

1Q RAPORT

Consolidated Report of the Śnieżka
Group

for the first quarter of 2025

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

THE ŠNIEŽKA GROUP

Consolidated quarterly report for Q1 of 2025

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1. SUMMARY OF THE PERIOD

Highlights, including achievements and failures

In 2025, the Šniežka Group (the "Group") generated sales revenues of PLN 172,238 thousand, which represents all but the value achieved a year earlier. The Group's performance in Q1 of 2025 was still negatively affected by the on-going instability of the geopolitical situation, particularly related to the prolonged armed conflict in Ukraine and its resulting effects on the entire Central and Eastern European region, which includes the Group's key markets. Despite a noticeable increase in consumer purchasing power in 2024, the condition of the industry in which the Group operates remained unfavourable in the first quarter of this year.

The Group's data indicates that the decorative paints market in Poland in Q1 of 2025 was still influenced by the difficulties observed in the previous year. In the absence of significant demand-stimulating factors, the sales volume remained comparable to last year.

Concurrently, the persistent unfavourable macroeconomic conditions, weakening consumer activity, contributed to a sales decline in Hungary by almost 18%.

In the reporting period, the Group generated: consolidated net profit of PLN 10,810 thousand (an increase by 2.4% y/y), operating profit (EBIT) in the amount of PLN 17,104 thousand (an increase by 0.8% y/y) and EBITDA result of PLN 26,634 thousand (an increase by 1.2% y/y). Net profit attributable to shareholders of the parent company amounted to PLN 10,603 thousand (an increase by 6.8% y/y).

The Group's net profit earned in the period January-March 2025 was also influenced by a rise in selling and general administrative costs by a total of 2.3% y/y, predominantly due to higher wage expenditure. 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, including short-term and, above all, long-term effects of this conflict.

Geographical structure of revenues

The Group's key markets are as follows: Poland (74.6% share in the revenue structure) Hungary (11.0% share) and Ukraine (10.8% share).

In Poland, the Group's sales revenues amounted to PLN 128 461 million and were higher by 3.3% than in the previous year.

The Group's revenues on other markets amounted to: PLN 18,905 thousand in Hungary (a decrease by 17.9% y/y, mainly due to the continuing unfavourable macroeconomic conditions contributing to the weakening of consumer sentiment and the strengthening of PLN against HUF), PLN 18,684 thousand in Ukraine (a decrease by 1.3% y/y), and PLN 6,188 thousand in other markets ("Other" operating segment) (an increase by 4.7% y/y).

The impact of the armed conflict in Ukraine on the Group

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 2025, the Group's capital expenditures amounted to PLN 6 million against PLN 3,6 million in the same period last year. The expenditure incurred was in line with the investment plan for this period.

2. SELECTED FINANCIAL INFORMATION

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

	in PLN '000		in EUR '000	
	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
I. Net revenues from sale of products, goods and materials	172 238	172 275	41 158	39 868
II. Profit from operating activities	17 104	16 961	4 087	3 925
III. Gross profit	13 278	12 770	3 173	2 955
IV. Net profit	10 810	10 560	2 583	2 444
- Net profit attributable to shareholders of the parent company	10 603	9 931	2 534	2 298
- Net profit attributable to non-controlling interest	207	629	49	146
V. Comprehensive income for the period	8 965	7 625	2 142	1 765
- Comprehensive income for the period attributable to shareholders of the parent company	9 072	7 463	2 168	1 727
- Comprehensive income for the period attributable to non-controlling interest	(107)	162	(26)	37
VI. Net cash flows from operating activities	(14 295)	(38 685)	(3 416)	(8 953)
VII. Net cash flows from investing activities	(4 461)	(12 935)	(1 066)	(2 993)
VIII. Net cash flows from financing activities	(9 068)	43 232	(2 167)	10 005
IX. Total net cash flows	(27 824)	(8 388)	(6 649)	(1 941)
X. Total assets	811 443	864 931	193 944	201 105
XI. Liabilities and provisions for liabilities	407 567	483 162	97 413	112 340
XII. Long-term liabilities	212 415	296 579	50 770	68 957
XIII. Short-term liabilities	195 152	186 583	46 644	43 382
XIV. Equity	403 876	381 769	96 531	88 765
- Equity attributable to the shareholders of the parent company	382 304	355 261	91 375	82 602
- Equities attributable to non-controlling interest	21 572	26 508	5 156	6 163
XV. Share capital	12 618	12 618	3 016	2 934
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)	0.86	0.84	0.20	0.19
- Earnings per share attributable to shareholders of the parent company	0.84	0.79	0.20	0.18
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	0.86	0.84	0.20	0.19
- Diluted earnings per ordinary share attributable to shareholders of the parent company	0.84	0.79	0.20	0.18
XIX. Carrying amount per share (in PLN / EUR)	32.01	30.26	7.65	7.03
XX. Diluted carrying amount per share in PLN/EUR	32.01	30.26	7.65	7.03
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	2.75	3.17	0.66	0.74

FFIL ŚNIEŻKA SA - standalone data (unaudited, not subject to review)

	in PLN '000		in EUR '000	
	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
I. Net revenues from sale of products, goods and materials	113 516	117 411	27 126	27 172
II. Profit from operating activities	8 019	12 668	1 916	2 932
III. Gross profit	2 794	5 171	668	1 197
IV. Net profit	2 351	4 346	562	1 006
V. Comprehensive income for the period	2 432	4 290	581	993
VI. Net cash flows from operating activities	(41 932)	(14 660)	(10 020)	(3 393)
VII. Net cash flows from investing activities	(3 843)	(11 113)	(918)	(2 572)
VIII. Net cash flows from financing activities	45 174	26 536	10 795	6 141
IX. Total net cash flows	(601)	763	(144)	176
X. Total assets	866 328	887 276	207 062	206 300
XI. Liabilities and provisions for liabilities	572 950	616 136	136 942	143 257
XII. Long-term liabilities	446 961	472 314	106 829	109 817
XIII. Short-term liabilities	125 989	143 822	30 113	33 440
XIV. Equity	293 378	271 140	70 121	63 043
XV. Share capital	12 618	12 618	3 016	2 934
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)	0.19	0.34	0.04	0.08
XVIII. Diluted earnings per ordinary share (in PLN / EUR)	0.19	0.34	0.04	0.08
XIX. Carrying amount per share (in PLN / EUR)	23.25	21.49	5.56	5.00
XX. Diluted carrying amount per share in PLN/EUR	23.25	21.49	5.56	5.00
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	2.75	3.17	0.66	0.74

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

	3 months of 2025	3 months of 2024
Particular items of the condensed statement of comprehensive income were translated at the average EURO exchange rate in the period	4.1848	4.3211
	as at 31 March 2025	as at 31 March 2024
Particular items of the financial position statement were translated at the EURO exchange rate at the end of the period	4.1839	4.3009

3. THE COMPANY AND THE ŠNIEŽKA GROUP

The Šniežka Group, whose history dates back to 1984, is one of the leaders in the market of decorative paints and construction chemicals in Poland. The Group also operates actively on several foreign markets. In Hungary, it is a significant player in the decorative paints segment, and in Ukraine it is one of the dominant entities in the production of paints and putties. It is one of the 25 largest paint manufacturers in Europe (according to European Coatings 2024). In 2024, FFiL Šniežka SA - the parent company of the Šniežka Group - was awarded the EcoVadis Silver Medal, which places it among the top 6% of companies subject to certification as far as the sustainable development is concerned.

What makes us different

In numbers


40 years
of experience in the industry


20 years
of presence on the WSE


Over 1100
employees in the Šniežka Group


130 million kg
of decorative products annually


One of the leaders of the paint market in the decorative products segment in Poland, Hungary and Ukraine.



One of the 25 largest paint manufacturers in Europe.*

*according to European Coatings, the largest manufacturers of paint coatings, 2025

Assets


7 production facilities
in 4 countries


Logistics Centre

the largest investment in the Group's history


R&D Centre

own research and innovation


Professional laboratories

incl. microbiological and chromatographic

The Group takes on over 1,100 staff, and production facilities located in four countries yield on an annual basis over 130 million kg of products for decoration and protection of various types of substrates. The key brands of the Šniežka Group are as follows: Šniežka, Magnat, Poli-Farbe, Vidaron, Rafil and Foveo-Tech. In 2022, the Group launched a state-of-the-art Logistics Centre - this is the largest investment in the company's history.

The Group is comprised of: the parent company Fabryka Farb i Lakierów Šniežka SA - whose shares have been listed on the Warsaw Stock Exchange since 2003 - and its subsidiaries in Poland and abroad. The shareholder structure of FFiL Šniežka SA is dominated by its founders and their successors, who control over 60% of the votes at the general meeting. Since its debut on the stock exchange, the company has regularly paid dividends to its shareholders from the generated profits, the total value of which, calculated since 2003, is PLN 544.2 million.

Figure 1. Shareholding structure of FFiL Śnieżka SA

Shareholding structure of FFiL Śnieżka SA*

(share in the share capital in%)



* Data as at 21.05.2025

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



Key markets



Key brands of the Group



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

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

The key areas for the Group are developed at the level of two companies, i.e. FFIL Śniežka SA and Śniežka Trade of Colours Sp. z o.o. (Śniežka ToC). FFIL Śniežka SA, as the parent company, performs control functions in the supervisory bodies of the subsidiaries. In addition, it establishes a development strategy and coordinates the development of the entire Group in all aspects of its operations. It is also a competence centre in the field of Supply Chain Management, R&D, Quality Assurance, and also serves as a shared services centre. In turn, Śniežka ToC develops competences in the field of: Sales and Marketing. Both companies coordinate the activities of individual Group companies in the areas of their competence.

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

Figure 1. The Šniežka Group's structure (as at 31.03.2025)

Group structure and organization



In Q1 of 2025 the Šniežka Group's structure was not subject to any changes.

FFIL Šniežka SA's subsidiaries (i.e. Poli-Farbe Vegyipari Kft., Šniežka-Ukraina Sp. z o.o., Šniežka-BelPol Sp. z o.o., Šniežka 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 Šniežka's colour systems. Plastbud Sp. z o.o. is a Group's supplier of some raw materials and goods.

Shares and shareholding structure

As at 31 March 2025, FFIL ŠNIEŽKA SA's share capital was comprised of 12,617,778 shares of nominal value of PLN 1.00 each.

In Q1 of 2025 the Company's share capital was not subject to change.

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

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

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

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

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As at May 21, 2025, the holders of series A and B shares were:

Table 1. The holders of series A and B shares as at 21 May 2025

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

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

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

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

The Company did not have employee share schemes in Q1 of 2025.

Company's shares held by managing and supervising persons

As at May 21, 2025, the Company's shares held by the managing and supervising persons were as follows:

Table 2 The Company's shares held by the managing and supervising persons as at 21 May 2025

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

In the period from the date of publication of the last periodical report (i.e. annual report for 2024), i.e. on April 10, 2025, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

Ownership structure of significant blocks of shares of the Company

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

Table 3 Shareholders of FFIL Śnieżka SA holding at least 5% of the total number of votes at the Annual General Meeting of the Company as at 21 May 2025

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

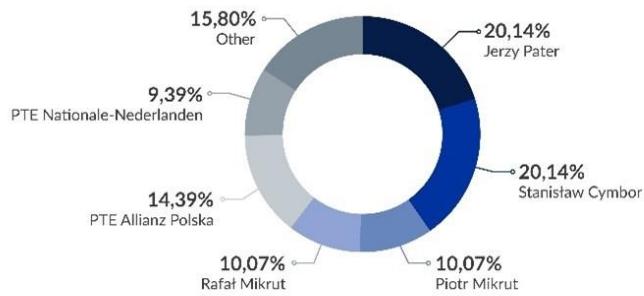
*Jerzy Pater holds the Company's shares indirectly by PPHU Elżbieta i Jerzy Pater Sp. z o.o. (PPHU Elżbieta i Jerzy Pater Sp. z o.o. holds 2,375,000 shares, i.e. 18.82% share in the share capital and 16.25% in the total votes at the Annual General Meeting of Shareholders).

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

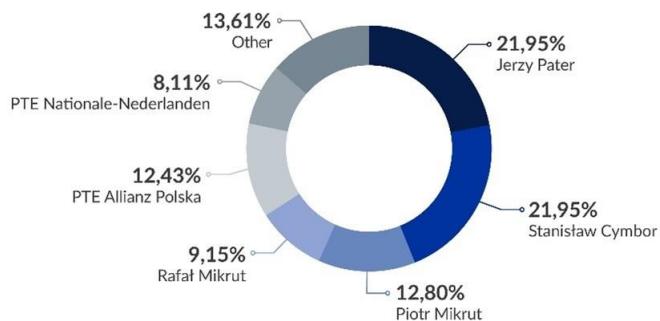
In the period from the date of publication of the last periodic report - i.e. the annual report for 2024 - based on information available to the Company, no changes in the significant block of shares issued by the Company occurred. The last change communicated by the Company in the Annual Report concerned a change in the scope of significant blocks issued by it and consisted in the indirect exceeding of the 15% threshold in the total number of votes in the Company by the family foundation Iwona i Stanisław Cymbor Fundacja Rodzinna with its registered office in Nagawczyna (hereinafter referred to as the "Foundation"), which, based on donation agreements concluded on February 28, 2025 (hereinafter referred to as the "Transaction"), acquired 100% of shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares in the Company.

At the same time, it should be noted that the dominant entity in relation to the Foundation (directly) and PPHU Iwona i Stanisław Cymbor Sp. z o.o. (indirectly) is Mr. Stanisław Cymbor. As a result of the Transaction, there has been no change in the number of shares in the share capital of the Company or in the number of votes that Mr. Stanisław Cymbor holds directly or indirectly (i.e. through the Foundation and its subsidiary, i.e. PPHU Iwona i Stanisław Cymbor Sp. z o.o.), as presented in Table No. 24 above.

*Figure 2. Shareholding structure of FFIL Śnieżka SA:
share in the share capital (as at 21.05.2025, data in %)*



*Figure 3. Shareholding structure of FFiL Śnieżka SA:
share in the total number of votes (as at 21.05.2025, data in %)*



Management Board and Supervisory Board

Management Board

In Q1 of 2025 the Management Board of FFiL Śnieżka SA consisted of:

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

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

Supervisory Board

In Q1 of 2025, the Supervisory Board of the ninth term of office was composed of:

- Jerzy Pater - Chairman of the Supervisory Board

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

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

4. COMMENT TO THE PERFORMANCE

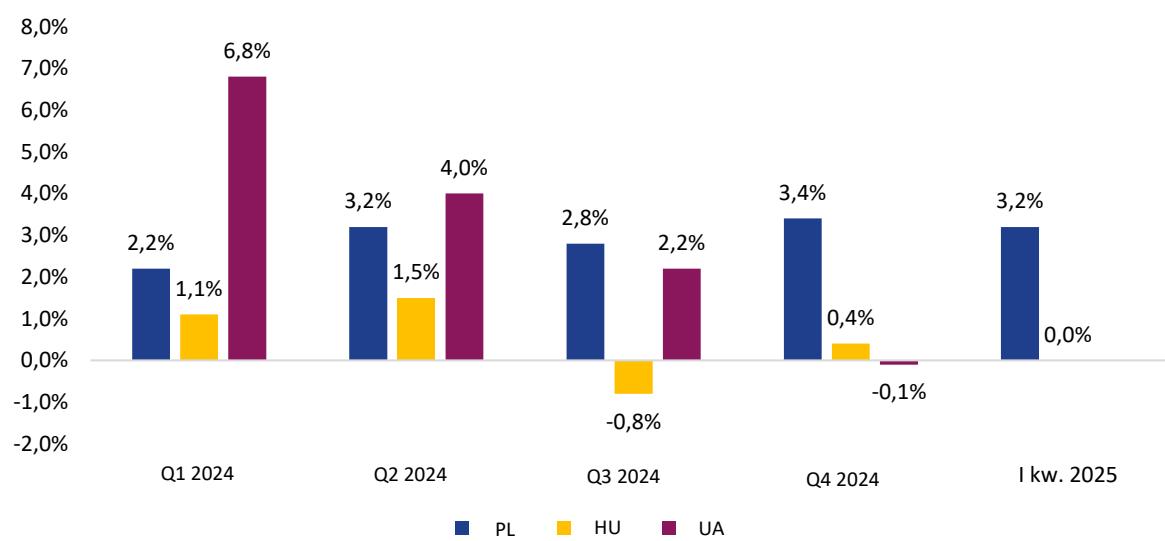
4.1 MARKET AND BUSINESS ENVIRONMENT

Macroeconomic situation

The spring economic forecasts of the European Commission (EC), the International Monetary Fund (IMF) and the European Central Bank (ECB) all point to high uncertainty in Europe, which is caused by the geopolitical situation, fundamental changes in U.S. trade policy and the unpredictability of the final tariff configuration. These aspects entail slowing factors. European Commission analysts have revised GDP growth prospects for the entire EU down to 1.1% (-0.4%)¹².

Notwithstanding these unfavourable factors, conditions still prevail that enable a renewed boost in GDP dynamics in the coming years. The recovery is expected to be supported by rising real wages and employment growth – amid a strong, albeit slowing, labour market – and consumption is to remain one of the key drivers of growth³. Disinflation will proceed faster than expected in the autumn, with new disinflationary factors stemming from ongoing trade tensions outweighing higher food prices and stronger demand pressures in the near term. According to the EC, inflation in the Eurozone will reach the target by mid-2025, while in the remaining EU countries the price indices should return to their targets in 2026 and 2027⁴.

Figure 4. 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 2025 were not available as at the date of publication of the Report).*

Poland

According to the flash estimate of the Central Statistical Office, Polish GDP in Q1 of 2025 recorded a 3.2% increase y/y⁵. The National Bank of Poland in its March inflation and GDP projection assumes a growth of Polish GDP by 3.7% in 2025⁶.

¹ The forecast assumed that U.S. import tariffs would be 145% and Chinese tariffs on U.S. goods would be 125%.

² Source: European Commission, Spring 2025 Economic Forecast, May 2025

³ Source: European Central Bank, ECB staff macroeconomic projections for the euro area, May 2025.

⁴ Source: International Monetary Fund, Regional Economic Outlook for Europe, April 2025, May 2025

⁵ Source: Central Statistical Office, Flash estimate of gross domestic product for Q1 2025, May 2025.

⁶ Source: NBP, Inflation and GDP projection – March 2025, April 2025

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Industrial production sold in January and February this year was lower by 0.9% and 1.9% y/y respectively, and in March higher by 2.5% compared to the same period of the previous year. In Q1 industrial production increased by 0.9% compared to the same period of the previous year.

In the same period, construction and assembly production went up by 0.2% y/y. Construction and assembly production in the "construction of buildings" category decreased by 6.5% in Q1 of 2025 compared to the same period of the previous year⁷.

In Q1 of 2025, 46.1 thousand new apartments were commissioned, i.e. by 4.6% less than a year before. Significantly less construction was initiated and fewer building permits were issued than in the corresponding period of 2024: a decrease of 7.3% (55.7 thousand) and 11.6% (61.9 thousand), respectively⁸.

Consumer price index (CPI inflation) was 4.9% y/y in Q1 of 2025% (in March alone the CPI inflation was 4.9% y/y). According to the Central Statistical Office, the first quarter saw the highest price increases in the following categories: flat or house use and energy carriers (+10.8% y/y), education (+8.3% y/y) and restaurants and hotels (+6.3% y/y)⁹. According to the NBP's inflation projection, it is anticipated to rise in the coming quarters. NBP forecasts assume the indicator in the entire 2025 at the level of 4.9%¹⁰.

In January, February and March 2025, registered unemployment in Poland amounted to: 5.4%, 5.4% and 5.3%, respectively, which is equivalent to maintaining the level from the same months of 2024¹¹. In March 2025, the average employment in the enterprise sector was slightly lower than in March 2024 (-0.9% y/y). The average gross salary in the enterprise sector in March increased to PLN 9,055 which translates into a 7.7% increase y/y.

The general business climate indicator for the manufacturing and construction sectors in March 2025 remained negative, at the level of -6.3 and -4.0, respectively¹². Whereas, the PMI reading (Purchasing Managers' Index) for the industrial sector in March 2025 amounted to 50.7 points. This is an improved result compared to March last year (48 points). Since the beginning of 2025, the PMI has oscillated between values of 48.2 and 50.7 points¹³.

The World Bank's January publication on economic growth forecasts estimated Poland's GDP growth at 3.4% in 2025¹⁴. The European Commission analysts estimate that GDP growth in the given period will amount to 3.3%, with simultaneous inflation of 3.6%¹⁵. The International Monetary Fund, in an April update to its forecasts, estimated that Poland's GDP is to grow at a rate of 3.2% in 2025, with average annual inflation at 4.3%¹⁶.

Hungary

In Q1 of 2025, according to the flash estimate of the KSH (Hungarian Central Statistical Office), Hungary's gross domestic product (GDP) remained at the same level i.e. 0.0% y/y¹⁷. The Hungarian National Bank (MNB) forecasts that Hungary's GDP will grow between 1.9% and 2.9% year-on-year in 2025, which represents a significant revision compared to the 2.6-3.6% growth indicated in December.

Hungary's inflation rate in Q1 of 2025 was 5.3% y/y, and 4.7% y/y in March alone. The MNB's March inflation report predicts that inflation in Hungary will reach between 4.5% and 5.1% throughout the year. Hungary's Central Bank indicated in its report that inflation is to return to its target (3.0% with a symmetric band of deviations of +/-1%) in a sustainable manner in 2026¹⁸.

⁷ Source: Central Statistical Office, Socio-economic situation of the country – Q1 of 2025 – unless otherwise indicated.

⁸ Source: Central Statistical Office, Residential construction in January-March 2025, April 2025

⁹ Source: Central Statistical Office, Price indices of consumer goods and services in March 2025, April 2025.

¹⁰ Source: NBP, Inflation and GDP projection – March 2025, April 2025

¹¹ Source: Central Statistical Office, Registered unemployment rate in 1990-2025, April 2025.

¹² Source: Central Statistical Office, Economic situation in industrial processing, construction, trade and services 2000-2025 (April 2025), April 2025.

¹³ Source: PMI by S&P Global, S&P Global Poland Manufacturing PMI, April 2025

¹⁴ Source: World Bank, Global Economic Prospects, April 2025

¹⁵ Source: European Commission, Spring 2025 Economic Forecast, May 2025

¹⁶ Source: International Monetary Fund, World Economic Outlook Database, April 2025.

¹⁷ Source: Hungarian Central Statistical Office (KSH) – unless otherwise indicated.

¹⁸ Source: Magyar Nemzeti Bank, Inflation Report, April 2025

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In February this year the volume of construction production plummeted by 4.5% compared to February 2024, and in the January-March period it fell by 7.0% y/y. In the first quarter of 2025, 5,651 building permits were issued for new apartments, which represents a boost by 24.9% y/y. At the same time, industrial production fell by 8.7% y/y in February while in the January-February period it shrank by 6.4% compared to the same period last year.

The unemployment rate in March 2025 was at the level of 4.3%, remaining at the same level as in December 2024. In February 2025, the average gross earnings in Hungary amounted to 661 400 HUF (about PLN 6,994), which translates into an increase in remuneration by 9.3% y/y¹⁹.

Analyses of the International Monetary Fund as regards GDP forecasts indicate a 1.4% growth in 2025 and inflation of 4.9%²⁰. The European Commission forecasts that the Hungarian economy is to go up by 0.8% with an accompanying inflation rate of 4.1%²¹.

Ukraine

According to the State Statistics Service of Ukraine (SSSU), Ukraine's GDP in 2024 went up by 2.9% (compared to 5.5% in 2023)²². In January 2025, the CPI inflation was 12.0%, in February 13.4%, and in March 14.6%²³. In 2025, the NBU interest rate changed twice and at the end of Q1 it amounted to 15.5% (compared to 13.5% at the end of 2024)²⁴. The devaluation of UAH at the end of 2024 amounted to 10.6%²⁵. According to the NBU, nominal wages increased by 23.6% in Q1 of 2025 (compared to 20.9% in 2024). The unemployment rate at the end of 2024 was 13.1% (compared to 18.2% in 2023)²⁶.

Throughout 2024, 118.5 thousand new apartments were put into use (+32.7% y/y) and construction of 69.3 thousand apartments was initiated (+3.7% y/y)²⁷.

The World Bank forecasts that Ukraine's economic growth is to slow to 2.0% in 2025. The forecast is based on the assumption that the war will last the entire year²⁸. The IMF predicts a real GDP growth by 2.0%, while predicting that inflation will reach 12.6%²⁹.

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

Market of decorative paints and construction chemicals

The main markets where the Šniežka Group operated in Q1 of 2025 were as follows: Poland, Hungary and Ukraine. In these three markets, the Group generated approx. 96.4% of sales revenues in the reporting period.

¹⁹ Source: <https://www.ksh.hu/gyorstajekoztatok#/en/document/ker2302>.

²⁰ Source: International Monetary Fund, World Economic Outlook, April 2025

²¹ Source: European Commission, Spring 2025 Economic Forecast for Hungary, May 2025

²² Source: State Statistics Service of Ukraine (SSSU), ukrstat.gov.ua/operativ/menu/menu_e/nac_r.htm, April 2025

²³ Source: State Statistics Service of Ukraine (SSSU), Consumer prices indices, April 2025.

²⁴ Source: National Bank of Ukraine (NBU), NBU Key Policy Rate, April 2025.

²⁵ Source: Portal: index.mfin.com.ua/ua/economy/index/devaluation/

²⁶ Source: National Bank of Ukraine (NBU), Inflation report – April 2025, April 2025

²⁷ State Statistics Service of Ukraine (SSSU), Start and completion of construction indicators, April 2025

²⁸ Source: World Bank, Global Economic Prospects, April 2025

²⁹ Source: International Monetary Fund, World Economic Outlook, April 2025

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Poland

According to the Group's estimates, the decorative paints market in Poland in Q1 of 2025 continued to struggle with the hardships that also occurred last year. In the absence of a clear demand impulse, sales volume remains at a level similar to last year. The Management Board of the Parent Company adopts the principle, based on which the performance of Q1 – due to the seasonality of the market (in Q2 and Q3 the Group generates approximately 60% of its annual revenues) – do not constitute the basis for forecasting demand or the size of the market in subsequent periods.

Following the Group's assessment, the industry condition has not changed fundamentally since the last quarter of last year. The main factors that shape it include: a slight increase in the real purchasing power of consumers with persistently high interest rates, uncertainty caused by the general geopolitical situation - including in particular the war in Ukraine - gradual recovery from the economic stagnation observed last year and the fact that the Group's products are not basic necessities³⁰.

The economic situation on the Polish market of paints and agents for wood protection and decoration is also dependent on the consumer sentiment. The situation of the Polish market of paints and wood agents in Q1 of 2025 was affected by still very low level of consumer confidence. The average value of the Consumer Confidence Index (CCI) in the first quarter of this year remained at an average level (-15.0) and has remained at a similar level since the beginning of 2024 (amplitude of results: 5.1 points)³¹. The Leading Indicator of Consumer Confidence is slightly above CCI, which means that consumers are more optimistic about the next 12 months (Q1 2025: -10.2)³². According to the Group's internal data, similarly to previous years, over 80% of decorative paints were used primarily for renovation or refurbishment of flats³³, while – as estimated by the Group – the decision to purchase them was less often related to the need to finish a new flat. Consumers are looking for high-quality products with good coverage and easy application. In Q1 of 2025, 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: Śniežka 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

According to the Group's estimates, the decorative paints market in Hungary in Q1 of 2025 continued to struggle with the hardships that took place last year. In the absence of a clear demand impulse and with average macroeconomic indicators, sales volume remains at a level similar to last year. The condition of the industry on the Hungarian market remains weaker than in Poland.

The main factors influencing the economic situation in the industry, in the Group's opinion, have changed slightly compared to the same period last year. The most important factors include: slower than expected economic growth, low level of consumer confidence³⁴, rising real wages and interest rates remaining at a still elevated level, but gradually reduced (6.5%)³⁵.

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

³⁰ Source: Central Statistical Office, Socio-economic situation of the country, April 2025.

³¹ Source: Central Statistical Office, Consumer sentiment – April 2025.

³² Source: Ibidem

³³ Source: Group internal research.

³⁴ Source: GKI Economic Research Co., Economic sentiment index, April 2025

³⁵ Source: Magyar Nemzeti Bank, Base rate history, October 2024

Ukraine

According to the Group's estimates, the Ukrainian paints and varnishes market in Q1 2025 continued to face difficulties that have persisted for several years and are directly related to the on-going armed conflict. Based on the Management Board's opinion, the level of sales volume remained similar to the volumes recorded in the same period of the previous year.

Q1 of 2025 did not differ in the Group's assessment from the last quarter of last year. The situation on the paints and varnishes market remains complicated due to: an increase in the prices of basic goods and electricity³⁶; a HUF devaluation³⁷; a decrease in the purchasing power of consumers³⁸; and continuing regulations on military mobilization, which had a direct impact on the activities of enterprises and purchasing activity. Another important factor is the operation of enterprises in a high-risk zone for missile attacks.

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

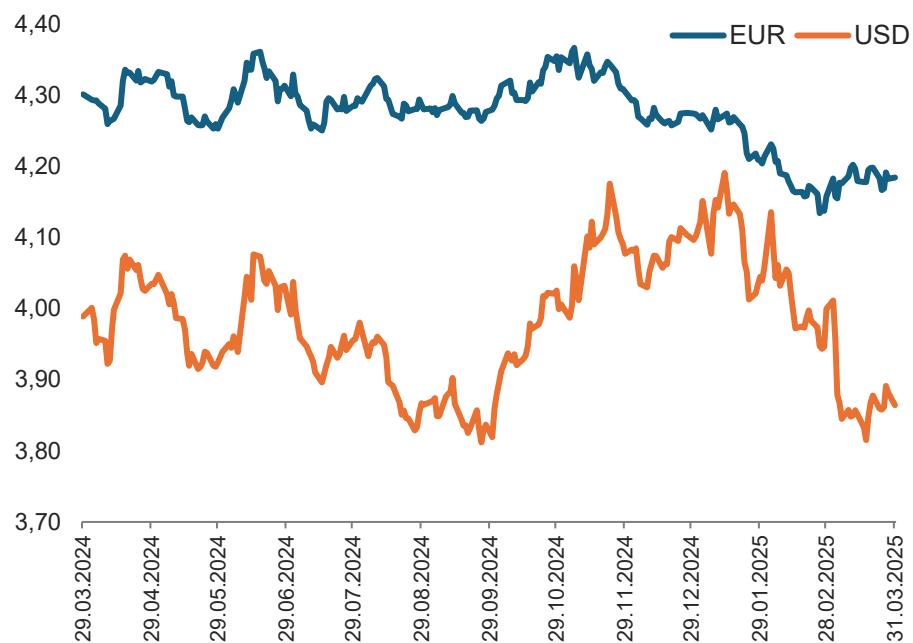
Changes in the exchange rates of the Group's key currencies

At the end of Q1 of 2025, PLN strengthened against EUR and USD compared to the end of 2024. As far as the USD/PLN exchange rate is concerned, a more dynamic impulse of strengthening (5.78%) of the Polish currency is noticeable than in the case of strengthening of EUR/PLN (2.09%).

During the first three months of 2025, the EUR/PLN exchange rate ranged from 4.1339 to 4.2794. The average NBP EUR/PLN exchange rate in the analysed period was 4.2024, while in the same period last year the average value was 4.3340, which represents a decrease in the current quote (y/y) by approx. PLN -0.13 (-3.04%).

In Q1 of 2025, the USD/PLN exchange rate ranged from 3.8152 to 4.1904. The average NBP USD/PLN exchange rate in the above period was 3.9948, while in the same period last year the average value was 3.9913, which represents an insignificant increase in the current quote (y/y) by (0.09%).

Figure 5. EUR and USD quotations against PLN



Source: NBP.

³⁶ Source: State Statistics Service of Ukraine (SSSU), Consumer price indices for goods and services in 2025, April 2025.

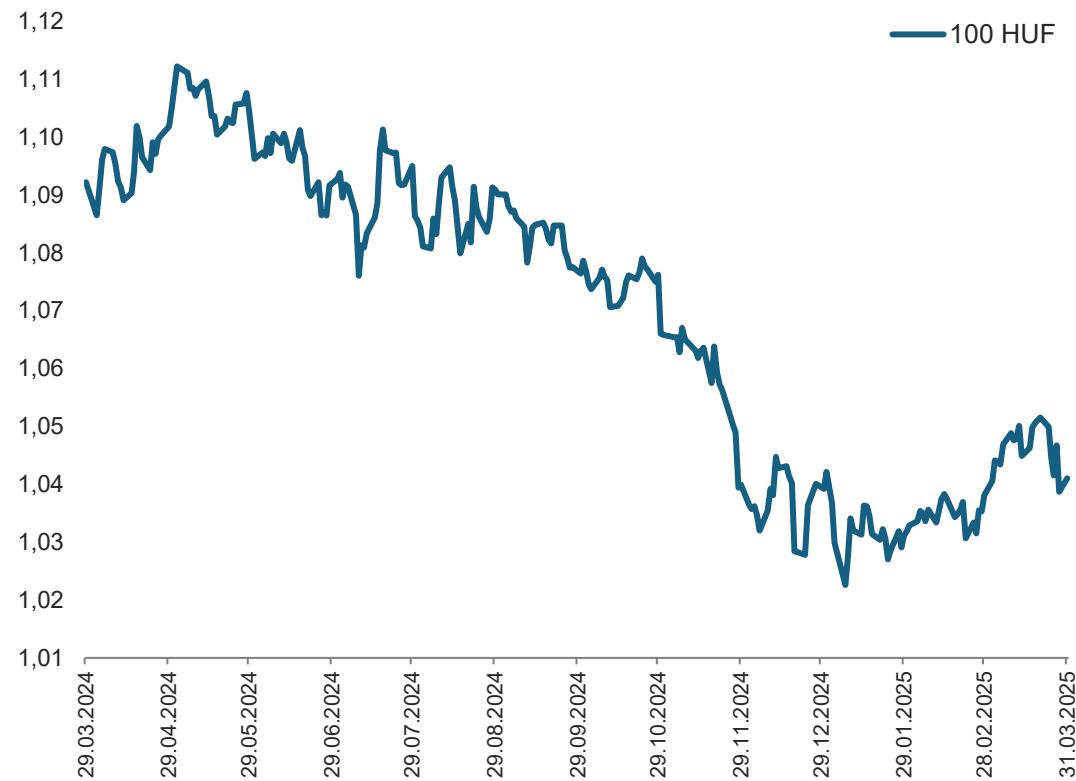
³⁷ Source: National Bank of Ukraine (NBU), Official Exchange Rates, April 2025

³⁸ Source: National Bank of Ukraine (NBU), NBU Key Policy Rate, April 2025

The valuation of PLN during the reporting period was determined by various factors, including customs policy in transatlantic trade, the consequences of the war in Ukraine, inflation, the monetary policy of leading central banks and the issue of EU aid funds.

At the end of March 2025, PLN strengthened against HUF by 0.11% compared to the end of 2024. In Q1 of 2025, the 100 HUF/PLN exchange rate fluctuated between 1.0226 and 1.0515; the average NBP 100 HUF/PLN exchange rate in this period was 1.0376, while in the same period of the previous year the average value amounted to 1.1166, which represents a decrease in the current quote (y/y) by approximately PLN -0.08 (-7.08%).

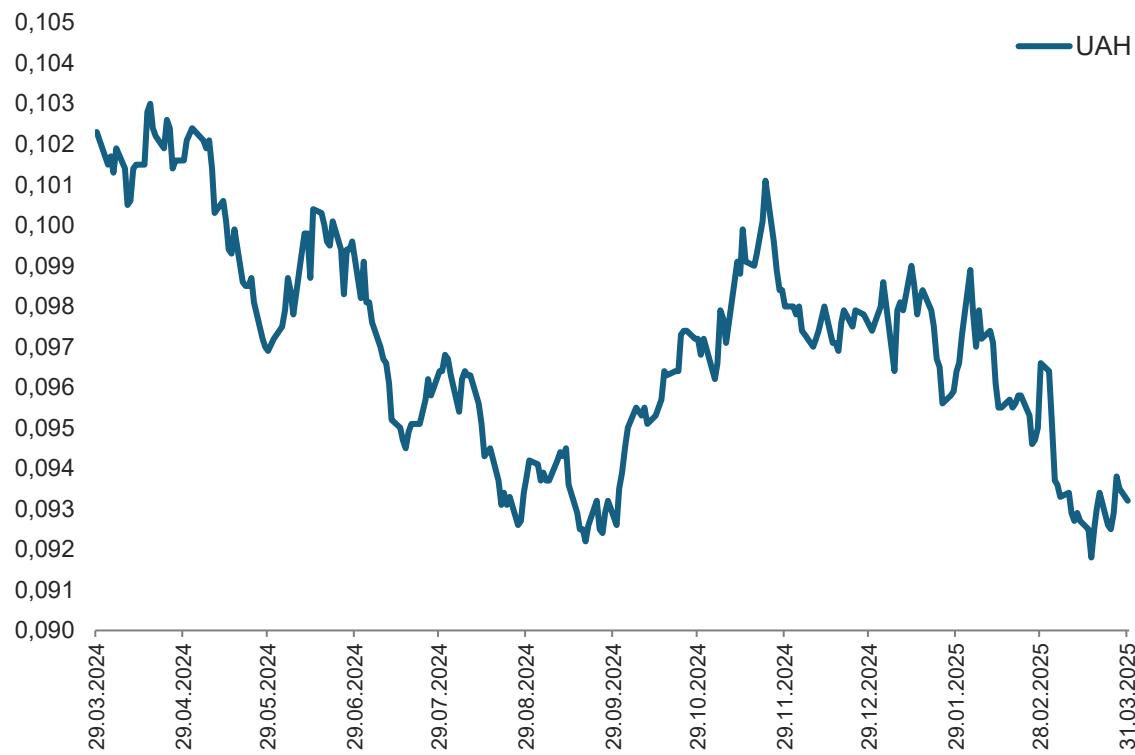
Figure 6. HUF quotations against PLN



Source: NBP.

At the end of March 2025, PLN strengthened against UAH by 4.51% compared to the end of 2024. In Q1 of 2025, the UAH/PLN exchange rate fluctuated between 0.0918 and 0.0990; the average NBP UAH/PLN exchange rate in this period was 0.0957, while in the same period of the previous year the average value was 0.1045, which represents a decrease in the current quote (y/y) by nearly PLN 0.01 (-8.42%).

Figure 7. UAH quotations against PLN



Source: NBP.

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

In accordance with the policy, the Group adopted the closing exchange rate for UAH to PLN set by the National Bank of Poland on 28 March 2025, i.e. 1 UAH = 0.0935 PLN.

Raw materials

The first quarter of 2025 was characterized by a stabilization or occasionally a slight increase in the prices of raw materials used in the production of paints and varnishes. In the reporting period, this increase occurred in certain groups of raw materials, such as metal packaging, solvent resins, and dolomite fillers.

As regards the availability of raw materials and packaging, the situation improved significantly, occasional restrictions on access to certain purchase items did not affect the continuity of production by the Śnieżka Group companies. In addition, the operation of supply chains in Europe and worldwide improved.

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

4.2 SALES RESULTS

In Q1 of 2025, the Šniežka Group generated sales revenues of PLN 172,238 thousand, which reflects the level of 2024. The sales achieved were influenced primarily by the increase in the value of turnover on the Polish market and the decrease in this area on the Hungarian market. Sales on the Ukrainian and other markets recorded values very close to those of Q1 of 2024.

The Group's performance in Q1 of 2025 was also adversely affected by the unstable geopolitical environment, including the pending armed conflict in Ukraine and its effects on the entire region of Central and Eastern Europe, where the Group's key markets are located. Notwithstanding the gradually increasing purchasing power of consumers in 2024, the economic situation of the industry in which the Group operates still remained weak.

Sales results in Q1 of 2025 in the main markets (and the main factors that contributed to them) are as follows:

Poland (74.6% share in the revenue structure)

Sales revenues generated by the Group on the Polish market amounted to PLN 128,461 thousand and thus were lower by 3.3% (PLN 4,060 thousand) compared to the corresponding period last year.

The boost in sales volume in Q1 of 2025 in Poland was primarily due to the low base in 2024, related to the change in the distribution model in the independent market in Poland.

Hungary (11.0% share in the revenue structure)

In Hungary, sales revenues generated by the Group amounted to PLN 18,905 thousand and thus were lower by 17.9% (PLN 4,132 thousand) compared to the previous year. Lower revenues on the Hungarian market are the aftermath of persistent unfavourable macroeconomic and geopolitical conditions affecting consumer sentiment and the economic situation in the industry, in which the Group operates. The decline in revenues in local currency on the Hungarian market amounted to 12.7% y/y.

Ukraine (10.8% share in the revenue structure)

In Ukraine, the Group generated revenues in the amount of PLN 64,684 thousand, i.e. lower by 1.3% (PLN 244 thousand) compared to the previous year. The dynamics of revenues in the local currency on the Ukrainian market was positive and amounted to 8.3% y/y.

The Company's Management Board indicates that the situation on the Ukrainian market remains uncertain and demanding, and in its opinion the results of Q1 of 2025 should not be the basis for estimating the Group's performance in subsequent periods.

On other markets ("Other" segment), the Group generated sales revenues of PLN 6,188 thousand, i.e. by 4.7% higher than the year before. In total, the Group's revenues generated in Q1 of 2025 on foreign markets accounted for 3.6% of its total revenue.

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Table 4. Sales revenues of the Śnieżka Group by countries

	the period of 3 months ended as at 31 March 2025	Structure	the period of 3 months ended as at 31 March 2024	Change (y/y)
Poland	128 461	74.6%	124 401	3.3%
Hungary	18 905	11.0%	23 037	-17.9%
Ukraine	18 684	10.8%	18 928	-1.3%
Other	6 188	3.6%	5 909	4.7%
Total sales	172 238	100.0%	172 275	0.0%

The Group's sales structure is dominated by decorative products. In the first three months of 2025, the Group generated from their sale the amount of PLN 143,099 thousand, obtaining the very same result as in the corresponding period last year. Thus, decorative products accounted for 83.1% of the Group's total sales revenues, and their share in the sales structure was the same as in the previous year.

Construction chemicals featured the second highest share in the sales structure (11.8%). The Group's revenues from the sale of products in this category amounted to PLN 20,383 thousand and were by 6.6% lower than a year earlier.

Table 5 Sales revenues of the Śnieżka Group by product categories

	the period of 3 months ended as at 31 March 2025	Structure	the period of 3 months ended as at 31 March 2024	Change (y/y)
Decorative products	143 099	83.1%	143 174	-0.1%
Construction chemicals	20 383	11.8%	19 116	6.6%
Industrial products	1 454	0.8%	1 530	-5.0%
Goods	5 259	3.1%	5 515	-4.6%
Other revenues	1 225	0.7%	1 597	-23.3%
Materials	818	0.5%	1 343	-39.1%
Total sales	172 238	100.0%	172 275	0.0%

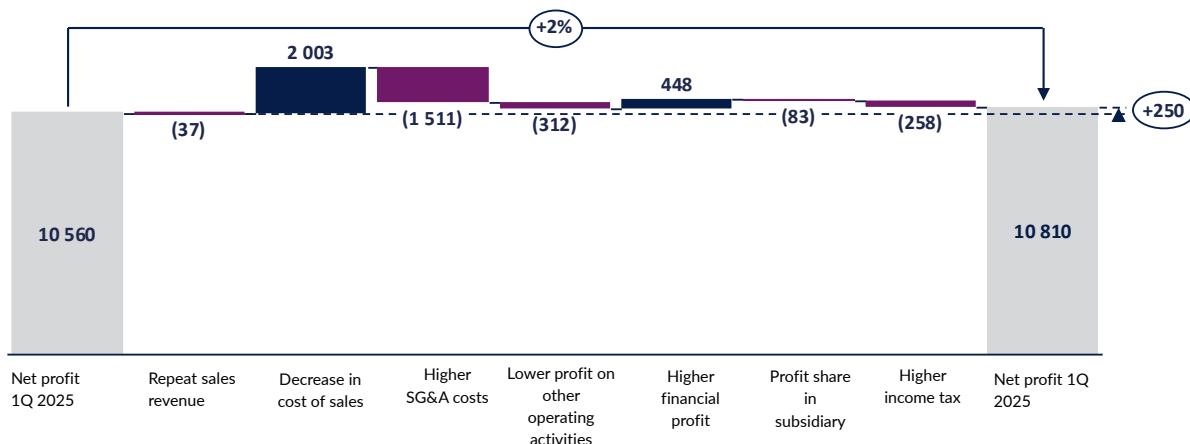
FFiL Śnieżka SA, the parent company of the Group, generated sales revenues of PLN 113,516 thousand in Q1 of 2025, i.e. by 3.3% lower than in the corresponding period of the previous year.

4.3. MAJOR FACTORS AFFECTING FINANCIAL RESULTS

The Śnieżka Group

In Q1 of 2025, the Śnieżka Group generated a consolidated net profit of PLN 10,810 thousand, i.e. by 2.4% lower than in the corresponding period of the previous year.

Figure 8. The impact of individual items in the statement of comprehensive income on the Group's net profit



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

- a slight decrease in sales revenues (-PLN 37 thousand), including: better sales results on the Polish market (+3.3%) and other markets (+4.7%) as well as decreases recorded on the Hungarian (-17.9%) and Ukrainian (-1.3%) markets,
- a decrease in cost of sales by 2.3% (PLN 2,003 thousand),
- an increase in general and administrative expenses by 2.3% (PLN 1,511 thousand),
- negative result on other operating activities for the first three quarters of this year compared to a lower loss in the previous year (PLN -312 thousand),
- improvement of the result on financing activities by PLN 448 thousand, mainly due to lower costs of servicing interest-bearing debt,
- higher income tax by PLN 258 thousand.

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Table 6 The basic elements of the profit and loss account of the Śnieżka Group

	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024	Change (y/y)
Sales revenues	172 238	172 275	0.0%
Cost of sales	86 947	88 950	-2.3%
Selling costs	35 899	35 827	0.2%
General administrative costs	31 389	29 950	4.8%
Profit from other operating activities	(899)	(587)	53.2%
Profit from financing activities	(3 787)	(4 235)	-10.6%
Share in associate's profit	(39)	44	-188.6%
Gross profit	13 278	12 770	4.0%
Profit from operating activities (EBIT)	17 104	16 961	0.8%
Profit from operating activities + depreciation (EBITDA)	26 634	26 312	1.2%
Income tax	2 468	2 210	11.7%
Net profit, including:	10 810	10 560	2.4%
<i>profit attributable to shareholders of the parent company</i>	10 603	9 931	6.8%

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

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

Fabryka Farb i Lakierów Śnieżka SA

FFiL Śnieżka SA in Q1 of 2025 recorded a decrease in sales revenues by 3.3% compared to the same period of the previous year. The Company generated a net profit of PLN 2,351 thousand, i.e. by PLN 1,995 thousand lower than in the corresponding period of the previous year.

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

- a decrease in sales revenues by 3.3% to PLN 113,516 thousand;
- a decrease in gross margin, in value by PLN 2,835 thousand,
- an increase in selling and general administrative costs by 5.5%, in the total amount of PLN 1,575 thousand,
- lower by PLN 635 thousand profit from other operating activities,
- lower loss from financing activities (by PLN 2,272 thousand), primarily due to lower interest on loans and borrowings;
- lower income tax by PLN 382 thousand (up to the value of PLN 443 thousand).

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Table 7 The basic elements of the profit and loss account of FFIL ŠNIEŽKA SA

	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024	Change (y/y)
Sales revenues	113 516	117 411	-3.3%
Cost of sales	75 192	76 252	-1.4%
Selling costs	7 243	7 438	-2.6%
General administrative costs	22 867	21 097	8.4%
Dividend income	396	-	-
Profit from other operating activities	(591)	44	-1443.2%
Profit from financing activities	(5 225)	(7 497)	-30.3%
Gross profit	2 794	5 171	-46.0%
Profit from operating activities (EBIT)	8 019	12 668	-36.7%
Profit from operating activities + depreciation (EBITDA)	14 852	19 091	-22.2%
Income tax	443	825	-46.3%
Net profit, including:	2 351	4 346	-45.9%

4.4 FINANCIAL STANDING

The Šniežka Group

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

Therefore, the values of such balance sheet items as: total assets, trade receivables and trade liabilities as at the end of 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, 2025 and March 31, 2024.

Table 8 The Šniežka Group's assets

Group's assets	31.03.2025	31.03.2024	Change (y/y)
Fixed assets, including:	544 415	556 462	-2.2%
- Tangible fixed assets	480 555	485 280	-1.0%
- other fixed assets	63 860	71 182	-10.3%
Current assets, including:	266 379	308 124	-13.5%
- Inventory	115 641	132 405	-12.7%
- Trade and other receivables	113 060	112 586	0.4%
- Cash and cash equivalents	27 105	55 285	-51.0%
- other current assets	10 573	7 848	34.7%
Non-current assets classified as held for sale	649	345	88.1%
Total	811 443	864 931	-6.2%

On March 31, 2025, the value of the assets of the Šniežka Group was PLN 811,443 thousand, which represents a decrease by PLN 53,488 thousand (i.e. by 6.2%) compared to the end of March 2024. The value of the Group's fixed assets (representing 67.1% of its total assets) decreased by 2.2% during the year to PLN 544,415 thousand. The value of the Group's current assets reached PLN 266,379 thousand, which represents a decrease by 13.5%

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compared to March 31, 2024. The main item of the Group's current assets were inventories valued at PLN 115,641 thousand, the value of which, compared to the previous year, went down by 12.7%. The second largest item were receivables worth PLN 113,060 thousand, i.e. by 0.4% higher than the year before. As at March 31, 2025, the Group held PLN 27,105 thousand cash (a decline by 51.0% y/y).

Table 9 The Śnieżka Group's liabilities

Group's liabilities	31.03.2025	31.03.2024	Change (y/y)
Total equity, including:	403 876	381 769	5.8%
- Equity (attributable to the shareholders of the parent company)	382 304	355 261	7.6%
- Equity of non-controlling interest	21 572	26 508	-18.6%
Total liabilities	407 567	483 162	-15.6%
Long-term liabilities	212 415	296 579	-28.4%
Short-term liabilities, including:	195 152	186 583	4.6%
- Trade and other liabilities	100 296	93 435	7.3%
- Short-term liabilities on loans and borrowings	54 702	49 616	10.3%
- Other short-term liabilities	40 154	43 532	-7.8%
Total	811 443	864 931	-6.2%

As at March 31, 2025, the Group had equity in the amount of PLN 403,876 thousand, i.e. higher by 5.8% than by the end of March 2024. At the same time, its level of external debt decreased. Consequently, the Group financed 49.8% of its operations from its own funds, which represents an increase by 5.6% during the year. At the end of the reporting period, the Group's long-term liabilities amounted to PLN 212,415 thousand, which constitutes a decrease by 28.4% (PLN 84 164 thousand) y/y. Liabilities due after twelve months from the balance sheet date accounted for 26.2% of the balance sheet total.

The Group's short-term liabilities amounted to PLN 195,152 thousand, i.e. an increase by 4.6% y/y and accounted for 24.0% of the balance sheet total. As a result of changes in the financing structure - the value of bank loans (total, short and long-term) decreased by PLN 84,512 thousand, to PLN 243,945 thousand and as at March 31, 2025, the bank loans accounted for 30.0% of the balance sheet total.

Compared to the end of March last year the Group's trade and other liabilities increased by PLN 6,861 thousand to PLN 100,296 thousand.

Put and call options

The Group's balance sheet includes a put option, i.e. a liability under the option to purchase shares of Poli-Farbe Vegyipari Kft. held by a minority shareholder. It reduces the Group's equity (i.e. by PLN 31,119 thousand as at March 31, 2025). The essence of this option is that Lampo Kft. – the other shareholder of Poli-Farbe Vegyipari Kft. – has the right to sell (put option), and FFIL Śnieżka is obliged to purchase the remaining 20% of shares in this company. Whereas the call option entitles the Company, in special circumstances, to acquire the remaining 20% of shares.

Fabryka Farb i Lakierów Śnieżka SA

Similarly 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, 2025 and March 31, 2024.

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Table 10. FFIL ŚNIEŻKA SA's assets

Company's assets	31.03.2025	31.03.2024	Change (y/y)
Fixed assets, including:	644 223	652 532	-1.3%
- Tangible fixed assets	414 087	419 482	-1.3%
- Shares and stocks in other entities	201 002	201 476	-0.2%
- other fixed assets	29 134	31 574	-7.7%
Current assets, including:	222 105	234 744	-5.4%
- Inventory	91 828	101 095	-9.2%
- Trade and other receivables	120 109	124 744	-3.7%
- Cash and cash equivalents	398	1 508	-73.6%
- other current assets	9 770	7 397	32.1%
Total	866 328	887 276	-2.4%

As at March 31, 2025, the Company's assets amounted to PLN 866,328 thousand, which represents a decrease by PLN 20,948 thousand, i.e. by 2.4% compared to the end of March last year. The value of the Company's fixed assets (representing 74.4% of its total assets) decreased by 1.3% during the year, to PLN 644,223 thousand, as a result of a decrease in such items belonging to the asset groups – other fixed assets and property, plant and equipment.

The value of the Company's current assets amounted to PLN 222,105 thousand, i.e. it was by 5.4% lower than as at March 31, 2024. The main item of these assets were trade and other receivables by 3.7% lower than a year earlier, valued at PLN 120,109 thousand. Inventories in stock were valued at PLN 91,828 thousand, below the valuation from the previous year (by 9.2%, i.e. PLN 9,267 thousand).

At the end of March 2025, the Company held PLN 398 thousand cash and cash equivalents (a decrease by PLN 1,110 thousand y/y) and PLN 9,770 thousand of other current assets in the form of income tax receivables.

Table 11. FFIL ŚNIEŻKA SA's liabilities

Company's liabilities	31.03.2025	31.03.2024	Change (y/y)
Equity	293 378	271 140	8.2%
Total liabilities	572 950	616 136	-7.0%
Long-term liabilities, including:	446 961	472 314	-5.4%
- Long-term interest-bearing loans and borrowings	425 413	461 019	-7.7%
- Other long-term liabilities	21 548	11 295	90.8%
Short-term liabilities, including:	125 989	143 822	-12.4%
- Trade and other liabilities	68 310	79 750	-14.3%
- Current portion of interest-bearing loans and borrowings	46 616	50 790	-8.2%
- Other short-term liabilities	11 063	13 282	-16.7%
Total	866 328	887 276	-2.4%

As at March 31, 2025, FFIL Śnieżka S.A. financed its operations from own funds in 33.9%, which represents an increase of this ratio by 3.3% compared to the end of March last year. At the end of the reporting period, the

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Company's long-term liabilities amounted to PLN 446,961 thousand (a decrease by PLN 25,353 thousand y/y) and constituted 51.6% of the balance sheet total.

As part of the liabilities presented in the report, as at March 31, 2025, the Company has loans from its subsidiaries Śnieżka ToC and Rafil, which is an element of optimal liquidity management within the Group. The total value of loans amounts to PLN 258,224 thousand in the capital part (long-term liabilities, including ToC: PLN 250,224 thousand, Rafil: PLN 8,000 thousand and PLN 1 172 thousand of interest (short-term liabilities including ToC: PLN 1,125 thousand, Rafil: PLN 47 thousand).

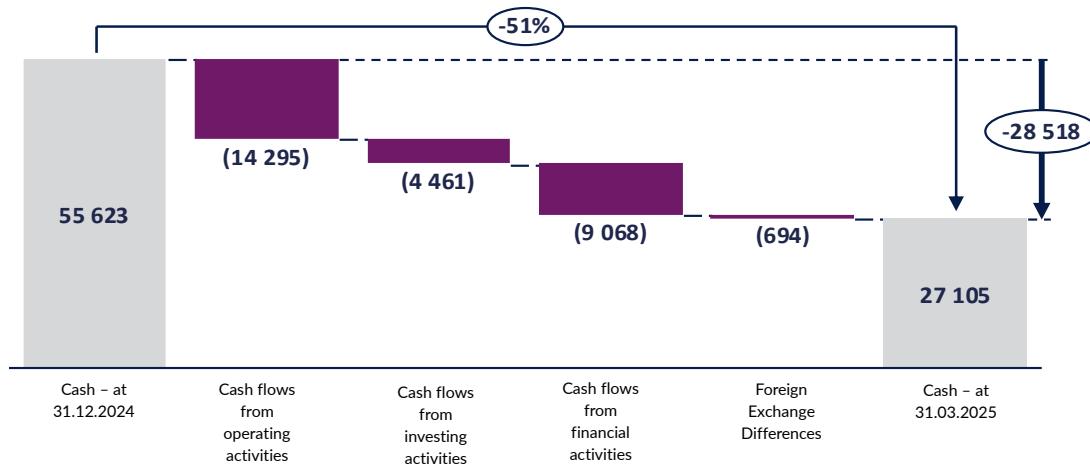
The Company's short-term liabilities decreased by 12.4% (PLN 17,833 thousand). This balance sheet item was affected by the decrease in trade and other liabilities (PLN - 11,440 thousand). The level of the current portion of interest-bearing loans and borrowings amounted to PLN 46,616 thousand at the end of the reporting period, which represents a decrease by 8.2% compared to the previous year.

4.5 CASH FLOWS

The Śnieżka Group

In Q1 of 2025, the Group generated negative cash flows of PLN 28,518 thousand (after adjustment for exchange rate differences from the translation of foreign units) against negative cash flows in the amount of PLN 10,380 thousand a year earlier. At the end of the reporting period, the Group's cash and cash equivalents amounted to PLN 27,105 thousand.

Figure 9. The Group's cash flows in Q1 of 2025



This performance was affected by:

negative cash flows from operating activities in the amount of PLN 14,295 thousand

Their value was positively influenced primarily by the value of profit before tax of PLN 13,278 thousand, the change in liabilities by PLN 15,327 thousand, depreciation by PLN 9,530 thousand and interest costs by PLN 3,720 thousand; on the other hand, the following items had a significant negative impact: the change in receivables by PLN 42,207 thousand and the change in inventories by PLN 15,685 thousand and income tax paid PLN 1,901 thousand.

negative cash flows from investing activities in the amount of PLN 4,461 thousand

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The Group presents total CAPEX expenditures in the amount of PLN 5,505 thousand in cash flows from investing activities; in addition, flows from the sale of property, plant and equipment in the amount of PLN 1,044 thousand were recorded.

negative cash flows from financing activities at the level of PLN 9,068 thousand.

In addition to flows from the existing credit lines in the amount of PLN 1,645 thousand, - resulting from investment needs and current operating activities - the final cash flows from financing activities were significantly influenced by the partial repayment of loans (-PLN 6,227 thousand) and interest (-PLN 4,231 thousand).

Fabryka Farb i Lakierów Śnieżka SA

Following three months of 2025, the Company achieved positive cash flows of PLN 601 thousand (compared to also positive amounts of PLN 763 thousand a year earlier). At the end of the reporting period, the Company's cash amounted to PLN 398 thousand.

They were affected by:

negative cash flows from operating activities in the amount of PLN 41,932 thousand

Their value was positively affected primarily by profit before tax of PLN 2,794 thousand, the change in provisions by PLN 2,280 thousand, adjustment of financial costs of PLN 6,549 thousand and depreciation value of PLN 6,833 thousand and change in liabilities by PLN 21,599 thousand, the negative result was significantly influenced by change in receivables by PLN 65,423 thousand and change in inventories by PLN 13,217 thousand.

negative cash flows from investing activities in the amount of PLN 3,843 thousand

The Company presents in total in cash flows from investing activities CAPEX expenses in the amount of PLN - 4,221 thousand and the value of dividends received in the amount of PLN 378 thousand.

positive cash flows from financing activities in the amount of PLN 45,174 thousand

This item was positively influenced by the flows from the existing credit lines and loans (PLN 92,394 thousand in total); while the greatest negative impact had: partial repayment of loans and borrowings (PLN 40,244 thousand) and repayment of interest (PLN 6,927 thousand).

4.6 FINANCIAL RATIOS

Group's profitability ratios

In Q1 of 2025, the Śnieżka Group achieved higher percentage margins than in the corresponding period of the previous year. The level of gross sales margin was influenced by a favourable relationship between production costs and sales value, which also had a positive impact on the profitability of subsequent result categories: EBIT margin amounted to 9.9% (an increase by 0.1%), EBITDA margin was 15.5% (an increase by 0.2%), and net profit margin was 6.3% (an increase by 0.1%).

In the reporting period, ROA (-0.5%) and ROE ratios (-1.9%) were lower, chiefly due to the lower value of net profit calculated on a cumulative basis from the last 4 quarters.

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Table 12. The Group's profitability ratios

	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
EBIT margin in % (EBIT / Sales revenues) x 100%	9.9%	9.8%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	15.5%	15.3%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	49.5%	48.4%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	6.3%	6.1%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	8.6%	9.1%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	19.3%	21.2%

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

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

Group's liquidity and debt ratios

As at 31 March 2025, the general debt ratio of the Šniežka Group decreased by 5.6% y/y as a result of the faster rate of decrease in liabilities in relation to the balance sheet total. Due to insignificant decrease in the value of fixed assets by 2.2% y/y and the concurrent increase in equity by 5.8%, the ratio of coverage of fixed assets with equity improved by 5.6%, reaching the value of 74.2%.

The Group's current liquidity ratio was 1.4 and was by 0.3 lower than a year earlier. The quick liquidity ratio decreased slightly to 0.8 and the cash liquidity ratio decreased by 0.30 to 0.14.

The Management Board of the Company monitors on an on-going basis the situation related to the war in Ukraine 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 the above into consideration it embarks on actions to maintain the optimal, safe level of the Group's liquidity.

At the end of Q1 of 2025, the Group's net debt/EBITDA ratio was 1.58 compared to 1.88 a year earlier. The Šniežka 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. Concurrently, in order to ensure financing at the optimal level, the Company prolongs credit agreements as needed.

Table 13. The Group's liquidity and debt ratios

	31.03.2025	31.03.2024
Current liquidity ratio (Current assets / Short-term liabilities)	1.4	1.7
Quick liquidity ratio (Current assets - inventories)/Short-term liabilities	0.8	0.9
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.14	0.30
Total debt ratio (Total liabilities / Total assets) x 100%	50.2%	55.9%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	74.2%	68.6%

Group's rotation ratios

In Q1 of 2025, the cash conversion cycle in the Group was 75 days, which compared to the corresponding period of the previous year represents its shortening by 23 days. This was due to the shortening of the inventory turnover by 14 days and the extension of the payables cycle by 9 days.

Table 14. The Šniežka Group's rotation ratios

	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
Inventory cycle (Inventory x 90 / Cost of sales) in days	119.7	134.0
Receivables cycle (Trade and other receivables x 90 / Sales revenues) in days	59.1	58.8
Current payables cycle (Trade and other liabilities x 90 / Cost of sales) in days	103.8	94.5
Cash conversion cycle (Inventory cycle + receivables cycle - payables cycle) in days	75.0	98.2

4.7 SEASONALITY

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

The occurring phenomenon of seasonality also affects:

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

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

The performance of the Šniežka Group in the coming months of 2025 will be influenced primarily by the performance of FFiL Šniežka SA (parent company) and Šniežka 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 Šniežka-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 Šniežka Group monitors consumer sentiment, the financial condition of consumers and their purchasing plans in its key markets (Poland, Hungary, Ukraine) and in its most important product categories.

Demand in future periods may be influenced by a number of factors, including: (1) the period of interest rate cuts announced by the Monetary Policy Council; (2) lower inflation readings than in previous years; (3) continued increases in wages. According to the analyses of the Central Statistical Office (CSO), the consumer sentiment in

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Poland - aggregated in the current Consumer Confidence Indicator (CCI)³⁹ - amounted to -15.0 (-2.5 points y/y) in Q1 of 2025. The Leading Indicator of Consumer Confidence (WWUK), describing the trends in individual consumption expected in the next 12 months, recorded a decline y/y. Currently, it is -10.2 (-5.4 points y/y)⁴⁰.

The Group analyses, including: how global factors (e.g. the effects of the war in Ukraine or tensions in international trade) and local ones (e.g. inflation and changes in wages) affect the GDP indicator in individual countries, with which the condition of the decorative paints industry is strongly correlated. A constant element of the activities carried out is the monitoring of situation in this sector 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 have 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 business operations in Ukraine. Nevertheless, the in-progress armed conflict and the concentration of the Russian army on destroying the energy infrastructure may cause disruptions in the energy supply, which may affect the efficiency of the production plant. In the longer term, it may also affect renovation works, and thus the demand for the company's products.

The on-going warfare in Ukraine may have an essential effect on the future performance of Śnieżka-Ukraina and, as a result, the entire Group. The industry's results in recent quarters have deteriorated, giving a signal that a return to the volumes sold before the war may not be easy to achieve in the short term.

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

Table 15. The exposure to risk of assets held in Ukraine as at March 31, 2025 is as follows (data in PLN thousand):

Data in PLN '000	Balance sheet as at 31.03.2025
PP&E	18 053
Inventory	8 249
Short-term receivables	4 873
Cash	20 129
Other assets	581
Total assets	51 885
 Net assets (Equity)	 46 106

³⁹ The CCI and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in economic conditions, while negative values indicate a deterioration.

⁴⁰ Source: Central Statistical Office, Consumer sentiment – April 2025.

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 January 2025 was 102.8 points (improving the reading from December 2024 - 100.6 points)⁴¹.

As WTO analysts point out, the Goods Trade Barometer is a composite leading indicator of world trade, providing early signals on the direction of changes in merchandise trade relative to past trends. The current index value – 102.8 – exceeds the quarterly trade volume indicator but remains almost unchanged from December's reading (102.7). Under normal market conditions, this would be interpreted as a signal of above-trend trading and accelerating growth rates. However, in the current economic environment, the increase may be due to growing uncertainty over trade policy, which is prompting companies and consumers to import goods earlier out of fear of potential restrictions. This could lead to weaker demand later in the year⁴².

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 and the Middle East, in 2025, as for some raw materials and packaging as well as other products, there may be further price increases. Determining the level of prices of key raw materials used in production may be subject to an insignificant error. However, occasional limitations in access to raw materials prompt the Group to continue searching for alternative materials necessary for the production of paints and varnishes.

The Company also monitors the changes to the European Union regulations on an on-going basis, describe later in this chapter, and takes appropriate steps to adapt to them. Currently, the Company does not anticipate any events related to purchases of raw materials, packaging or other goods that could threaten its proper operation.

5. Changes in currency exchange rates

The Group's bottom-line may be significantly affected by changes in currency exchange rates, in particular: EUR/PLN, EUR/HUF, EUR/UAH, EUR/USD and USD/PLN, HUF/PLN, UAH/PLN. The greatest current currency risk for the Šniežka 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 Company in Poland is guaranteed electricity at a fixed price for the entire 2025 and it is 100% energy from renewable sources. At the Šniežka Ukraina plant, the photovoltaic system completed in 2023, produces electricity for the plant's needs and ensures approximately 20% of demand coverage. In turn, the photovoltaic system launched in September 2024 at the Hungarian plant covers approximately 30% of the annual energy demand. In Poland, the documentation has been prepared and the required consents and building

⁴¹ Source: World Trade Organization (WTO), WTO trade barometers – January 2025, April 2025.

⁴² Source: WTO, Goods barometer nearly unchanged but trade policy uncertainty looms, April 2025.

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permits for photovoltaic systems have been obtained, but due to the lack of possibilities to obtain funding for the systems in question, the decision to implement them has been suspended.

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

The Šniežka Group is subject to complex and increasingly restrictive European Union legal regulations regarding product safety and implementing the assumptions of the European Green Deal. Legal regulations regarding the content of biocidal substances, as well as other substances used in production that pose or may pose risks to health and the environment, are becoming increasingly stringent. The greater the emphasis is put on the use of raw materials that, on the one hand, are responsible for greater safety for the user, and on the other, ensure that all functional properties are maintained. The adaptation work being carried out to ensure compliance with European Union requirements focuses on maintaining high durability and quality of products. The Group constantly monitors legal changes that may affect production. The currently amended legal acts that require attention in the near future are Regulation (EC) No. 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (so-called CLP Regulation) together with amending regulations (so-called ATP), related to the classification of products and their appropriate labelling, depending on the content of the substance in the final product and affecting the information on the label.

8. Actions to prevent climate change

The Šniežka Group is aware of the need to take action to counteract climate change. As part of the dual materiality assessment conducted in 2024, the Group's climate impact across the entire value chain was assessed as negative. On the contrary, the impact on local energy mixes resulting from the use of energy from renewable sources in Poland, as well as from own photovoltaic systems in two locations (Hungary and Ukraine), was assessed positively. The assessment also identified substantial risks and opportunities related to climate and energy transformation, which were included in specific actions set out in the Šniežka Sustainable Development Strategy. The Group's key decarbonisation initiatives are based on improving energy efficiency, transforming towards green energy and effectively managing greenhouse gas (GHG) emissions. By the end of 2026, the Group plans to develop a detailed transition plan with targets consistent with limiting global warming to 1.5°C. This plan will include an in-depth analysis of the Group's current environmental impact, specific emission reduction targets and actions to achieve climate neutrality.

5. QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ŠNIEŽKA GROUP

The interim condensed consolidated financial statements of the Group cover the 3-month period ended 31 March 2025 and contain comparative data for the 3-month period ended 31 March 2024 and as at 31 December 2024. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2024.

These interim condensed consolidated financial statements of the Group for the period of 3 months ended March 31, 2025 were approved for publication by the Company's Management Board as at May 21, 2025.

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

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

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

Essential accounting principles (policy)

These interim 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, 2024, which was published on April 10, 2025.

Condensed consolidated statement of comprehensive income

	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
	(unaudited) (data not subject to review)	(unaudited) (data not subject to review)
Continued activities		
Sales revenues	172 238	172 275
Cost of sales	86 947	88 950
Gross profit from sales	85 291	83 325
Other operating revenues	349	421
Selling costs	35 899	35 827
General administrative costs	31 389	29 950
Other operating expenses	1 248	1 008
Profit from operating activities	17 104	16 961
Financial revenues	869	1 342
Financial expenses	4 656	5 577
Share in associate's profit	(39)	44
Gross profit	13 278	12 770
Income tax	2 468	2 210
Net profit from continued activities	10 810	10 560
Discontinued operations	-	-
Profit for the period of discontinued activities	-	-
Net profit for the period	10 810	10 560
Other comprehensive income		
Items subject to reclassification to profit / (loss) in subsequent reporting periods:	(1 926)	(2 879)
Exchange differences from translation of foreign operations	(1 926)	(2 879)
Cash flow hedge	-	-
Net investment hedge in a foreign entity	-	-
Items not subject to reclassification to profit / (loss) in subsequent reporting periods:	81	(56)
Change in fair value of financial instruments measured at fair value through other comprehensive income	81	(56)
Actuarial gains (losses) after considering deferred income tax	-	-
Other net comprehensive income	(1 845)	(2 935)
Comprehensive income for the period	8 965	7 625
Profit attributable to:	10 810	10 560
Shareholders of the Parent Company	10 603	9 931
Non-controlling interest	207	629
Total income attributable to:	8 965	7 625
Shareholders of the Parent Company	9 072	7 463
Non-controlling interest	(107)	162
Earnings per share (in PLN):		
- basic, from profit for the period attributable to shareholders of the Parent Company	0.84	0.79
- basic, from profit on continued operations for the period attributable to shareholders of the Parent Company	0.84	0.79
- diluted, from profit for the period attributable to shareholders of the Parent Company	0.84	0.79
- diluted, from profit on continued operations for the period attributable to shareholders of the Parent Company	0.84	0.79

Condensed consolidated statement of financial position

	31 March 2025 (unaudited)	31 December 2024 (data not subject to review)
ASSETS		
Fixed assets	544 415	549 190
PP&E	480 555	484 093
Goodwill	3 733	3 733
Intangible assets	54 811	56 189
Investments in associates using the equity method	1 882	1 921
Other financial assets (long-term)	1 591	1 591
Long-term lease receivables	84	84
Deferred tax assets	1 759	1 579
Current assets excluding non-current assets held for sale	266 379	235 273
Inventory	115 641	100 345
Trade and other receivables	113 060	65 463
Income tax receivables	10 573	13 842
Other financial assets	-	-
Cash and cash equivalents	27 105	55 623
Fixed assets held for sale	649	834
Current assets	267 028	236 107
TOTAL ASSETS	811 443	785 297
LIABILITIES		
Equity (attributable to the shareholders of the parent company)	382 304	373 231
Share capital	12 618	12 618
Option to acquire shares in minority ownership	(31 119)	(31 119)
Other supplementary capital	(72 390)	(70 860)
Retained earnings	473 195	462 592
Equity of non-controlling interest	21 572	21 759
Total equity	403 876	394 990
Long-term liabilities	212 415	210 520
Interest-bearing loans and borrowings	189 243	188 567
Provisions, including:	6 154	6 163
- Provisions for employee benefits	5 879	5 888
- Other provisions	275	275
Lease liabilities	7 906	4 299
Provision for deferred income tax	9 112	11 491
Short-term liabilities, excluding assets held for sale	195 152	179 787
Trade and other liabilities	100 296	74 888
Current portion of interest-bearing loans and borrowings	54 702	68 924
Lease liabilities	933	646
Liabilities under option to acquire shares in minority ownership	30 700	30 700
Income tax liabilities	59	-
Provisions, including:	8 462	4 629
- Provisions for employee benefits	8 346	4 513
- Other provisions	116	116
Short-term liabilities	195 152	179 787
Total liabilities	407 567	390 307
TOTAL LIABILITIES	811 443	785 297

Condensed consolidated statement of cash flows

	the period of 3 months ended as at 31 March 2025 (unaudited)	the period of 3 months ended as at 31 March 2024 (unaudited)
	<i>(data not subject to review)</i>	<i>(data not subject to review)</i>
<i>Cash flows from operating activities</i>		
Profit before tax	13 278	12 770
Adjustments:	(25 672)	(49 324)
Depreciation of PP&E, intangible assets	9 530	9 351
Profit (loss) on investing activities	(146)	(49)
Exchange difference	(1)	-
Share in associates' profits	39	(44)
Interest expenses	3 720	4 846
Dividends received	-	-
Other adjustments	(48)	(37)
Movement in inventories	(15 685)	(16 645)
Movement in receivables	(42 207)	(52 232)
Movement in liabilities	15 327	3 379
Movement in provisions	3 799	2 107
Cash generated by operating activities	(12 394)	(36 554)
Income tax paid	(1 901)	(2 131)
Net cash from operating activities	(14 295)	(38 685)
<i>Cash flows from investing activities</i>		
Expenses related to acquisition of PP&E and intangible assets	(5 505)	(12 928)
Proceeds from sales of PP&E and intangible assets	1 044	(7)
Net cash used in investing activities	(4 461)	(12 935)
<i>Cash flows from financing activities</i>		
Proceeds from loans and borrowings raised	1 645	69 486
Repayment of loans and borrowings	(6 227)	(20 780)
Repayment of financial lease liabilities	(155)	(428)
Interest	(4 231)	(5 046)
Dividends and promoter certificates paid	(100)	-
Net cash from financing activities	(9 068)	43 232
Net increase (decrease) in cash and cash equivalents before exchange differences	(27 824)	(8 388)
Exchange differences from translation of foreign operations	(694)	(1 992)
Net increase (decrease) in cash and cash equivalents	(28 518)	(10 380)
Cash and cash equivalents at the beginning of the period	55 623	65 665
Cash and cash equivalents at the end of the period	27 105	55 285

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Condensed consolidated statement of changes to equity

	Share capital	Option to acquire shares in minority ownership	Other supplementary capital	Retained earnings	Equity (attributable to the shareholders of the parent company)	Equity of non-controlling interest	Total equity
As at 1 January 2025	12 618	(31 119)	(70 860)	462 592	373 231	21 759	394 990
Net profit for the period	-	-	-	10 603	10 603	207	10 810
Other net comprehensive income for the period	-	-	(1 530)	-	(1 530)	(315)	(1 845)
Comprehensive income for the period	-	-	(1 530)	10 603	9 073	(108)	8 965
Acquisition of shares in a subsidiary - option valuation	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(79)	(79)
Change in equity	-	-	(1 530)	10 603	9 073	(187)	8 886
As at 31 March 2025 (unaudited data not subject to audit)	12 618	(31 119)	(72 390)	473 195	382 304	21 572	403 876
As at 1 January 2024	12 618	(33 679)	(64 118)	432 978	347 799	26 345	374 144
Net profit for the period	-	-	-	9 931	9 931	629	10 560
Other net comprehensive income for the period	-	-	(2 469)	-	(2 469)	(466)	(2 935)
Comprehensive income for the period	-	-	(2 469)	9 931	7 462	163	7 625
Acquisition of shares in a subsidiary - option valuation	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-
Change in equity	-	-	(2 469)	9 931	7 462	163	7 625
As at 31 March 2024 (unaudited data not subject to audit)	12 618	(33 679)	(66 587)	442 909	355 261	26 508	381 769

6. QUARTERLY CONDENSED STANDALONE FINANCIAL STATEMENTS

The interim condensed financial statements of FFiL Śniežka SA cover the period of 3 months ended March 31, 2025 and contain comparative data for the period of 3 months ended March 31, 2024 and December 31, 2024. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2024.

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

Condensed standalone statement of comprehensive income

Continued activities	the period of 3 months ended as at 31 March 2025	the period of 3 months ended as at 31 March 2024
	(unaudited)	(unaudited)
	(data not subject to review)	(data not subject to review)
Sales revenues	113 516	117 411
Cost of sales	75 192	76 252
Gross profit from sales	38 324	41 159
Dividend income	396	-
Other operating revenues	108	210
Selling costs	7 243	7 438
General administrative costs	22 867	21 097
Other operating expenses	699	166
Profit from operating activities	8 019	12 668
Financial revenues	1 701	789
Financial expenses	6 926	8 286
Gross profit	2 794	5 171
Income tax	443	825
Net profit for the period	2 351	4 346
Other comprehensive income that is not reclassified to profit /(loss):	-	-
Other comprehensive income that can be reclassified to profit /(loss):	81	(56)
Cash flow hedge	81	(56)
Other net comprehensive income (losses)	81	(56)
Comprehensive income for the period	2 432	4 290
Profit (loss) per share:		
- basic, from profit for the reporting period	0.19	0.34
- basic, from profit on continued operations for the reporting period	0.19	0.34
- diluted, from profit for the reporting period	0.19	0.34
- diluted, from profit on continued operations for the reporting period	0.19	0.34

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Condensed standalone statement of financial position

	31 March 2025 (unaudited)	31 December 2024
<i>(data not subject to review)</i>		
ASSETS		
Fixed assets	644 223	646 710
PP&E	414 087	415 519
Intangible assets	29 134	30 189
Shares and interests in other entities	201 002	201 002
Deferred tax assets	-	-
Current assets	222 105	142 361
Inventory	91 828	78 611
Trade and other receivables	120 109	50 346
Income tax receivables	9 770	12 405
Cash and cash equivalents	398	999
Non-current assets classified as held for sale	-	-
TOTAL ASSETS	866 328	789 071
LIABILITIES		
Equity	293 378	290 946
Share capital	12 618	12 618
Revaluation reserve	530	449
Retained earnings	280 230	277 879
Long-term liabilities	446 961	390 759
Interest-bearing loans and borrowings	425 413	374 413
Provisions for employee benefits	4 555	4 555
Lease liabilities	6 636	2 952
Provision for deferred income tax	10 357	8 839
Short-term liabilities	125 989	107 366
Trade and other liabilities	68 310	51 442
Current portion of interest-bearing loans and borrowings	46 616	47 457
Lease liabilities	794	478
Option liabilities	5 640	5 640
Income tax liabilities	-	-
Provisions for employee benefits	4 629	2 349
Total liabilities	572 950	498 125
TOTAL LIABILITIES	866 328	789 071

Condensed standalone statement of cash flows

	the period of 3 months ended as at 31 March 2025 <i>(unaudited)</i> <i>(data not subject to review)</i>	the period of 3 months ended as at 31 March 2024 <i>(unaudited)</i> <i>(data not subject to review)</i>
<i>Cash flows from operating activities</i>		
Profit before tax	2 794	5 171
Adjustments:	(43 041)	(18 640)
Depreciation of PP&E, intangible assets	6 833	6 423
(Profit) loss on investing activities	348	(40)
Exchange difference	(1 614)	(484)
Net interest	6 549	7 860
Interest revenue	-	-
Dividends received	(396)	-
Movement in inventories	(13 217)	(13 023)
Movement in receivables	(65 423)	(48 567)
Movement in liabilities	21 599	27 182
Movement in provisions	2 280	2 010
Cash generated by operating activities	(40 247)	(13 469)
Income tax paid	(1 685)	(1 191)
Net cash from operating activities	(41 932)	(14 660)
<i>Cash flows from investing activities</i>		
Proceeds from sales of PP&E and intangible assets	-	(17)
Expenses related to acquisition of PP&E and intangible assets	(4 221)	(11 097)
Dividends received	378	-
Net cash used in investing activities	(3 843)	(11 113)
<i>Cash flows from financing activities</i>		
Cash flows from financing activities	92 394	84 464
Proceeds from loans and borrowings raised	(40 244)	(49 505)
Repayment of loans and borrowings	(49)	(240)
Interest	(6 927)	(8 183)
Dividends	-	-
Net cash from financing activities	45 174	26 536
Net increase (decrease) in cash and cash equivalents	(601)	763
Cash and cash equivalents at the beginning of the period	999	745
Cash and cash equivalents at the end of the period	398	1 508

Condensed standalone statement of changes to equity

	Share capital	Retained earnings	Revaluation reserve	Total equity
As at 1 January 2025	12 618	277 879	449	290 946
Net profit (loss) for the period	-	2 351	-	2 351
Other net comprehensive income for the period	-	-	81	81
Comprehensive income for the period	-	2 351	81	2 432
Dividend payment	-	-	-	-
As at 31 March 2025 (unaudited data not subject to audit)	12 618	280 230	530	293 378
As at 1 January 2024	12 618	254 144	88	266 850
Net profit for the period	-	4 346	-	4 346
Other net comprehensive income for the period	-	-	(56)	(56)
Comprehensive income for the period	-	4 346	(56)	4 290
Dividend payment	-	-	-	-
As at 31 March 2024 (unaudited data not subject to audit)	12 618	258 490	32	271 140

7. 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.

The Capital Group continues the rules 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 at the end of March of 2025 the closing rate set by the NBP, at which the Group exchanges UAH into PLN, i.e. UAH 1 = PLN 0.0935.

No other factors or events occurred in Q1 of 2025 than those described in the report, including those of unusual nature, having a significant impact on the condensed interim financial 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 audit and appealed to the Customs and Tax Office.

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

By judgment of April 25, 2023, the Provincial Administrative Court in Rzeszów revoked the Decision of the Customs and Tax Office. The Customs and Tax Office in Przemyśl filed a cassation appeal against this judgment to the Supreme Administrative Court. The Company responded to the cassation appeal, emphasizing the correctness of the decision of the Provincial Administrative Court in Rzeszów. The Provincial Administrative Court's judgment is not final. As of the date of publication of this Report for Q1 2025, the Supreme Administrative Court has not considered the cassation appeal.

The amount of tax paid together with interest is presented in the Condensed Standalone Statement of Financial Position and in the Condensed Consolidated Statement of Financial Position as an income tax receivable.

In the reporting period 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.

Information on significant settlements of court cases

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

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

In the first quarter of 2025 there were no issues, redemptions or repayments of non-equity and equity securities.

Information on the paid (or declared) dividend

On May 8, 2025, the Management Board of Fabryka Farb i Lakierów Śnieżka S.A. decided to recommend to Śnieżka shareholders a dividend payment from the profit for 2024 in the amount of PLN 34,698,889.50 (in words: thirty-four million six hundred ninety-eight thousand eight hundred eighty-nine zlotys 50/100), i.e. in the amount of PLN 2.75 (in words: two zlotys, seventy-five groszy) per share.

The resolution on the profit distribution for 2024 will be adopted by the annual general meeting of the Company. In accordance with the provisions of law, the Management Board will submit the above position for assessment to the Supervisory Board of Śnieżka.

The Company announced the Management Board's recommendation in current report No. 5/2025 of May 8, 2025.

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

In Q1 of 2025, there were no significant events that could affect the financial situation of the Group.

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 2025, as well as information that is important for assessing the Company's ability to fulfil its obligations, is included herein.

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 2025, 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.

Transactions with related entities

In Q1 of 2025 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

The parent company is a party to credit agreements, the so-called "umbrella" with other entities comprising the capital group in Poland. Under these agreements, joint and several liability of the borrowers is established. Under these agreements, the parent company is the guarantor of the debt incurred by other group companies under umbrella agreements.

Apart from the above, as at 31 March 2025, there were no significant credit or loan sureties or guarantees granted to a single entity or its subsidiary by the Company or its subsidiary.

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 2025, there are no items affecting assets, liabilities, equity, net profit or cash flows that would be unusual due to their type, value or frequency.

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

In the first quarter of 2025, the amount of write-down on inventories (compared to December 31, 2024) decreased by PLN 43 thousand and as at March 31, 2025 the write-down amounts to PLN 3,117 thousand.

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

As at March 31, 2025, impairment losses on receivables increased by PLN 598 thousand compared to December 31, 2024. Currently, they amount to PLN 3,787 thousand.

Compared to the value as at 31 December 2024, impairment losses on fixed assets did not change.

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, 2025 their total value is PLN 14,225 thousand (including PLN 5,879 thousand is a long-term provision and PLN 8,346 thousand is a short-term one). In Q1 of 2025, the amount of these provisions increased (compared to December 31, 2024) by a total of PLN 3,824 thousand with a decrease of PLN 9 thousand in the case of the long-term provisions and an increase of PLN 3,833 thousand in the case of the short-term ones.

The Group also created additional provisions at the end of the first quarter of 2025 in the amount of PLN 391 thousand. The amount of these provisions did not change compared to December 31, 2024.

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 2025 increased by PLN 180 thousand compared to 31 December 2024 and currently amounts to PLN 1,759 thousand.

The amount of provisions for deferred income tax also decreased by PLN 2,379 thousand. As at March 31, 2025, these provisions amount to PLN 9,112 thousand.

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

Between January 1, 2025 and March 31, 2025, the Śnieżka Group purchased property, plant and equipment and intangible assets in the amount of PLN 5,986 thousand. Net Capex, i.e. the total amount of assumed investment expenditures reduced by the expected proceeds from the sale of fixed assets, amounted to PLN 4,949 thousand in Q1 of 2025.

In addition to the above, in the reporting period there were no significant transactions of purchase and sale of PP&E.

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

As at March 31, 2025, the Group has a liability for the purchase of property, plant and equipment in the amount of PLN 296 thousand. A significant part of these liabilities constitute the ones of the parent company for expenses related to the expansion, modernization of fixed assets and the purchase of equipment.

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 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.

Significant events after the end of the reporting period

No other significant events occurred after the balance sheet date.

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

As at 31 March 2025, the Śnieżka Group did not have any liabilities or contingent assets. Compared to December 31, 2024, liabilities and contingent assets did not change.

Segment reporting

The data below were calculated and presented in accordance with the segment policy described in the Consolidated Financial Statements of the Śnieżka Group for 2024 in section 2.4.4 *Description of operating segments*.

The Management Board analyses the Group's operations from a geographical perspective. For management purposes, the Group has been divided into segments based on geographic sales markets due to the fact of monitoring the shares in individual sales markets. The Group presents the following reporting segments: Poland, Hungary, Ukraine and other.

The management monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

In the report as at 31 December 2024, a change was made in the presentation of costs that were previously presented as unallocated costs. As a result of this change, these costs were verified and allocated to the appropriate market segments. Also, the Group verified the existing cost allocation keys assigned to segments, which enabled more precise allocation of costs to individual segments. This change impacted the comparable data for Q1 2024, which was adjusted accordingly to be consistent with the new cost allocation method.

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Table 15. Segment performance for the 3-month period ended as at March 31, 2025

the period of 3 months ended as at 31 March 2025 (unaudited data, not subject not subject to review)	Continued activities						Total operations
	Poland	Hungary	Ukraine	Other	Total	Exclusions	
Segment revenues after exclusions	128 461	18 905	18 684	6 188	172 238		172 238
Revenues from sale of products	123 018	18 481	17 740	5 697	164 936		164 936
Revenues from sale of goods	3 800	304	790	364	5 259		5 259
Revenues from sale of materials	620	98	-	100	818		818
Revenues from sale of services	1 024	22	154	26	1 225		1 225
Sales to external customers	128 461	18 905	18 684	6 188	172 238	-	172 238
Sales between segments (exclusions)	-	1 741	4 134	-	5 875	(5 875)	-
Total segment revenues without exclusions	128 461	20 646	22 818	6 188	178 113		178 113
Segment revenues after exclusions	88 979	15 927	13 610	4 329	122 846		122 846
Profits after exclusions	39 482	2 978	5 074	1 859	49 392		49 392
General expenses	26 361	2 703	2 114	211	31 389		31 389
Other revenues and operating costs	(1 084)	76	(6)	115	(899)		(899)
Profit from operating activities	12 037	351	2 954	1 763	17 104		17 104
Interest revenue	18	289	562	-	869		869
Interest expenses	4 145	404	-	-	4 549		4 549
Other financial income and expenses	(200)	80	(46)	59	(107)		(107)
Share in the net profit of subsidiaries under the equity method	(39)			-	(39)		(39)
Profit before tax	7 671	316	3 470	1 822	13 278		13 278
Income tax	1 949	137	357	25	2 468		2 468
Net profit, attributable to:	5 722	179	3 113	1 797	10 810		10 810
- shareholders of the Parent Company							10 603
- minority shareholders							207

The Group did not discontinue operations in the reporting period

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Table 16. Segment performance for the 3-month period ended as at March 31, 2024

the period of 3 months ended as at 31 March 2024 (unaudited data, not subject not subject to review) *	Continued activities					Exclusions	Total operations
	Poland	Hungary	Ukraine	Other	Total		
Segment revenues after exclusions	124 401	23 037	18 928	5 909	172 275		172 275
Revenues from sale of products	118 302	22 545	17 745	5 228	163 820		163 820
Revenues from sale of goods	3 849	369	1 019	278	5 515		5 515
Revenues from sale of materials	870	87	-	386	1 343		1 343
Revenues from sale of services	1 380	36	164	17	1 597		1 597
Sales to external customers	124 401	23 037	18 928	5 909	172 275		172 275
Sales between segments (exclusions)	-	2 195	5 872	83	8 150	(8 150)	-
Total segment revenues without exclusions	124 401	25 232	24 800	5 992	180 425		180 425
Segment revenues after exclusions	88 669	18 438	13 353	4 317	124 777		124 777
Profits after exclusions	35 732	4 599	5 575	1 592	47 498		47 498
General expenses	24 710	3 112	1 934	194	29 950		29 950
Other revenues and operating costs	(645)	110	(52)	-	(587)		(587)
Profit from operating activities	10 377	1 597	3 589	1 398	16 961		16 961
Interest revenue	176	413	753	-	1 342		1 342
Interest expenses	5 102	343	-	-	5 445		5 445
Other financial income and expenses	137	(189)	(84)	4	(132)		(132)
Share in the net profit of subsidiaries under the equity method	44	-	-	-	44		44
Profit before tax	5 632	1 478	4 258	1 402	12 770		12 770
Income tax	1 457	246	506	1	2 210		2 210
Net profit, attributable to:	4 175	1 232	3 752	1 401	10 560		10 560
- shareholders of the Parent Company							9 931
- minority shareholders							629

* data transformed in accordance with the principles adopted and described in the Consolidated Financial Statements of the Capital Group for 2024.

The Group did not discontinue operations in the reporting period

The structure of sales in the Śnieżka Group according to the criteria of products and services is presented in sec. 4.2 of the Report.

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