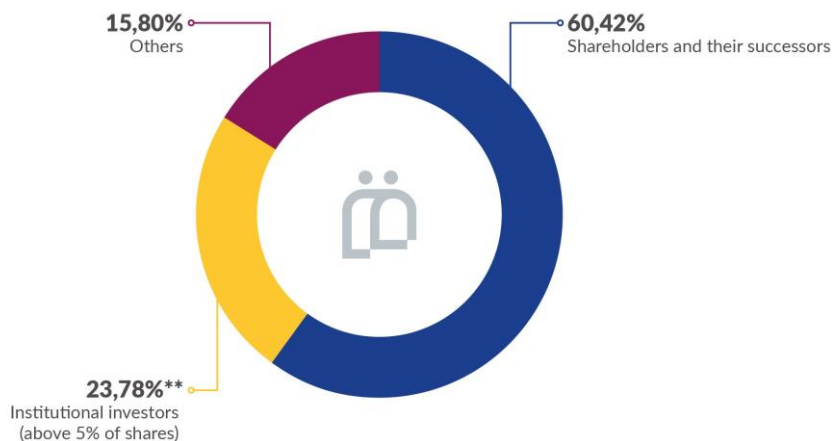
CONCISE DESCRIPTION OF THE ŚNIEŻKA GROUP

What makes us different



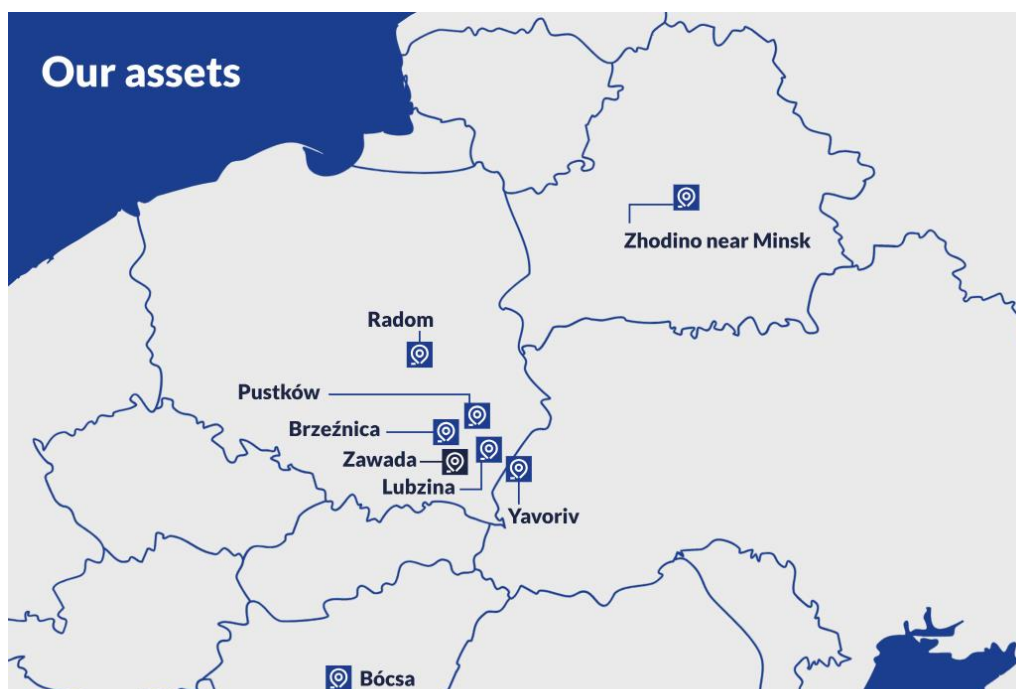
Shareholding structure of FFIL Śnieżka SA*

(share in the share capital in%)



*Data as at 16.05.2023

**PTE Allianz Polska: 14.39%;
PTE Nationale – Nederlanden: 9.39%



Key brands of the Group:



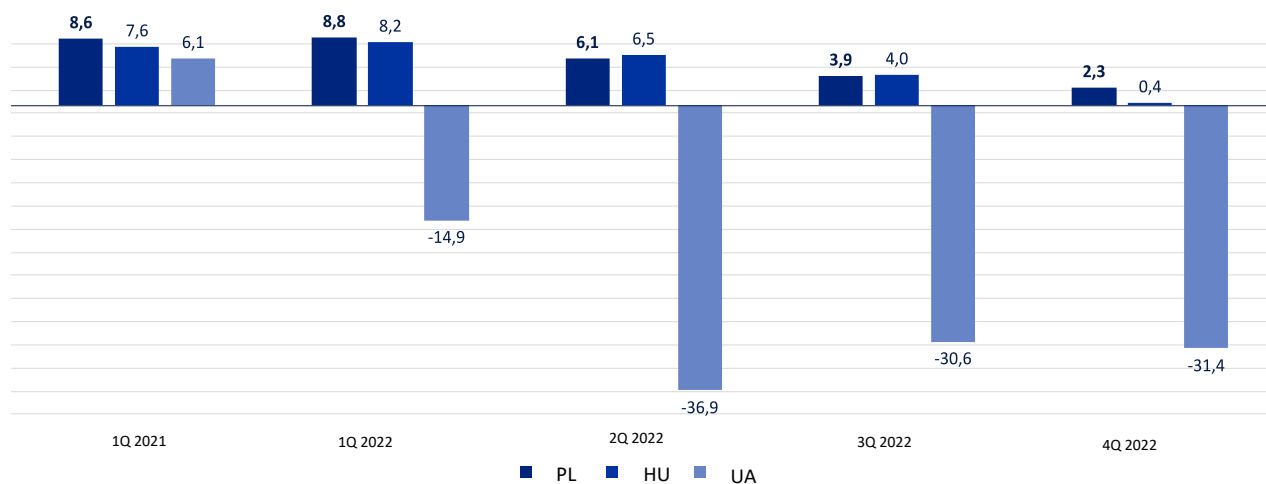
1. Comment to financial performance

1.1 Macroeconomic situation and industry condition

1.1.1 Macroeconomic situation

The beginning of 2023 was better for the economies of the EU Member States than the forecasts published in autumn last year. A year after Russia's invasion of Ukraine, the economies of the EU countries were relatively resistant to the uncertainty triggered by the war. Among the macroeconomic challenges that have been present for over a year, the following should be mentioned: economic slowdown, the consequences of high energy prices and the need to further diversify energy sources, as well as high core inflation and, consequently, high interest rates¹.

Figure 1. 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 Q1 of 2023 were not available as at the date of publication of the Report).

Poland

In 2022, according to the Central Statistical Office, the Polish economy grew by 5.1% y/y². The National Bank of Poland forecasts that the first quarter of 2023 will begin with a decrease of 0.4% y/y, and the subsequent quarters will record positive dynamics. According to the central NBP forecast, GDP in

¹ Source: The European Commission, *Winter 2023 Economic Forecast*, February 2023.

² Source: CSO, *Gross domestic product in 2022 - April 2023*.

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Poland is to go up by 0.9% y/y in 2023³. Based on these forecasts, Poland will avoid recession, although it is still possible to enter the so-called technical recession after Q2, i.e. a seasonally adjusted decline in GDP for at least two quarters in a row.

Industrial production in January this year was higher by 2.6% than in January last year. In February, for the first time in two years, it shrank by 1.2% y/y. Throughout the first quarter of the current year a decline was observed in industrial production by 0.6% compared to the corresponding period of the previous year. In the same period, construction and assembly production increased by 3.5% y/y. The dynamics of construction and assembly production in the “construction of buildings” category recorded a decrease in the first three months of 2023 by 6.4% y/y⁴.

During the first three months of 2023, 54.9 thousand new apartments were commissioned, i.e. 0.1% higher than a year before. Significantly less construction was initiated and fewer building permits were issued than in the corresponding period of 2022 - 38.6 thousand (-27.6% y/y) and 51.6 thousand (-33.8% y/y)⁵.

Consumer price index (CPI inflation) increased in the first quarter by 17.0% y/y compared to the corresponding period of the previous year. According to the Central Statistical Office, in the first quarter the prices of food and non-alcoholic beverages (+22.9% y/y), rent of a flat or house and energy carriers (+21.3% y/y) as well as restaurants and hotels (+17.2% y/y)⁶ increased the most. Following the central NBP projection, in each subsequent quarter until the end of 2025, lower inflation dynamics ought to be anticipated⁷.

Both in January and February 2023, the unemployment in Poland was registered at the level of 5.5%, and in March at 5.4%, which is a decline of 0.4% y/y⁸. In March 2023, the average employment in the enterprise sector was slightly higher than in March 2022 (+0.5% y/y). The average salary in the enterprise sector in March increased to PLN 7,178 which translates into an increase of 13.3% y/y.

The general business climate indicator for the manufacturing and construction sectors in March 2023 remained negative, at -12.9 and -16.9, respectively. Despite the negative level, these indicators recorded an improvement compared to the same month in 2022. Whereas, the PMI reading (Purchasing Managers' Index) for the industrial sector in March amounted to 48.3 points. It is worse performance compared to March last year (52.7 points), but it should be noted that the readings improved compared to the very poor performance from September 2022 (40.9 points)⁹.

³ Source: CSO, *Gross domestic product in 2022* - April 2023.

⁴ Source: CSO, *Socio-economic situation of the country in February 2023., March 2023* - unless otherwise indicated.

⁵ Source: CSO, *Housing construction in the period January-February 2023., March 2023*.

⁶ Source: CSO, *Consumer price index of goods and services in March 2023*, April 2023.

⁷ Source: NBP, *Projections of inflation and GDP* - March 2023.

⁸ Source: CSO, *Registered unemployment rate in 1990-2023*, March 2023.

⁹ Source: PMI by S&P Global, *S&P Global Poland Manufacturing PMI*, April 2023.

The January publication of the World Bank on economic growth forecasts revised the projected GDP growth in Poland to 0.7% in 2023¹⁰. The European Commission was less optimistic in its forecasts and indicated that GDP growth in the given period would amount to 0.4% with simultaneous inflation of 11.7%¹¹. In the April update of its forecasts, the International Monetary Fund estimated that Polish GDP would grow at a rate of 0.3% in 2023, and the average annual inflation would be at 11.9%¹².

Hungary

Throughout 2022, Hungary's GDP increased by 4.6%. In the last quarter of last year growth stopped at 0.4% y/y¹³. The forecasts of the National Bank of Hungary (MNB) indicate a further decline in economic activity in the first two quarters of 2023. According to them, the country's GDP for the entire year is to range from 0% to 1.5%.

In the first quarter of 2023, inflation in Hungary amounted to 25.4% compared to the corresponding period of the previous year, and in March alone it was 25.2% y/y. The March MNB report predicts that inflation in Hungary will slow down significantly in each subsequent quarter and will reach between 15.0% and 19.5% throughout the year. In its report, the Hungarian Central Bank pointed to a number of factors conducive to disinflation, such as a decrease in unprocessed food prices, as well as very significant decreases in energy prices (gas and electricity), which are currently at pre-war levels in Ukraine¹⁴.

In February this year the volume of construction production plummeted by 11.8% compared to February 2022, and in the January-February period it soared by 8.3% y/y. In the period January-March 2023, 4,989 building permits were issued for new apartments, which denotes a decline by 37.6% y/y. At the same time, industrial production also shrank: in February by 4.6% y/y, and in the January-February period by 2.4% compared to the same period last year.

The unemployment rate in March 2023 was at the level of 4.0%, remaining marginally above the level from March last year (3.6%). In February 2023, the average gross earnings in Hungary amounted to HUF 531,155 (approximately PLN 6,438), which translates into an increase in remuneration by 0.8% y/y. The dynamics of the index in the indicated month was substantially affected by a one-off event occurring in February last year. (bonus payment). Without taking into account its impact, the average gross earnings in Hungary in February this year went up by 14.8% y/y¹⁵.

¹⁰ Source: The World Bank, *Global Economic Prospects, January 2023*.

¹¹ Source: The European Commission, *Winter 2023 Economic Forecast*, February 2023.

¹² Source: International Monetary Fund, *World Economic Outlook Database*, April 2023.

¹³ Data source referring to Hungary: Hungarian Central Statistical Office (KSH) - unless otherwise indicated.

¹⁴ Source: Magyar Nemzeti Bank, *Inflation Report*, March 2023.

¹⁵ Source: <https://www.ksh.hu/gyorstajekoztatok#/en/document/ker2302>

The World Bank forecasts economic growth of GDP in Hungary in 2023 at the level of 0.5%¹⁶. Analyses of the International Monetary Fund as regards GDP forecasts are consistent and also indicate 0.5% growth in 2023 and inflation of 17.7%¹⁷. The European Commission is slightly more cautious in its forecasts, predicting that the Hungarian economy will grow by 0.6% with lightly lower inflation (16.4%)¹⁸.

Ukraine

According to the National Bank of Ukraine, the fall in real GDP for 2022 is -29.1%¹⁹. This is the largest annual decline in the history of Ukraine.

The war noticeably reduces the potential of the Ukrainian economy, which is affected by the occupation of part of the territory, the destruction of critical infrastructure and production capacity, the disruption of supply chains and the blockade of Black Sea ports. The combination of these factors contributed to a rapid downturn in consumer demand, investment activity, exports, and also had an impact on the decline in agricultural production. Consumption during the war fell by 16.9%. The high risk associated with insecurity and deteriorating business expectations led to a significant cutback in investment activity.

Exports went down sharply due to the disruption of logistics links and Russia's blocking of sea transport, while the role of imports increased²⁰.

The largest decrease was recorded in the construction sector as a result of lower investments and a rapid fall in demand for flats. At the same time, a certain stabilization of this sector was ensured by the state, allocating a significant budget for the reconstruction of infrastructure.

In the first quarter of 2023, the economy began to recover owing to far more favourable situation in the energy sector, further adaptation of business and households to war conditions and international support²¹.

The course of military operations, high uncertainty in the region and the economic situation in Ukraine affect the construction market in this country. Indiscriminate rocket and artillery attacks have become the biggest problem in residential real estate markets in many regions²².

Construction activity in Q1 of 2023 was hampered by a number of factors, including: insufficient demand, weather conditions, workforce shortages, lack of materials and equipment, and financial

¹⁶ Source: The World Bank, *Global Economic Prospects*, January 2023.

¹⁷ Source: International Monetary Fund, *World Economic Outlook A Rocky Recovery*, April 2023.

¹⁸ Source: The European Commission, *Winter 2023 Economic Forecast for Hungary*, February 2023.

¹⁹ Source: NBU, *Real GDP Change in 2022*, April 2023.

²⁰ Source: Ibidem.

²¹ Source: International Monetary Fund, *Amid War, Ukraine Is Maintaining Macroeconomic Stability and Embarking on Reforms*, April 2023

²² Source: Forbes UA, <https://forbes.ua/money/budivnitstva-ne-zapuskayutsya-popitu-nemae-ale-tsini-ne-padayut-doslidzhennya-rinku-nerukhomosti-pid-chas-viyni-vid-ernst-amp-young-13032023-12337>

difficulties²³. The slowdown in the construction industry is also influenced by high inflation, which has reduced the real purchasing power of the society. At the same time construction costs increased.

In 2023, inflation stabilized, although it still remains at a high level and in March this year it amounted to 21.3% y/y²⁴. Inflation was hampered by the unchanged payments for housing and communal services, the fixed hryvnia exchange rate, and the quick adjustment of logistics and production to the conditions of martial law. The slowdown in inflation dynamics for the third month in a row is also caused by the surplus of food supply over demand, better situation in the energy sector and the consistent monetary policy pursued by the NBU, aimed at maintaining the stability of the exchange rate and increasing the attractiveness of investing savings in hryvnias. At the same time, the risk of inflation increase remains present, mainly due to the high level of uncertainty related to the war, and also due to the destruction of enterprises and infrastructure in a large part of Ukraine, and the interruption of production and supply chains.

The improvement in business and consumer sentiment supported many sectors of industry, retail and services.

However, the readings for the first quarter of 2023 indicate relatively positive trends in the macroeconomic situation. Financial support from international partners is growing. International support improves the situation on the currency market. Thanks to this, it was possible to increase Ukraine's foreign exchange reserves²⁵.

In order to maintain the exchange rate and macro-financial stability, the NBU maintains the interest rate at the level of 25% (the rate has been maintained unchanged since June 2022). Another important instrument stabilizing the exchange rate is the fixed dollar exchange rate set by the NBU at 36.5686 UAH/USD, which has been maintained since July 2022.

The effects of the war strongly affected the labour market. In the first quarter of this year unemployment remained at a high level, although it is difficult to determine it precisely owing to the inability to perform full-scale measurements and due to the mass emigration of Ukrainians from the country following the outbreak of the war.

Nevertheless, in the first 3 months of 2023, compared to the same period in 2022, the labour market recovered, yet employment remains at a low level²⁶.

The reason for this is the closure or reduction of business activities, as well as the loss and destruction of companies in war zones.

²³ Source: <https://thepage.ua/ua/news/ochikuvannya-biznesu-v-budivelnij-galuzi-ukrayini-u-2023-derzhstat>

²⁴ Source: NBU, March 2023 Inflation Update, April 2023.

²⁵ Source: International Monetary Fund, Amid War, Ukraine Is Maintaining Macroeconomic Stability and Embarking on Reforms, April 2023.

²⁶ Source: NBU, Macroeconomic Indicators, April 2023.

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At the same time, there is a shortage of highly qualified specialists in various industries, and the number of vacancies offered in them is growing faster than the number of people looking for a job. The main reason is military enlistment²⁷.

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.

1.1.2 Market of decorative paints and construction chemicals

The main markets where the Śnieżka Group operated in Q1 of 2023 were as follows: Poland, Hungary and Ukraine. In these three markets, the Group generated approx. 95% of sales revenue in the reporting period.

Poland

According to the data of the Polish Association of Paint and Adhesive Producers, the market of decorative paints in Poland in the first quarter of 2023 grew slightly as regards value y/y, with a simultaneous two-digit decrease (in percentage terms) in the volume sold.

Based on the Group's assessment, the reasons for the current state of the industry have not changed substantially since the last quarter of last year. Among them, the main factors are: high inflation; a decrease in the real purchasing power of consumers; economic slowdown observed since Q2 last year²⁸; consumer economic situation remaining at a low level (BWUK and WWUK²⁹), and thus consumers' caution when planning spending³⁰.

According to internal data of the Company, as in previous years, decorative paints were used primarily for renovation or refurbishment of apartments³¹. The Group estimates that decisions to purchase interior emulsions are less likely to stem from the need to finish a new apartment. Last year, Poles most often acquired paint to refresh their living quarters (renovations). In the Group's opinion, this means that a smaller number of commenced construction sites and issued building permits will not have a significant impact on the Company's sales performance in the coming years³².

²⁷ Source: NBU, Macroeconomic and Monetary Review, April 2023.

²⁸ Source: CSO, *Preliminary estimate of gross domestic product in Q4 of 2022*, February 2023.

²⁹ BWUK and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in the economic situation whereas negative values indicate its deterioration.

³⁰ Source: CSO, *Consumer situation - March 2023*, March 2023.

³¹ Source: Group internal study.

³² Source: Ibidem.

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In view of the current geopolitical conditions and uncertainty regarding macroeconomic conditions, the Group still assesses the situation in the entire category of decorative paints and construction chemicals as stable.

In Q1 of 2023, no changes occurred among the main players on the Polish market of decorative paints and construction chemicals. The entities with the largest shares on the Polish market currently include: 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%.

Hungary

The Hungarian market of decorative paints and construction chemicals in the first quarter of 2023 recorded a double-digit fall in sales as far as the volume is concerned compared to the previous year.

In the Group's opinion, the main factors influencing the economic situation in the industry remain similar to those prevailing in the second half of last year. Among them, the most important are: high inflation and monetary policy tools (high interest rates), which affect the lower disposable income of households³³; economic slowdown and the level of wage growth³⁴; low level of assessment of the future economic situation prevailing among consumers, which makes them more often refrain from purchasing activity³⁵.

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

Ukraine

According to the Group's estimates, in Q1 of 2023, compared to the same period last year, there is a revival on the market of decorative paints and construction chemicals in Ukraine. Yet, it is impossible to precisely estimate the dynamics of the market value, taking into account the low base from the first quarter of last year, related to the outbreak of war at the end of February.

Beginning of this year was demanding for producers due to several factors. In January and February 2023, during the period of missile attacks and power cuts, industry producers did not operate on a full scale. The lack of electricity also made it impossible to carry out on-going renovation and construction works on the Ukrainian market.

In the first quarter of 2023, as in the previous year, many enterprises in the industry located in the eastern regions of Ukraine experienced great difficulties with logistics and the supply of raw materials, and struggled with low demand for products in key regions located near the front.

³³ Source: Magyar Nemzeti Bank, *Inflation Report*, March 2023.

³⁴ Source: Hungarian Central Statistical Office (KSH), *National accounts – GDP*, April 2023.

³⁵ Source: OECD, *Consumer confidence index (CCI)*, March 2023.

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The situation in the western and central regions of Ukraine is slightly better, although the nationwide demand for decorative paints and construction chemicals in retail outlets was lower than the historical base.

At the end of the first quarter of 2023, some companies from the industry located in eastern Ukraine, which suffered as a result of the armed conflict in 2022, began to resume operations when electricity supplies stabilized.

Some producers are still struggling with the supply of raw materials necessary for production, which, until the start of the armed conflict, were purchased, inter alia, in Belarus and Russia. Currently, the directions of supply have been reoriented to the European Union market and other countries, which notably increased the prices of some product groups.

The military mobilization of Ukrainian citizens had a negative impact on the production processes. Calling up employees to active military service is an additional burden for companies that have faced the challenge of finding and training new personnel.

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

1.1.3 Raw materials and currencies

Raw materials

The first quarter of 2023 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 some groups of raw materials, such as: pigments, cellulose thickeners, dolomite fillers and calcium carbonates.

Last year's surges in electricity and gas prices, in particular, as well as the general boost of production costs due to current inflation contributed to the current price ceiling for commodities.

As regards the availability of raw materials and packaging, the situation has improved, occasional restrictions on access to certain purchase items have not affected the continuity of production by the Śnieżka Group companies.

In addition, the operation of supply chains in Europe and worldwide has improved.

In the first quarter of 2023, 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.

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

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In the first quarter of this year Polish zloty slightly strengthened against major currencies compared to the end of 2022.

As far as the USD/PLN exchange rate is concerned, a more dynamic strengthening trend of the Polish currency is noticeable than in the case of EUR/PLN.

In the reporting period, the EUR/PLN exchange rate fluctuated between approx. PLN 4.6688 and 4.7895. The average NBP EUR/PLN exchange rate in the first quarter of this year was 4.7096, approx. PLN 0.8 (1.8%) higher than in the same period last year. As at March 31, 2023, the euro was PLN 0.2 (0.5%) more expensive than at the end of the first quarter of 2022, and compared to the end of 2022 - around PLN 0.1 cheaper (-0.3%).

The USD/PLN exchange rate in the first quarter of this year remained between 4.2803 and 4.4888. The average NBP USD/PLN exchange rate in this period amounted to 4.3905, approx. PLN 0.27 higher (6.5%) than in the corresponding period of the previous year. As at March 31, 2023, the US dollar was PLN 0.11 (2.7%) more expensive than at the end of the first quarter of 2022, and compared to the end of 2022 - around PLN 0.11 cheaper (-2.5%).

Figure 2. EUR and USD quotations against PLN



Source: NBP.

The valuation of the zloty during the reporting period was determined by various factors, including the continuing consequences of the war in Ukraine, globally elevated inflation and the monetary policy of leading central banks and the NBP.

In Q1 of 2023 the HUF/PLN exchange rate fluctuated between approx. PLN 1.1619 and 1.2551 (PLN for HUF 100). The average NBP HUF/PLN exchange rate in the reporting period amounted to 1.2121 for 100 HUF against 1.2686 in the corresponding period of the previous year. (-4.5%). As at March 31, 2023, the Hungarian forint was PLN 0.3 (-2.5%) lower than at the end of the first quarter of 2022, and compared to the end of last year it was higher by about PLN 0.06 (4.8%).

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Data in PLN thousand

Figure 3. HUF quotations against PLN



Source: NBP.

Since the outbreak of the war, i.e. February 24, 2022, the official exchange rate of the hryvnia to the zloty according to the quotations of the National Bank of Poland has been periodically "frozen" at a fixed (periodically) level and in Q1 of 2023 it was 0.1258.

The exchange rate determined in this way at the end of the first quarter of this year did not change compared to the end of last year and was lower by 14.2% compared to the UAH/PLN exchange rate at the end of Q1 of 2022.

Figure 4. UAH quotations against PLN



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Data in PLN thousand

Source: The National Bank of Ukraine (NBU).

In Q1 of 2023 the Group continues the principle adopted in 2023 regarding the translation of financial statements of Śnieżka-Ukraina, for which the Ukrainian hryvnia (UAH) is the functional currency. This change was introduced due to the fact that the UAH exchange rate had been frozen by the National Bank of Poland since March 2022; while paragraph 8 of IAS 21 "Effects of changes in foreign exchange rates" defines the closing rate as the spot exchange rate at the end of the reporting period, which denotes that the closing rate ought to be the rate at which the Group would pay for or be paid for the currency in the market.

Financial data of foreign companies have been converted into the presentation currency, i.e. PLN, for the purposes of inclusion in the condensed consolidated financial statements of the Group using the following principles:

- assets and liabilities of foreign entities are translated from the functional currency into the Group's presentation currency (PLN) at the closing rate;
- statements of comprehensive income of foreign entities are translated from functional currency into the Group's reporting currency (PLN) for each reporting period. The conversion rate is the arithmetic mean of the average rates;
- the resulting exchange differences are recognized by the Group in other comprehensive income.

As a rule, the Śnieżka Group adopted the closing rate for the conversion of statements of foreign entities, defined as the spot exchange rate as at the balance sheet date (the parent company assumed that it was the average exchange rate of the National Bank of Poland on the last working day preceding the balance sheet date).

Due to the freezing of the UAH exchange rate by the National Bank of Poland, the Group adopted the closing rate set by the National Bank of Ukraine on March 31 2023, at which the Group exchanges UAH into PLN, i.e. UAH 1 = PLN 0.1180.

1.2 Sales performance

Between January and March 2023, the Śnieżka Group generated sales revenues of PLN 201,405 thousand, i.e. by PLN 11,528 thousand (6.1%) higher than in the corresponding period of the previous year.

The performance was primarily influenced by higher sales on the Polish market, which dominates the total revenues of the Group. The higher sales is followed by the increased purchases of partners in distribution channels, which were related to the preparation for the season, as well as the implementation of the long-term pricing strategy by the Company. It should be emphasized, however, that unfavourable macroeconomic conditions persist, e.g. rising inflation affecting the decline in the purchasing power of consumers. The Group's performance, however, was positively influenced by the trend of premiumization, which has been going on for several years, i.e. purchasing higher quality products in Poland.

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The Group's performance in the first quarter of 2023 was also significantly affected by the on-going armed conflict in Ukraine and the resulting destabilization in the entire region of Central and Eastern Europe, where key markets for the Group are located.

In the last days of February and in March last year sales in Ukraine were not possible, therefore, in the Company's opinion, the y/y performance is incomparable.

The sales performance in the period of January-March 2023 on the main markets (and the main factors that contributed to them) is as follows:

- **Poland** (73.6% share in the revenue structure)

Sales revenues generated by the Group on the Polish market amounted to PLN 148,248 thousand and thus were 7.8% (PLN 10,702 thousand) higher compared to the previous year. According to the Group's own data, this performance is better than the market of paints and agents for wood protection and decoration in Poland.

The increase in the value of sales in Poland resulted primarily from: properly shaped pricing policy, marketing and sales activities and on-going migration of customers towards premium products.

- **Hungary** (13.4% share in the revenue structure)

In Hungary, the sales revenues generated by the Group amounted to PLN 27,051 thousand and thus were 21.8% (PLN 7,558 thousand) lower compared to the previous year. Lower revenues on the Hungarian market are the result of unfavourable macroeconomic conditions, e.g. rising inflation, falling purchasing power and adverse consumer sentiment.

The dynamics of revenues in the local currency on the Hungarian market was also negative and amounted to -19.0%.

- **Ukraine** (8.3% share in the revenue structure)

In Ukraine, the Group generated revenues of PLN 16,631 thousand, i.e. 89.3% (PLN 7,847 thousand) higher compared to the previous year.

In the first quarter of 2022, Śnieżka-Ukraine temporarily suspended its operating activities. From February 25, 2022 the company stopped deliveries and production. Production was resumed on April 11, 2022, i.e. in the second quarter. Therefore, the performance of the first quarter of 2023 is incomparable to the performance of the same period of 2022.

The outbreak of war in Ukraine disrupted supply chains and forced manufacturers to diversify their supply sources. Ukraine still struggles with great difficulties with logistics and low demand for products in regions that until now have had a significant share in sales, and which are currently in close proximity to hostilities. Concurrently, the situation in the western and

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Data in PLN thousand

central regions of Ukraine is slightly better, and consumer demand for paints and varnishes is higher, which may result from the partial resumption of renovation works.

The Company's Management Board indicates that the situation on the market in question remains uncertain and demanding and that the performance of the first quarter of this year should not, in the Company's opinion, be any basis for estimating the Group's performance of subsequent periods.

On other markets ("Other" segment), the Group generated sales revenues of PLN 9,475 thousand, i.e. 6% higher than the year before.

In total, the Group's revenues generated in Q1 of 2023 on foreign markets accounted for 26.4% of its total revenues.

Table 1 Sales revenues of the Śnieżka Group by countries

	the period of 3 months ended as at 31 March 2023	Structure	the period of 3 months ended as at 31 March 2022	Change (y/y)
Poland	148 248	73.6%	137 546	7.8%
Hungary	27 051	13.4%	34 609	-21.8%
Ukraine	16 631	8.3%	8 784	89.3%
Other	9 475	4.7%	8 938	6.0%
Total sales	201 405	100.0%	189 877	6.1%

The Group's sales structure is dominated by decorative products. In the first three months of 2023, the Group generated from their sales the amount of PLN 163,663 thousand - i.e. 7.9% higher than the year before. Thus, decorative products accounted for 81.2% of the Group's total sales revenues, and their share in the sales structure was 1.3% higher than the year before.

Construction chemicals featured the second highest share in the Company's sales structure (11.7%). The Group's revenues from the sale of products in this category amounted to PLN 23,493 thousand and were 2.2% lower than in the previous year.

Table 2 Sales revenues of the Śnieżka Group by product categories

	the period of 3 months ended as at 31 March 2023	Structure	the period of 3 months ended as at 31 March 2022	Change (y/y)
Decorative products	163 663	81.2%	151 703	7.9%
Construction chemicals	23 493	11.7%	24 012	-2.2%
Industrial products	1 870	0.9%	2 064	-9.4%
Goods	8 486	4.2%	9 250	-8.3%
Other revenues	1 956	1.0%	1 344	45.5%
Materials	1 937	1.0%	1 504	28.8%

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Total sales	201 405	100.0%	189 877	6.1%
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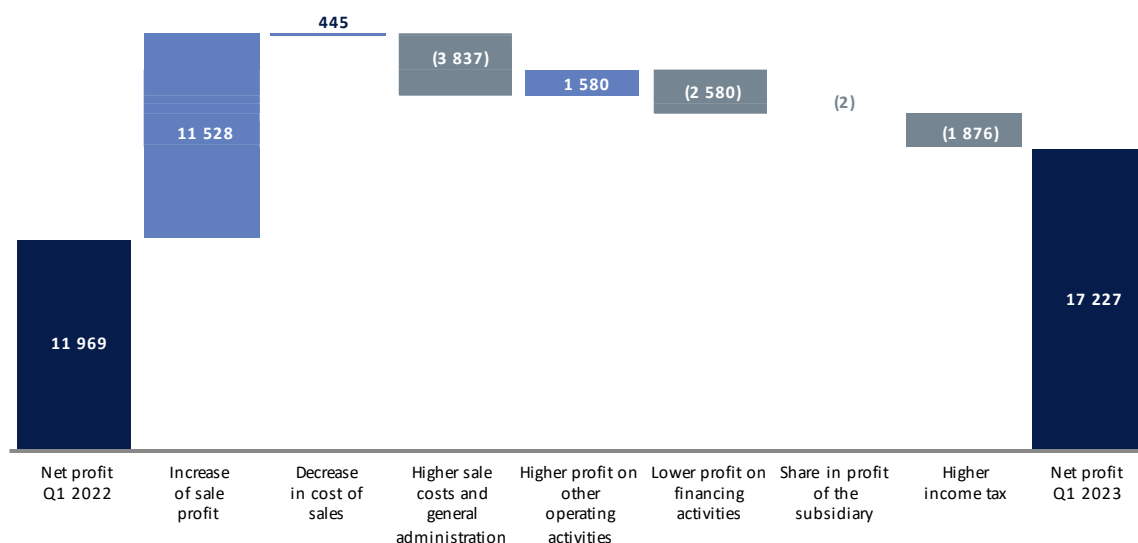
FFiL Śnieżka SA, the parent company of the Group, generated sales revenues of PLN 134,131 thousand in the first three months of 2023, i.e. 7.3% higher than in the corresponding period of the previous year.

1.3 Major factors affecting the financial performance

1.3.1 The Śnieżka Group

In the first three months of 2023, the Śnieżka Group generated a consolidated net profit of PLN 17,227 thousand, i.e. 43.9% higher than in the corresponding period of the previous year.

Figure 5. The impact of individual items in the statement of comprehensive income on the Group's net performance



The Group's net bottom line between January and March of 2023 was primarily affected by:

- an increase in sales revenues by 6.1% (PLN 11,528 thousand), with higher performance achieved on the Polish market (7.8%), where the demand for premium brand products and mid-priced products, a lot better on the the Ukrainian market (89.3%) and other markets (6.0%), and a decrease on the Hungarian market expressed in PLN by 21.8%;
- a decrease in selling costs by 4.0% (PLN 1,265 thousand);
- an increase in general administrative expenses by 11.6% (PLN 2,572 thousand), caused mainly by a boost in salaries, as well as energy and gas costs;
- profit on other operating activities in the first quarter of this year versus negative last year (change by PLN 1,580 thousand);

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Data in PLN thousand

- deterioration of the performance on financial activities by PLN 2,580 thousand, mainly due to higher interest-bearing debt servicing costs;
- higher income tax by PLN 1,876 thousand.

Table 3 The basic elements of the profit and loss account of the Śnieżka Group

	the period of 3 months ended as at 31 March 2023	the period of 3 months ended as at 31 March 2022	Change (y/y)
Sales revenues	201 405	189 877	6.1%
Cost of sales	116 456	116 901	-0.4%
Selling costs	33 163	31 898	4.0%
General administrative expenses	24 716	22 144	11.6%
Profit on other operating activities	470	(1 110)	-
Profit on financial activities	(6 211)	(3 631)	-
Share in associate's profit	(2)	-	-
Gross profit	21 327	14 193	50.3%
Profit on operating activities (EBIT)	27 540	17 824	54.5%
Profit on operating activities + depreciation (EBITDA)	37 479	26 648	40.6%
Income tax	4 100	2 224	84.4%
Net profit, including:	17 227	11 969	43.9%
<i>Profit attributable to shareholders of the parent company</i>	16 310	11 097	47.0%

The Company did not publish forecasts of financial performance for 2023, both on a consolidated and standalone basis.

1.3.2 Fabryka Farb i Lakierów Śnieżka SA

In the first three months of 2023, FFIL Śnieżka SA recorded a rise in sales revenues by 7.3% compared to the corresponding period of the previous year. The Company generated a net profit of PLN 2,169 thousand, i.e. by PLN 2,847 thousand higher than in the corresponding period of the previous year.

The performance of the Company in this period was mainly due to:

- an increase in sales revenue by 7.3% to PLN 134,131 thousand;
- an increase in selling costs by 5.6%, to PLN 6,941 thousand and an increase in general and administrative expenses by 12.6%, to PLN 17,198 thousand;
- profit improvement by PLN 702 thousand on other operating activities;
- higher loss on financial activities (by PLN 3,922 thousand), primarily due to higher interest on loans and borrowings;

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- higher income tax by PLN 598 thousand (up to the value of PLN 744 thousand).

Table 4 The basic elements of the profit and loss account of FFIL ŚNIEŻKA SA

	the period of 3 months ended as at 31 March 2023	the period of 3 months ended as at 31 March 2022	Change (y/y)
Sales revenues	134 131	125 035	7.3%
Cost of sales	97 294	97 159	0.1%
Selling costs	6 941	6 576	5.6%
General administrative expenses	17 198	15 267	12.6%
Profit on other operating activities	815	113	621.2%
Profit on financial activities	(10 600)	(6 678)	-
Gross profit	2 913	(532)	-
Profit on operating activities (EBIT)	13 513	6 146	119.9%
Profit on operating activities + depreciation (EBITDA)	19 751	10 880	81.5%
Income tax	744	146	409.6%
Net profit	2 169	(678)	-

1.4 Financial standing

1.4.1 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. 1.7 of the Report). Therefore, the values of such balance sheet items as: total assets, trade receivables and trade liabilities as at the end of March, 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 three months of the year: as at March 31, 2023 and March 31, 2022.

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Data in PLN thousand

Table 5 The Śnieżka Group's assets

Group's assets	31.03.2023	31.03.2022	Change (y/y)
Fixed assets, including:	566 684	586 730	-3.4%
- Tangible fixed assets	491 985	500 039	-1.6%
- other fixed assets	74 699	86 691	-13.8%
Current assets, including:	310 705	325 030	-4.4%
- Inventory	144 523	168 449	-14.2%
Trade and other receivables	118 274	131 950	-10.4%
- Cash and cash equivalents	36 362	11 171	225.5%
- other current assets	11 546	13 460	-14.2%
Non-current assets classified as held for sale	176	-	-
Total	877 565	911 760	-3.8%

On March 31, 2023, the value of assets of the Śnieżka Group amounted to PLN 877,565 thousand, which is a fall by PLN 34,195 thousand (or 3.8%) compared to the end of March last year. The value of the Group's fixed assets (representing 64.6% of its total assets) went down by 3.4% during the year, i.e. to PLN 566,684 thousand.

The value of the Group's current assets amounted to PLN 310,705 thousand, which means a decline by 4.4% compared to March 31, 2022. The main item of the Group's current assets were inventories valued at PLN 144,523 thousand, the value of which, compared to the previous year, shrank by 14.2%.

The second largest item was trade receivables and other receivables worth PLN 118,274 thousand, which is 10.4% lower than in the previous year.

As at March 31, 2023, the Group held PLN 36,362 thousand cash (increase by 225.5% y/y) and non-current assets classified as held for sale worth PLN 176 thousand.

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Data in PLN thousand

Table 6 The Śnieżka Group's liabilities

Group's liabilities	31.03.2023	31.03.2022	Change (y/y)
Total equity, including:	340 584	345 839	-1.5%
- Equity (attributable to the shareholders of the parent company)	309 992	314 855	-1.5%
- Equity of non-controlling interests	30 592	30 984	-1.3%
Total liabilities	536 981	565 921	-5.1%
Long-term liabilities	315 251	307 366	2.6%
Short-term liabilities, including:	221 730	258 555	-14.2%
- Trade and other liabilities	117 882	132 319	-10.9%
- Short-term liabilities on loans and borrowings	49 376	70 050	-29.5%
- Other short-term liabilities	54 472	56 186	-3.1%
Total	877 565	911 760	-3.8%

As at 31 March 2023, the Group had equity in the amount of PLN 340,584 thousand, i.e. lower by 1.5% than by the end of March 2022. At the same time, its level of external debt decreased. Consequently, the Group financed its operations from its own resources at 38.8%, which denotes an increase of this ratio by 0.9% over the year.

At the end of the reporting period, the Group's long-term liabilities amounted to PLN 315,251 thousand, which is a rise by 2.6% (PLN 7,885 thousand) y/y. This is primarily the result of using the funds from the existing credit lines for investment purposes. Liabilities due after twelve months from the balance sheet date accounted for 35.9% of the balance sheet total.

The Group's short-term liabilities amounted to PLN 221,730 thousand, i.e. a decline by 14.2% y/y and accounted for 25.3% of the balance sheet total. Their fall is primarily due to a change in the debt structure, i.e. repayment of some short-term liabilities and incurring long-term liabilities in their place. Consequently, current bank loans decreased by PLN 20,674 thousand up to PLN 49,376 thousand and as at 31 March 2023 accounted for 5.6% of the balance sheet total.

Compared to the end of March last year the Group's trade and other liabilities decreased by PLN 14,437 thousand (i.e. by 10.9% y/y). This was chiefly followed by a decline in trade liabilities, while the scale of the decline was slightly slowed down by more than 5% surge in liabilities for the option to purchase shares in Poli-Farbe Vegyipari Kft.

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 (i.e. by PLN 45,267 thousand as at March 31, 2023). The core 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 acquire 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.

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Data in PLN thousand

1.4.1 Fabryka Farb i Lakierów Śnieżka SA

Similarly, as in the case of the Group, the level of balance sheet values of FFIL Śnieżka SA is affected by seasonality. Consequently, the Company decided to provide a commentary on the performance presenting the state of assets and liabilities after three months of the year: as at March 31, 2023 and March 31, 2022.

Table 7 FFIL ŚNIEŻKA SA's assets

Company's assets	31.03.2023	31.03.2022	Change (y/y)
Fixed assets, including:	655 141	646 637	1.3%
- Tangible fixed assets	419 261	408 943	2.5%
- Shares and stocks in other entities	202 856	201 943	0.5%
- other fixed assets	33 024	35 751	-7.6%
Current assets, including:	228 047	254 820	-10.5%
- Inventory	100 277	125 592	-20.2%
- Trade and other receivables	104 817	115 216	-9.0%
- Cash and cash equivalents	11 699	968	1108.6%
- other current assets	11 254	13 044	-13.7%
Total	883 188	901 457	-2.0%

On March 31, 2023, the Company's assets amounted to PLN 883,188 thousand, which is a decrease by PLN 18,269 thousand, i.e. by 2.0% compared to the end of March last year.

The value of the Company's fixed assets (representing 74.2% of its total assets) increased by 1.3% during the year, to PLN 655,141 thousand, predominantly as a result of an increase in property, plant and equipment by PLN 10,318 thousand (2.5%). It was a boost stemming primarily from the finalization of the erection of the Logistics Centre in Zawada near Dębica and investments in IT.

The value of the Company's current assets amounted to PLN 228,047 thousand, i.e. 10.5% lower than as at March 31, 2022. The main item of these assets were trade and other receivables, although 9.0% lower than in the previous year, valued at PLN 104,817 thousand.

Inventories, despite the increase in the prices of raw materials translating into a boost in the prices of finished products in stock, were valued at PLN 100,277 thousand, significantly below the ones from last year (by 20.2%, i.e. PLN 125,592 thousand). It is a derivative of the supply chain management optimization process, e.g. by implementing the Logistics Centre into operation.

At the end of March 2023, the Company held PLN 11,699 thousand cash and cash equivalents (increase by PLN 10,731 thousand y/y) and PLN 11,254 thousand of other current assets in the form of income tax receivables.

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Data in PLN thousand

Table 8 FFIL ŚNIEŻKA SA's liabilities

Company's liabilities	31.03.2023	31.03.2022	Change (y/y)
Equity	225 345	229 335	-1.7%
Total liabilities	657 843	672 122	-2.1%
Long-term liabilities, including:	512 572	540 416	-5.2%
- Long-term interest-bearing loans and borrowings	503 554	529 498	-4.9%
- Other long-term liabilities	9 018	10 918	-17.4%
Short-term liabilities, including:	145 271	131 706	10.3%
- Trade and other liabilities	84 876	92 401	-8.1%
- Current portion of interest-bearing loans and borrowings	50 640	30 976	63.5%
- Other short-term liabilities	9 755	8 329	17.1%
Total	883 188	901 457	-2.0%

As at 31 March 2023, FFIL Śnieżka SA financed its operations with its own funds in 25.5%, which means a slight increase in this ratio (by 0.1%) compared to the end of March last year. At the end of the reporting period, the Company's long-term liabilities amounted to PLN 512,572 thousand (decrease by PLN 27,844 thousand y/y) and accounted for 58.0% of the balance sheet total.

As part of the long-term liabilities presented in the statements, as at March 31, 2023, the Company has a loan from its subsidiary Śnieżka ToC, which is an element of optimal liquidity management within the Group. The total value of this loan is PLN 224,353 thousand including PLN 222,784 thousand (long-term liability) and PLN 1,569 thousand interest (short-term liability).

The Company's short-term liabilities increased by 10.3% (PLN 13,565 thousand). This balance sheet item was mainly affected by the surge in the Company's current credit liabilities (by PLN 19,664 thousand), which as at March 31, 2023 amounted to PLN 50,640 thousand; on the other hand, there was an 8.1% decline in trade and other liabilities by PLN 7,525 thousand, up to PLN 84,876 thousand.

As at the balance sheet date, the Company's other short-term liabilities went up (in total by PLN 1,426 thousand), which was mainly due to: an increase in income tax liabilities and an increase in put option liabilities (related to the possible acquisition of the remaining 20% of shares in Poli- Farbe).

1.5 Cash flows

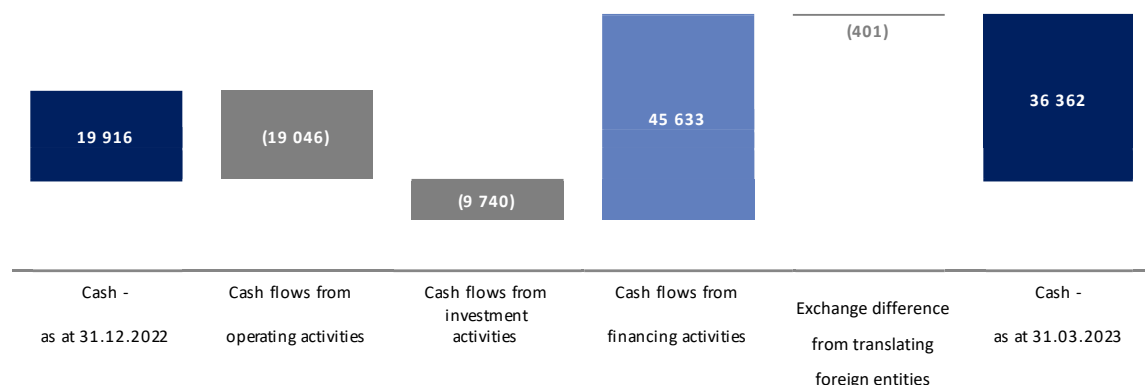
1.5.1 The Śnieżka Group

In the first three months of 2023, the Group generated positive cash flows of PLN 16,446 thousand (adjusted for foreign exchange differences) against negative PLN 5,019 thousand a year earlier. Consequently, at the end of the reporting period, cash and cash equivalents for the Group amounted to PLN 36,362 thousand.

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Data in PLN thousand

Figure 6. The Group's cash flows in Q1 of 2023



This performance was affected by:

- **negative cash flows on operating activities in the amount of PLN 19,046 thousand.**

Their amount was negatively affected mainly by a change in liabilities by PLN 57,654 thousand, a change in inventories by PLN 18,409 thousand and paid income tax PLN 5,700 thousand, positively, on the other hand, they had a significant impact: profit before tax PLN 21,327 thousand and a change in receivables of PLN 24,005 thousand.

- **negative cash flows on investing activities in the amount of PLN 9,740 thousand.**

The Group companies spent a total of PLN 10,269 thousand for the purchase of tangible fixed assets and intangible assets. Expenditures incurred by FFIL Śnieżka SA account for the vast majority of this amount.

- **positive flows on financial activities at the level of PLN 45,633 thousand.**

In addition to the proceeds from the existing credit lines in the amount of PLN 238,230 thousand, - resulting from investment needs and current operating activities - the final cash flows from financial activities were significantly affected by the partial repayment of loans (PLN 185,589 thousand) and interest (PLN 6,760 thousand).

1.5.2 Fabryka Farb i Lakierów Śnieżka SA

After three months of 2023, the Company generated positive cash flows of PLN 10,152 thousand (against negative PLN 6,351 thousand a year earlier).

At the end of the reporting period, the Company's cash amounted to PLN 11,699 thousand. They were a result of:

- **negative cash flows on investing activities in the amount of PLN 1,199 thousand.**

Their amount was negatively affected mainly by the direction of changes in inventories and receivables (PLN 44,063 thousand in total) and the income tax paid (PLN 5,026 thousand); positively, however, the change in liabilities (PLN 27,659 thousand).

- **negative cash flows on investing activities in the amount of PLN 9,568 thousand.**

The Company spent PLN 9,608 thousand, largely in connection with the investment in the Logistics Centre in Zawada.

- **positive cash flows on financing activities in the amount of PLN 20,919 thousand.**

This item was positively influenced by the proceeds from the existing credit lines and loans (PLN 251,107 thousand in total); while the greatest negative impact had: partial repayment of credits and loans (PLN 216,186 thousand) and repayment of interest (PLN 13,989 thousand).

1.6 Financial ratios

Group's profitability ratios

During the first three months of 2023, the Śnieżka Group achieved significantly higher margins than in the corresponding period of the previous year. The level of the gross margin was influenced primarily by the increase in sales while maintaining the level of production costs. Net profit margins were negatively affected by significantly higher interest costs and a 12% increase in general and administrative expenses, however, the scale of rises in these costs was significantly lower than the surge in sales and margin, which in total led to an increase in the net performance in y/y terms by almost 44%, to the level of PLN 17,227 thousand. In the reporting period, ROA and ROE ratios were lower, chiefly as a result of lower net profit calculated on a cumulative basis over the last 12 months.

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Data in PLN thousand

Table 9 The Group's profitability ratios

	the period of 3 months ended as at 31 March 2023	the period of 3 months ended as at 31 March 2022
EBIT margin in % (EBIT / Sales revenues) x 100%	13.7%	9.4%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	18.6%	14.0%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	42.2%	38.4%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	8.6%	6.3%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	5.3%	7.0%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	13.8%	18.0%

* 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 (AJD) for the last 4 quarters divided by the average value of equity attributable to AJD at the end of the last 5 quarters.

Group's liquidity and debt ratios

As at 31 March 2023, the general debt ratio of the Śnieżka Group decreased by 0.9% y/y as a result of the faster rate of decrease in liabilities in relation to the balance sheet total.

Due to the decrease in the value of fixed assets by 3.4% y/y and with a lower rate of decrease in equity (by 1.5%), it recorded an improvement of 1.2% fixed assets to equity ratio reaching the value of 60.1%.

The Group's current liquidity ratio was 0.1% higher than a year earlier, primarily owing to a significant decrease in the level of short-term liabilities. The accelerated liquidity ratio maintained similar dynamics of changes as the general liquidity ratio, while the cash liquidity ratio was higher (y/y), as a result of a significant increase in cash holdings.

The Management Board of the Company monitors the situation in connection with the war in Ukraine and thus in the frontline country - Belarus, and also analyses the economic and social situation on the main markets as far as the demand for the Group's products is concerned. Taking this into consideration, and also as for the on-going investment cycle, which required the use of own funds and loans, it embarks on actions to maintain the optimal, safe level of the Group's liquidity.

At the end of the first quarter of 2023, the Group's net debt/EBITDA ratio was 2.72 vs. 3.29 a year earlier. The Śnieżka Group manages its interest-bearing debt in a conservative manner, assuming the optimal debt level at the level of 1x EBITDA in the long term.

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Data in PLN thousand

Its current, higher level is the aftermath of the investment cycle, which was finalized during the period of increasing prices of goods and services, particularly the prices of construction and finishing materials as well as equipment necessary to complete investment works in the Logistics Centre in Zawada.

In 2023, the total value of capital expenditures in the Group will be significantly lower than in the previous year and, according to the current forecasts of the Company's Management Board, it may amount to approximately PLN 35 million. Concurrently, in order to ensure financing at the optimal level, the Company prolongs credit agreements as needed.

Table 10. The Śnieżka Group's liquidity and debt ratios

	31.03.2023	31.03.2022
Current liquidity ratio (Current assets / Short-term liabilities)	1.4	1.3
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	0.7	0.6
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.16	0.04
Total debt ratio (Total liabilities / Total assets) x 100%	61.2%	62.1%
Fixed-assets-to-equity ratio (Equity/Fixed assets) x 100%	60.1%	58.9%

Group's rotation ratios

In Q1 of 2023, the cash conversion cycle in the Group was 73 days, which - compared to the corresponding period of the previous year - denotes its shortening by less than 17 days. This result was positively influenced by: faster inflow of receivables from the sale of products and goods (by approx. 10 days) and an improvement in the inventory turnover by 18 days, while shortening the liabilities cycle by approx. 11 days had a negative impact.

Table 11. The Śnieżka Group's rotation ratios

	the period of 3 months ended as at 31 March 2023	the period of 3 months ended as at 31 March 2022
Inventory cycle (Inventory x 90 / Cost of sales) in days	111.7	129.7
Receivables cycle (Trade and other receivables x 90 / Sales revenues) in days	52.9	62.5
Current liabilities cycle (Trade and other liabilities x 90 / Cost of sales) in days	91.1	101.9
Cash conversion cycle (Inventory cycle + receivable cycle - liability cycle) in days	73.4	90.4

1.7 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, usually 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. 60-65% 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 of the financial year compared to the end of December of the previous year,
- the level of production in selected Group companies in individual months of the year and - to a certain extent - the resulting employment level.

1.8 Factors that may affect the Group's performance in the following quarters

The performance of the Śnieżka Group in 2023 will be primarily influenced 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 on 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, financial condition of consumers and their purchasing intentions in the product categories most important for the Group in its key markets (Poland and Hungary).

Demand in the months to come may be affected by deteriorating consumer sentiment, lower purchasing power, as well as greater propensity to save and temporary reduce large expenses. It has e.g. connection with the increase in inflation and the monetary policy pursued by the NBP, which largely boils down to cooling down the economy by reducing lending, and thus limiting the amount of money on the market. According to the analyses of the Central Statistical Office, the consumer sentiment in Poland - aggregated in the Current Consumer Confidence Indicator (BWUK)³⁶ - improved in April 2023 and amounted to -32.2 (+2.4% compared to March 2023). The Leading Indicator of Consumer Confidence (WWUK), describing the trends in individual consumption

³⁶ BWUK and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in the economic situation whereas negative values indicate its deterioration.

expected in the next 12 months, also boosted. Currently, it is at -19.7 (+2.9% compared to March 2023)³⁷.

In the reporting period, the Group observed a decrease in demand in terms of volume for decorative products on the Polish market, which is responsible for over 2/3 of its sales revenues. On the Hungarian market, the sales volume recorded a decrease as a consequence of weaker macroeconomic indicators. On the contrary, the lower demand on the Ukrainian market is the aftermath of the on-going armed conflict – although the scale of this decline is lower than anticipated.

The Group analyses how global factors (e.g. the effects of the war in Ukraine) and local factors (e.g. raising interest rates in response to dynamically rising prices) affect GDP in individual countries, with which the decorative paints industry is strongly connected. A constant element of the activities carried out is the monitoring of situation in this sector on 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 had a negative impact on the Group's operations and performance on 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 further business operations in Ukraine. Nevertheless, the in-progress armed conflict and the concentration of the Russian army on destroying the energy infrastructure cause disruptions in the energy supply, which may affect the efficiency of the production plant. It may also have a negative impact on 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 Capital Group.

Having analysed the situation of the entire year, it should be noted that the final sales performance of the Ukrainian company in the reporting period appeared to be better than expected. Concurrently, 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 on 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.

³⁷ Source: CSO, Consumer situation - December 2022.

The exposure to risk of assets held in Ukraine as at March 31, 2023 is as follows (data in PLN thousand):

Data in PLN '000	Balance as at 03.2023
Tangible fixed assets	19 192
Inventory	13 696
Short-term receivables	4 264
Cash	10 685
Other assets	458
Total assets	48 294
Net assets (Equity)	42 921

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

The reading from the Goods Trade Barometer of the World Trade Organization (WTO) in March 2023 was 92.2 points (lowering the level compared to the reading of 96.2 points in November last year)³⁸.

The global trade situation translates into trade on the key markets the Group operates on - and, as a result, also on the condition of the economies of the countries that constitute the core sales markets for the Group's products. The sector of paint and wood products and the level of consumption of renovation and construction products are correlated with the level and dynamics of GDP. 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.

The greatest threat from the trade's perspective is the escalation of the conflict in Ukraine, which affects the sales dynamics in the industry both directly (due to the Group's presence on the Ukrainian market) and indirectly (by affecting the prices of energy raw materials).

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, at the turn of 2023 and 2024, in the case of some raw materials and packaging, there may be another increase in the prices of packaging and other goods. Determining the level of prices of key raw materials used in production may be subject to a significant error. At the same time, restrictions in access to raw materials intensified work on the search for substitutes for raw materials necessary for the production of paint and varnish products.

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. At present, the Company

³⁸ Source: https://www.wto.org/english/news_e/news23_e/wtoi_01mar23_e.pdf.

does not anticipate any events related to the purchase of raw materials that could jeopardize its proper functioning.

5. Changes in currency exchange rates

The Group's bottom-line may be significantly affected by changes in currency exchange rates, in particular: EUR/USD, EUR/PLN, USD/PLN, HUF/PLN and 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.

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. The Group conducts analyses aimed at implementing investments that will significantly increase the share of green energy in its energy consumption structure in two key markets, i.e. in Poland and Hungary. These activities are part of *Śnieżka 2023 + Sustainable Development Strategy*.

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

The legal regulations of the European Union relating to the paint and varnish industry are becoming more and more restrictive. They are also characterized by increasing complexity. For example, the legal regulations governing the content of biocides allowed in the formulation of paint are becoming more and more stringent. The greater emphasis is placed on the use of natural components in paint, which on the one hand are responsible for greater environmental friendliness and safety of the product, and on the other hand, shorten its usability. The adaptation works are therefore focused on ensuring that the eco-friendliness is followed by equally high durability and usability of the products.

The Group constantly monitors legal changes that may affect production and implements measures to dynamically accommodate the technological process to these changes. The currently amended legal acts, the adaptation of which should be taken into account in the near future, are the Regulation of the European Parliament and of the Council No. 1272/2008 on classification, labelling and packaging of substances and mixtures (the so-called CLP Regulation) with amending regulations (the so-called ATP), related to the classification of products and their appropriate labelling, depending on the content of biocides in the final product.

Thanks to own Microbiological Laboratory, the Group is able to perform the tests necessary to meet new legal requirements, and even exceed them, while ensuring the high quality of the offered products.

8. Actions to prevent climate change

In the following years, the situation on the market of construction chemicals, including paint and agents for wood protection and decoration, may also be influenced by measures addressed to stop unfavourable climate change - including regulatory and stimulating measures aimed at implementing the Paris Agreement and the EU strategy - *European Green Deal*.

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Data in PLN thousand

The Group does not conduct high-emission activities, and the paint and varnish production is low-energy-consuming.

However, a certain part of the entire value chain is high-emission activity (e.g. production of packaging based on petroleum products and extraction or production of certain raw materials used by the Group) and it cannot be ruled out that future regulations on reducing emissions and energy consumption of production plants located in the European Union will affect the business model and the Group's results.

The Company has also developed the *2023+ Sustainable Development Strategy*, in which an essential part is the action to prevent climate change. Since 2022 the carbon footprint for the Śnieżka Group has been calculated in the scope of 1, 2 and 3.

2. Quarterly condensed consolidated financial statements of the Śnieżka Group

The interim condensed consolidated financial statements of the Group cover the 3-month period ended 31 March 2023 and contain comparative data for the 3-month period ended 31 March 2022 and as at 31 December 2022. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2022.

These interim condensed consolidated financial statements of the Group for the period of 3 months ended March 31, 2023 were approved for publication by the Company's Management Board as at May 16, 2023.

The basis for preparing the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU ("IFRS EU"), in accordance with the requirements of IAS 34 "Interim Financial Reporting", and the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation").

As at the date of approval of the condensed financial statements to be published, taking into account a pending process within the EU on implementation IFRS standards as well as conducted business activity by the Group, in the scope of accounting principles applied by the Company, IFRS differ from IFRS UE.

The IFRS UE comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC")

These interim condensed financial statements are presented in Polish currency, i.e. PLN, and all values, unless stated otherwise, are provided in PLN' 000.

These interim condensed financial statements have been prepared assuming that the Group will continue its business activity in the foreseeable future.

Essential accounting principles (policy)

These condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended as at December 31, 2022, which was published on March 14, 2023.

The Śnieżka Group - Consolidated quarterly report for the first quarter of 2023

Data in PLN thousand

2.1 Condensed consolidated statement of comprehensive income

	<i>period 3 months year ended as at 31 March 2023 (unaudited) (data not subject to review)</i>	<i>period 3 months year ended as at 31 March 2022 (unaudited) (data not subject to review)</i>
Continued activities		
Sales revenues	201 405	189 877
Cost of sales	116 456	116 901
Gross profit on sales	84 949	72 976
Other operating revenues	1 443	1 516
Selling costs	33 163	31 898
General administrative expenses	24 716	22 144
Other operating expenses	973	2 626
Profit on operating activities	27 540	17 824
Financial revenues	368	57
Financial expenses	6 579	3 688
Share in associate's profit	(2)	-
Gross profit	21 327	14 193
Income tax	4 100	2 224
Net profit on continued activities	17 227	11 969
Discontinued activities		
Profit for the period of discontinued activities	-	-
Net profit for the period	17 227	11 969
Other comprehensive income		
Items subject to reclassification to profit / (loss) in subsequent reporting periods:		
Exchange differences from translation of foreign operations	2 115	805
Cash flow hedge	-	-
Net investment hedge in a foreign entity	-	(1 176)
Items not subject to reclassification to profit / (loss) in subsequent periods		
Change in fair value of equity instruments measured at fair value through other comprehensive income	-	278
Actuarial gains (losses) after considering deferred income tax	-	-
Other net comprehensive income	2 115	(93)
COMPREHENSIVE INCOME FOR THE PERIOD	19 342	11 876
Profit attributable to:	17 227	11 969
Shareholders of the parent company	16 310	11 097
Non-controlling interests	917	872
Total income attributable to:	19 342	11 876
Shareholders of the parent company	17 050	10 756
Non-controlling interests	2 292	1 120
Earnings per share (in PLN):		
- basic, from profit for the period attributable to shareholders of the parent company	1.29	0.88
- basic, from profit on continued operations for the period attributable to the shareholders of the parent company	1.29	0.88
- diluted, from profit for the period attributable to shareholders of the parent company	1.29	0.88
- diluted, from profit on continued operations for the period attributable to the shareholders of the parent company	1.29	0.88

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Data in PLN thousand

2.2 Condensed consolidated statement of financial position

Assets	31 March 2023 (unaudited) (data not subject to review)	31 December 2022
Fixed assets	566 684	572 889
Tangible fixed assets	491 985	496 131
Goodwill	4 209	4 209
Intangible assets	66 163	68 171
Investments in subsidiaries using the equity method	1 781	1 783
Other financial assets (long-term)	1 108	1 108
Long-term lease receivables	725	725
Deferred tax assets	713	762
Current assets excluding non-current assets held for sale	310 705	220 946
Inventory	144 523	124 553
Trade and other receivables	118 274	65 339
Income tax receivables	11 546	11 138
Cash and cash equivalents	36 362	19 916
Non-current assets classified as held for sale	176	180
Current assets	310 881	221 126
TOTAL ASSETS	877 565	794 015
LIABILITIES		
Equity (attributable to the shareholders of the parent company)	309 992	292 942
Share capital	12 618	12 618
Option to acquire shares in minority ownership	(45 267)	(45 267)
Other supplementary capital	(54 960)	(55 700)
Retained earnings	397 601	381 291
Equity of non-controlling interests	30 592	28 300
Total equity	340 584	321 242
Long-term liabilities	315 251	244 850
Interest-bearing loans and borrowings	299 719	225 886
Provisions, including:	4 456	4 454
- Provisions for employee benefits	3 942	3 940
- Other provisions	514	514
Lease liabilities	4 475	4 535
Liabilities under option to acquire shares in minority ownership	-	-
Provision for deferred income tax	6 601	9 975
Short-term liabilities, excluding assets held for sale	221 730	227 923
Trade and other liabilities	117 882	103 216
Current portion of interest-bearing loans and borrowings	49 376	70 904
Lease liabilities	871	1 078
Liabilities under option to acquire shares in minority ownership	44 848	44 848
Income tax liabilities	4 044	3 356
Provisions, including:	4 709	4 521
- Provisions for employee benefits	4 435	4 250
- Other provisions	274	271
Short-term liabilities	221 730	227 923
Total liabilities	536 981	472 773
TOTAL LIABILITIES	877 565	794 015

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Data in PLN thousand

2.3 Condensed consolidated statement of cash flows

	the period of 3 months ended as at 31 March 2023 (unaudited) (data not subject to review)	the period of 3 months ended as at 31 March 2022 (unaudited) (data not subject to review)
Cash flows from operating activities		
Profit before tax	21 327	14 193
Adjustments:	(34 673)	(62 366)
Depreciation / amortisation of PP&E, intangible assets	9 939	8 824
Profit (loss) on investing activities	(295)	(21)
Exchange difference	522	(38)
Shares in subsidiaries' profits	2	-
Interest expenses	6 466	3 202
Other adjustments	(224)	248
Movement in inventories	(18 409)	(32 364)
Movement in receivables	24 005	18 584
Movement in liabilities	(57 654)	(60 709)
Movement in provisions	975	(92)
Cash generated by operating activities	(13 346)	(48 173)
Income tax paid	(5 700)	(3 702)
Net cash from operating activities	(19 046)	(51 875)
Cash flows from investing activities		
Proceeds from sales of intangible assets	-	-
Expenses related to acquisition of PP&E and intangible assets	(10 269)	(18 213)
Proceeds from sales of PP&E	499	4
Expenses related to acquisition of subsidiaries	-	(373)
Proceeds from sale of shares	30	10
Net cash used in investing activities	(9 740)	(18 572)
Cash flows from financing activities		
Proceeds from loans and borrowings raised	238 230	139 056
Repayment of loans and borrowings	(185 589)	(70 054)
Repayment of liabilities on account of finance leases	(248)	(341)
Interest	(6 760)	(3 200)
Dividends and promoter certificates paid	-	-
Net cash from financing activities	45 633	65 461
Net increase (decrease) in cash and cash equivalents before exchange differences	16 847	(4 986)
Exchange differences from translation of foreign operations	(401)	(33)
Net increase (decrease) in cash and cash equivalents	16 446	(5 019)
Cash and cash equivalents at the beginning of the period	19 916	16 190
Cash and cash equivalents at the end of the period	36 362	11 171

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Data in PLN thousand

2.4 Condensed consolidated statement of changes to equity

	Share capital	Option to purchase shares held by minority interest	Other reserve capital	Retained earnings	Equity (attributable to the shareholders of the parent entity)	Equity of non- controlling interests	Total equity
As at 1 January 2023	12 618	(45 267)	(55 700)	381 291	292 942	28 300	321 242
Net profit for the period	-	-	-	16 310	16 310	917	17 227
Other net comprehensive income for the period	-	-	740	-	740	1 375	2 115
Comprehensive income for the period	-	-	740	16 310	17 050	2 292	19 342
As at 31 March 2023	12 618	(45 267)	(54 960)	397 601	309 992	30 592	340 584
-	-	-	-	-	-	-	-
As at 1 January 2022	12 618	(42 726)	(40 711)	374 918	304 099	29 864	333 963
Net profit for the period	-	-	-	11 097	11 097	872	11 969
Other net comprehensive income for the period	-	-	(341)	-	(341)	248	(93)
Comprehensive income for the period	-	-	(341)	11 097	10 756	1 120	11 876
Other	-	-	-	-	-	-	-
As at 31 March 2022	12 618	(42 726)	(41 052)	386 015	314 855	30 984	345 839

3. Quarterly condensed standalone financial statements of FFIL Śnieżka SA

The interim condensed financial statements of FFIL Śnieżka SA cover the period of 3 months ended March 31, 2023 and contain comparative data for the period of 3 months ended March 31, 2022 and December 31, 2022. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2022.

Information on the principles adopted in the preparation of the condensed financial statements of FFIL Śnieżka SA are analogous to those for the Group.

3.1 Condensed standalone statement of comprehensive income

	the period of 3 months ended as the period of 3 months ended as at 31 March 2023 (unaudited, data not subject to review)	at 31 March 2022 (unaudited, data not subject to review)
Continued activities		
Sales revenues	134 131	125 035
Cost of sales	97 294	97 159
Gross profit on sales	36 837	27 876
Dividend income	-	-
Other operating revenues	985	447
Selling costs	6 941	6 576
General administrative expenses	17 198	15 267
Other operating expenses	170	334
Profit on operating activities	13 513	6 146
Financial revenues	40	196
Financial expenses	10 640	6 874
Gross profit	2 913	(532)
Income tax	744	146
Net profit for the period	2 169	(678)
Other comprehensive income that is not reclassified to profit/(loss):	-	-
Actuarial gains (losses) for defined benefit plans	-	-
Change in fair value of financial instruments measured at fair value through other comprehensive income	-	-
Other comprehensive income that can be reclassified to profit/(loss):	-	279
Cash flow hedge	-	279
Other net comprehensive income (losses)	-	279
COMPREHENSIVE INCOME FOR THE PERIOD	2 169	(399)
Profit (loss) per share:		
- basic, from profit for the reporting period	0.17	(0.05)
- basic, from profit on continued operations for the reporting period	0.17	(0.05)
- diluted, from profit for the reporting period	0.17	(0.05)
- diluted, from profit on continued operations for the reporting period	0.17	(0.05)

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Data in PLN thousand

3.2 Condensed standalone statement of financial position

	31 March 2023 (unaudited, data not subject to review)	31 December 2022
ASSETS		
Fixed assets	655 141	659 754
Tangible fixed assets	419 261	422 896
Intangible assets	32 382	33 360
Shares and interests in other entities	202 856	202 856
Long-term receivables	642	642
Deferred tax assets	-	-
Current assets	228 047	173 054
Inventory	100 277	84 185
Trade and other receivables	104 817	76 879
Income tax receivables	11 254	10 443
Other financial assets	-	-
Cash and cash equivalents	11 699	1 547
TOTAL ASSETS	883 188	832 808
LIABILITIES		
Equity	225 345	223 175
Share capital	12 618	12 618
Revaluation reserve	110	110
Retained earnings	212 617	210 447
Long-term liabilities	512 572	473 549
Interest-bearing loans and borrowings	503 554	464 472
Provisions for employee benefits	2 980	2 980
Lease liabilities	1 694	1 694
Liabilities under option	-	-
Provision for deferred income tax	4 344	4 403
Short-term liabilities	145 271	136 084
Trade and other liabilities	84 876	69 509
Current portion of interest-bearing loans and borrowings	50 640	58 094
Lease liabilities	275	288
Liabilities under option	6 860	6 860
Income tax liabilities	945	-
Provisions for employee benefits	1 675	1 333
Total liabilities	657 843	609 633
TOTAL LIABILITIES	883 188	832 808

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Data in PLN thousand

3.3 Condensed standalone statement of cash flows

	the period of 3 months ended as at 31 March 2023	the period of 3 months ended as at 31 March 2022
	(unaudited, data not subject to review)	(unaudited, data not subject to review)
Cash flows from operating activities		
Profit before tax	2 913	(532)
Adjustments:	915	(18 103)
Depreciation of PP&E, intangible assets Profit (loss) on investing activities Exchange difference	6 238	4 734
Net interest	(8)	1
Movement in inventories	468	1 139
Movement in receivables	10 279	5 182
Movement in liabilities	(16 092)	(27 743)
Movement in provisions	(27 971)	(27 613)
Cash generated by operating activities	27 659	26 277
Income tax paid	342	(79)
	3 828	(18 635)
Net cash from operating activities	(5 026)	(2 550)
	(1 199)	(21 185)
Cash flows from investing activities		
Proceeds from sales of PP&E and intangible assets	9	-
Expenses related to acquisition of PP&E and intangible assets	(9 608)	(17 325)
Expenses related to acquisition of shares and stocks	-	(373)
Proceeds from sale of shares	30	10
Net cash used in investing activities	(9 568)	(17 688)
Cash flows from financing activities		
Proceeds from loans and borrowings raised		
Repayment of loans and borrowings	251 107	117 337
Repayment of liabilities on account of finance leases	(216 186)	(79 857)
Interest	(14)	(8)
	(13 989)	(4 950)
Net cash from financing activities	20 919	32 522
Net increase (decrease) in cash and cash equivalents	10 152	(6 351)
Cash and cash equivalents at the beginning of the period of the period	1 547	7 319
Cash and cash equivalents at the end of the period	11 699	968

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Data in PLN thousand

3.4 Condensed standalone statement of changes to equity

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Revaluation reserve</i>	<i>Total equity</i>
As at 1 January 2023	12 618	210 448	110	223 176
Net profit (loss) for the period	-	2 169	-	2 169
Other net comprehensive income for the period	-	-	-	-
Comprehensive income for the period	-	2 169	-	2 169
Dividend payment	-	-	-	-
As at 31 March 2023	12 618	212 617	110	225 345
				-
				-
As at 1 January 2022	12 618	217 268	(152)	229 734
Net profit for the period	-	(678)	-	(678)
Other net comprehensive income for the period	-		279	279
Comprehensive income for the period	-	(678)	279	(399)
Dividend payment	-	-	-	-
As at 31 March 2022	12 618	216 590	127	229 335

4. Additional information

Factors and events, including of unusual nature, having a significant impact on the condensed statements

The Management Board of the parent company monitors the conditions on the Ukrainian market on an on-going basis and adjusts its activities and plans to the situation related to the armed conflict in Ukraine, which commenced in February 2022. Due to external factors and the current market situation, the Company's Management Board is currently unable to estimate the impact of the war on the Group's future performance on the said market.

Due to the extraordinary situation on the Ukrainian market, the Capital Group continues the change of rules implemented in 2022 regarding the translation of financial statements of the company operating in Ukraine, for which the Ukrainian hryvnia (UAH) is the functional currency. The Group adopted, as at March 31, 2023, the closing rate set by the National Bank of Ukraine, at which the Group exchanges UAH into PLN, i.e. UAH 1 = PLN 0.1180.

Polish companies belonging to the Group concluded an agreement on the establishment of a Tax Capital Group from 1 January 2023 between the companies FFIL Śnieżka SA, Śnieżka ToC Sp. z o. o. and Rafil S.A. The establishment of the TCG enables the companies included in it to jointly settle corporate income tax, as well as simplify its settlement, which allows for the effective use of resources in the Group.

No other factors or events occurred in Q1 of 2023 than those described in the financial statements, including those of unusual nature, having a significant impact on the condensed statements of the Group and the Company.

Significant proceedings

In March 2021, the Company received the result of a customs and tax audit carried out by the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl on the accuracy of the declared grounds and payment of corporate income tax for 2016.

The Customs and Tax Office decided that in the audited period, the Company overestimated the tax deductible costs by PLN 13.8 million in connection with the expenses incurred for the acquisition of rights to use intangible assets and indicated a tax arrears of PLN 2.62 million. The amount of interest amounted to PLN 0.88 million.

The Company paid the tax liability in the amount of PLN 2.62 million together with interest in the amount of PLN 0.88 million in September 2022. At the same time, the Management Board did not agree with the findings of the inspection and appealed to the Head of the Sub-Carpathian Customs and Tax Office.

On December 23, 2022, the Company was served with the final decision of the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl, upholding the findings of the tax office inspection. On January 23, 2023, the Company's attorney filed a complaint to the Provincial Administrative Court in Rzeszów.

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By judgment of April 25, 2023, the Provincial Administrative Court in Rzeszów revoked the Decision of the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl. Currently, Śnieżka is waiting for the written justification of the decision to be delivered. The judgment is not final.

In November 2022 a customs and tax inspection was initiated against the Company regarding the accuracy of the declared tax bases and payment of corporate income tax for 2017. Currently, inspection activities are carried out against the Company, consisting in requesting the Company to submit documentation related to the settlement of corporate income tax for 2017.

In Q1 of 2023 there were no significant proceedings, apart from the above-mentioned, pending before a court, arbitration body or public administration body regarding liabilities and receivables of the Company or its subsidiaries.

Transactions with related entities

In Q1 of 2023 neither the Company nor its subsidiaries concluded any transactions with related entities other than arm's length transactions. Transactions between the aforementioned associates are made on equivalent terms to those that prevail in arm's length transactions.

Granted sureties and guarantees

As at 31 March 2023, there were no significant credit or loan sureties or guarantees granted to a single entity or its subsidiary by the Company or its subsidiary.

Other information relevant to the assessment of the personnel, property and financial situation, the profit of the Company and their changes and information relevant to the assessment of the Company's ability to fulfil its obligations

As at February 28, 2023 the Group ended its factoring cooperation with ING Commercial Finance Polska Spółka Akcyjna. The value of the contract was PLN 30 million.

In the first quarter of 2023, the Group fully repaid the overdraft facility at Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.

In March 2023, FFIL Śnieżka SA fully repaid the internal loan to Poli-Farbe in the amount of HUF 966,138,548.

Other information that, in the Company's opinion, is important for assessing its personnel, property, financial situation, profit and their changes in the first quarter of 2023, as well as information that is important for assessing the Company's ability to fulfil its obligations, is included in this Report.

Amount and type of items affecting assets, liabilities, equity, net profit or cash flows that are unusual due to their type, value or frequency

In the first quarter of 2023, there are no items affecting assets, liabilities, equity, net profit or cash flows that would be unusual due to their type, value or frequency.

Explanations regarding the seasonality or cyclicity of activities

Information on seasonality is described in sec. 1.7 of the Report.

Information on write-downs of inventories to net realizable value and reversal of write-downs on this account

In the first quarter of 2023, the amount of write-downs on inventories (compared to December 31, 2022) decreased by PLN 418 thousand and as at March 31, 2023 these write-downs amount to PLN 4,309 thousand.

Information on impairment losses on financial assets, property, plant and equipment, intangible assets or other assets and the reversal of such write-downs

As at March 31, 2023, impairment losses on receivables increased by PLN 536 thousand compared to December 31, 2022.

Currently, their value is PLN 2,587 thousand.

Compared to the value as at December 31, 2022, there was an increase of PLN 2 thousand impairment losses on non-current assets. As at March 31, 2023, they amount to PLN 1,816 thousand.

Information on the creation, increase, use and release of provisions

Provisions created in the Group relate to future employee benefits and as at March 31, 2023 their total value is PLN 8,377 thousand (including PLN 3,942 thousand is a long-term provision and PLN 4,435 thousand is a short-term one).

In the first quarter of 2023, the amount of these provisions increased (compared to December 31, 2022) by a total of PLN 188 thousand with an increase of PLN 2 thousand in the case of the long-term provision and PLN 186 thousand in the case of the short-term one.

The Group also created additional provisions at the end of the first quarter of 2023 in the amount of PLN 788 thousand. The amount of these reserves increased by PLN 3 thousand compared to the state as at 31 December 2022.

Information on deferred tax liabilities and assets

In the statement of financial position, the deferred tax liability is offset against the deferred tax asset at the level of each Group entity.

The amount of deferred tax assets in the first quarter of 2023 decreased by PLN 49 thousand compared to 31 December 2022 and currently amounts to PLN 713 thousand.

The amount of provisions for deferred income tax also decreased in PLN by 3,374 thousand. As at March 31, 2023, these provisions amount to PLN 6,601 thousand.

Information on significant transactions of purchase and sale of PP&E

Between January 1, 2023 and March 31, 2023, the Śnieżka Group purchased property, plant and equipment and intangible assets in the amount of PLN 2,346 thousand. In addition to the above, in the period subject to analysis there were no significant transactions of purchase and sale of PP&E.

Information on a significant liability for the purchase of PP&E

As at March 31, 2023, the Group has a liability for the purchase of property, plant and equipment in the amount of PLN 1,878 thousand. A significant part of these liabilities constitute the ones of the parent company for expenses related to equipping the Logistics Centre in Zawada.

Information on significant settlements of court cases

In the analysed period no significant settlements of court cases occurred.

Indication of corrections of errors from previous periods

In the analysed period no corrections of errors from previous periods were made.

Information on changes in the economic situation and operating conditions that have a significant impact on the fair value of the entity's financial assets and financial liabilities, regardless of whether these assets and liabilities are recognized at fair value or at adjusted purchase price (amortized cost)

The change in the economic situation and operating conditions had no significant impact on the value of financial assets and financial liabilities of the Śnieżka Group.

Information on failure to repay a credit or loan or breach of material provisions of a credit or loan agreement

In the first quarter of 2023, no failure to repay a credit or loan or breach of material provisions of a credit or loan agreement with respect to the parent company or its subsidiaries belonging to the Śnieżka Group occurred.

Information on the change in the method of determining the fair value as regards financial instruments measured with the method in question

No changes in the method of determining the value of financial instruments measured at fair value occurred.

Information on a change in the classification of financial assets following the change in the purpose or use of these assets

No changes in the classification of financial assets following the change in the purpose or use of these assets occurred.

Information on the issue, redemption and repayment of non-equity and equity securities

In the first quarter of 2023 there were no issues, redemptions or repayments of non-equity and equity securities.

Information on the paid (or declared) dividend

On April 27, 2023, the Ordinary General Meeting of FFIL Śnieżka SA adopted a resolution on the payment of dividend from net profit for 2022 and supplementary capital, created from profits from previous years, in the amount of PLN 2.00 (two zlotys zero grosz) per share, i.e. the total amount of PLN 25,235,556.

The record date is May 16, 2023, and the dividend payment is to take place on May 31, 2023. The number of shares covered by the dividend amounts to 12,617,778.

Significant events after the end of the reporting period

After the balance sheet date, no other significant events other than those described in the Report occurred.

Information on changes in contingent liabilities or contingent assets from the end of the last financial year

As at 31 March 2023, the Śnieżka Group did not have any liabilities or contingent assets. Compared to December 31, 2022, liabilities and contingent assets did not change.

Segment reporting

The following data has been calculated and presented in accordance with IFRS No. 8. Revenues and costs were allocated to geographical segments.

“Segment performance after exclusions” is calculated by deducting the cost of sales and part of the selling costs (mainly marketing costs and transport costs) allocated to individual segments from the sales revenues.

Non-allocated costs include that part of selling costs that cannot be allocated directly to individual segments. General expenses, other operating income and expenses, interest income and expenses, other financial income and expenses as well as income tax have been allocated to segments according to the geographical location of the company's business.

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Data in PLN thousand

Segment performance for the 3-month period ended March 31, 2023:

the period of 3 months ended as at 31 March 2023 (unaudited data, not subject to review)	Continued operations					Discontinued operations	Exclusions	Total operations
	Poland	Hungary	Ukraine	Other	Total			
Segment revenues after exclusions	148 248	27 051	16 631	9 475	201 405			201 405
Revenues from sales of products	138 634	26 411	15 192	8 789	189 026			189 026
Revenues from sales of goods	6 044	577	1 306	560	8 487			8 487
Revenues from sales of materials	1 933	-	-	4	1 937			1 937
Sales revenues from sales of services	1 638	63	133	122	1 956	The Group did not discontinue operations in the presented period		1 956
Sales to external customers	148 248	27 051	16 631	9 475	201 405		-	201 405
Sales between segments (exclusions)	134 441	628	3 213	37	138 319		(138 319)	-
Total segment revenues without exclusions	282 689	27 679	19 844	9 512	339 724			339 724
Segment revenues after exclusions	99 376	21 905	11 381	8 063	140 725			140 725
Performance after exclusions	48 872	5 146	5 250	1 412	60 680			60 680
Non-allocated selling costs				-				8 894
General expenses	20 000	2 863	1 584	269	24 716			24 716
Other revenues and operating costs	274	(56)	211	41	470			470
Profit from operating activities	29 146	2 227	3 877	1 184	36 434			27 540
Interest income	23	205	140	-	368			368
Interest expenses	6 327	87	-	-	6 414			6 414
Other financial income and expenses	(284)	219	(16)	(84)	(165)			(165)
Share in the net profit of subsidiaries under the equity method	(2)			-	(2)			(2)
Profit before tax	22 556	2 564	4 001	1 100	30 221			21 327
Income tax	3 006	518	581	(5)	4 100			4 100
Net profit, attributable to:	19 550	2 046	3 420	1 105	26 121			17 227
- shareholders of the parent company								16 310
- minority shareholders								917

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Segment performance for the 3-month period ended March 31, 2022:

the period of 3 months ended as at 31 March 2022 (unaudited data, not subject to review)	Continued operations					Discontinued operations	Exclusions	Total operations
	Poland	Hungary	Ukraine	Other	Total			
Segment revenues after exclusions	137 546	34 609	8 784	8 938	189 877			189 877
Revenues from sales of products	127 861	33 738	8 232	7 947	177 778			177 778
Revenues from sales of goods	6 987	817	456	991	9 251			9 251
Revenues from sales of materials	1 488	16	-	-	1 504	The Group did not		1 504
Sales revenues from sales of services	1 210	38	96	-	1 344	discontinue		1 344
Sales to external customers	137 546	34 609	8 784	8 938	189 877	operations		189 877
Sales between segments (exclusions)	127 762	1 559	1 304	196	130 821	in the presented	(130 821)	-
Total segment revenues without exclusions	265 308	36 168	10 088	9 134	320 698	period		320 698
Segment revenues after exclusions	97 319	28 459	7 392	6 932	140 102			140 102
Performance after exclusions	40 227	6 150	1 392	2 006	49 775			49 775
Non-allocated selling costs								8 697
General expenses	18 144	2 317	1 311	372	22 144			22 144
Other revenues and operating costs	(783)	340	(667)	-	(1 110)			(1 110)
Profit from operating activities	21 300	4 173	(586)	1 634	26 521			17 824
Interest income	24	7	24	2	57			57
Interest expenses	2 847	210	-	-	3 057			3 057
Other financial income and expenses	(1 406)	1 064	7	(296)	(631)			(631)
Share in the net profit of subsidiaries under the equity method	-	-	-	-	-			-
Profit before tax	17 071	5 034	(555)	1 340	22 890			14 193
Income tax	1 308	897	19	0	2 224			2 224
Net profit, attributable to:	15 763	4 137	(574)	1 340	20 666			11 969
- shareholders of the parent company								11 097
- minority shareholders								872

The structure of sales in the Śnieżka Group according to the criteria of products and services is presented in sec. 1.2 of the Report.

5. Corporate information

5.1 About the Group

The Śnieżka Group is made up of entities operating on the paint and varnish as well construction chemicals market: Fabryka Farb i Lakierów Śnieżka SA (parent company) and its subsidiaries. In seven modern production facilities of the Group located in four countries (Poland, Hungary, Ukraine and Belarus) approximately 140 million kg of various types of products are manufactured both on the domestic and foreign markets. The Group's products are intended for decorating and protecting various types of substrates.

The Śnieżka Group is one of the leaders on the paints and varnishes market in Poland in the segment of decorative products³⁹, one of the largest players of decorative paints in Hungary, one of the leaders in the segment of paints in Ukraine⁴⁰. The Śnieżka Group is classified among the 25 largest paint manufacturers in Europe (according to the "European Coatings" magazine), being at the same time the only representative of the industry in the central-eastern part of the continent.

In the first quarter of 2023, the Śnieżka Group, as in the previous year, was active in Poland and on several foreign markets, including: Moldova, Slovakia, Romania, Kazakhstan, Armenia, Lithuania, Georgia, the Czech Republic, Kyrgyzstan, Serbia.

At the end of the first quarter of 2023, the Śnieżka Group employed 1,121 staff.

The Group entities are related by shares, have roles defined within the structure of competence centres and build the Group's production value chain. Comprehensive organization and responsible management of resources and procurement contributes to efficient operation of the Group and 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.

As part of this approach, key processes for the Group are developed at the level of two companies: FFIL Śnieżka SA and Śnieżka Trade of Colours. 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 as regards supply chain management (purchasing, distribution, warehousing, logistics, information flow), IT, production and technology as well as research and development (R&D), and plays a role as a shared service centre. In turn, Śnieżka Trade of Colours Sp. z o.o. develops competences in the field of: sales and marketing as well as pricing and revenue, and also market analysis and management of selected trademarks in the Group. Both companies coordinate the activities of individual Group companies in the areas of their competence.

³⁹ Source: Polish Association of Paint and Adhesive Producers, 2022

⁴⁰ Estimated data (due to the war in Ukraine, access to research reports is limited).

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Data in PLN thousand

All transactions with related parties carried out by the Company and its subsidiaries are performed at arm's length, i.e. those that would be agreed between unrelated entities, based on the applicable laws in Poland, EU regulations and the laws in force in the countries where the subsidiaries are located, the market value of the transaction is balanced on an annual basis.

Figure 1. The Śnieżka Group's structure (as at 31 March 2023)

Group structure and organization



In the first quarter of 2023, no changes in the structure of the Capital Group occurred.

Subsidiaries of FFIL Śnieżka SA (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.

5.2 Shares and shareholding structure

As at 31 March 2023, FFIL ŚNIEŻKA SA's share capital was comprised of 12,617,778 shares of nominal value of PLN 1.00 each. The Company's share capital consists of the following series of shares:

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

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 entitle to indicate one member of the supervisory board, including the chairman of the supervisory board.

In Q1 of 2023 the Company's equity was not subject to change.

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

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. The transfer of preferred registered shares under any legal title or their

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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 general meeting of the Company must express its consent on the decision on issuing or purchasing shares.

The Company did not have employee share schemes in Q1 of 2023.

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:

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 2022), i.e. on March 14, 2023, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

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Data in PLN thousand

Ownership structure of significant blocks of shares of the Company

As at the Report publication date, 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:

	The number of shares held (items)	Share in the share capital (in %)	Number of votes	Share in the total number of votes at GMS (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 PPHU Iwona i Stanisław Cymbor Sp. z o.o. (PPETU Iwona i Stanisław Cymbor 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).

In the period from the date of publication of the last periodic report - i.e. the annual report for 2022 on March 14, 2023 - based on information available to the Company, no changes in the significant block of shares issued by the Company occurred.

5.3 Management Board and Supervisory Board

5.3.1 Management Board

Members of the Management Board of FFIL Śnieżka SA in Q1 of 2023:

- Piotr Mikrut - President of the Management Board,
- 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

The Management Board in the above composition was appointed for the ninth term of office on April 27, 2023.

All Members of the Management Board were also members of the Management Board of the previous eighth term of office in the reporting period.

5.3.2 Supervisory Board

In Q1 of 2023 the Supervisory Board was composed of the following:

- Jerzy Pater - Chairman of the Supervisory Board,
- Stanisław Cymbor Vice-Chairman of the Supervisory Board
- Rafał Mikrut - Secretary of the Supervisory Board,
- Ewa Hałucha - Member of the Supervisory Board,
- Piotr Kaczmarek - Member of the Supervisory Board,
- Zbigniew Łapiński - Member of the Supervisory Board,
- Dariusz Orłowski -Member of the Supervisory Board.

On March 31, 2023, Ewa Hałucha submitted a statement of resignation from the function of a Member of the Supervisory Board of Śnieżka, effective as of the closing of the Supervisory Board meeting, the agenda of which will include the assessment of the Management Board's reports on the Company's activities in 2022 and the Company's financial statements for 2022, i.e. as at April 27, 2023. The Company informed about it in the current report no. 5/2023.

On April 27, 2023, the General Meeting of the Company appointed Anna Sobocka to the Supervisory Board for the ninth term of office. The Company informed about it in the current report no. 11/2023.

As at the Report publication date, the Supervisory Board of FFIL Śnieżka SA 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,
- Piotr Kaczmarek - Member of the Supervisory Board,
- Zbigniew Łapiński - Member of the Supervisory Board,
- Dariusz Orłowski - Member of the Supervisory Board,
- Anna Sobocka - Member of the Supervisory Board,

Signatures of the Management Board of FFIL ŚNIEŻKA SA

Piotr Mikrut

President of the Management Board

Zdzisław Czerwiec

Vice President of the Management Board

Joanna Wróbel-Lipa

Vice President of the Management Board

Witold Waśko

Vice President of the Management Board

Warsaw, 16 May 2023