

# CONSOLIDATED QUARTERLY REPORT OF THE ŚNIEŻKA GROUP for the third quarter of 2024

20 November 2024



1.	SUMMARY OF THE PERIOD .....	3
2.	SELECTED FINANCIAL INFORMATION .....	4
3.	THE COMPANY AND THE ŚNIEŻKA GROUP.....	6
4.	COMMENT TO THE PERFORMANCE.....	13
4.1	MARKET AND BUSINESS ENVIRONMENT .....	13
4.2	SALES RESULTS.....	22
4.3	MAJOR FACTORS AFFECTING FINANCIAL RESULTS .....	24
4.4	FINANCIAL STANDING.....	26
4.5	CASH FLOWS.....	29
4.6	FINANCIAL RATIOS.....	30
	Seasonality .....	32
4.8	FACTORS THAT MAY AFFECT THE GROUP'S PERFORMANCE IN THE FOLLOWING QUARTERS.....	33
5.	QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ŚNIEŻKA GROUP .....	36
6.	QUARTERLY CONDENSED STANDALONE FINANCIAL STATEMENTS .....	42
7.	ADDITIONAL INFORMATION .....	45
8.	CONTACT REGARDING THE REPORT .....	51



# 1. SUMMARY OF THE PERIOD

## Highlights, including achievements and failures

In the first three quarters of 2024, the Śnieżka Group (the "Group") generated sales revenues of PLN 647.7 million, i.e. 8.1% lower than in the same period of the previous year. Lower performance is primarily a consequence of the decline in sales volume in the key markets in which the Group operates, as well as the strengthening of PLN against HUF and UAH.

It is also worth highlighting that despite optimistic forecasts regarding volume growth, in the first nine months of 2024 the decorative paints and construction chemicals market recorded a decline in the Group's markets. Additionally, macroeconomic conditions remain relatively unfavourable. In turn, the Group's performance was positively influenced by the trend of purchasing higher quality products, which has been continuing for several years and is particularly visible in Poland.

In the reporting period, the Group generated: consolidated net profit of PLN 67.4 million (a decrease by 18.3% y/y), operating profit (EBIT) in the amount of PLN 98.4 million (a decrease by 15.1% y/y) and EBITDA result of PLN 126.5 million (a decrease by 12.8% y/y). Net profit attributable to shareholders of the parent company amounted to PLN 64,6 mln (a decrease by 16.1% y/y).

The amount of the Group's net profit generated in the period January-September 2024, in addition to the decline in sales, was affected by an increase in selling costs and general administrative expenses by a total of 10%, mainly due to higher expenditure on salaries and costs of external services. 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 (71.7% share in the revenue structure) Hungary (13.1% share) and Ukraine (10.0% share).

In Poland, the Group's sales revenues amounted to PLN 464.6 million and were lower by 4.3% than in the previous year. The decline in sales value in Poland was the aftermath, inter alia, of the weaker economic situation in the industry in the period subject to analysis and the drop in sales in volume terms compared to the same period in 2023. The Group's revenues on other markets amounted to: in Hungary PLN 84.8 million (a decrease by 19.7% y/y due to the weakening of HUF against PLN), in Ukraine PLN 64.5 million (a decrease by 8.9% y/y), and on other markets ("Other" segment) PLN 33.8 million (a decrease by 21.3% y/y).

## The most important results achieved in the Q3 of 2024

In Q3 of 2024, the Group generated PLN 245.0 million in sales revenues (a decrease by 9.4% y/y), PLN 49.7 million in operating profit (a decrease by 10.2% y/y), PLN 59.1 million of EBITDA (a decrease by 9.0% y/y) and PLN 35.7 million of net profit (a decrease by 13.3% y/y). Profit attributable to shareholders of the parent company amounted to PLN 34,6 mln (a decrease by 10.5% 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 results of Q3 of this year should not, in the Company's opinion, be any basis for estimating the results of subsequent periods.

## Investments

In the period Q1-3 of 2024, the Group's capital expenditures (CAPEX) amounted to PLN 23.2 million against PLN 13,1 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 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023
<b>I. Net revenues from sale of products, goods and materials</b>	<b>647 680</b>	<b>705 067</b>	<b>150 546</b>	<b>154 036</b>
II. Profit from operating activities	98 385	115 865	22 869	25 313
III. Gross profit	83 844	100 068	19 489	21 862
<b>IV. Net profit</b>	<b>67 409</b>	<b>82 470</b>	<b>15 668</b>	<b>18 017</b>
- Net profit attributable to shareholders of the parent company	64 643	77 021	15 026	16 827
- Net profit attributable to non-controlling interests	2 766	5 449	643	1 190
V. Comprehensive income for the period	58 906	82 185	13 692	17 955
- Comprehensive income for the period attributable to shareholders of the parent company	57 384	75 532	13 338	16 501
- Comprehensive income for the period attributable to non-controlling interests	1 522	6 653	354	1 453
VI. Net cash flows from operating activities	76 064	167 957	17 680	36 693
VII. Net cash flows from investing activities	(28 465)	(16 224)	(6 616)	(3 544)
VIII. Net cash flows from financing activities	(48 597)	(110 313)	(11 296)	(24 100)
IX. Total net cash flows	(998)	41 420	(232)	9 049
<b>X. Total assets</b>	<b>843 234</b>	<b>832 645</b>	<b>197 059</b>	<b>179 620</b>
XI. Liabilities and provisions for liabilities	452 814	449 809	105 820	97 034
XII. Long-term liabilities	221 240	221 460	51 702	47 774
XIII. Short-term liabilities	231 574	228 349	54 117	49 260
<b>XIV. Equity</b>	<b>390 420</b>	<b>382 836</b>	<b>91 239</b>	<b>82 586</b>
- Equity attributable to the shareholders of the parent company	368 463	355 354	86 108	76 658
- Equities attributable to non-controlling interests	21 957	27 482	5 131	5 928
XV. Share capital	12 618	12 618	2 949	2 722
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	5.34	6.54	1.24	1.43
- Earnings per share attributable to shareholders of the parent company	5.12	6.10	1.19	1.33
XVIII. Diluted earnings per ordinary share in PLN/EUR	5.34	6.54	1.24	1.43
- Diluted earnings per ordinary share attributable to shareholders of the parent company	5.12	6.10	1.19	1.33
XIX. Carrying amount per share in PLN/EUR	30.94	30.34	7.23	6.55
XX. Diluted carrying amount per share in PLN/EUR	30.94	30.34	7.23	6.55
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.17	2.00	0.74	0.43



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

	in PLN '000		in EUR '000	
	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023
<b>I. Net revenues from sale of products, goods and materials</b>	<b>430 561</b>	<b>463 796</b>	<b>100 079</b>	<b>101 325</b>
II. Profit from operating activities	97 287	104 740	22 613	22 882
III. Gross profit	74 557	75 017	17 330	16 389
<b>IV. Net profit</b>	<b>68 403</b>	<b>69 788</b>	<b>15 900</b>	<b>15 247</b>
V. Comprehensive income for the period	68 675	69 464	15 963	15 176
VI. Net cash flows from operating activities	61 682	65 111	14 337	14 225
VII. Net cash flows from investing activities	25 670	30 750	5 967	6 718
VIII. Net cash flows from financing activities	(76 259)	(91 658)	(17 726)	(20 025)
IX. Total net cash flows	11 093	4 203	2 578	918
<b>X. Total assets</b>	<b>857 328</b>	<b>861 853</b>	<b>200 352</b>	<b>185 920</b>
XI. Liabilities and provisions for liabilities	561 801	594 449	131 290	128 236
XII. Long-term liabilities	425 701	442 422	99 484	95 440
XIII. Short-term liabilities	136 100	152 027	31 806	32 796
<b>XIV. Equity</b>	<b>295 527</b>	<b>267 404</b>	<b>69 063</b>	<b>57 685</b>
XV. Share capital	12 618	12 618	2 949	2 722
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	5.42	5.53	1.26	1.21
XVIII. Diluted earnings per ordinary share in PLN/EUR	5.42	5.53	1.26	1.21
XIX. Carrying amount per share in PLN/EUR	23.42	21.19	5.47	4.57
XX. Diluted carrying amount per share in PLN/EUR	23.42	21.19	5.47	4.57
XXI. Declared or paid dividend per share attributable to shareholders of the parent company (in PLN/EUR)	3.17	2.00	0.74	0.43

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

	9 months of 2024	9 months of 2023
Particular items of the condensed statement of comprehensive income were translated at the average EURO exchange rate in the period	4.3022	4.5773
	as at 30 September 2024	as at 30 September 2023
Particular items of the financial position statement were translated at the EURO exchange rate at the end of the period	4.2791	4.6356

### 3. THE COMPANY AND THE ŚNIEŻKA GROUP

The Śnieżka Group, whose history dates back to 1984, is one of the leaders in the decorative paints and construction chemicals market 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. The Group is one of the 25 largest paint manufacturers in Europe (according to European Coatings 2024). In 2023, FFil Śnieżka SA - the parent company of the Śnieżka Group - was awarded the EcoVadis Gold Medal (the world's largest provider of sustainability ratings in business) which places it among the top 5% of companies subject to certification.

#### What makes us different



The Group takes on over 1,160 staff, and production facilities located in four countries manufacture on an annual basis over 140 million kg of products for decoration and protection of various types of substrates. The key brands of the Śnieżka Group are as follows: Śnieżka, Magnat, Poli-Farbe, Vidaron, Rafil and Foveo-Tech. In 2022, the Group launched its own Logistics Centre - this is the largest investment in the company's history to date.

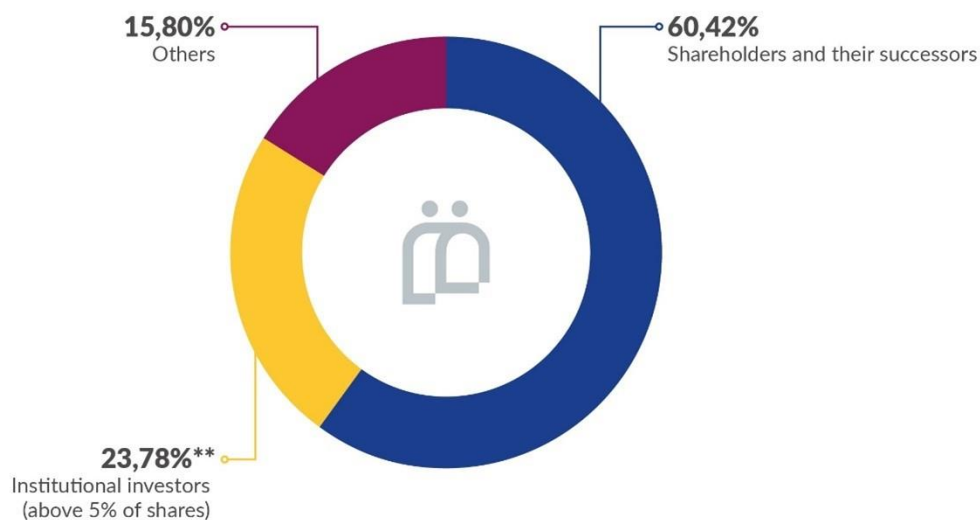
The Group is comprised of: the parent company Fabryka Farb i Lakierów Śnieżka SA - whose shares have been listed on the Warsaw Stock Exchange since 2003 - and its subsidiaries in Poland and abroad. The shareholder structure of FFil Śnieżka SA is dominated by its founders and their successors, who control over 60% of the votes at the general meeting. Since its debut on the stock exchange, the Company has regularly paid dividends to its shareholders from the generated profits, the total value of which, calculated since 2003, is PLN 544.2 million. In accordance with the shareholders' decision taken on April 26, 2024 during the OGM, the Company paid on May 29, 2024, in the form of a dividend from the profit for 2023, PLN 39,998,356.26, i.e. PLN 3.17 per share.



Figure 1. Shareholding structure of FFIL Śnieżka SA \*

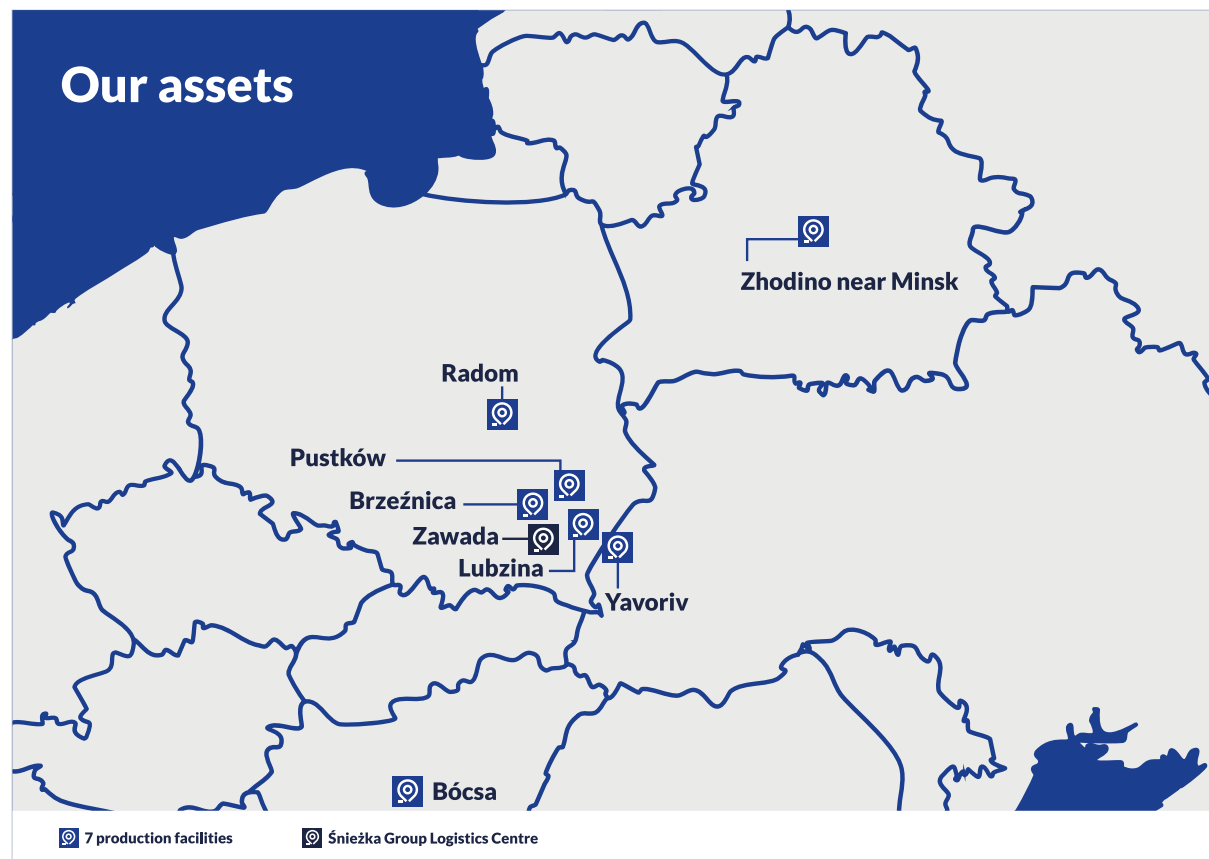
## Shareholding structure of FFIL Śnieżka SA\*

(share in the share capital in%)



\* Data as at 20.11.2024

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





#### Key brands of the Group:



In Q3 of 2024, the Śnieżka Group, as in the previous year, in addition to the markets where it has its production facilities, operated on several foreign markets, including: Moldova, Romania, Kazakhstan, Slovakia, Armenia, Georgia, the Czech Republic.

At the end of Q3 of 2024, the Śnieżka Group employed 1,160 staff.

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

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



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

Figure 1. The Śnieżka Group's structure (as at 30 September 2024)

### Group structure and organization



In Q3 of 2024, no changes in the structure of the Capital Group occurred.

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

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

### Shares and shareholding structure

As at September 30, 2024, FFIL ŚNIEŻKA SA's share capital was comprised of 12,617,778 shares of nominal value of PLN 1.00 each.

In Q3 of 2024 the Company's equity 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 entitle to indicate one member of the supervisory board, including the chairman of the supervisory board.

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

*Table 1. The holders of series A and B shares as at 20 November 2024*

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 Q3 of 2024.

#### Company's shares held by managing and supervising persons

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

*Table 2 The Company's shares held by the managing and supervising persons as at 20 November 2024*

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. the report for H1 of 2024 published on September 18, 2024, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

### Ownership structure of significant blocks of shares of the Company

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

*Table 3 Shareholders of FFIL Śnieżka SA holding at least 5% of the total number of votes at the General Meeting of the Company as at 20 November 2024*

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

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

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

In the period from the date of publication of the last periodical report (i.e H1 for 2024), i.e. on September 18, 2024, no changes in the ownership of the Company's shares by the managing and supervising persons occurred.

*Figure 2. Shareholding structure at FFIL ŚNIEŻKA SA – share in the share capital (as at 20.11.2024, data in %)*

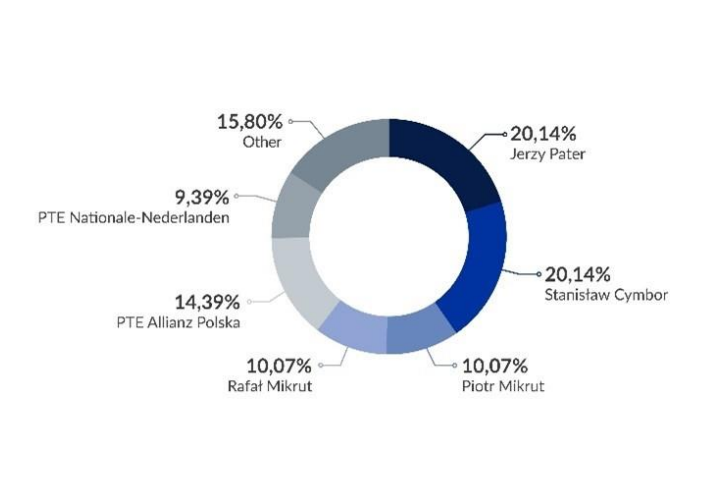
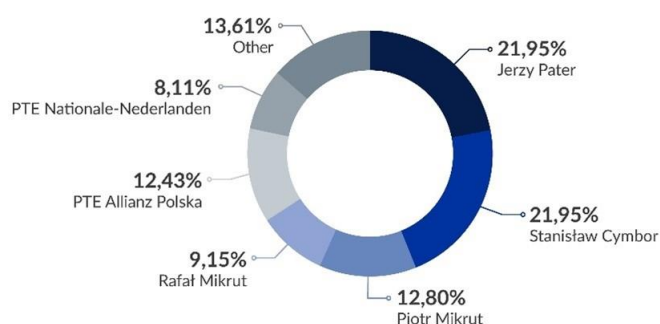


Figure 3. Shareholding structure at FFIL ŚNIEŻKA SA – share in the total number of votes (as at 20.11.2024, data in %)



## Management Board and Supervisory Board

### Management Board

Members of the Management Board of FFIL Śnieżka SA in Q3 of 2024:

- Piotr Mikrut - President of the Management Board,
- Joanna Wróbel-Lipa - Vice President of the Management Board,
- Witold Waśko - Vice President of the Management Board,
- Zdzisław Czerwiec - Vice President of the Management Board,

The Management Board in the above composition was appointed by the Supervisory Board for the ninth term of office on April 27, 2023. All Members of the Management Board were also members of the Management Board of the previous eighth term of office.

### Supervisory Board

In Q3 of 2024 and as at the date of Report publication the Supervisory Board of FFIL ŚNIEŻKA SA performed its duties in the following composition:

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

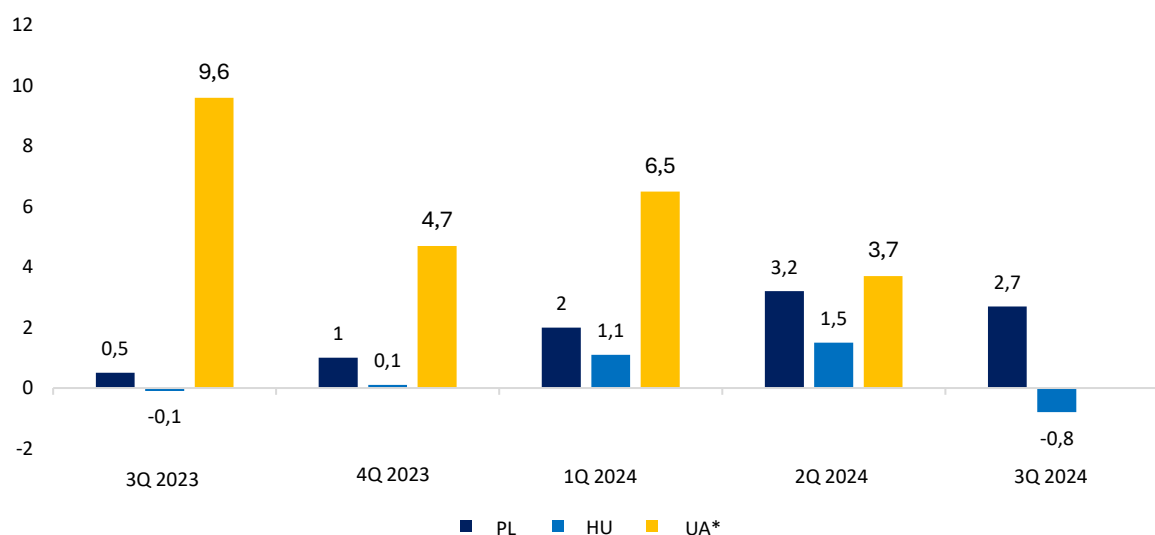
## 4. COMMENT TO THE PERFORMANCE

### 4.1 MARKET AND BUSINESS ENVIRONMENT

#### Macroeconomic situation

The autumn economic forecast of the European Commission (EC) highlights the slow and gradual but steady recovery from economic stagnation in European Union countries. EC analysts are cautiously optimistic about domestic demand in the coming quarters. It is the domestic consumption that is seen as the main driver of economic growth in the coming periods. The growth in domestic demand is supported by reduced inflationary pressure, rising disposable income of households and increasing employment. On the contrary, memories of high inflation and related uncertainty still linger in the mind. Combined with elevated interest rates, households continue to demonstrate an above-average propensity to save and reap the financial benefits of capital allocation. Economic growth still depends to a large extent on the European Central Bank, which has already started a cycle of easing its monetary policy, and on national central banks (including the National Bank of Poland), which develop their own policies<sup>1</sup>.

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 Q3 of 2024 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 Q3 of 2024 recorded an increase of 2.7% y/y<sup>2</sup>. The National Bank of Poland in its November inflation and GDP projection predicts Poland's GDP growth of 2.7% in 2024, thus revising the forecasts from July this year (the expected growth was to oscillate between 3.0 then)<sup>3</sup>.

Industrial production sold in July this year was higher by 5.2% y/y and in August and September lower by 1.2% and 0.3%, respectively, compared to the same periods of the previous year. In the first three quarters of this year, industrial production increased by 0.2% compared to the same period of the previous year.

<sup>1</sup> Source: The European Commission, Autumn 2024 Economic Forecast, November 2024.

<sup>2</sup> Source: CSO, Flash estimate of gross domestic product for the second quarter of 2024, August 2024

<sup>3</sup> Source: National Bank of Poland, Inflation and GDP projections – November 2024.

In the same period, construction and assembly production fell by 7.0% y/y. Construction and assembly production in the "construction of buildings" category decreased by 2.9% in the first nine months of 2024 compared to the same period of the previous year<sup>4</sup>.

During the first three quarters of 2024, 145.4 thousand new apartments were commissioned, i.e. by 9.6% less than a year before. However, significantly more constructions began and clearly more building permits were issued than in the same period of 2023 - +31% (181,5 thousand) and +26% (219,4 thousand), respectively<sup>5</sup>.

Consumer price index (CPI inflation) was 4.5% y/y in Q23 (in September alone the CPI inflation was 4.9% y/y). According to the Central Statistical Office, the third quarter recorded the highest price increases in the following categories: flat or house use and energy carriers (+9.1% y/y), education (+9.0% y/y) and restaurants and hotels (+7.5% y/y)<sup>6</sup>. According to the NBP's inflation projection, it is anticipated to rise in the coming quarters. NBP forecasts assume the indicator in the entire 2024 at 3.7%<sup>7</sup>.

In July, August and September 2024, registered unemployment in Poland amounted to 5.0% each time, which is equivalent to maintaining the level from the same months of 2023<sup>8</sup>. In September 2024, average employment in the enterprise sector was slightly lower than in September 2023 (-0.5% y/y). The average salary in the enterprise sector in June increased to PLN 8,140 which translates into an increase by 10.3% y/y.

The general business climate indicator for the manufacturing and construction sectors in September 2024 remained negative, at the level of -8.1 and -3.9, respectively. Despite the negative level, these indicators recorded an improvement compared to the same month in 2023<sup>9</sup>. Whereas, the PMI reading (Purchasing Managers' Index) for the industrial sector in September 2024 amounted to 48.6 points. This is an improved result compared to September last year (43.9 points). Since the beginning of 2024, the PMI has oscillated between values of 48.6 and 45.0 points<sup>10</sup>.

The World Bank's June publication on economic growth forecasts maintained the projected GDP growth in Poland at 3.0% in 2024<sup>11</sup>. Analysts from the European Commission share a similar opinion, estimating that GDP growth in the given period will amount to 3.0%, with simultaneous inflation of 3.8%<sup>12</sup>. The International Monetary Fund, in an October update to its forecasts, estimated that Poland's GDP is to grow at a rate of 3.0% in 2024, with average annual inflation at 3.9%<sup>13</sup>.

## Hungary

In Q3 of 2024, according to the flash estimate of the KSH (Hungarian Central Statistical Office), Hungary's gross domestic product (GDP) shrank by 0.8%<sup>14</sup>. The Hungarian National Bank (MNB) forecasts that Hungary's GDP will grow between 1.0% and 1.8% year-on-year in 2024, which represents a significant revision compared to the 2.0-3.0% growth indicated in June.

In the first three quarters of 2024, inflation in Hungary was 3.7% compared to the same period last year, and in September alone it was 3.0% y/y. The September MNB inflation report forecasts that inflation in Hungary will reach a level between 3.5% and 3.9% for the whole 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 2025<sup>15</sup>.

<sup>4</sup> Source: CSO, Socio-economic situation of the country - Q1-3 2024 - unless otherwise indicated.

<sup>5</sup> Source: CSO, Housing construction in the period January-September of 2024, October 2024.

<sup>6</sup> Source: CSO, Consumer price index of goods and services in September 2024, October 2024.

<sup>7</sup> Source: NBP, Projections of inflation and GDP - July 2024, October 2024.

<sup>8</sup> Source: CSO, Registered unemployment rate in 1990-2024, October 2024.

<sup>9</sup> Source: CSO, Economic situation in industrial processing, construction, trade and services, September 2024, October 2024.

<sup>10</sup> Source: PMI by S&P Global, S&P Global Poland Manufacturing PMI, October 2024.

<sup>11</sup> Source: The World Bank, Global Economic Prospects, October 2024

<sup>12</sup> Source: European Commission, Autumn 2024 Economic Forecast, November 2024

<sup>13</sup> Source: International Monetary Fund, World Economic Outlook Database, October 2024.

<sup>14</sup> Source: Hungarian Central Statistical Office (KSH) - unless otherwise indicated.

<sup>15</sup> Source: Magyar Nemzeti Bank, Inflation Report, October 2024



In August this year, the volume of construction output fell by 6.0% against August 2023 and in the January-August period it went up by 1.8% y/y. In the January-September 2024 period, August. In the January-August period, it shrank by -4.6% compared to the same period last year.

The unemployment rate in September 2024 was 4.5%, remaining above the level of June last year (3.9%). In August 2024, the average gross earnings in Hungary amounted to 628 800 HUF (about PLN 6,768), which translates into an increase in remuneration by 13.1% y/y<sup>16</sup>.

Analyses of the International Monetary Fund as regards GDP forecasts indicate 1.5% growth in 2024 and inflation of 3.8%<sup>17</sup>. The European Commission forecasts that the Hungarian economy is to go up by 2.4% with an accompanying inflation rate of 4.1%<sup>18</sup>.

## Ukraine

According to data of the Ukrainian Ministry of Economy, economic growth in the nine months of 2024 amounted to 4.5%. Agriculture saw its biggest growth in September due to early harvests. Growth was also observed in transport and construction. For the second month in a row, retail, industrial and construction companies improved their assessments of their short-term performance and one key reason for this optimism is normalization in the energy sector. The construction industry recorded an increase in the volume of work due to the reconstruction of critical infrastructure and road repair<sup>19</sup>.

The real estate market in Ukraine is still significantly affected by the war but is also adapting to new realities. Residential real estate remains relatively stable with gradual price increases in large cities. The market is driven by internal migrants and a growing middle class looking for modern and safe housing<sup>20</sup>. Ukraine therefore faces a significant challenge of real estate reconstruction. Construction resumption occurs mainly in the west of the country and in Kiev. Expenditures on the construction of both residential and non-residential buildings increased (by 26%) as well as engineering structures (by 46.1%). A significant part of the funds (60%) was allocated for engineering structures in Ukraine<sup>21</sup>.

In Q3 the situation on the currency market remained under control, the USD exchange rate fluctuated between 40.50 and 41.45 UAH/USD. According to the NBU, the reasons should be sought in: (1) central bank foreign exchange interventions in July and August, which calmed the currency market and helped reduce dollar volatility; (2) the receipt of significant amounts of international financial assistance in August, which strengthened the NBU's ability to maintain a stable foreign exchange market; (3) maintaining the NBU key interest rate at 13%, which limited potential inflationary pressure<sup>22</sup>.

According to the National Bank of Ukraine, in September 2024 consumer inflation amounted to 8.6% (y/y), while in August 7.5% (y/y)<sup>23</sup>.

Price pressure resulted primarily from the rapid increase in processed food prices caused by the secondary effects of higher raw material prices and higher production costs, in particular labour and electricity costs<sup>24</sup>.

<sup>16</sup> Source: <https://www.ksh.hu/gyorstajekoztatok#/en/document/ker2302>.

<sup>17</sup> Source: International Monetary Fund, World Economic Outlook, October 2023

<sup>18</sup> Source: The European Commission, Spring 2024 Economic Forecast for Hungary, May 2024.

<sup>19</sup> Ministry of Economy of Ukraine, News. GDP increased by 4.5% in the first nine months of 2024, <https://me.gov.ua/News/Detail/ff644139-9cb2-4c97-a9c4-396c76255d4a?lang=uk-UA&title=VvpZrisNa4-5-ZaDev-iatMisiatsiv2024-Roku-EkonomichneZrostanniaPidtrimuiutAgrarniiSektor-TransportTaBudivnitstvo>, October 2024.

<sup>20</sup> Source: Ocinka.in.ua, <https://ocinka.in.ua/analiz-rynku-nerukhomosti-ukrayiny-3-y-kvartal-2024-roku/>, September 2024.

<sup>21</sup> Source: Chem-courier, Engineering structures are the driving force behind construction growth in Ukraine, September 2024.

<sup>22</sup> Source: NBU, Macroeconomic Review and Monetary Review, [https://bank.gov.ua/admin\\_uploads/article/MMR\\_2024-10.pdf?v=9](https://bank.gov.ua/admin_uploads/article/MMR_2024-10.pdf?v=9), October 2024.

<sup>23</sup> Source: NBU, <https://bank.gov.ua/ua/news/all/komentar-natsionalnogo-banku-schodo-rivnya-inflyatsiyi-u-veresni-2024-roku>, October 2024.

<sup>24</sup> Source: NBU, Macroeconomic Review and Monetary Review, [https://bank.gov.ua/admin\\_uploads/article/MMR\\_2024-10.pdf?v=9](https://bank.gov.ua/admin_uploads/article/MMR_2024-10.pdf?v=9), October 2024.

In 2024 employers struggled with finding qualified specialists, previously this trend was reversed - it was the employees who had problems finding jobs. The reasons for this phenomenon can be found in increased mobilization, internal and external migration, and slow adaptation to life in a new place<sup>25</sup>.

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. The research agency Info Sapiens carries out its own estimates of the unemployment rate. According to them, in September 2024, the unemployment rate in Ukraine amounted to 15.4%<sup>26</sup>.

### Market of decorative paints and construction chemicals

The main markets where the Śnieżka Group operated in Q3 of 2024 were as follows: Poland, Hungary and Ukraine. In these three markets, the Group generated approx. 94,8% of sales revenues in the reporting period.

#### Poland

Based on the Group's internal estimates, the market of decorative paints in Poland in the first three quarters of 2024 shrank year-on-year both in value terms (percentage, lower single-digit limit) while recording a decline in the volume sold (percentage, upper single-digit limit).

According to the group's assessment, the condition of the industry 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 war in Ukraine, economic stagnation observed last year and the fact that the Group's products are not necessities<sup>27</sup>.

According to internal data of the Company, as in previous years, decorative paints were used primarily for renovation or refurbishment of apartments<sup>28</sup>. In the Group's opinion, this means that a bigger number of commenced construction sites and issued building permits as well as further government support programs to support demand (including *Housing for Start*), will not have a major impact on the Company's sales performance in the coming years<sup>29</sup>.

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

In Q3 of 2024, no changes occurred among the main players on the Polish market of decorative paints and construction chemicals. The entities with the largest shares on the Polish market currently include: Śnieżka Group companies, PPG Deco Polska and AkzoNobel Polska. According to the Company's estimates, their share in the total sales of decorative products in Poland is over 80%.

#### Hungary

According to the Group's estimates, in Q3 2024 the Hungarian market of paints and agents for wood protection and decoration decreased year-on-year in value (percentage, upper single-digit limit), with a similar decrease in the volume sold (percentage, upper single-digit limit).

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 confidence<sup>30</sup>, rising real wages and interest rates remaining at a still elevated level, but gradually reduced (6.5%)<sup>31</sup>.

<sup>25</sup> Source: NBU, <https://www.epravda.com.ua/publications/2024/06/25/715689/>, June 2024.

<sup>26</sup> Source: Economic Strategy Centre, <https://ces.org.ua/tracker-economy-during-the-war/>, October 2024.

<sup>27</sup> Source: CSO, Preliminary estimate of gross domestic product in Q4 of 2023, April 2024.

<sup>28</sup> Source: Group internal study.

<sup>29</sup> Ibidem.

<sup>30</sup> Source: Eurostat, Consumer confidence indicator, October 2024.

<sup>31</sup> Source: Magyar Nemzeti Bank, Base rate history, October 2024.

In the reporting period, the largest entities operating on the Hungarian market were as follows: Poli-Farbe (from the Śnieżka Group), PPG Trilak and AkzoNobel Coatings. Their total share on the above market is estimated at approx. 74% (in value terms).

### Ukraine

According to internal data, consumer activity in Q3 was lower than in Q2 2024. This was due to a number of factors, including an increase in the prices of basic goods and electricity, UAH devaluation, a decrease in purchasing power and tightening of military mobilization regulations, which directly affected the activities of enterprises and purchasing activity<sup>32</sup>.

The first three quarters of 2024 were challenging for manufacturers due to several factors: (1) staff shortages caused by the mobilization of men into the Ukrainian army; (2) operation of enterprises in a high-risk zone for missile attacks; (3) the need to use generators in production, which significantly boosts costs; (4) the need to adjust product prices to the rising costs of raw materials; (5) lower interest in renovation works due to restrictions in electricity supply to consumers<sup>33</sup>.

According to the Group's estimates, in the first three quarters of 2024 the Ukrainian market of paints and agents for wood protection and decoration grew in value (percentage, half of the single-digit range) with a simultaneous decline in the volume of sales (percentage, half of the single-digit range).

Major players currently operating on the Ukrainian market include: Śnieżka-Ukraina, Meffert Hanza Farben, Henkel, ZIP, DAW, Eskaro, Feidal, Polisan, Olejnikov. In 2024, ONUR GROUP, an international manufacturer in the mining and construction industry, entered the Ukrainian market of construction compounds with the newly created ACTU brand.

### Raw materials

The first three quarters of 2024 were characterized by a stabilization or occasionally a slight increase in the prices of raw materials used in the production of paints and varnishes. In the reporting period, this increase occurred in some groups of raw materials, such as: pigments, whites, dolomite fillers and calcium carbonates.

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

In the first three quarters of 2024, no other significant events or threats in the area of procurement took place that would have a significant impact on ensuring the continuity of supplies of raw materials.

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

At the end of Q3 of 2024, PLN strengthened against EUR and USD compared to the end of 2023. As far as the USD/PLN exchange rate is concerned, a more dynamic impulse of strengthening (2.94%) of the Polish currency is noticeable than in the case of strengthening of EUR/PLN (1.58%).

Over the last nine months of 2024, the EUR/PLN exchange rate fluctuated between 4.2499 and 4.4016. The average NBP EUR/PLN exchange rate in the analysed period was 4.3065, while in the same period last year the average value was 4.5850, which represents a decrease in the current quote (y/y) by approx. PLN -0.28 (-6.1%).

Over the last 12 months (from September 29, 2023 to September 30, 2024), the EUR/PLN exchange rate ranged from 4.2499 to 4.6356. The average NBP EUR/PLN exchange rate in the 12-month period was 4.3353, while in the same period last year the average value was 4.6212, which represents a decrease in the current quote (y/y) by approx. PLN -0.29 (-6.2%).

<sup>32</sup> Source: Chem-courier, Ukrainian paint and varnish manufacturers are unhappy with the commencement of the painting season, June 2024

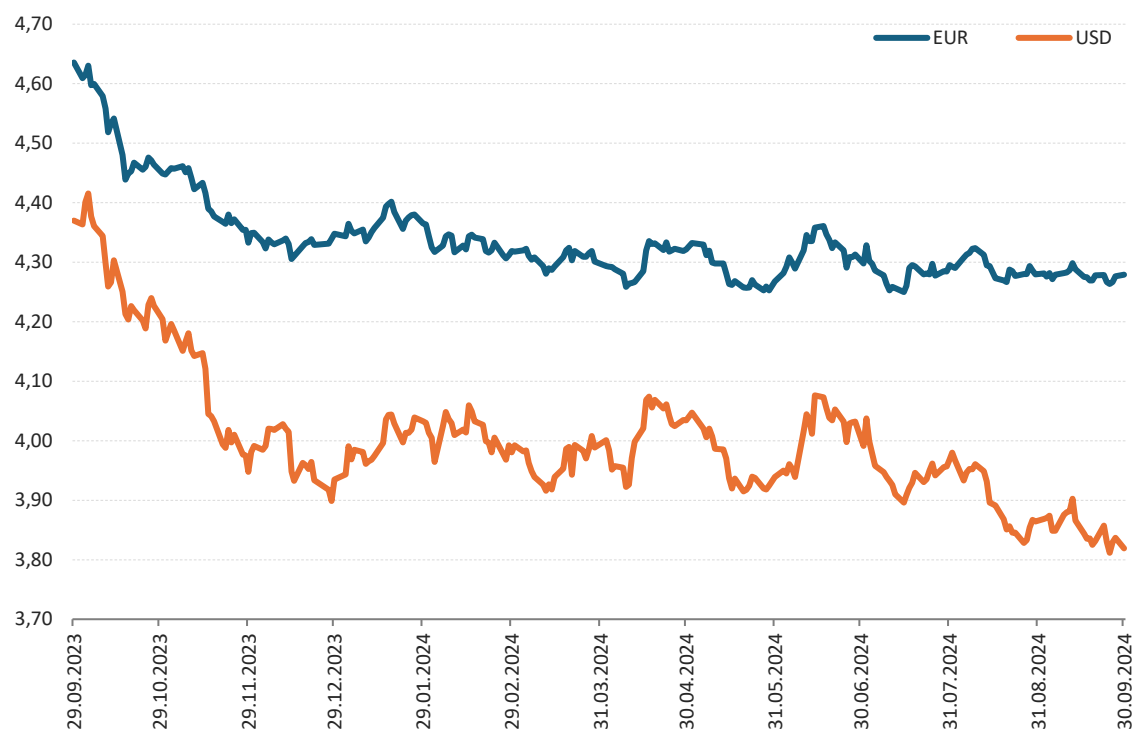
<sup>33</sup> Source: Chem-courier, Paint and varnish companies are struggling with problems that emerged in 2024, July 2024



In the three quarters of 2024, the USD/PLN exchange rate ranged from 3.8117 to 4.0760. The average NBP USD/PLN exchange rate in the above period was 3.9618, while in the same period last year the average value was 4.2340, which represents a decrease in the current quote (y/y) by approx. PLN -0.27 (-6.4%).

Over the last 12 months the USD/PLN exchange rate ranged from 3.8117 to 4.4155. The average NBP USD/PLN exchange rate in the 12-month period was 4.0002, while in the same period last year the average value was 4.3360, which represents a decrease in the current quote (y/y) by approx. PLN -0.34 (-7.7%).

Figure 5. EUR and USD quotations against PLN



Source: NBP.

The valuation of the zloty during the reporting period was determined by various factors, including the continuing consequences of the war in Ukraine, the global phenomenon of inflation, the monetary policy of leading central banks and the issue of obtaining EU aid funds. At the end of September 2024, PLN strengthened against HUF by 5.24% compared to the end of 2023.

In the last three quarters of 2024, the 100 HUF/PLN exchange rate fluctuated between 1.0760 and 1.1551; the average NBP 100 HUF/PLN exchange rate in this period was 1.1008, while in the same period of the previous year the average value amounted to 1.2007, which represents a decrease in the current quote (y/y) by approximately PLN -0.10 (-8.3%).

In the last 12 months (from September 29, 2023 to September 30, 2024), the 100 HUF/PLN exchange rate ranged from 1.0760 to 1.1920. The average NBP 100 HUF/PLN exchange rate in the 12-month period was 1.1147, while in the same period last year the average value was 1.1883, which represents a decrease in the current quote (y/y) by approx. PLN 0.07 (-6.2%).

Figure 6. HUF quotations against PLN



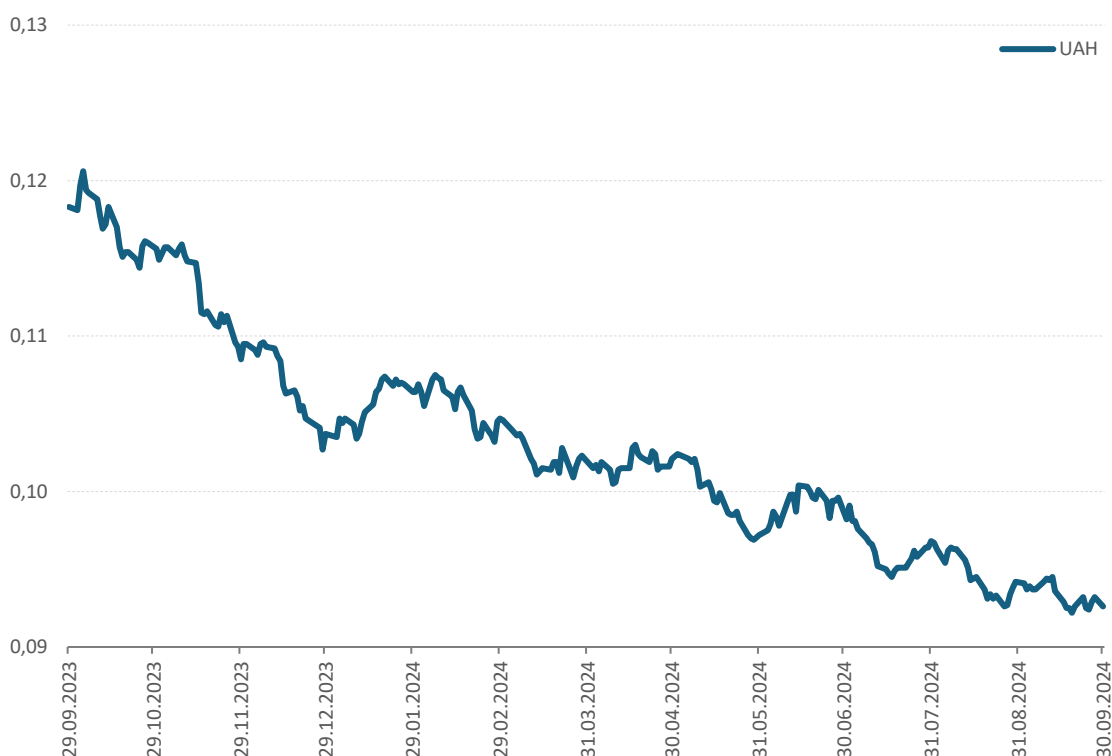
Source: NBP.

At the end of September 2024, PLN strengthened against UAH by 10.70% compared to the end of 2023. In the three-quarter period of 2024, the UAH/PLN exchange rate fluctuated between 0.0922 and 0.1075; the average NBP UAH/PLN exchange rate in this period was 0.0998, while in the same period of the previous year the average value was 0.1172, which represents a decrease in the current quote (y/y) by approx. PLN 0.02 (-14.9%).

Over the last 12 months (from September 29, 2023 to September 30, 2024), the UAH/PLN exchange rate ranged from 0.0922 to 0.1206. The average NBP UAH/PLN exchange rate over the last 12 months was 0.1030, while in the same period of the previous year the average value was 0.1193, which represents a decrease in the current quote (y/y) by approx. PLN 0.02 (-13.7%).



Figure 7. UAH quotations against PLN



Source: NBP.

In 2022, due to the extraordinary situation on the Ukrainian market, the Group introduced a change in the rules regarding the translation of financial statements of Śnieżka-Ukraina, for which the Ukrainian hryvnia (UAH) is the functional currency. The mentioned change was also applicable in 2024. The policy that the Group applies when converting items expressed in foreign currencies is described in item 2.4.6. *Translation of items expressed in foreign currencies* of the Consolidated Financial Statements for 2023. In the context of the above changes, the Group adopted the closing rate as at September 27, 2024, set by the National Bank of Poland at which the Group exchanges UAH for PLN, i.e. 1 UAH = PLN 0.0932.



## 4.2 SALES RESULTS

Between January and September 2024, the Śnieżka Group generated sales revenues of PLN 647,680 thousand, i.e. by PLN 57,387 thousand (8.1%) lower than in the corresponding period of the previous year.

The performance was primarily influenced by lower sales on the Polish and Hungarian markets.

Unfavourable macroeconomic conditions and geopolitical uncertainty that persist in the market continue to adversely impact consumer sentiment. Despite the gradually increasing purchasing power of consumers in 2024, the economic situation in the industry in which the Group operates in Poland remains weak.

Sales results for the period January-September 2024 on the core markets (and the main factors that contributed to them) are as follows:

### **Poland** (71.7% share in the revenue structure)

Sales revenues generated by the Group on the Polish market amounted to PLN 464,611 thousand and thus were lower by 4.3% (PLN 21,050 thousand) compared to the previous year.

The decline in sales volume in the first three quarters of 2024 in Poland resulted primarily from the changes in the distribution model on the independent market, a high base arising from the increased level of purchases by Partners in the corresponding period of 2023 as well as the weaker economic situation in the industry in the reporting period.

### **Hungary** (13.1% share in the revenue structure)

In Hungary, sales revenues generated by the Group amounted to PLN 84,750 thousand and thus were lower by 19.7% (PLN 20,845 thousand) compared to the previous year. Lower revenues on the Hungarian market are the result 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% y/y.

### **Ukraine** (10% share in the revenue structure)

In Ukraine, the Group generated revenues in the amount of PLN 64,532 thousand, i.e. lower by 8.9% (PLN 6,337 thousand) compared to the previous year.

The dynamics of revenues in the local currency on the Ukrainian market was positive and amounted to 5.2% y/y.

This is the first difficult quarter in a long time on the Ukrainian market. Consumer demand for paints and varnishes deteriorated in Q3 of 2024.

The situation in the western and central regions of Ukraine is a great deal better than in the eastern part of the country.

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 three quarters of 2024 should not be, in the Company's opinion, any basis for estimating the Group's performance of subsequent periods.

On other markets ("Other" segment), the Group generated sales revenues of PLN 33,787 thousand, i.e. by 21.3% lower than the year before. In total, the Group's revenues generated in the first nine months of 2024 on foreign markets accounted for 5.2% of its total revenues.

Table 4. Sales revenues of the Śnieżka Group by countries

	the period of 9 months ended as at 30 September 2024	Structure	the period of 9 months ended as at 30 September 2024	Change (y/y)
Poland	464 611	71.7%	485 661	-4.3%
Hungary	84 750	13.1%	105 595	-19.7%
Ukraine	64 532	10.0%	70 869	-8.9%
Other	33 787	5.2%	42 942	-21.3%
<b>Total sales</b>	<b>647 680</b>	<b>100.0%</b>	<b>705 067</b>	<b>-8.1%</b>

The Group's sales structure is dominated by decorative products. In the first nine months of 2024, the Group generated from their sale the amount of PLN 541,726 thousand - i.e. 5.0% less than in the corresponding period of the previous year. Thus, decorative products accounted for 83.7% of the Group's total sales revenues, and their share in the sales structure was higher by 2.8% than the year before.

Construction chemicals featured the second highest share in the sales structure (10.5%). The Group's revenues from the sale of products in this category amounted to PLN 68,024 thousand and were by 18.8% lower than a year earlier.

Table 5 Sales revenues of the Śnieżka Group by product categories

	the period of 9 months ended as at 30 September 2024	Structure	the period of 9 months ended as at 30 September 2024	Change (y/y)
Decorative products	541 726	83.7%	570 391	-5.0%
Construction chemicals	68 024	10.5%	83 808	-18.8%
Industrial products	5 371	0.8%	6 050	-11.2%
Goods	25 512	3.9%	33 395	-23.6%
Other revenues	4 372	0.7%	5 925	-26.2%
Materials	2 675	0.4%	5 498	-51.3%
<b>Total sales</b>	<b>647 680</b>	<b>100.0%</b>	<b>705 067</b>	<b>-8.1%</b>

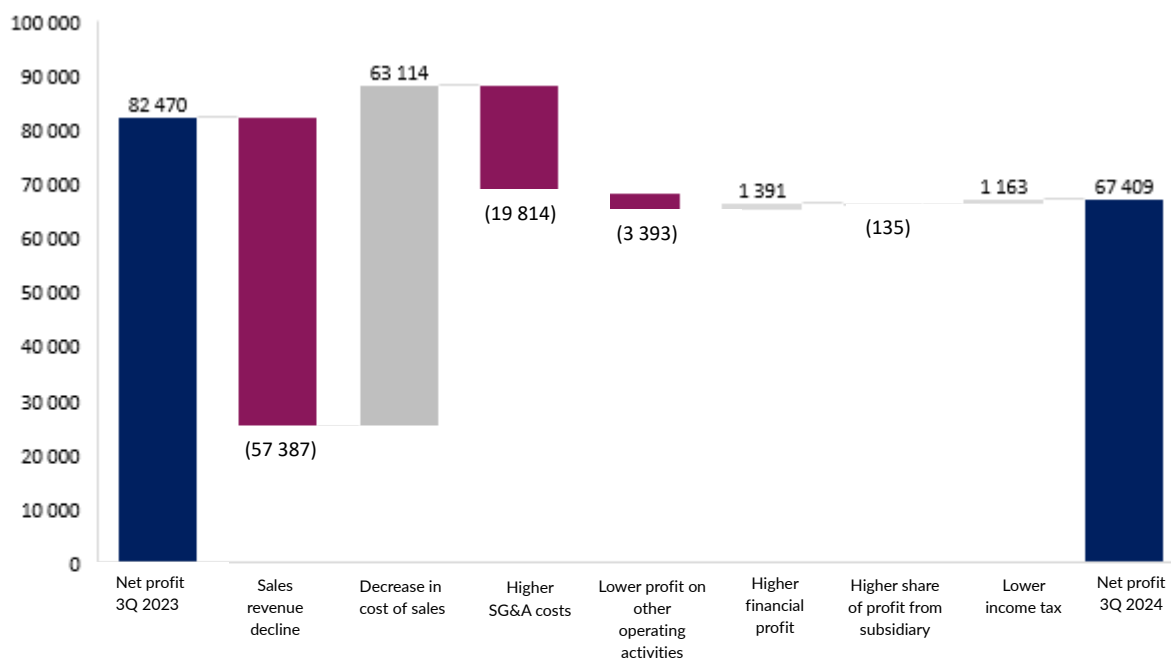
FFiL Śnieżka SA, the parent company of the Group, generated sales revenues of PLN 430,561 thousand in the first three quarters of 2024, i.e. by 7.2% lower than in the corresponding period of the previous year.

## 4.3 MAJOR FACTORS AFFECTING FINANCIAL RESULTS

### The Śnieżka Group

In the first nine months of 2024, the Śnieżka Group generated a consolidated net profit of PLN 67,409 thousand, i.e. 18.3% 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 bottom line between January and September of 2024 was primarily affected by:

- a decrease in sales revenues by 8.1% (PLN 57,387 thousand), including: worse performance on the Polish market (-4.3%), on the Hungarian market (-19.7%), on the Ukrainian market (-8.9%) and other markets (-21.3%);
- an increase in general and administrative expenses by 10% (PLN 19,814 thousand),
- negative result on other operating activities for the first three quarters of this year compared to a positive result last year (change of PLN -3,393 thousand),
- profit improvement from financial activities by PLN 1,391 thousand, mainly through lower costs of servicing interest-bearing debt,
- lower income tax by PLN 1,163 thousand.

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

	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023	Change (y/y)
<b>Sales revenues</b>	<b>647 680</b>	<b>705 067</b>	<b>-8.1%</b>
Cost of sales	329 569	392 683	-16.1%
Selling and general administrative costs	217 676	197 862	10.0%
Profit from other operating activities	(2 050)	1 343	-252.6%
Profit from financial activities	(14 731)	(16 122)	-8.6%
Share in affiliate's profit	190	325	-41.5%
Gross profit	83 844	100 068	-16.2%
Profit from operating activities (EBIT)	98 385	115 865	-15.1%
Profit from operating activities + depreciation (EBITDA)	126 507	145 145	-12.8%
Income tax	16 435	17 598	-6.6%
<b>Net profit, including:</b>	<b>67 409</b>	<b>82 470</b>	<b>-18.3%</b>
<i>profit attributable to shareholders of the parent company</i>	64 643	77 021	-16.1%

The Company did not publish forecasts of financial results for 2024, 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 for 2028 include the following:

- 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 Śnieżka Group achieved in each of the key markets: Poland, Hungary and Ukraine.

#### Fabryka Farb i Lakierów Śnieżka SA

FFiL Śnieżka SA in the first nine months of 2024 recorded a decrease in sales revenues by 7.2% compared to the same period of the previous year. The Company generated a net profit of PLN 68,403 thousand, i.e. by PLN 1,385 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 7.2% to PLN 430,561 thousand;
- an increase in gross margin, in value by PLN 4,382 thousand and in terms of % profitability by 3.3%;
- an increase in general administrative expenses by 15.8% in the total amount of PLN 12,533 thousand,
- higher profit from other operating activities by PLN 3 047 thousand;
- lower loss from financial activities (by PLN 6,993 thousand), primarily due to lower interest on loans and borrowings;
- higher income tax by PLN 925 thousand (up to the value of PLN 6,154 thousand).

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

	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023	Change (y/y)
<b>Sales revenues</b>	<b>430 561</b>	<b>463 796</b>	<b>-7.2%</b>
Cost of sales	287 764	325 381	-11.6%
Selling and general administrative costs	91 768	79 235	15.8%
Dividend income	43 321	45 670	-5.1%
Profit from other operating activities	2 937	(110)	-2770.0%
Profit from financial activities	(22 730)	(29 723)	-23.5%
Gross profit	74 557	75 017	-0.6%
Profit from operating activities (EBIT)	97 287	104 740	-7.1%
Profit from operating activities + depreciation (EBITDA)	116 790	123 405	-5.4%
Income tax	6 154	5 229	17.7%
<b>Net profit</b>	<b>68 403</b>	<b>69 788</b>	<b>-2.0%</b>

## 4.4 FINANCIAL STANDING

### The Śnieżka Group

The level of the Group's balance sheet values is influenced by the phenomenon of seasonality related to the volatile intensity of renovation and construction works in particular periods of the year (described in more detail in sec. 4.7 of the Report). Therefore, the values of such balance sheet items as: total assets, trade receivables and trade liabilities as at the end of September, 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 nine months of the year: as at September 30, 2024 and September 30, 2023

Table 8 The Śnieżka Group's assets

Group's assets	30.09.2024	30.09.2023	Change (y/y)
<b>Fixed assets, including:</b>	<b>556 030</b>	<b>558 111</b>	<b>-0.4%</b>
- Tangible fixed assets	488 851	486 774	0.4%
- other fixed assets	67 179	71 337	-5.8%
<b>Current assets, including:</b>	<b>287 204</b>	<b>274 376</b>	<b>4.7%</b>
- Inventory	107 616	104 946	2.5%
- Trade and other receivables	117 003	108 023	8.3%
- Cash and cash equivalents	60 199	60 925	-1.2%
- other current assets	2 386	482	395.0%
<b>Non-current assets classified as held for sale</b>	<b>-</b>	<b>158</b>	<b>-100.0%</b>
<b>Total</b>	<b>843 234</b>	<b>832 645</b>	<b>1.3%</b>

On September 30, 2024, the value of the assets of the Śnieżka Group was PLN 843,234 thousand, which represents an increase by PLN 10,589 thousand (i.e. by 1.3%) compared to the end of September 2023. The value of the Group's fixed assets (representing 65.9% of its total assets) decreased by 0.4% during the year to PLN 556,030 thousand. The value of the Group's current assets amounted to PLN 287,204 thousand, which represents an increase by 4.7% compared to September 30, 2023. The main item of the Group's current assets were inventories valued at PLN 117,003 thousand, the value of which, compared to the previous year, went up by 8.3%. The second largest item were inventories worth PLN 107,616 thousand, which is 2.5% higher than the year before. As at September 30, 2024, the Group held PLN 60,199 thousand cash (a decrease by 1.2% y/y).



Table 9 The Śnieżka Group's liabilities

Group's liabilities	30.09.2024	30.09.2023	Change (y/y)
<b>Total equity, including:</b>	<b>390 420</b>	<b>382 836</b>	<b>2.0%</b>
- Equity (attributable to the shareholders of the parent company)	368 463	355 354	3.7%
- Equity of non-controlling interests	21 957	27 482	-20.1%
Total liabilities	452 814	449 809	0.7%
<b>Long-term liabilities</b>	<b>221 240</b>	<b>221 460</b>	<b>-0.1%</b>
<b>Short-term liabilities, including:</b>	<b>231 574</b>	<b>228 349</b>	<b>1.4%</b>
- Trade and other liabilities	104 229	117 995	-11.7%
- Short-term liabilities on loans and borrowings	74 444	53 918	38.1%
- Other short-term liabilities	52 901	56 436	-6.3%
<b>Total</b>	<b>843 234</b>	<b>832 645</b>	<b>1.3%</b>

As at 30 September 2024, the Group had equity of PLN 390,420 thousand, i.e. 2.0% higher than at the end of September last year. At the same time, the level of external debt increased. Consequently, the Group financed 46.3% of its operations from its own funds, which represents an increase by 0.3% during the year. At the end of the reporting period, the Group's long-term liabilities amounted to PLN 221,240 thousand, which constitutes a decrease of 0.1% (PLN 220 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 231,574 thousand, i.e. an increase by 1.4% y/y and accounted for 27.5% of the balance sheet total.

As a result of changes in the financing structure - the value of bank loans (total, short and long-term) increased by PLN 18,019 thousand, to the level of PLN 280,019 thousand and as at September 30, 2024, the bank loans accounted for 33.2% of the balance sheet total.

Compared to the end of September last year the Group's trade and other liabilities decreased by PLN 13,766 thousand to the level of PLN 104,229 thousand.

### Put and call options

The Group's balance sheet includes a put option, i.e. a liability under the option to purchase shares of Poli-Farbe Vegyipari Kft. held by a minority shareholder. It reduces the Group's equity by PLN 30,401 thousand as at September 30, 2024. 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. Therefore, 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 September 30, 2024 and September 30, 2023.

Table 10. FFIL ŚNIEŻKA SA's assets

Company's assets	30.09.2024	30.09.2023	Change (y/y)
<b>Fixed assets, including:</b>	<b>648 735</b>	<b>650 507</b>	<b>-0.3%</b>
- Tangible fixed assets	417 445	415 979	0.4%
- Shares and stocks in other entities	200 822	203 096	-1.1%
- other fixed assets	30 468	31 432	-3.1%
<b>Current assets, including:</b>	<b>208 593</b>	<b>211 346</b>	<b>-1.3%</b>
- Inventory	78 485	69 690	12.6%
- Trade and other receivables	116 511	135 746	-14.2%
- Cash and cash equivalents	11 838	5 750	105.9%
- other current assets	1 759	160	999.4%
<b>Total</b>	<b>857 328</b>	<b>861 853</b>	<b>-0.5%</b>

As at September 30, 2024, the Company's assets amounted to PLN 857,328 thousand, which represents a decrease by PLN 4,525 thousand, or 0.5% compared to the end of September last year. The value of the Company's fixed assets (representing 75.7% of its total assets) decreased by 0.3% during the year, to PLN 648,735 thousand, as a result of a decrease in such items as other fixed assets and shares in other entities.

The value of the Company's current assets amounted to PLN 208,593 thousand, i.e. it was 1.3% lower than as at September 30, 2023. The main item of these assets were trade and other receivables worth PLN 116,511 thousand by 14.2% lower than a year earlier. Inventories were valued at PLN 78,485 thousand, above the price from the previous year (by 12.6%, i.e. PLN 8,795 thousand).

At the end of September 2024, the Company held PLN 11,838 thousand cash and cash equivalents (an increase by PLN 6,088 thousand y/y) and PLN 1,759 thousand of other current assets in the form of income tax receivables.

Table 11. FFIL ŚNIEŻKA SA's liabilities

Company's liabilities	30.09.2024	30.09.2023	Change (y/y)
<b>Equity</b>	<b>295 527</b>	<b>267 404</b>	<b>10.5%</b>
Total liabilities	561 801	594 449	-5.5%
<b>Long-term liabilities, including:</b>	<b>425 701</b>	<b>442 422</b>	<b>-3.8%</b>
- Long-term interest-bearing loans and borrowings	411 316	431 673	-4.7%
- Other long-term liabilities	14 385	10 749	33.8%
<b>Short-term liabilities, including:</b>	<b>136 100</b>	<b>152 027</b>	<b>-10.5%</b>
- Trade and other liabilities	62 948	74 739	-15.8%
- Current portion of interest-bearing loans and borrowings	52 613	55 860	-5.8%
- Other short-term liabilities	20 539	21 428	-4.1%
<b>Total</b>	<b>857 328</b>	<b>861 853</b>	<b>-0.5%</b>

As at September 30, 2024, FFIL Śnieżka S.A. financed its operations from own funds in 34.5%, which represents an increase of this ratio by 3.4% compared to the end of September last year. At the end of the reporting period, the Company's long-term liabilities amounted to PLN 425,701 thousand (a decrease by PLN 16,721 thousand y/y) and constituted 49.7% of the balance sheet total.

As part of the liabilities presented in the report, as at September 30, 2024, 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 the loans is PLN 214,420 thousand (long-term liability including ToC: PLN 206,420 thousand, Rafil: PLN 8,000 thousand and PLN 953 thousand of interest (short-term liabilities including ToC: PLN 913 thousand, Rafil: PLN 40 thousand).

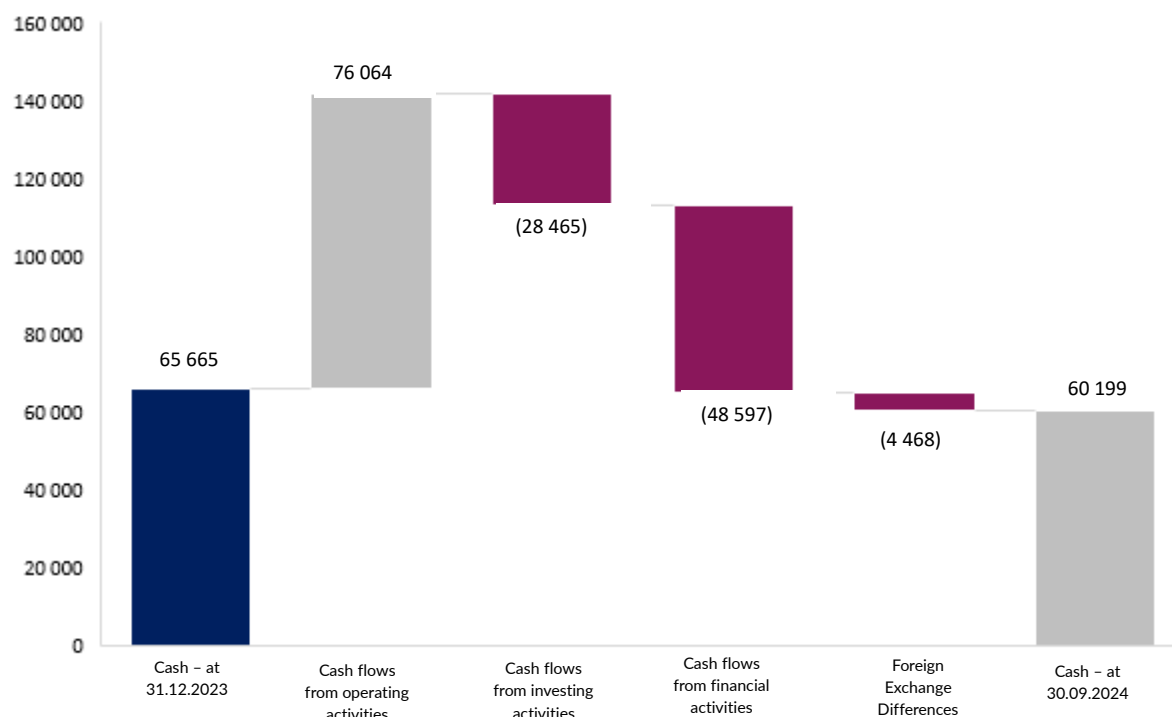
The Company's short-term liabilities decreased by 10.5% (PLN 15,927 thousand). This balance sheet item was affected by the decrease in trade and other liabilities (PLN - 11,791). The level of the current portion of interest-bearing loans and borrowings amounted to PLN 52,613 thousand at the end of the reporting period, which represents a decrease by 5.8% compared to the previous year.

## 4.5 CASH FLOWS

### The Śnieżka Group

During the course of nine months of 2024, the Group generated negative cash flows of PLN 5,466 thousand (after adjustment for exchange rate differences from the translation of foreign units) against positive cash flows in the amount of PLN 41,009 thousand a year earlier. As a result, at the end of the reporting period, the Group's cash and cash equivalents amounted to PLN 60,199 thousand.

Figure 9. The Śnieżka group's cash flows in the period 1-9, 2024



This performance was affected by:

**positive cash flows from operating activities in the amount of PLN 76,064 thousand.**

Their value was positively influenced primarily by: the value of profit before tax of PLN 83,844 thousand, the change in provisions by PLN 14,144 thousand, depreciation by PLN 28,122 thousand and interest costs by PLN 15,980 thousand; whereas, the following items had a significant negative impact: the change in receivables by PLN 50,541 thousand and the income tax paid in the amount of PLN 12,765 thousand.

**negative cash flows from investing activities in the amount of PLN 28,465 thousand**

The Capital Group presents total Capex expenditures in the amount of PLN 29,304 thousand in cash flows from investing activities; in addition, flows from the sale of property, plant and equipment were recorded in the amount of PLN 839 thousand.

**negative flows from financial activities at the level of PLN 48,597 thousand.**

In addition to flows from the existing credit lines in the amount of PLN 67,775 thousand, - resulting from investment needs and current operating activities - the partial repayment of loans (PLN -52,112 thousand) and interest (PLN -17,127 thousand) and dividend paid (PLN -45,240 thousand) had a significant impact on the final cash flows from financial activities.

#### **Fabryka Farb i Lakierów Śnieżka SA**

After nine months of 2024, the Company generated positive cash flows of PLN 11,093 thousand (compared to also positive flows in the amount of PLN 4,203 thousand a year earlier). At the end of the reporting period, the Company's cash amounted to PLN 11,838 thousand.

They were affected by:

**positive cash flows from operating activities in the amount of PLN 61,682 thousand.**

Their value was positively affected primarily by profit before tax of PLN 74,557 thousand, the change in provisions by PLN 10,526 thousand, adjustment of financial costs of PLN 23,127 thousand and depreciation value of PLN 19,503 thousand; the negative result was significantly influenced by change in receivables of PLN 32,474 thousand and dividends received of PLN 43,321 thousand.

**positive cash flows from investing activities in the amount of PLN 25,670 thousand.**

The Company presents total Capex expenditures in the amount of PLN 17,660 thousand and the value of dividends received in the amount of PLN 43,196 thousand in cash flows from investing activities.

**negative cash flows from financing activities in the amount of PLN 76,259 thousand.**

This item was positively influenced by the proceeds from the existing credit lines and loans (PLN 124,941 thousand in total); while the greatest negative impact had: partial repayment of loans and borrowings (PLN 136,262 thousand) and repayment of interest (PLN 24,624 thousand) as well as dividends paid (PLN 39,998 thousand).

## **4.6 FINANCIAL RATIOS**

### **Group's profitability ratios**

During the nine months of 2024, the Śnieżka Group achieved lower percentage margins than in the corresponding period of the previous year, with the exception of the gross margin. The level of gross margin was primarily influenced by a significant decline in production costs by 16.1% in relation to sales (-8.1%). Further margins were negatively affected by higher selling costs and general and administrative expenses in total (+10%); thus, indirect margins calculated on the basis of EBIT and EBITDA recorded year-on-year declines, by -1.2% and -1.1% respectively, similarly to the net profit margin, which amounted to 10.4% this year and 11.7% a year earlier.

In the reporting period, ROA (-1.3%) and ROE (-4.8%) were lower, chiefly due to the higher value of net profit calculated on a cumulative basis from the last 12 months.

Table 12. The Group's profitability ratios

	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023
EBIT margin in % (EBIT / Sales revenues) x 100%	15.2%	16.4%
EBITDA margin in % (EBITDA / Sales revenues) x 100%	19.5%	20.6%
Gross margin on sales in % (Gross profit on sales / Sales revenues) x 100%	49.1%	44.3%
Net profit (loss) in % (Net profit / Sales revenues) x 100%	10.4%	11.7%
Return on assets (ROA) * (Net profit / Total assets *) x 100%	8.1%	9.4%
Return on equity (ROE) ** (Net profit / equity - attributable to the shareholders of the parent company) x 100%	18.5%	23.3%

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

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

### Group's liquidity and debt ratios

As at September 30, 2024 the general debt ratio of the Śnieżka Group decreased by 0.3% y/y as a result of slower rate of increase in liabilities in relation to the balance sheet total. Due to the decrease in the value of fixed assets by 0.4% y/y and the concurrent increase in equity (by 2.0%), the ratio of coverage of fixed assets with equity improved by 1.6%, reaching the value of 70.2%.

The Group's current liquidity ratio was 1.2 and reflected exactly at the previous year's level. The quick liquidity ratio increased slightly to 0.8 and the cash liquidity ratio decreased by 0.01 y/y to 0.26.

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 Q3 of 2024, the Group's net debt/EBITDA ratio was 1.60 compared to 1.38 a year earlier. The Śnieżka Group manages its interest-bearing debt in a conservative manner, assuming the optimal debt level at the level of 1x EBITDA in the long term. Concurrently, in order to ensure financing at the optimal level, the Company prolongs credit agreements as needed.

## THE ŚNIEŻKA GROUP

Consolidated quarterly report for the third quarter of 2024

Table 13. The Group's liquidity and debt ratios

	30.09.2024	30.09.2023
Current liquidity ratio (Current assets / Short-term liabilities)	1.2	1.2
Quick liquidity ratio (Current assets - inventories) Short-term liabilities	0.8	0.7
Cash liquidity ratio (Cash and cash equivalents / Short-term liabilities)	0.26	0.27
Total debt ratio (Total liabilities / Total assets) x 100%	53.7%	54.0%
Fixed-asset to equity-capital ratio (Equity/Fixed assets) x 100%	70.2%	68.6%

### Group's rotation ratios

Within the three quarters of 2024, the cash conversion cycle in the Group was 52 days, which compared to the corresponding period of the previous year represents its extension by 19 days. The above was influenced by: slower collection of receivables from the sale of products and goods (by approx. 7 days), extension of the inventory rotation by 16 days, while the extension of the liabilities cycle by approx. 4 days had a positive effect.

Table 14. The Śnieżka Group's rotation ratios

	the period of 9 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2023
Inventory cycle (Inventory level x 270 / Cost of sales) in days	88.2	72.2
Receivables cycle (Trade and other receivables x 270 / Sales revenues) in days	48.8	41.4
Current liabilities cycle (Trade and other liabilities x 270 / Cost of sales) in days	85.4	81.1
Cash conversion cycle (Inventory cycle + receivable cycle - liability cycle) in days	51.6	32.4

## Seasonality

The activity of the Śnieżka Group's companies is characterized by the phenomenon of seasonality. It is related to the rise in demand for the Group's products, due to the intensity of renovation and construction works, falling primarily in the spring and summer months. The Group usually generates higher revenues in the second and third quarters of each financial year. They constitute approx. 60-65% of its annual sales revenues.

The occurring phenomenon of seasonality also affects:

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

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

The performance of the Śnieżka Group in 2024 will be primarily influenced by the performance of FFil Śnieżka SA (parent company) and Śnieżka Trade of Colours Sp. z o.o.

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

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

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

The Śnieżka Group monitors consumer sentiment, 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 the coming months may be influenced by improved consumer sentiment, stabilization in purchasing power, as well as a higher tendency to save and temporary restrictions on large expenditures related to the monetary policy pursued by the National Bank of Poland, which largely boils down to maintaining relatively high interest rates in order to limiting lending and thus reducing the amount of money on the market. According to the analyses of the Central Statistical Office (CSO), the consumer sentiment in Poland - aggregated in the Current Consumer Confidence Indicator (BWUK)<sup>34</sup> - amounted to -14.6 (+7.9% y/y) in Q3 of 2024. The Leading Indicator of Consumer Confidence (WWUK), describing the trends in individual consumption expected in the next 12 months, recorded a decline. Currently, it is -10.5 (-0.2% y/y)<sup>35</sup>.

The Group analyses, including: how global factors (e.g. the effects of the war in Ukraine) 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 had a negative impact on the Group's operations and performance on the Ukrainian market at the beginning.

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 Capital Group. 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

<sup>34</sup> BWUK and WWUK indicators range from -100 to +100. Values above zero indicate an improvement in the economic situation whereas negative values indicate its deterioration.

<sup>35</sup> Source: CSO, Consumer economic situation - September 2024.

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 September 30, 2024 is as follows (data in PLN thousand):*

Data in PLN '000	Balance sheet as at 30.09.2024
Tangible fixed assets	15 361
Inventory	11 050
Short-term receivables	4 255
Cash	20 390
Other assets	603
<b>Total assets</b>	<b>51 658</b>
<b>Net assets (Equity)</b>	<b>46 456</b>

### 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 September 2024 was 103.0 points (an increase compared to the reading of 100.6 points from March this year)<sup>36</sup>. WTO analysts maintain their forecasts for growth in world trade in 2024 and 2025, although they marginally revise their dynamics to +2.7% and +3.0%, respectively. Concurrently, they indicate possible changes to the forecast if the situation in the conflict regions worsens or geopolitical tensions increase<sup>37</sup>.

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 2024, in the case of 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 a significant error. At the same time, restrictions in access to raw materials intensified work on the search for substitutes for raw materials necessary for the production of paint and varnish products.

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

<sup>36</sup> Source: World Trade Organization (WTO), WTO trade barometers – September 2024, October 2024.

<sup>37</sup> Source: WTO, Global Trade Outlook and Statistics, October 2024



## 5. Changes in currency exchange rates

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

## 6. Increase in energy prices affecting production costs

In the current macroeconomic and geopolitical environment, energy prices have stabilized, which translate into the final cost of production. The Company in Poland is guaranteed electricity at a fixed price for the entire 2024 and 2025, and it is 100% energy from renewable sources. Energy prices on the Polish market are currently showing a downward trend, and energy purchased for 2025 is approximately 10% cheaper than that of the current year. At Śnieżka Ukraina, the photovoltaic system completed last year was launched, producing electricity for the plant's needs and ensuring approximately 20% of demand coverage. In turn, the formal stage in the Hungarian company Poli-Farbe was completed and at the end of Q3 a photovoltaic system was put into operation, which will cover 30% of the energy demand. In Poland, work is underway to obtain the required formal approvals and permits to erect PV system, but the actual implementation of the investment in photovoltaic systems depends on obtaining funding. In Q3 an application was submitted for co-financing the implementation of a photovoltaic system at the Logistics Centre in Zawada. The results will be announced at the beginning of next year. These activities are part of *Śnieżka Sustainable Development Strategy*.

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

The Śnieżka Group constantly monitors changes in legal regulations that may affect production and implements activities enabling dynamic adjustment of the technological process to these changes. It actively seeks to obtain various types of approvals and certificates, such as Ecolabel, hygiene or hypoallergenic certificate, which confirm that its products, used as intended, are environmentally friendly and safe for human health.

The currently amended regulations that require special attention are Regulation (EC) No 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures (CLP Regulation), together with the amending regulations (ATP) concerning the classification of products and their appropriate labelling, depending on the content of biocidal substances in the final product.

Thanks to having its own microbiological laboratory, the Śnieżka Group is able to conduct on-going tests necessary to meet new legal requirements, and even anticipate them, while ensuring high quality of the products offered.

## 8. Actions to prevent climate change

The Śnieżka Group is engaged in activities aimed at reducing its impact on the environment, including limiting climate change. Although the Company's activity related to the production of paints features low energy consumption, some elements of the value chain, such as the extraction or production of certain raw materials, are high in emissions. The Group is aware that the European Union's strategy aimed at transforming it into a modern, resource-efficient and competitive economy may impact the Group's business model and financial results.

The assumptions of the Green Deal have been included in *Śnieżka Sustainable Development Strategy*. In addition to calculating the carbon footprint for the entire Capital Group in scopes 1, 2 and 3, the Group undertakes reduction initiatives aimed at mitigating the effects of climate change. Since 2023, the Group has been preparing for reporting in accordance with the CSRD Directive and ESRS standards. As part of these preparations, scenario analyses were conducted for risks related to climate change, which allowed for the identification of threats and opportunities related to climate change and energy transformation.



## 5. QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ŚNIEŻKA GROUP

The interim condensed consolidated financial statements of the Group cover the 9-month period ended 30 September 2024 and contain comparative data for the 9-month period ended 30 September 2023 and as at 31 December 2023. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2023 which were the subject of the audit.

These interim condensed consolidated financial statements of the Group for the period of 9 months ended September 30, 2024 were approved for publication by the Company's Management Board as at November 20, 2024.

### **The basis for preparing the interim condensed consolidated financial statements**

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU ("IFRS EU"), in accordance with the requirements of IAS 34 "Interim Financial Reporting", and the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation"). As at the date of approval of the condensed financial statements to be published, taking into account a pending process within the EU on implementation IFRS standards as well as conducted business activity by the Group, in the scope of accounting principles applied by the Company, IFRS differ from IFRS UE.

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

These interim condensed 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, 2023, which was published on March 26, 2024.

## Condensed consolidated statement of comprehensive income

	the period of 3 months ended as at 30 September 2024	the period of 9 months ended as at 30 September 2024	the period of 3 months ended as at 30 September 2023	the period of 9 months ended as at 30 September 2023
	(unaudited) (data not subject to review)	(unaudited) (data not subject to review)	(unaudited) (data not subject to review)	(unaudited) (data not subject to review)
<b>Continued activities</b>				
<b>Sales revenues</b>	<b>245 032</b>	<b>647 680</b>	<b>270 524</b>	<b>705 067</b>
Cost of sales	121 603	329 569	144 214	392 683
<b>Gross profit from sales</b>	<b>123 429</b>	<b>318 111</b>	<b>126 310</b>	<b>312 384</b>
Other operating revenues	561	1 323	2 117	6 095
Selling costs	43 860	124 135	41 967	115 919
General administrative costs	30 328	93 541	28 922	81 943
Other operating expenses	117	3 373	2 226	4 752
<b>Profit from operating activities</b>	<b>49 685</b>	<b>98 385</b>	<b>55 312</b>	<b>115 865</b>
Financial revenues	764	3 134	1 547	3 710
Financial expenses	6 150	17 865	6 543	19 832
Share in affiliate's profit	56	190	221	325
<b>Gross profit</b>	<b>44 355</b>	<b>83 844</b>	<b>50 537</b>	<b>100 068</b>
Income tax	8 665	16 435	9 375	17 598
<b>Net profit from continued activities</b>	<b>35 690</b>	<b>67 409</b>	<b>41 162</b>	<b>82 470</b>
Discontinued operations	-	-	-	-
Profit for the period of discontinued activities	-	-	-	-
<b>Net profit for the period</b>	<b>35 690</b>	<b>67 409</b>	<b>41 162</b>	<b>82 470</b>
<b>Other comprehensive income</b>				
Items subject to reclassification to profit / (loss) in subsequent reporting periods:				
Exchange differences from translation of foreign operations	(3 770)	(8 951)	2 716	212
Cash flow hedge	-	-	582	123
Net investment hedge in a foreign entity	-	-	-	-
Items not subject to reclassification to profit / (loss) in subsequent reporting periods:				
Change in fair value of financial instruments measured at fair value through other comprehensive income	25	321	-	240
Actuarial gains (losses) after considering deferred income tax	127	127	1 933	(737)
<b>Other net comprehensive income</b>	<b>(3 618)</b>	<b>(8 503)</b>	<b>4 649</b>	<b>(285)</b>
<b>Comprehensive income for the period</b>	<b>32 072</b>	<b>58 906</b>	<b>45 811</b>	<b>82 185</b>
Profit attributable to:				
Shareholders of the parent company	35 690	67 409	41 162	82 470
Non-controlling interests	34 615	64 643	38 689	77 021
	1 075	2 766	2 473	5 449
<b>Total income attributable to:</b>	<b>32 072</b>	<b>58 906</b>	<b>45 811</b>	<b>82 185</b>

Financial data in PLN '000

## THE ŚNIEŻKA GROUP

### Consolidated quarterly report for the third quarter of 2024

Shareholders of the parent company	31 585	57 384	42 871	75 532
Non-controlling interest	487	1 522	2 940	6 653
<b>Earnings per share (in PLN):</b>				
- basic, from profit for the period attributable to shareholders of the parent company	2.74	5.12	3.07	6.10
- basic, from profit on continued operations for the period attributable to shareholders of the parent company	2.74	5.12	3.07	6.10
- diluted, from profit for the period attributable to shareholders of the parent company	2.74	5.12	3.07	6.10
- diluted, from profit on continued operations for the period attributable to shareholders of the parent company	2.74	5.12	3.07	6.10

## Condensed consolidated statement of financial position

	30 September 2024 <i>(unaudited)</i>  <i>(data not subject to review)</i>	31 December 2023
<b>Fixed assets</b>	<b>556 030</b>	<b>564 088</b>
Tangible fixed assets	488 851	492 172
Goodwill	3 921	4 080
Intangible assets	57 455	62 509
Investments in affiliates using the equity method	2 228	2 037
Other financial assets (long-term)	1 411	1 348
Long-term lease receivables	84	176
Deferred tax assets	2 080	1 766
<b>Current assets excluding non-current assets held for sale</b>	<b>287 204</b>	<b>254 698</b>
Inventory	107 616	116 169
Trade and other receivables	117 003	58 760
Income tax receivables	2 386	14 104
Other financial assets	-	-
Cash and cash equivalents	60 199	65 665
<b>Fixed assets held for sale</b>	<b>-</b>	<b>-</b>
<b>Current assets</b>	<b>287 204</b>	<b>254 698</b>
<b>TOTAL ASSETS</b>	<b>843 234</b>	<b>818 786</b>
<b>LIABILITIES</b>		
<b>Equity (attributable to the shareholders of the parent company)</b>	<b>368 463</b>	<b>347 799</b>
Share capital	12 618	12 618
Option to acquire shares in minority ownership	(30 401)	(33 679)
Other supplementary capital	(71 504)	(64 118)
Retained earnings	457 750	432 978
<b>Equity of non-controlling interests</b>	<b>21 957</b>	<b>26 345</b>
<b>Total equity</b>	<b>390 420</b>	<b>374 144</b>
<b>Long-term liabilities</b>	<b>221 240</b>	<b>223 545</b>
Interest-bearing loans and borrowings	205 575	203 054
Provisions, including:	6 323	6 014
- Provisions for employee benefits	5 968	5 659
- Other provisions	355	355
Lease liabilities	5 165	3 135
Provision for deferred income tax	4 177	11 342
<b>Short-term liabilities, excluding assets held for sale</b>	<b>231 574</b>	<b>221 097</b>
Trade and other liabilities	104 229	101 448
Current portion of interest-bearing loans and borrowings	74 444	77 775
Lease liabilities	768	2 186
Liabilities under option to acquire shares in minority ownership	29 983	33 261
Income tax liabilities	2 631	392
Provisions, including:	19 519	6 035
- Provisions for employee benefits	19 482	5 819
- Other provisions	37	216
<b>Short-term liabilities</b>	<b>231 574</b>	<b>221 097</b>
<b>Total liabilities</b>	<b>452 814</b>	<b>444 642</b>
<b>TOTAL LIABILITIES</b>	<b>843 234</b>	<b>818 786</b>

## Condensed consolidated statement of cash flows

	the period of 9 months ended as at 30 September 2024 (unaudited)  (data not subject to review)	the period of 9 months ended as at 30 September 2023 (unaudited)  (data not subject to review)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>83 844</b>	<b>100 068</b>
<b>Adjustments:</b>	<b>4 985</b>	<b>87 893</b>
Depreciation of PP&E, intangible assets	28 122	29 280
Profit (loss) on investing activities	458	(3 179)
Exchange difference	(7)	972
Shares in associates' profits	(190)	(325)
Interest expenses	15 980	18 746
Dividends received	-	-
Other adjustments	(714)	(557)
Movement in inventories	4 243	17 795
Movement in receivables	(50 541)	(51 944)
Movement in liabilities	(6 510)	62 044
Movement in provisions	14 144	15 061
<b>Cash generated by operating activities</b>	<b>88 829</b>	<b>187 961</b>
Income tax paid	(12 765)	(20 004)
<b>Net cash from operating activities</b>	<b>76 064</b>	<b>167 957</b>
<b>Cash flows from investing activities</b>		
Expenses related to acquisition of PP&E and intangible assets	(29 304)	(18 305)
Proceeds from sales of PP&E and intangible assets	839	1 923
Proceeds from sale of shares	-	158
Other adjustments	-	-
<b>Net cash used in investing activities</b>	<b>(28 465)</b>	<b>(16 224)</b>
<b>Cash flows from financial activities</b>		
Proceeds from loans and borrowings raised	67 775	153 762
Repayment of loans and borrowings	(52 112)	(212 513)
Repayment of liabilities on account of finance leases	(1 893)	(800)
Interest	(17 127)	(19 233)
Dividends and promoter certificates paid	(45 240)	(31 529)
<b>Net cash from financing activities</b>	<b>(48 597)</b>	<b>(110 313)</b>
<b>Net increase (decrease) in cash and cash equivalents before exchange differences</b>	<b>(998)</b>	<b>41 420</b>
Exchange differences from translation of foreign operations	(4 468)	(411)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5 466)</b>	<b>41 009</b>
Cash and cash equivalents at the beginning of the period	65 665	19 916
<b>Cash and cash equivalents at the end of the period</b>	<b>60 199</b>	<b>60 925</b>

**THE ŚNIEŻKA GROUP**

Consolidated quarterly report for the third quarter of 2024

**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 interests	Total equity
<b>As at 1 January 2024</b>	<b>12 618</b>	<b>(33 679)</b>	<b>(64 118)</b>	<b>432 978</b>	<b>347 799</b>	<b>26 345</b>	<b>374 144</b>
Net profit for the period	-	-	-	64 643	64 643	2 766	67 409
Other net comprehensive income for the period	-	-	(7 386)	127	(7 259)	(1 244)	(8 503)
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(7 386)</b>	<b>64 770</b>	<b>57 384</b>	<b>1 522</b>	<b>58 906</b>
Acquisition of shares in a subsidiary - option valuation	-	3 278	-	-	3 278	-	3 278
Dividend	-	-	-	(39 998)	(39 998)	(5 910)	(45 908)
<b>Change in equity</b>	<b>-</b>	<b>3 278</b>	<b>(7 386)</b>	<b>24 772</b>	<b>20 664</b>	<b>(4 388)</b>	<b>16 276</b>
<b>As at 30 September 2024</b> <i>(unaudited, data not subject to review)</i>	<b>12 618</b>	<b>(30 401)</b>	<b>(71 504)</b>	<b>457 750</b>	<b>368 463</b>	<b>21 957</b>	<b>390 420</b>
<b>As at 1 January 2023</b>	<b>12 618</b>	<b>(45 267)</b>	<b>(55 700)</b>	<b>381 291</b>	<b>292 942</b>	<b>28 300</b>	<b>321 242</b>
Net profit for the period	-	-	-	77 021	77 021	5 449	82 470
Other net comprehensive income for the period	-	-	(752)	(737)	(1 489)	1 204	(285)
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(752)</b>	<b>76 284</b>	<b>75 532</b>	<b>6 653</b>	<b>82 185</b>
Acquisition of shares in a subsidiary - option valuation	-	12 115	-	-	12 115	-	12 115
Dividend	-	-	-	(25 235)	(25 235)	(7 471)	(32 706)
<b>Change in equity</b>	<b>-</b>	<b>12 115</b>	<b>(752)</b>	<b>51 049</b>	<b>62 412</b>	<b>(818)</b>	<b>61 594</b>
<b>As at 30 September 2023</b> <i>(unaudited, data not subject to review)</i>	<b>12 618</b>	<b>(33 152)</b>	<b>(56 452)</b>	<b>432 340</b>	<b>355 354</b>	<b>27 482</b>	<b>382 836</b>

## 6. QUARTERLY CONDENSED STANDALONE FINANCIAL STATEMENTS

The interim condensed financial statements of FFIL Śnieżka SA cover the period of 9 months ended September 30, 2024 and contain comparative data for the period of 9 months ended September 30, 2023 and December 31, 2023. These data have not been reviewed or audited by a statutory auditor, except for the data as at December 31, 2023 which were the subject of the audit.

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

### Condensed standalone statement of comprehensive income

	the period of 3 months ended as at 30 September 2024 <i>(unaudited)</i> <i>(data not subject to review)</i>	the period of 9 months ended as at 30 September 2024 <i>(unaudited)</i> <i>(data not subject to review)</i>	the period of 3 months ended as at 30 September 2023 <i>(unaudited)</i> <i>(data not subject to review)</i>	the period of 9 months ended as at 30 September 2024 <i>(unaudited)</i> <i>(data not subject to review)</i>
Continued activities				
<b>Sales revenues</b>	<b>157 280</b>	<b>430 561</b>	<b>177 138</b>	<b>463 796</b>
Cost of sales	104 038	287 764	118 727	325 381
<b>Gross profit from sales</b>	<b>53 242</b>	<b>142 797</b>	<b>58 411</b>	<b>138 415</b>
Dividend income	1 919	43 321	-	45 670
Other operating revenues	178	4 260	683	3 287
Selling costs	7 654	24 035	7 066	21 058
General administrative costs	22 291	67 733	20 663	58 177
Other operating expenses	198	1 323	1 692	3 397
<b>Profit from operating activities</b>	<b>25 196</b>	<b>97 287</b>	<b>29 673</b>	<b>104 740</b>
Financial revenues	900	1 659	279	947
Financial expenses	7 742	24 389	10 926	30 670
<b>Gross profit</b>	<b>18 354</b>	<b>74 557</b>	<b>19 026</b>	<b>75 017</b>
Income tax	3 507	6 154	3 513	5 229
<b>Net profit for the period</b>	<b>14 847</b>	<b>68 403</b>	<b>15 513</b>	<b>69 788</b>
Other comprehensive income that is not reclassified to profit /(loss):	-	10	1 656	(447)
Actuarial gains (losses) for defined benefit plans	-	10	1 656	(687)
Change in fair value of financial instruments measured at fair value through other comprehensive income	-	-	-	240
Other comprehensive income that can be reclassified to profit /(loss):	26	262	582	123
Cash flow hedge	26	262	582	123
Other net comprehensive income (losses)	26	272	2 238	(324)
<b>Comprehensive income for the period</b>	<b>14 873</b>	<b>68 675</b>	<b>17 751</b>	<b>69 464</b>

Profit (loss) per share:

Financial data in PLN '000



## THE ŚNIEŻKA GROUP

Consolidated quarterly report for the third quarter of 2024

- basic, from profit for the reporting period	1.18	5.42	1.23	5.53
- basic, from profit on continued operations for the reporting period	1.18	5.42	1.23	5.53
- diluted, from profit for the reporting period	1.18	5.42	1.23	5.53
- diluted, from profit on continued operations for the reporting period	1.18	5.42	1.23	5.53

### Condensed standalone statement of financial position

	30 September 2024 (unaudited)  (data not subject to review)	31 December 2023
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>648 735</b>	<b>657 287</b>
Tangible fixed assets	417 445	423 732
Intangible assets	30 468	31 987
Shares and interests in other entities	200 822	201 476
Long-term receivables	-	92
Deferred tax assets	-	-
<b>Current assets</b>	<b>208 593</b>	<b>175 380</b>
Inventory	78 485	88 071
Trade and other receivables	116 511	72 617
Income tax receivables	1 759	13 947
Cash and cash equivalents	11 838	745
Non-current assets classified as held for sale	-	-
<b>TOTAL ASSETS</b>	<b>857 328</b>	<b>832 667</b>
<b>LIABILITIES</b>		
<b>Equity</b>	<b>295 527</b>	<b>266 850</b>
Share capital	12 618	12 618
Revaluation reserve	350	88
Retained earnings	282 559	254 144
<b>Long-term liabilities</b>	<b>425 701</b>	<b>415 378</b>
Interest-bearing loans and borrowings	411 316	402 239
Provisions for employee benefits	4 634	4 316
Lease liabilities	3 838	1 733
Liabilities under option	-	-
Provision for deferred income tax	5 913	7 090
<b>Short-term liabilities</b>	<b>136 100</b>	<b>150 439</b>
Trade and other liabilities	62 948	63 491
Current portion of interest-bearing loans and borrowings	52 613	75 417
Lease liabilities	496	393
Liabilities under option	5 130	8 890
Income tax liabilities	2 529	-
Provisions for employee benefits	12 384	2 248
Liabilities related to assets held for sale	-	-
<b>Total liabilities</b>	<b>561 801</b>	<b>565 817</b>
<b>TOTAL LIABILITIES</b>	<b>857 328</b>	<b>832 667</b>

Financial data in PLN '000

## Condensed standalone statement of cash flows

	the period of 9 months ended as at 30 September 2024 (unaudited)  (data not subject to review)	the period of 9 months ended as at 30 September 2023 (unaudited)  (data not subject to review)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>74 557</b>	<b>75 017</b>
<b>Adjustments:</b>	<b>(4 240)</b>	<b>909</b>
Depreciation of PP&E, intangible assets	19 503	18 665
(Profit) loss on investing activities	546	(1 989)
Exchange difference	(915)	1 136
Net interest	23 127	29 909
Dividends received	(43 321)	(45 671)
Movement in inventories	9 586	14 495
Movement in receivables	(32 474)	(59 491)
Movement in liabilities	9 182	33 218
Movement in provisions	10 526	10 637
<b>Cash generated by operating activities</b>	<b>70 317</b>	<b>75 926</b>
Income tax paid	(8 635)	(10 815)
<b>Net cash from operating activities</b>	<b>61 682</b>	<b>65 111</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of PP&E and intangible assets	135	279
Expenses related to acquisition of PP&E and intangible assets	(17 660)	(15 359)
Proceeds from sale of shares	-	158
Expenses related to loans granted	-	(3 000)
Proceeds from repayment of loans and borrowings	-	3 000
Interest received	-	43
Dividends received	43 196	45 630
<b>Net cash used in investing activities</b>	<b>25 670</b>	<b>30 750</b>
Cash flows from financial activities		
Proceeds from loans and borrowings raised	124 941	238 108
Repayment of loans and borrowings	(136 262)	(270 353)
Repayment of liabilities on account of finance leases	(316)	(308)
Interest	(24 624)	(33 870)
Dividends	(39 998)	(25 236)
<b>Net cash from financing activities</b>	<b>(76 259)</b>	<b>(91 658)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11 093</b>	<b>4 203</b>
Cash and cash equivalents at the beginning of the period	745	1 547
<b>Cash and cash equivalents at the end of the period</b>	<b>11 838</b>	<b>5 750</b>

## Condensed standalone statement of changes to equity

	Share capital	Retained earnings	Revaluation reserve	Total equity
<b>As at 1 January 2024</b>	<b>12 618</b>	<b>254 144</b>	<b>88</b>	<b>266 850</b>
Net profit (loss) for the period	-	68 403	-	68 403
Other net comprehensive income for the period	-	10	262	272
<b>Comprehensive income for the period</b>	<b>-</b>	<b>68 413</b>	<b>262</b>	<b>68 675</b>
Dividend payment	-	(39 998)	-	(39 998)
<b>As at 31 March 2024 (unaudited data not subject to audit)</b>	<b>12 618</b>	<b>282 559</b>	<b>350</b>	<b>295 527</b>
<b>As at 1 January 2023</b>	<b>12 618</b>	<b>210 447</b>	<b>110</b>	<b>223 175</b>
Net profit for the period	-	69 788	-	69 788
Other net comprehensive income for the period	-	(687)	363	(324)
<b>Comprehensive income for the period</b>	<b>-</b>	<b>69 101</b>	<b>363</b>	<b>69 464</b>
Dividend payment	-	(25 235)	-	(25 235)
<b>As at 31 March 2023 (unaudited data not subject to audit)</b>	<b>12 618</b>	<b>254 313</b>	<b>473</b>	<b>267 404</b>

## 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 change of rules implemented in 2022 regarding the translation of financial statements of the company operating in Ukraine, for which the Ukrainian hryvnia (UAH) is the functional currency. The Group adopted at the end of September of 2024 the closing rate set by the NBP, at which the Group exchanges UAH into PLN, i.e. UAH 1 = PLN 0.0932.

No other factors or events occurred in Q3 of 2024 than those described in the report, including those of unusual nature, having a significant impact on the condensed 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 judgment is not final.

In Q1 of 2024, the decision regarding the income tax audit for 2017 was annulled and the proceedings in this case were discontinued due to their groundlessness. In February 2024, the parent company received a refund of the tax receivable for 2017 paid in 2023 along with interest.

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.

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

In Q3 of 2024 there were no issues, redemptions or repayments of non-equity and equity securities.

#### **Information on the paid (or declared) dividend**

During the OGM of FFIL Śnieżka SA, held on April 26, 2024, the Company's shareholders adopted a resolution on the payment of dividend from the profit for 2023 in the total amount of PLN 39,998,356.26, i.e. PLN 3.17 per share.

The dividend date was May 15, 2024, and its payment took place on May 29, 2024. Since the debut on the WSE, the Company's shareholders have received PLN 544.2 million in the form of dividend.

#### **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 Q3 of 2024, there were no significant events that could affect the financial situation of the Group.

Information that, in the Company's opinion, is important for assessing its personnel, property, financial situation, profit and their changes in Q3 of 2024, as well as information that is important for assessing the Company's ability to fulfil its obligations, is included in this Report.

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

In Q3 of 2024, 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 Q3 of 2024 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 30 September 2024, 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 Q3 of 2024, there are no items affecting assets, liabilities, equity, net profit or cash flows that would be unusual due to their type, value or frequency.

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

In Q3 of 2024, the amount of write-downs on inventories (compared to June 30, 2024) decreased by PLN 620 thousand and as at September 30, 2024 these write-downs amount to PLN 3,729 thousand.

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

As at September 30, 2024, write-downs on receivables decreased by PLN 377 thousand compared to June 30, 2024. Currently, they amount to PLN 2,409 thousand.

Compared to the value as at June 30, 2024, there was a decrease of PLN 2 thousand write-downs on non-current assets. As at September 30, 2024, they amount to PLN 33 thousand.

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

Provisions created in the Group relate to future employee benefits and as at September 30, 2024 their total value is PLN 25,450 thousand (including PLN 5,968 thousand is a long-term provision and PLN 18,482 thousand is a short-term one). In Q3 of 2024, the amount of these provisions increased (compared to June 30, 2024) by a total of PLN 2,580 thousand with a decrease of PLN 15 thousand in the case of the long-term provision and an increase of PLN 2,595 thousand in the case of the short-term one.

The Group also created additional provisions at the end of Q3 of 2024 in the amount of PLN 392 thousand. The amount of these provisions decreased by PLN 80 thousand compared to June 30, 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 Q3 of 2024 decreased by PLN 216 thousand compared to June 30, 2024 and currently amounts to PLN 2,080 thousand.

The amount of provisions for deferred income tax also decreased by PLN 1,165 thousand. As at June 30, 2024, these provisions amount to PLN 4,177 thousand.

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

Between January 1, 2024 and September 30, 2024, the Śnieżka Group purchased property, plant and equipment and intangible assets in the amount of PLN 23,283 thousand. In addition to the above, in the reporting period there were no significant transactions of purchase and sale of PP&E.

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

As at September 30, 2024, the Group has a liability for the purchase of property, plant and equipment in the amount of PLN 2,119 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 September 30, 2024, the Śnieżka Group did not have any liabilities or contingent assets. Compared to June 30, 2024, liabilities and contingent assets did not change.

**Segment reporting**

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

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

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

Table 16. Segment performance for the 9-month period ended September 30, 2024:

the period of 9 months ended as at 30 September 2024	Continued activities				Total	Exclusions	Total operations
	Poland	Hungary	Ukraine	Other			
<b>Segment revenues after exclusions</b>	<b>464 611</b>	<b>84 750</b>	<b>64 532</b>	<b>33 787</b>	<b>647 680</b>		<b>647 680</b>
Revenues from sale of products	444 737	82 761	59 076	28 547	615 121		615 121
Revenues from sale of goods	14 789	1 674	5 087	3 962	25 512		25 512
Revenues from sale of materials	1 415	214	-	1 046	2 675		2 675
Sales revenues from sale of services	3 670	101	369	232	4 372		4 372
Sales to external customers	464 611	84 750	64 532	33 787	647 680	-	647 680
Sales between segments (exclusions)	-	9 150	19 731	545	29 426	(29 426)	-
Total segment revenues without exclusions	464 611	93 900	84 263	34 332	677 106		677 106
<b>Segment revenues after exclusions</b>	<b>275 943</b>	<b>67 507</b>	<b>47 504</b>	<b>27 097</b>	<b>418 051</b>		<b>418 051</b>
<b>Profits after exclusions</b>	<b>188 668</b>	<b>17 243</b>	<b>17 028</b>	<b>6 690</b>	<b>229 629</b>		<b>229 629</b>
Non-allocated selling costs							35 653
General expenses	78 756	8 523	5 658	604	93 541		93 541
Other revenues and operating costs	(2 464)	(253)	(58)	725	(2 050)		(2 050)
<b>Profit from operating activities</b>	<b>107 448</b>	<b>8 467</b>	<b>11 312</b>	<b>6 811</b>	<b>134 038</b>		<b>98 385</b>
Interest revenue	216	889	1 978	-	3 083		3 083
Interest expenses	16 592	1 092	-	-	17 684		17 684
Other financial income and expenses	462	(167)	(399)	(26)	(130)		(130)
Share in the net profit of subsidiaries under the equity method	190				190		190
<b>Profit before tax</b>	<b>91 724</b>	<b>8 097</b>	<b>12 891</b>	<b>6 785</b>	<b>119 497</b>		<b>83 844</b>
Income tax	13 337	1 440	1 569	89	16 435		16 435
<b>Net profit, attributable to:</b>	<b>78 387</b>	<b>6 657</b>	<b>11 322</b>	<b>6 696</b>	<b>103 062</b>		<b>67 409</b>
- shareholders of the parent company							64 643
- minority shareholders							2 766

Table 17. Segment performance for the 9-month period ended September 30, 2023:

the period of 9 months ended as at 30 September 2023	Continued activities				Total	Exclusions	Total operations
	Poland	Hungary	Ukraine	Other			
<b>Segment revenues after exclusions</b>	<b>485 661</b>	<b>27 051</b>	<b>16 631</b>	<b>9 475</b>	<b>201 405</b>		<b>201 405</b>
Revenues from sale of products	455 976	103 033	64 019	37 221	660 249		660 249
Revenues from sale of goods	19 802	2 232	6 457	4 904	33 395		33 395
Revenues from sale of materials	5 035	90	-	373	5 498		5 498
Sales revenues from sale of services	4 848	240	393	444	5 925		5 925
Sales to external customers	485 661	105 595	70 869	42 942	705 067		705 067
Sales between segments (exclusions)	-	5 659	18 363	168	24 190	(24 190)	-
Total segment revenues without exclusions	485 661	111 254	89 232	43 110	729 257		729 257
Segment revenues after exclusions	314 895	84 230	48 262	31 484	478 871		478 871
<b>Profits after exclusions</b>	<b>170 766</b>	<b>21 365</b>	<b>22 607</b>	<b>11 458</b>	<b>226 196</b>		<b>226 196</b>
Non-allocated selling costs							29 731
General expenses	66 863	9 203	5 234	643	81 943		81 943
Other revenues and operating costs	92	530	631	90	1 343		1 343
<b>Profit from operating activities</b>	<b>103 995</b>	<b>12 692</b>	<b>18 004</b>	<b>10 905</b>	<b>145 596</b>		<b>115 865</b>
Interest revenue	67	1 153	1 181	-	2 401		2 401
Interest expenses	19 286	546	-	-	19 832		19 832
Other financial income and expenses	1 238	225	39	(193)	1 309		1 309
Share in the net profit of subsidiaries under the equity method	325	-	-	-	325		325
<b>Profit before tax</b>	<b>86 339</b>	<b>13 524</b>	<b>19 224</b>	<b>10 712</b>	<b>129 799</b>		<b>100 068</b>
Income tax	11 422	3 431	2 780	(35)	17 598		17 598
<b>Net profit, attributable to:</b>	<b>74 917</b>	<b>10 093</b>	<b>16 444</b>	<b>10 747</b>	<b>112 201</b>		<b>82 470</b>
- shareholders of the parent company							77 021
- minority shareholders							5 449

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.





## 8. CONTACT REGARDING THE REPORT

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