ŚNIEŻKA SA

ŚNIEŻKA GROUP

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STANDALONE FINANCIAL STATEMENTS OF FFIL ŚNIEŻKA SA FOR THE YEAR ENDED DECEMBER 31, 2024

Prepared in accordance with the International Financial Reporting Standards in the version approved by the European Union

10 April 2025

We believe colours matter.

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(in PLN '000)

1. Basic elements of the standalone financial statements

1.1. Standalone statements of comprehensive income for the year ended 31 December 2024

	Note	*year ended as at* 31 December 2024	31 December 2023
Continued activities			
Sales revenues	**3.2.1.**	**521 665**	**568 736**
Cost of sales	**3.2.6.**	353 397	392 426
Gross profit from sales		**168 268**	**176 310**
Dividend income		45 343	45 670
Other operating revenues	**3.2.2.**	4 038	1 727
Selling costs	**3.2.6.**	30 091	27 346
General administrative costs	**3.2.6.**	90 954	78 644
Other operating expenses	**3.2.3.**	2 209	5 759
Profit from operating activities		**94 395**	**111 958**
Financial revenues	**3.2.4.**	2 338	3 568
Financial expenses	**3.2.5.**	31 339	39 632
Gross profit		**65 394**	**75 894**
Income tax	**3.4**	1 784	6 367
Net profit for the period		**63 610**	**69 527**
Other comprehensive income (loss) that is not be transferred to financial result:	**3.3**	**303**	**(355)**
Actuarial gains (losses) for defined benefit plans		123	(595)
Change in fair value of financial instruments measured at fair value through other comprehensive income		180	240
Other comprehensive income (loss) that can be transferred to financial result:		**181**	**(262)**
Cash flow hedge		181	(262)
Other net comprehensive income (losses)		**484**	**(617)**
COMPREHENSIVE INCOME FOR THE PERIOD		**64 094**	**68 910**
Profit (loss) per share:	**3.5**		
- basic, from profit for the reporting period		5.04	5.51
- basic, from profit on continued operations for the reporting period		5.04	5.51
- diluted, from profit for the reporting period		5.04	5.51
- diluted, from profit on continued operations for the reporting period		5.04	5.51

(in PLN '000)

1.2. Standalone statements of financial position as at 31 December 2024

	Note	31 December 2024	31 December 2023
ASSETS			
Fixed assets		**646 710**	**657 287**
PP&E	**3.7**	415 519	423 732
Intangible assets	**3.9**	30 189	31 987
Shares and interests in other entities	**2.1.5; 3.10**	201 002	201 476
Long-term receivables	**3.8**	-	92
Current assets		**142 361**	**175 380**
Inventory	**3.12**	78 611	88 071
Trade and other receivables	**3.8; 3.13**	50 346	72 617
Income tax receivables		12 405	13 947
Cash and cash equivalents	**3.14; 3.23.4.**	999	745
TOTAL ASSETS		**789 071**	**832 667**
LIABILITIES			
Equity		**290 946**	**266 850**
Share capital	**3.15**	12 618	12 618
Revaluation reserve	**3.15**	449	88
Retained earnings	**3.15**	277 879	254 144
Long-term liabilities		**390 759**	**415 378**
Interest-bearing loans and borrowings	**3.16**	374 413	402 239
Provisions for employee benefits	**3.11**	4 555	4 316
Lease liabilities	**3.8**	2 952	1 733
Provision for deferred income tax	**3.4.3**	8 839	7 090
Short-term liabilities		**107 366**	**150 439**
Trade and other liabilities	**3.17**	51 442	63 491
Current portion of interest-bearing loans and borrowings	**3.16**	47 457	75 417
Lease liabilities	**3.8**	478	393
Option liabilities	**3.19**	5 640	8 890
Provisions for employee benefits	**3.11**	2 349	2 248
Total liabilities		**498 125**	**565 817**
TOTAL LIABILITIES		**789 071**	**832 667**

(in PLN '000)

1.3. Standalone statements of cash flows for the year ended 31 December 2024

Cash flows from operating activities	*Note*	*year ended as at 31 December 2024*	*31 December 2023*
Profit before tax		**65 394**	**75 894**
Adjustments:		**10 190**	**15 621**
Depreciation of PP&E, intangible assets and investment properties		26 130	25 005
(Profit) loss on investing activities		617	(385)
Exchange difference		(944)	(1 068)
Net interest		29 730	37 739
Dividends received		(45 343)	(45 671)
Operating cash before changes to working capital		**75 584**	**91 515**
Movement in inventories		9 460	(3 887)
Movement in receivables	3.18	35 533	4 245
Movement in liabilities	3.18	(8 518)	11 232
Movement in provisions	3.18	463	1 595
Cash generated by operating activities		112 522	104 700
Income tax paid		(11 209)	(23 200)
Net cash from operating activities		**101 313**	**81 500**
Cash flows from investing activities			
Proceeds from disposal of PP&E and investment properties		213	307
Expanses related to acquisition of PP&E and intangible assets		(21 087)	(21 672)
Proceeds from sale of shares		-	158
Expenses related to loans granted		-	(3 000)
Proceeds from repayment of loans and borrowings		-	3 008
Interest received		-	43
Dividends received		44 843	45 630
Net cash used in investing activities		**23 969**	**24 474**
Cash flows from financial activities			
Proceeds form loans and borrowings raised		125 557	261 126
Repayment of loans and borrowings		(179 223)	(301 410)
Repayment of financial lease liabilities		(459)	(349)
Interest		(30 905)	(40 907)
Dividends		(39 998)	(25 236)
Net cash from financing activities		**(125 028)**	**(106 776)**
Net increase (decrease) in cash and cash equivalents		254	(802)
Cash and cash equivalents at the beginning of the period		745	1 547
Cash and cash equivalents at the end of the period		**999**	**745**

(in PLN '000)

1.4. Standalone statements of changes to equity for the year ended as at 31 December 2024

		Share capital	*Retained earnings*	*Revaluation reserve*	*Total equity*
As at 1 January 2024	**Note**	**12 618**	**254 144**	**88**	**266 850**
Net profit (loss) for the period		-	63 610	-	63 610
Other net comprehensive income for the period		-	123	361	484
Comprehensive income for the period		**-**	**63 733**	**361**	**64 094**
Dividend payment	**3.6**	-	(39 998)	-	(39 998)
As at 31 December 2024		**12 618**	**277 879**	**449**	**290 946**
					-
					-
As at 1 January 2023		**12 618**	**210 447**	**110**	**223 175**
Net profit for the period		-	69 527	-	69 527
Other net comprehensive income for the period		-	(595)	(22)	(617)
Comprehensive income for the period		**-**	**68 932**	**(22)**	**68 910**
Dividend payment	**3.6**	-	(25 235)	-	(25 235)
As at 31 December 2023		**12 618**	**254 144**	**88**	**266 850**

2. General information and accounting principles (policies)

2.1. General information

2.1.1 Company information

The standalone financial statements of Fabryka Farb i Lakierów Śnieżka SA cover the year ended as at 31 December 2024 and contain comparable data for the year ended as at 31 December 2023.

Fabryka Farb i Lakierów „Śnieżka" S.A. ("Company", "Entity") was established by virtue of Notarial Deed as of 16 January 1998. The registered seat of the Company is Warsaw, ul. Chłodna 51, 00-867 Warsaw.

The Company is entered in the register of entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, under the number KRS 0000060537. The Company holds a national Business Registry Number (REGON): 690527477.

The Company was formed for an unspecified time.

The Company's core scope of activity is manufacture of paints, varnishes and alike coatings as well as adhesives.

According to WSE classification the entity operates in the chemical industry.

2.1.2 Identification of the consolidated financial statements

The Company prepared the consolidated financial statements for the year ended as at 31 December 2024, which was approved to be published on 10 April 2025.

2.1.3 The composition of the Management Board

As at the date of signing the report, the Management Board of the Company was composed of:

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

2.1.4 Approval of the financial statements

The standalone financial statements were approved by the Management Board to be published on 10 April 2025.

(in PLN '000)

2.1.5 Company's investments

The Company holds investments in the following subsidiaries and associates:

Name	***Seat***	***Scope of activity***	***Consolidation (and share in the share capital)***	
			31 December 2024	***31 December 2023***
Śnieżka Trade of Colours Sp. z o.o.	Warsaw, ul. Chłodna 51	marketing and sales of products, market analysis and monitoring, trademark management	Full consolidation (100%)	Full consolidation (100%)
Śnieżka Ukraina Sp. z o.o.	Ukraine, Yavoriv Prywokzalna 1A,	manufacture of paints, varnishes, solvents, mortars, putties etc., wholesale and retail sales of construction materials	Full consolidation (83.48%)	Full consolidation (83.48%)
Poli-Farbe Vegyipari Kft.	Węgry Bósca III.Kerult 2.	manufacture of paints, enamels, insulation systems, putties etc., wholesale and retail sales of construction materials	Full consolidation (80.00%)	Full consolidation (80.00%)
Radomska Fabryka Farb i Lakierów SA	Radom, ul. Czarna 29	manufacture and sales of anti-corrosive products	Full consolidation (94.15%)	Full consolidation (94.15%)
Śnieżka - BelPol sp. z o.o.	Belarus, Zhodzina Dorożnaja 3/1,	production of putties	Full consolidation (100%)	Full consolidation (100%)
Associate	***Seat***	***Scope of activity***	***Consolidation (and share in the share capital)***	
			31 December 2024	***31 December 2023***
Plastbud Sp. z o.o.	Pustków 604, Poland	manufacture of resins, pigments	Equity method consolidation (10,07%)	Equity method consolidation (10,07%)

As at 31 December 2024 and 31 December 2024 the share in the total number of votes held by the Company in subsidiaries is equal to the share of the Company in the share capitals of such entities. The exception is Rafil company, where the Company as at 31 December 2024 held 93.09% of votes at the GM of Radomska Fabryka Farb i Lakierów SA.

2.1.6 The basis for preparation of the standalone financial statements

The standalone financial statements were prepared in accordance with the historical cost principle, except for equity instruments measured at fair value through other comprehensive income.

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

The standalone financial statements were prepared assuming that the Company will continue its business activity in the foreseeable future and in accordance with the principles of fair presentation, accrual and materiality.

As at the date of approval of the standalone financial statements, there is no evidence indicating that the Company will not be able to continue its operations for the period of at least 12 months after the balance sheet date, i.e. 31 December 2024.

2.1.7 Declaration of compliance

The standalone financial statements were prepared in accordance with International Financial Reporting Standards ('IFRS') and approved by the EU. ('IFRS EU'). As at the date of approval of the standalone 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 Company, 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")

2.1.8 Functional and financial report currency

Functional and financial report currency of the Company to these standalone financial statements is PLN.

2.2. Significant values based on professional judgement and estimate

The preparation of standalone financial statements requires the application of accounting estimates which, by definition, will rarely reflect the actual performance. The Management is required to use subjective judgment in applying adopted accounting policies.

This note provides an overview of the areas where subjective judgment is used more closely or those more complex, and the items that are more likely to be adjusted due to inaccurate estimates and assumptions.

The Company adopted estimates and assumptions related to the future on the basis of knowledge possessed during the preparation of the standalone financial statements. The estimates and assumptions may be subject to change due to events in the future resulting from market changes or changes being beyond the Company's control. Such changes are reflected in estimates and assumptions when they occur. In the period of 12 months ended 31 December 2024, there were no significant changes in the estimates and the methodology of making estimates.

The Management Board of the Company assessed the magnitude of the armed conflict in Ukraine on the future performance of the Company. The Company did not make any significant changes in the estimates.

Within the process of applying the accounting principles (policy) the management's professional judgement was the most significant as regards issues provided below:

2.2.1. Measurement of provisions for employee benefits

Measurement of provisions for employee benefits was calculated by actuarial method. The assumptions made for that purpose have been detailed in note 3.11.

2.2.2. Deferred tax assets

The Company recognizes the items of deferred tax assets basing on the assumption that in the future the tax gains will allow for its use. Deterioration of the future tax gains can cause that this assumption may be unreasonable.

In the light of the General Anti Avoidance Rule ("GAAR") in force from 15 July 2016, which is intended to prevent the creation and use of artificial legal structures created to avoid payment of tax in Poland, the Company's

Management Board considered the impact of transactions that could potentially be covered by GAAR regulations, for deferred tax, tax value of assets and provisions for tax risk. In the opinion of the Management Board, the analysis did not show necessity to correct the measured current and deferred income tax items, however, in the opinion of the Management Board, in case of GAAR regulations there is inherently uncertainty that the tax authorities will interpret these provisions differently, will change their approach to their interpretation or the regulations themselves will be subject to change, which may affect the possibility of realizing deferred tax assets in future periods and the possible payment of additional tax for past periods.

2.2.3. Depreciation rates

The amount of depreciation rates is determined on the basis of expected useful life of tangible non-current assets and intangible assets. PP&E, relatively their material and separate parts are depreciated according to the equal instalment method in their useful lives. Depreciation write-downs are conducted for as long as the closing value of an asset does not exceed its carrying amount. The Company verifies the adopted periods of useful lives on an annual basis, taking into account the current estimates.

Sensitivity analysis indicates that assuming an increase in the depreciation rates of PP&E and intangible assets by 1 percentage, the annual depreciation cost would increase, and thus the Company's gross bottom line would deteriorate by PLN 6,242 thousand in 2024.

2.2.4. Write-down of receivables

In order to determine the expected credit losses in relation to trade receivables, the Company applies the simplified approach provided for in IFRS 9, which consists in creating write-down for expected credit losses throughout its life in relation to all trade receivables, hence the Company classified trade receivables to 2 and 3 level. For trade receivables, a simplified matrix of write-down was applied in individual age ranges. The analyses were performed separately for customer receivables belonging to the specified groups based on the assumed probability of credit losses, adjusted for actual credit losses based on historical data from 3 last years. The assumptions made for that purpose have been detailed in note 3.13.

2.2.5. Inventory write-down

In order to present the actual value of inventories, in accordance with the accounting policy, the Company creates revaluation write-down for excessive and non-marketable inventories. Verification of accumulated inventories and their rotation is conducted regularly on a quarterly basis. The details are provided in note 3.12.

2.2.6. Impairment of shares in subsidiaries in Ukraine and Belarus

<u>Shares in the Ukrainian subsidiary:</u>

Due to the war in Ukraine that has been going on for three years, there are grounds for conducting impairment tests of shares in the subsidiary in Ukraine. The impact of the armed conflict in Ukraine on subsidiaries is presented in detail in note 3.26 Based on the tests carried out, a result was obtained indicating no impairment of shares in the subsidiary in Ukraine.

The key assumptions relating to the impairment test for the Ukraine shares that require management judgment are presented below.

The replacement value of the cash-generating units was determined on the basis of value-in-use calculations that required the application of assumptions. The calculations used cash flow projections based on financial budgets for 2025. Whereas, flows for the years 2026-2029 are extrapolated using estimated growth rates.

The tested value is the value of shares in Sniezka-Ukraina, which as at 31 December 2024 amounts to PLN 17,217 thousand. The recoverable value of the shares based on the tests carried out, converted into PLN as at 31 December 2024, is PLN 37,065 thousand.

The following assumptions were adopted:

- weighted average cost of capital (WACC) assumed at 28.9%;

(in PLN '000)

The sensitivity analysis carried out for this parameter, assuming the lack of variability of other parameters, indicates that when the annual discount rate increases above 92%, an impairment of share value is recorded.

- the average growth rate of free flows in the analysis period is 17.0%;
  The growth rate was adopted based on the past performance of the company operating in Ukraine, and the development opportunities of the Ukrainian market were also taken into account.
- the average EBIT% margin (calculated as EBIT/sales revenues) for the entire analysis period is 9.29%, it was adopted based on the past performance and the management's expectations related to the market development;
- the investment level was set at replacement value (depreciation level), which is consistent with the Company and Group's assumptions regarding the investment volume in the following years;
- the effective tax rate was assumed at 18% in accordance with the rate applicable in Ukraine;
- the growth rate of FCF free flows after the analysis period was set at 3%, due to the expected stabilization of the market after the analysis period (at the inflation level);
- the currency rate in the current period was set at 0.0989 with a subsequent change by the inflation rate

The management board's estimates as far as the optimistic and pessimistic scenario is concerned regarding the parameters used in the sensitivity analysis, i.e.: discount rate, FCF growth rate after the analysis period and the income tax change rate, as well as the EBIT level and the exchange rate, take into account the market conditions in which the Company operates. Due to the on-going armed conflict, the Ukrainian market is less stable, therefore the Company anticipates the possibility of greater changes in parameters, as presented in the table below.

The sensitivity analysis of the recoverable amount of shares in Snieżka-Ukraina to changes in the main assumptions adopted in the test is presented in the table below:

		Equity Value (DCF)		
Change parameters	scope of changes	PLN	% of change	test result
INCREASE by the number of percentage points	"+"			
Discount rate	4%	40 462	-8.9%	no impairment
FCF growth rate after the analysis period	1%	44 909	1.1%	no impairment
Income tax rate	1%	44 054	-0.8%	no impairment
INCREASE by the percentage indicated				
EBIT change level	5.0%	45 817	3.2%	no impairment
Changes in currency exchange rates	10.0%	45 109	1.6%	no impairment
DECREASE by the number of percentage points	"-"			
Discount rate	-4%	49 835	12.2%	no impairment
FCF growth rate after the analysis period	-1%	43 929	-1.1%	no impairment
Income tax rate	-1%	44 746	0.8%	no impairment
DECREASE by the percentage indicated				
EBIT change level	-5.0%	42 983	-3.2%	no impairment
Changes in currency exchange rates	-10.0%	43 691	-1.6%	no impairment

Shares in the Belarusian subsidiary:

(in PLN '000)

The policies pursued by the Belarusian authorities have resulted in imposing economic sanctions by the European Union on the country in question. The restrictions following these sanctions introduced a complete ban on the sale of Śnieżka products on the Belarusian market. In addition, they will substantially limit the possibility of cooperation with Śnieżka's subsidiary – the Belarusian company Śnieżka-BelPol. For the purposes of the interim condensed consolidated financial statements prepared for H1 of 2024, an impairment test of shares was performed, as a result of which all shares were written down. As at December 31, 2024, the assessment of the Management Board in this respect remains unchanged - the previously adopted assumptions are considered current, and the write-down made in 2024 is considered fully justified.

2.2.7. Put option for the acquisition of the remaining 20% shares in PoliFarbe

The Management Board's judgment was subject to the probability of the Seller using the put option as regards shares in Poli-Farbe.

Pursuant to the agreement of acquiring 80% shares in Poli-Farbe, the Sellers are entitled to put option, under which, 2 years after the completion of the first stage of the Transaction, Śnieżka will be obliged to acquire, at the Sellers' request, the remaining 20% shares in Poli-Farbe in one or several transactions - under condition that the Sellers must present for sale at least 5% shares. The put option is unlimited in time. The terms of the option are fixed, included in the contract and are not subject to change.

Implementation of the above-mentioned option will be available at a price equal to the higher of the following two values:

- 20% of the value of Poli-Farbe shares (the base value for the calculation will be 8 times the average of EBITDA operating profit from the last two years preceding the Transaction less the net financial standing - understood as the debt amount less the cash amount), or
- HUF 2 billion, less the amount paid to the Sellers by Poli-Farbe of an extraordinary dividend (in the amount of two hundred million HUF), i.e. HUF 1.8 billion.

The fair value of the underlying asset was calculated based on the acquisition of 80% shares in Poli-Farbe as of May 2019. Poli-Farbe company is not a listed entity. The exercise price was calculated based on the EBITDA forecast (calculated as operating profit plus depreciation) and net debt based on financial budgets for 2025-2028 approved by the management. The value resulting from the possible option measurement is based on the average of these years. When calculating the option measurement a 6.55% discount rate (risk-free rate in Hungary) was adopted.

A sensitivity analysis of the option liability shows:

- if the discount rate changes by 2% in relation to the base value of the discounted liability it will change by approx. PLN 0.23 mln.
- if the EBITDA rate changes by 5% in relation to the base value of the discounted liability it will change by approx. PLN 0.22 mln.

The table of movements in option liabilities in 2024 and 2023 is as follows:

As at 1 January 2024	**8 890**
Liability decrease - measurement	(3 250)
As at 31 December 2024	**5 640**

As at 1 January 2023	**6 860**
Liability increase - measurement	2 030
As at 31 December 2023	**8 890**

2.2.8. Judgment regarding the possible effects of a tax control

The management board of the company assessed the issue concerning the presentation of the results of the customs and tax control carried out by the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl regarding the reliability of the declared bases and the payment of corporate income tax for 2016. The issues regarding the result of this inspection and the method of recognizing the liability for corporate income tax arrears are described in Note 3.20.2

2.3. Amendments to applicable accounting principles

2.3.1 New standards applied for the first time.

In these standalone financial statements, the following new and amended standards and interpretations, which came into force on January 1, 2024, were applied for the first time:

a) Amendments to IFRS 16 "Leases"

The amendment to IFRS 16 Leases supplements the requirements for the subsequent measurement of the lease liability in the case of a sale and leaseback transaction where the criteria in IFRS 15 are met and the transaction should be accounted for as a sale.

The amendment requires the seller-lessee to subsequently measure its lease liabilities under a sale and leaseback arrangement so that no gain or loss is recognized for the retained right of use. The new requirement is of particular importance where the sale and leaseback involves variable lease payments that do not depend on an index or rate, as these payments are excluded from "lease payments" under IFRS 16.

b) Amendments to IAS 1 "Presentation of Financial Statements"

The amendments to IAS 1 clarify the presentation of liabilities as long-term and short-term, and also address the issue of classification of liabilities when an entity is required to meet certain contractual requirements, so-called covenants. Consequently, the amended IAS 1 standard states that liabilities are classified as short-term or long-term depending on the rights existing at the end of the reporting period. The classification is not affected by either the entity's expectations or events after the reporting date (for example, loan covenants that the entity is required to comply with only after the balance sheet date).

c) Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "financial instruments: disclosures" - supplier finance arrangement

The amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: disclosures" introduce disclosure requirements for arrangements for financing liabilities to suppliers (so-called reverse factoring). These amendments require specific disclosures for these types of contracts to enable users of financial statements to evaluate the impact of these contracts on liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are intended to enhance transparency in the disclosure of information about financing arrangements for liabilities but do not affect the recognition and measurement principles.

The other aforementioned amendments did not have a significant impact on the financial situation or performance of the Company.

2.3.2 New standards or interpretation which have been published, but have not entered into force yet

A number of new accounting standards, amendments to accounting standards and interpretations have been published, which are not mandatory for the reporting periods ending as at December 31, 2024 and had not been previously adopted by the Company. In the Company's opinion, these standards, amendments and interpretations will not have a significant impact on it in the current or subsequent reporting periods:

a) Amendments to IAS 21 "The effects of changes in foreign exchange rates"

b) Amendments in the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7.

c) Annual amendments to IFRS

d) d) Agreements relating to electricity dependent on natural factors: Amendments to IFRS 9 and IFRS 7

e) IFRS 18 "Presentation and disclosure in financial statements"

f) IFRS 19 "Subsidiaries without public accountability: Disclosures"

g) IFRS 14 "Regulatory deferral accounts"

h) Amendments to IFRS 10 and IAS 28 regarding the sale or transfer of assets between an investor and its associates or joint ventures.

2.4. Significant accounting principles

2.4.1 Measurement at fair value

The fair value is comprehended as the price which would be obtained from sales of an asset, or paid for the purpose of transferring the liability on the basis of regular sales of an asset between the market participants, at the date of measurement at applicable market conditions.

All assets and liabilities, which are measured at fair value or their fair value is disclosed in the standalone financial statements, are classified in fair value hierarchy in a manner described below on the basis of the lowest level of inputs which is significant for measurement of fair value treated as a whole:

1) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities,
2) Level 2 - Measurement technique for which the lowest level of inputs, which is significant for measurement of fair value as a whole, is directly or indirectly observable,
3) Level 3 - Measurement technique for which the lowest level of inputs, which is significant for measurement at fair value as a whole, is unobservable.

As at each balance sheet, in the event of assets and liabilities at particular balance dates in the standalone financial statements, the Company assesses whether transfers between hierarchy levels occurred through classification re-evaluation to particular levels, driven by significance of inputs from the lowest level, which is essential to measure at fair value treated as a whole.

The Company measures financial instruments such as shares in other entities at fair value. Shares in the capital of other entities include equity instruments of other entities that do not give control, joint control or significant influence on those entities. Shares in other entities are initially recognized at fair value, increased by transaction costs. In subsequent periods, they are recognized at fair value.

After initial recognition, the Company measures all investments in equity instruments at fair value.

For all investments held, the Company selected an option to present gains and losses on changes in the fair value of equity instruments in other comprehensive income. In the event of such a choice, gains and losses arising from changes in fair value are not subsequently reclassified to the financial result when the investment is derecognised.

Shares in other entities are level 2 in the fair value hierarchy.

2.4.2 Foreign currency translation

Transactions in foreign currency are recognized initially by the Company in functional currency (PLN), applying spot foreign exchange to translate the amount in foreign currency. It's an average NBP exchange for a particular currency as of the last business day preceding the date of currency transaction conclusion.

As at the balance sheet date:

- cash items in foreign currency are translated by applying closing quote for a particular currency. Closing rate is the spot exchange rate at the balance sheet date. (The Company adopts an average NBP exchange rate as of the last business day preceding the balance sheet date).
- non-cash items assessed by historical cost determined in foreign currency are translated by applying a spot foreign exchange as of the day of transaction.

Currency differences arise from settlement of cash items or translation the items as at the balance sheet date in different currency rates than those converted at the beginning of recognition. They are recognized in the result of the period they occur, while favourable exchange rate variances increase financial revenues of a particular period, unfavourable exchange rate variances increase financial costs of a particular period.

Currency differences arising from settlement of non-cash items are recognized in the standalone statements of comprehensive income in the period, where the settlement was conducted.

(in PLN '000)

The following currency rates were adopted to the balance sheet measurement:

	30 December 2024	*29 December 2023*
USD	4.0960	3.9350
EUR	4.2738	4.3480
UAH	0.0974	0.1037
BYN	1.2179	1.2955
100 HUF	1.0392	1.1359

2.4.3 PP&E

The elements of PP&E are recognized on the basis of their acquisition price or estimated manufacturing cost, decreased by cumulated depreciation write-down and permanent asset impairment

The manufacturing cost includes external financing costs, which are the costs of credit and loans that can be directly related to the purchase or production of a given qualifying fixed asset. The Company applies a capitalization rate of 6% to 7% applies a capitalization rate of 1% to 2% assuming that all capital expenditure is financed with loans and borrowings. The capitalization rate is the average annual interest rate of loans and borrowings taken in a given period, based on the monthly WIBOR rates, increased by the average bank margin.

Fixed assets account is conducted in terms of quantities and values included in assets by category.

Items of property, plant and equipment are depreciated using the straight-line method over their economic useful lives. Depreciation write-down is commenced when a particular fixed asset is complete and fit for use. Depreciation write-down is conducted for as long as the closing value of the element does not exceed its carrying amount. Lands are not subject to deprecation.

Useful time periods of tangible fixed assets for particular asset categories:

Type group	Type	Period
0	The right of perpetual usufruct to lands	to 70 years
1-2	Buildings and structures	20-50 years
3-6	Machinery, equipment	3-20 years
7	Means of transport	3-20 years
8	Tools, devices, movables and equipment	3-15 years

The entity verifies utilization periods as well as residual value of tangible fixed assets on an annual basis.

2.4.4 Intangible assets

Expenditures incurred on intangible assets that were acquired in a separate transaction are measured at the initial recognition at purchase price less impairment loss. These expenditures are recognized as intangible assets under construction until their completion and recognition as intangible assets. The main reason of performing write-down is a probability that the created intangible asset will not generate gains in the long run. Intangible assets under construction are not subject to depreciation.

The Company determines whether the useful time for the intangibles is limited or undefined. An intangible asset with a definite useful time is amortised throughout its useful time and subject to impairment tests whenever there are grounds for assuming impairment. The period and method of amortisation of intangible assets with a definite useful life are verified at least as at the end of each reporting period.

A summary of the policies applied to the Company's intangible assets is as follows:

(in PLN '000)

	Patents and licences	*Computer software*	*Other e.g. copyrights, licences*
Useful time	Indefinite. In case of patents and licenses utilised by virtue of agreement for definite period of time, such time is adopted considering additional period for which their use can be extended.	2-10 years	2-10 years
Depreciation method applied	Assets that have an indefinite useful life are not subject to depreciation and revaluation. Depreciated over the duration of the contract (2-10 years) -straight-line method.	2-10 years straight-line method	2-10 years straight-line method
Internally produced or acquired	Acquired	Acquired	Acquired
The impairment test	Annual appraisal whether grounds for possible impairment loss occurred.	Annual appraisal whether grounds for possible impairment loss occurred.	Annual appraisal whether grounds for possible impairment loss occurred.

2.4.5 Leases

The Company as a lessee

The Company leases land, office space and means of transport. Contracts are usually concluded for a period of 3 to 5, in the case of land, up to 70 years.

Lease assets and liabilities are initially recognized at their current value.

Lease payments for the lease extension option, when the exercise of that option is sufficiently certain, are also included in the liability measurement. Lease payments are discounted using the lease interest rate. If the rate cannot be readily determined - as is the case of most of the Company's leases - the lessor's incremental borrowing rate is applied.

The right-of-use assets are amortized on a straight-line basis over the useful life of the assets, not longer than the lease term. If the Company is reasonably certain that it will exercise the call option, the right-of-use asset is amortized over the useful life of the asset.

In 2024, the entity continued the sale and leaseback agreement for the logistics centre equipment concluded in 2022.

The Company classifies machinery and equipment leased back as property, plant and equipment due to the fact that the concluded sale and leaseback agreements meet the criteria of a repurchase agreement in line with IFRS 15. Under the concluded agreements, the Company is to repurchase machinery and equipment at an amount equal to the original sale price, due to the fact that they are the key assets of the unit generating profits. The Company did not intend to sell the equipment and machinery, it is to use them after the term of the sale and leaseback agreement. Sale and leaseback liabilities are presented as financial liabilities in the item "Loans and advances" as the concluded agreement is a financing agreement.

The Company as a lessor

Lease agreements are classified as a financial or operating lease agreements depending on the terms of the concluded agreement. In 2022, the entity concluded an operating lease agreement for the sublease of some warehouse properties, but did not reclassify them as investment properties, as they cannot be sold separately (or leased separately). In 2024, this agreement was terminated.

Lease agreements concluded by the Company with the lessee, according to which the entire risk and benefits resulting from holding assets are transferred to the lessee, are classified as financial lease agreements and presented as receivables in the amount equal to the net lease investment.

2.4.6 Impairment of non-financial non-current assets

As at each balance sheet date the entity estimates whether there are any indications for occurrence of impairment of any assets. In the event of determination that such indications exist or a necessity of conducting an annual impairment test, the Company estimates the recoverable amount for a given asset or a cash-generating unit the asset is allocated to.

2.4.7 Shares and stocks in subsidiaries and associates

Shares and stocks in subsidiaries and associates are recognized in accordance with historical costs, after taking into account impairment write-down. In the event of share sales, the sales value of shares is calculated on the basis of average weighted price.

2.4.8 Financial assets

Financial assets are classified in the following categories:

- Financial assets measured at amortized cost - the Group classifies "Trade and other receivables" and "Cash and cash equivalents" into this category.
- Financial assets at fair value through other comprehensive income. In this category, the Group includes "Shares and stocks in other entities" not subject to consolidation.
- Financial assets measured at fair value through profit or loss. As at the balance sheet date, no financial assets classified in this category were identified.

Financial assets and financial liabilities held by the Company as at 31 December 2024 are presented in note 3.10.

2.4.9 Impairment of financial assets

Impairment of financial assets at amortized cost the Company assesses expected credit losses ("ECL") related to debt instruments measured at amortized cost and at fair value through other comprehensive income, irrespective of whether there is any indication of impairment.

In the case of short-term trade receivables which do not have a significant element of financing, the Company applies the simplified approach required in IFRS 9 and measures impairment losses in the amount of loan losses expected over the entire period of the receivables from the moment of its initial recognition. The Company applies a write-down matrix in which write-down is calculated for trade receivables classified to different age ranges or overdue periods.

In order to determine the general failure ratio, an analysis of non-recoverability is carried out for the last 3 years preceding the year (receivables were analysed as one homogeneous portfolio of clients) for which the standalone financial statements are prepared. Failure ratios are calculated for the following ranges: (1) to 30 days; (2) from 30 to 60 days; (3) from 60 to 90 days; and (4) over 90 days. In order to determine the failure ratio for a given aging range, the balance of written receivables is compared to the balance of unpaid receivables. The impact of future factors on the amount of credit losses was also taken into account.
The Company analysed the receivables as at December 31, 2024 and concluded that the risk of bad debt is close to 0. This conclusion stems from the changes in the sales within the Company, i.e. the main client of the Company is Śnieżka ToC, which settles payments in a timely manner, more on this subject in note 3.23. Objectives and principles of financial risk management.

An impairment loss is calculated taking into account failure ratios adjusted for future factors and the amount of unpaid balances as at the balance sheet date for each age analysis interval.

Trade receivables are included in 2 or 3 degree:

- Degree 2 - includes trade receivables to which the simplified approach has been applied to measure expected credit losses over the entire period of the receivables, except for some trade receivables included in 3 degree;
- Degree 3 - includes overdue trade receivables over 90 days or identified individually as non-performing.

The Group applies a three-degree impairment model for financial assets other than trade receivables:

- Degree 1 - balances for which the credit risk has not increased significantly since the initial recognition. The expected credit losses are based on the probability of failure to fulfil obligation within 12 months (i.e. the total expected credit loss is multiplied by the probability that the loss will occur over the next 12 months);

- Degree 2 - includes balances for which there has been a significant increase in credit risk since the initial recognition, but there is no objective evidence of impairment; expected credit losses are determined on the basis of the probability of failure to fulfil obligation for the entire contractual life of the asset;
- Degree 3 - includes balances with objective evidence of impairment;

To the extent that, in accordance with the above-mentioned model, it is necessary to assess whether there has been a significant increase in credit risk, the Company takes into account the following premises when making this assessment:

- the loan is overdue by at least 30 days;
- there have occurred legislative, technological or macroeconomic changes that have a significant negative impact on the debtor;
- information about significant adverse circumstances regarding a loan or other loan of the same debtor from another lender appeared, e.g. termination of the loan agreement, breach of its terms or renegotiation of conditions due to financial difficulties, etc.
- the debtor lost a significant customer or supplier or experienced other adverse changes in his market.

2.4.10 Hedge accounting

The Company uses forward transactions as hedge for EUR purchase transactions for the purchase of raw materials. Profits or losses relating to the effective part of the change in the value of the current (spot) element of the forward contract are recognized in the reserve capital for cash flow hedging, which is part of equity.

Profits or losses generated in result of changes in fair value of derivatives that do not meet the criteria allowing application of special hedge accounting principles, are recognised directly in the net profit for the current period.

Details of the hedging instruments applied are described in note 3.23.2.

2.4.11 Inventory

Inventories are measured at purchase prices or manufacturing costs not higher than their net selling price as at the balance sheet date. The achievable net sales price is the assessed sales price made in the course of business activity, reduced by the cost of finishing and estimated costs necessary for performing the sale.

Inventory value is based on the following:

- Materials and goods - purchase price, whereas the outlaws are measured according to average weighted method,
- Finished goods, semi-finished goods – the fixed price set at the level of the planned production cost of the product, adjusted for deviations in the cumulative system, leading to the actual production cost not higher than the net selling price, with the outflow being measured using the weighted average method. The production cost includes the direct costs of materials, labour and an appropriate fraction of variable and fixed indirect production costs, which are systematically attributed under the assumption of using a regular production capacity.

Write-down is created for excessive or non-tradable inventories. Verification of accumulated inventories and their rotation is conducted regularly on a quarterly basis.

Advances on deliveries are recognized in 'Inventory' item by the Company.

2.4.12 Trade and other receivables

Trade receivables include amounts due from customers for goods sold or services rendered in the ordinary course of business. They usually have a maturity of 60 days and are therefore classified as short-term. Trade receivables are initially recognized in the amount of unconditionally due remuneration. The Company maintains trade receivables in order to receive contractual cash flows and, therefore, measures them after initial recognition at amortized cost using the effective interest method, less an impairment loss. The description of the principles for recognizing an impairment loss is described in note 2.2.4. and 3.13.

2.4.13 Cash and cash equivalents

In the standalone statements of cash flows, cash and cash equivalents include cash in hand, deposits held with financial institutions payable on demand, other highly liquid short-term investments with an original maturity of up to three months that can be converted into cash on demand and for which the risk of changes in value is negligible, as well as overdraft facilities. Overdrafts with a repayment period of up to one year are presented in the balance sheet as short-term liabilities as a component of loans and borrowings, while those with a longer repayment period are presented in long-term liabilities.

2.4.14 Interest-bearing loans, borrowings and debt securities

At the initial recognition, all the bank loans, borrowings and debt securities are initially recognized at their fair value, reduced by costs related to obtaining the credit or loan.

After the initial recognition, bank loans, borrowings and debt securities are measured at amortised cost on an effective interest rate basis. While setting the depreciated cost the costs connected with obtaining the loan or borrowing and any discount or premium related to raising the funds. Financing liabilities are classified as short-term liabilities, unless the Company has the unconditional right to defer the settlement of the liability for a period not shorter than 12 months from the balance sheet date.

The revenues and costs are recognised in profit or loss when the liability is removed from the balance sheet and also as a result of accounting using the effective interest rate.

2.4.15 Trade and other liabilities

These amounts represent unpaid liabilities for goods and services that the Company received before the end of the financial year. These amounts are not hedged and are typically repaid within 53 days of the recognition. Trade and other liabilities are recognized in short-term liabilities, unless their maturity is longer than 12 months from the balance sheet date. They are initially recognized at fair value and then measured at amortized cost using the effective interest rate method.

2.4.16 Provisions

Provision is recognized in the case when the Company has a legal or customary obligation resulting from past events and it is probable that the fulfilment of this obligation will be associated with the outflow of economic benefits from the Group. Material provisions are determined by discounting expected future cash flows basing on the pre-tax rate which reflects present market estimates of changes in money in time and, where applicable, the risk associated with a particular liability.

The provision for contracts under which the company is obliged to pay liabilities, is recognized when the expected benefits possible to be obtained by the entity as a result of the contract are lower than the costs of fulfilling the contractual liability that cannot be avoided. The Company applies division into long and short-term provisions.

2.4.17 Employee benefits

According to the company remuneration schemes, employees of the Company are entitled to jubilee bonuses and retirement severance pay. Jubilee bonuses are payable to those employees who worked a specified number of years. Retirement severance pay is payable on a one-off basis, when an employee retires. The amount of retirement severance pay and jubilee bonuses depends on the number of years of service and an employee's average remuneration. The present value of those liabilities is estimated at the end of each reporting year by an independent actuary. Accrued liabilities equal to discounted payments which are to be made, including employee turnover and refer to the period of the balance sheet date. Gains and losses from actuarial calculations are recognized in other comprehensive incomes and are not subject to subsequent reclassification to profit or loss.

2.4.18 Option liabilities to acquire shares

The Company adopted a simplified measurement method consisting in analysing only the intrinsic value of the option without taking into account the time value. In order to determine the intrinsic value, the Company estimated the fair value of the underlying asset as well as calculated the exercise price. The put option measurement was included in the standalone financial statements in the amount of the option premium constituting the differences between these values.

As of the date of the initial recognition of the put option, it is recognized in the report under "Shares and stocks in other entities" and on the other side as "Option liabilities". As at each balance sheet date after the initial recognition, the Company values put options, updating the EBITDA forecast, the debt and the discount rate. The value of the put option liability measured as at each balance sheet date after the initial recognition, is referred to in the statement of comprehensive income in the part relating to other operating income or costs.

2.4.19 Revenues

The Company generates revenues mainly from the sale of manufactured products (paint and varnish products), goods and materials, and obtains revenues from services rendered. Manufactured products, goods and advertising materials are sold mainly to the subsidiary Śnieżka ToC So. z o.o., which, in accordance with a developed operating model, is responsible for their distribution. Revenues from the sale of products and goods are recognized by the Company when control over these products is transferred, i.e. when they are released from the warehouse (INCOTERMS EXW). The Company also sells production materials (raw materials) to subsidiaries. Receivables are recognized when the goods are delivered since at this point the payment becomes unconditionally due and only a certain period of time is required to receive it.

The transaction price is determined on the basis of price lists. An average period of crediting customers is up to 60 days and is in line with market practice, therefore, no significant financing element is identified.

As a rule, the Company's customers are not granted the right to return purchased goods, except for complaints and planned marketing campaigns, and in these cases an obligation to return is recognized.

2.4.20 Taxes

Current tax

FFiL Śnieżka SA and two of its subsidiaries in Poland have applied the provisions on tax consolidation since January 1, 2023, which means that they have concluded a Tax Capital Group (TCG) agreement. This agreement was concluded for a period of 3 years and, in accordance with its provisions, all obligations related to the settlement of corporate income tax (CIT) will be performed at the level of TCG as a CIT payer by FFiL Śnieżka SA - as the company representing TCG. Income tax liabilities and receivables determined for a TCG are settled among the participants forming the TCG in accordance with the share of the taxable income of these companies in the total income of the TCG. The balance of these settlements between the companies as at the balance sheet date is presented in the standalone statement of financial position in the item "Trade and other receivables" or in "Trade payables and other liabilities".

In the relationship between TCG and the tax office, FFiL Śnieżka SA, as the company representing TCG, reports the entire income tax calculated for TCG in the standalone financial statement in the item "Income tax receivables" or "Income tax liabilities". In the standalone cash flow statement, the "Income tax paid" item presents the amount of payments made to the tax office by the Company on behalf of the entire TCG.

Deferred tax

The concluded TCG agreement does not affect the method of recognizing deferred tax in the companies forming the TCG. Each company calculates deferred tax as if it were a separate taxpayer.

Deferred tax is calculated using the balance sheet method, taking into consideration temporary differences between the value of assets and liabilities determined for booking purposes and the value determined for tax purposes. The recognized deferred tax amount is based on expected method of the realization of the balance sheet value of assets and liabilities, with the application of tax rates binding or adopted as at the balance sheet date.

Deferred tax assets and liabilities are subject to compensation when a company has an enforceable title to carry out compensation of deferred tax assets and liabilities and when they relate to income tax imposed by the same tax authority.

Deferred tax assets are recognized only when it is probable that future tax income will be available against which the asset can be realized. Deferred tax assets are reduced if it may be stated that it is not likely that the economic benefits represented by them will be realized.

Current and deferred tax is recognized in the income statement, except for taxes resulting from transactions or events, which are recognized in other comprehensive income or directly in equity (deferred tax is then recognized in other comprehensive income or directly in equity).

Goods and services tax

Revenues, expenses, assets and liabilities are recognized after deducting the tax on goods and services, except for:

- when tax on goods and services incurred on purchase of assets or services is not recoverable from the taxation authority, in which case value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- liabilities and receivables, which are recognized with the tax on goods and services.

The net amount of value added tax recoverable or payable to the tax authorities is recognized in the standalone statements of financial position as part of receivables or liabilities.

2.4.21 Net earnings per share

Net earnings per share for each reporting period is calculated as the quotient of the net profit for the given accounting period and the weighted average of shares in that period.

Basic earnings per share are calculated by dividing the net profit / (loss) for the reporting period attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares in a given reporting period. Diluted earnings per share are calculated by dividing the net profit / (loss) for the reporting period attributable to ordinary shareholders (after deducting interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares in a given reporting period (adjusted for impact dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Diluted earnings per share are equal to basic earnings per share, since dilutive instruments in the Company do not occur.

2.4.22 Equity

The Company's share capital is recognized at nominal value. The details on equity are provided in note 3.15.

2.4.23 Dividends

The Company has a liability for the amount of declared dividend that has been duly approved and is no longer dependant on the entity's discretion at or before the end of the reporting period, but has not been paid at the end of the reporting period.

2.4.24 Method of preparing the cash flows statement

Cash flow statements are prepared using the indirect method.

2.4.25 Definition of a related entity

Definition of a related entity covers the following persons and entities:

a) A person (or a close family member of that person) is related to the reporting entity if that person:
   - has control or joint control of the reporting entity
   - has a significant impact on the reporting entity, or
   - is a member of the key management personnel of the reporting entity or its parent entity.

b) A reporting entity (A) is related to another entity (B) if A and B are members of the same group (meaning that all entities in the group are related).

(in PLN '000)

3. EXPLANATORY NOTES

3.1. Segments

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

The management monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Financing of the Company (including finance costs and revenues) and corporate income tax are monitored at the Company's level and is not allocated to segments.

Transactional prices are applied for transactions among operating segments and fixed at arm's length basis as in transactions with non-related entities. The segment performance is calculated by subtracting the cost of sales and selling expenses assigned to individual segments from sales revenue.

In 2024, a change was made in the presentation of costs, which previously were presented as non-allocated costs (these costs included general administrative costs and part of selling costs). As a result of this change, these costs were verified and allocated to the appropriate market segments. Also, the Company verified the existing cost allocation keys assigned to segments, which enabled more precise allocation of costs to individual segments. The change also impacted comparable data for 2023, which has been adjusted accordingly to be consistent with the new cost allocation method.

The purpose of calculating outcome in individual segments is to evaluate each separate market, and indicate direction of actions as well as marketing and commercial activities.

Individual items of liabilities and receivables, which have been attributed by the Company to a individual segment, are subject to analysis of the Management.

Assets allocated to segments are as follows:

- PP&E
- intangible assets
- trade and other receivables
- income tax receivables
- investment in other entities
- inventory
- cash and cash equivalents

Liabilities allocated to segments are as follows:

- interest-bearing loans
- provisions for employee benefits and other
- lease liabilities
- minority purchase option liabilities
- income tax liabilities
- trade and other liabilities

Non-allocated liabilities represent primarily equity.

Segment results for the period of 12 months ended as at 31 December 2024	*Continued operations*					*Total operations*
	Poland	*Hungary*	*Ukraine*	*Other*	*Total*	
Segment revenues, including:	**503 296**	**945**	**16 168**	**1 256**	**521 665**	521 665
Revenues from sale of products	431 054	-	2	392	431 448	431 448
Revenues from sale of goods	31 203	-	-	-	31 203	31 203
Revenues from sale of materials	7 021	431	10 602	751	18 805	18 805

(in PLN '000)

Revenues from sale of services	34 018	514	5 564	114	40 210	40 210
Total segment revenues	**503 296**	**945**	**16 168**	**1 256**	**521 665**	**521 665**
Segment results	**134 920**	**447**	**2 950**	**(140)**	**138 177**	138 177
Non-allocated selling costs						-
General expenses	90 954	-	-	-	90 954	90 954
Other revenues and operating costs	1 829	-	-	-	1 829	1 829
Dividend income	45 343	-	-	-	45 343	45 343
Profit from operating activities						**94 395**
Interest revenue	758	-	-	-	758	758
Interest expenses	31 339	-	-	-	31 339	31 339
Other financial income and expenses	1 580	-	-	-	1 580	1 580
Profit before tax						**65 394**
Income tax						1 784
Net profit						**63 610**

The Company did not discontinue operations in the reporting period

(in PLN '000)

Segment results	***Continued operations***					***Total operations***
for the period of 12 months ended as at 31 December 2023	***Poland***	***Hungary***	***Ukraine***	***Other***	***Total***	
Segment revenues, including:	**554 997**	**1 565**	**11 678**	**496**	**568 736**	568 736
Revenues from sale of products	481 055	231	2	49	481 337	481 337
Revenues from sale of goods	33 434	-	-	-	33 434	33 434
Revenues from sale of materials	10 418	735	7 528	398	19 079	19 079
Revenues from sale of services	30 090	599	4 148	49	34 886	34 886
Total segment revenues	**554 997**	**1 565**	**11 678**	**496**	**568 736**	**568 736**
Segment results	**146 909**	**628**	**1 716**	**(289)**	**148 964**	148 964
Non-allocated costs						**-**
General expenses	78 644	-	-	-	78 644	78 644
Other revenues and operating costs	(4 032)	-	-	-	(4 032)	(4 032)
Dividend income	45 670	-	-	-	45 670	45 670
Profit from operating activities						**111 958**
Interest revenue	682	-	-	-	682	682
Interest expenses	39 633	-	-	-	39 633	39 633
Other financial income and expenses	2 887	-	-	-	2 887	2 887
Profit before tax						**75 894**
Income tax						6 367
Net profit						**69 527**

The Company did not discontinue operations in the reporting period

(in PLN '000)

Other information regarding segments as at 31 December 2024

Segment assets	***Poland***	***Hungary***	***Ukraine***	***Other***	***Total***
PP&E	415 519	-	-	-	415 519
Intangible assets	30 189	-	-	-	30 189
Trade and other receivables	46 524	464	348	266	47 602
Income tax receivables	12 405				12 405
Investment in other entities	76 560	107 225	17 217	-	201 002
Inventory	78 611	-	-	-	78 611
Cash and cash equivalents	999	-	-	-	999
Total assets allocated by segment	**660 807**	**107 689**	**17 565**	**266**	**786 327**
Non-allocated entity's assets	-	-	-	-	2 744
Total assets					**789 071**

Segment liabilities	***Poland***	***Hungary***	***Ukraine***	***Other***	***Total***
Interest-bearing loans	421 870	-	-	-	421 870
Provisions for employee benefits and other	6 904	-	-	-	6 904
Lease liabilities	3 430	-	-	-	3 430
Option liabilities to acquire shares in minority ownership	-	5 640	-	-	5 640
Trade and other liabilities	25 276		-	5 411	30 687
Total liabilities allocated by segment	**457 480**	**5 640**	**-**	**5 411**	**468 531**
Non-allocated company's liabilities	-	-	-	-	320 540
Total liabilities					**789 071**

(in PLN '000)

Other information regarding segments as at 31 December 2023

Segment assets	***Poland***	***Hungary***	***Ukraine***	***Other***	***Total***
PP&E	423 732	-	-	-	423 732
Intangible assets	31 987	-	-	-	31 987
Trade and other receivables	67 405	657	269	305	68 636
Income tax receivables	13 947				13 947
Investment in other entities	76 379	107 225	17 217	655	201 476
Inventory	88 071	-	-	-	88 071
Cash and cash equivalents	745	-	-	-	745
Total assets allocated by segment	**702 266**	**107 882**	**17 486**	**960**	**828 594**
Non-allocated entity's assets					4 073
Total assets					**832 667**

Segment liabilities	***Poland***	***Hungary***	***Ukraine***	***Other***	***Total***
Interest-bearing loans	477 656	-	-	-	477 656
Provisions for employee benefits and other	6 564	-	-	-	6 564
Lease liabilities	2 126	-	-	-	2 126
Option liabilities to acquire shares in minority ownership	-	8 890	-	-	8 890
Trade and other liabilities	33 049	-	-	8 426	41 475
Total liabilities allocated by segment	**519 395**	**8 890**	**-**	**8 426**	**536 711**
Non-allocated company's liabilities	-	-	-	-	295 956
Total liabilities					**832 667**

(in PLN '000)

3.2. Revenues and expenses

3.2.1 Sales revenues

The Company generates sales revenues, which include its own manufactured products, purchased goods and materials, as well as rendered services.

	31 December 2024	*31 December 2023*
Revenues from sale of products	431 447	481 337
Revenues from sale of services	40 210	34 886
Revenues from sale of goods	31 203	33 434
Revenues from sale of materials	18 805	19 079
Sales revenues	**521 665**	**568 736**

The breakdown of revenues into product segments is presented in the table below:

	31 December 2024	*31 December 2023*
Decorative products	406 852	446 575
Construction chemicals	24 402	34 579
Industrial products	193	183
Goods	31 203	33 434
Sale of services	40 210	34 886
Materials	18 805	19 079
Total revenues by product segments	**521 665**	**568 736**

3.2.2 Other operating revenues

	31 December 2024	*31 December 2023*
Measurement of the option to purchase shares in a subsidiary	3 250	-
Compensations	439	1 112
Gain on disposal of non-financial fixed assets	94	237
PFRON relief	182	214
Other	73	164
Other operating revenues	**4 038**	**1 727**

(in PLN '000)

3.2.3 Other operating expenses

	31 December 2024	*31 December 2023*
Write-down of receivables	475	1
Measurement of the option to purchase shares in a subsidiary	-	2 030
Donations	403	888
Write-down of shares	654	1 620
Costs related to removal of fortuitous events	78	897
Other	599	323
Other operating expenses	**2 209**	**5 759**

3.2.4 Financial revenues

	31 December 2024	*31 December 2023*
Interest revenue	758	682
Foreign exchange gains	885	2 315
Cash discounts received	695	571
Total financial revenues	**2 338**	**3 568**

3.2.5 Financial expenses

	31 December 2024	*31 December 2023*
Interest, commission on bank loans and borrowings	31 339	39 632
Total financial expenses	**31 339**	**39 632**

(in PLN '000)

3.2.6 Costs by type

	Note	*year ended* 31 December 2024	31 December 2023
Depreciation	3.2.7.	26 130	25 005
Consumption of materials and energy		251 608	307 212
Third party services		45 574	39 413
Taxes and charges		4 193	3 266
Costs of employee benefits	3.2.8.	88 495	77 462
Other costs		1 899	1 650
Value of goods and materials sold		48 248	51 112
Total other costs, including:		**466 147**	**505 120**
Items recognized in cost of sales		353 397	392 426
Items recognized in selling costs		30 091	27 346
Items recognized in general administrative costs		90 954	78 644
Change in products		(7 828)	8 276
Cost of manufacturing products for own purposes of the entity		(467)	(1 572)

3.2.7 Depreciation expenses, impairment losses, foreign exchange differences and inventory recognized in profit and loss

	year ended 31 December 2024	31 December 2023
Items recognized in cost of sales:		
Depreciation of fixed assets	6 969	6 442
Depreciation of intangible fixed assets	2	18
Items recognized in selling costs		
Depreciation of fixed assets	8 227	8 088
Depreciation of intangible fixed assets	1 707	1 707
Items recognized in general administrative costs:		
Depreciation of fixed assets	5 669	5 628
Depreciation of intangible fixed assets	3 556	3 122

(in PLN '000)

3.2.8 Costs of employee benefits

	year ended 31 December 2024	31 December 2023
Remuneration	71 632	63 325
Social insurance costs	12 559	11 017
Other costs of employee benefits	4 304	3 120
Total costs of employee benefits, including:	**88 495**	**77 462**
Items recognized in cost of sales	19 542	17 731
Items recognized in selling costs	12 126	10 851
Items recognized in general administrative costs	56 827	48 880

3.3. Other comprehensive income

Other comprehensive income was the following:

	year ended 31 December 2024	31 December 2023
Actuarial gains/losses	123	(595)
Measurement of equity instruments at fair value through other comprehensive income	180	240
Cash flow hedge	181	(262)

3.4. Income tax

3.4.1 Tax liability

Major components of tax liability for the year ended as at 31 December 2024 and 31 December 2023 are as follows:

	year ended 31 December 2024	31 December 2023
Current income tax	**77**	**3 619**
Current income tax liability	1 440	3 366
Adjustments regarding current income tax in previous years	(1 363)	253
Deferred income tax	**1 707**	**2 748**
Related to certain and reversal of transitional differences	1 707	2 748
Tax liability recognized in the statement of comprehensive income	**1 784**	**6 367**

(in PLN '000)

3.4.2 Reconciliation of effective tax rate

Reconciliation of income tax on profit before tax at the statutory tax rate with income tax computed at the effective tax rate of the Company for the year ended as at 31 December 2024 and 31 December 2023 is as follows:

	year ended	
	31 December 2024	***31 December 2023***
Gross profit (loss) before tax from continued operations	65 394	75 894
Other comprehensive income	303	(355)
Total income	**65 697**	**75 539**
Statutory income tax rate of 19% applicable in Poland, (2023: 19%)	**12 482**	**14 352**
Non-deductible costs including:	**466**	**1 185**
Representations costs	190	229
Put option measurement	-	386
Share value update	124	308
Other	152	262
Revenues not subject to taxation, including:	**(9 430)**	**(8 846)**
Dividends*	(8 615)	(8 677)
Put option measurement	(618)	-
Other	(197)	(169)
Deducted donations (art. 18)	**(60)**	**(134)**
Tax relieves	**(581)**	**(450)**
Other	**270**	**7**
Tax adjustment from previous years	**(52)**	**1 564**
Release of provisions for tax risk described in note 3.20.2	**(1 311)**	**(1 311)**
Total income tax recognized in the statement of comprehensive income**	**1 784**	**6 367**

*The permanent difference is due to the tax on dividends received from related companies

**Tax according to effective tax rate of 2.72 % (2023: 8.43%)

(in PLN '000)

3.4.3 Deferred income tax

The table below presents the reconciling net deferred income tax to the standalone statements of financial position:

	Statement of financial position		Statement of comprehensive income for the year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred tax provisions				
- difference between the tax and balance sheet value of fixed assets	12 968	11 378	(1 590)	(2 315)
- capitalised costs of external financing	1 535	1 436	(99)	52
- fixed assets under lease	1 843	2 019	176	88
- other	67	141	74	84
Deferred tax provisions	**16 413**	**14 974**	**(1 439)**	**(2 091)**
Deferred tax assets				
- impairment write-down of inventory	530	589	(59)	(162)
- provisions for retirement, jubilee awards, disability benefits, bonuses	1 250	1 178	72	358
- fixed assets under lease	382	398	(16)	(14)
- lease liabilities	1 916	2 002	(86)	(282)
- interest on loans, borrowings and liabilities	295	518	(223)	(587)
- fair value of hedging instruments	19	61	(42)	61
- limited costs of debt financing	2 704	2 704	-	-
- other	478	434	44	30
Deferred tax assets	**7 574**	**7 884**	**(310)**	**(596)**
the amount offset by the provision against the deferred tax asset	(7 574)	(7 884)		
Provision for deferred tax after offsetting	**8 839**	**7 090**		
Deferred tax assets after offsetting	**-**	**-**		
Impact on net profit	**8 839**	**7 090**	**(1 707)**	**(2 748)**
Impact on other net comprehensive income	**-**	**-**	**(42)**	**61**

The temporary differences based on which the asset and the deferred tax reserve were created will be performed within 12 months, except for:

- temporary difference between the tax value and the balance sheet value of fixed assets and intangible assets in the part exceeding the annual depreciation, in this case the long-term part is the amount of PLN 11,380 thousand and
- provisions for retirement, jubilee awards and disability benefits, whose long-term part is PLN 866 thousand.

(in PLN '000)

3.5. Earnings per share

Basic earnings per share are calculated by dividing net profit for the financial period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period. The weighted average number of ordinary shares equalled to all shares i.e. 12 617 778 shares between the period of 1 January 2024 and 31 December 2024.

In the current and comparative period no transactions that diluted the number of ordinary shares occurred.

The data on share gains have been presented below, which stipulated a basis to calculate basic and diluted earnings per share:

	year ended	
	31 December 2024	***31 December 2023***
Net profit	63 610	69 527
Net profit attributable to ordinary shareholders, applied to calculate diluted earnings per share	63 610	69 527
A weighted average number of ordinary shares applied to calculate basic earnings per share	12 617 778	12 617 778
An adjusted weighted average number of ordinary shares applied to calculate diluted earnings per share	**12 617 778**	**12 617 778**
Basic and diluted earnings per share in PLN	**5.04**	**5.51**

In the period between the balance sheet date and the date of preparation of these standalone financial statements, there were no other transactions involving ordinary shares or potential ordinary shares.

3.6. Dividends paid and proposed

Dividends per the ordinary shares for 2023, paid on 29 May 2024 amounted to PLN 39,998 thousand (for 2022, paid on 31 May 2023: PLN 25,235 thousand).

The value of dividend per ordinary share paid in 2023 amounted to PLN 3.17 (for 2022: PLN 2.00).

In the Company the very same amount of dividend per 1 share is attributable to both ordinary and preference shares.

The Company did not pay dividend advances for 2024.

3.7. PP&E

Property, plant and equipment as at December 31, 2024 and December 31, 2023 were as follows:

	As at	
	31 December 2024	***31 December 2023***
PROPERTY, PLANT AND EQUIPMENT		
a) fixed assets, including:	**413 272**	**418 165**
- lands (including the right of perpetual usufruct)	18 747	17 333
- buildings, premises and civil engineering structures	281 702	284 580
- technical devices and machinery	90 412	96 104
- means of transport	13 372	12 301
- other fixed assets	9 039	7 847
b) fixed assets under construction	**2 247**	**5 567**
Total PP&E	**415 519**	**423 732**

(in PLN '000)

The table below presents the gross carrying amounts, accumulated depreciation, net carrying amounts of property, plant and equipment and movements in fixed assets in 2024 and 2023.

	Lands, buildings and structures	*The right to use*	*Machinery and devices*	*Means of transport*	*Other fixed assets*	*Total*
Gross value as at 1 January 2024	**366 125**	**2 443**	**208 958**	**23 817**	**16 535**	**617 878**
Total accumulated depreciation and impairment losses less the liquidated and sold PP&E	(65 930)	(725)	(112 854)	(11 516)	(8 688)	(199 713)
Net value as at 1 January 2024	**300 195**	**1 718**	**96 104**	**12 301**	**7 847**	**418 165**
Increase due to commissioning for use	5 162	-	4 364	3 061	1 796	14 383
Decrease due to disposal or liquidation	-	-	(1 755)	(352)	(194)	(2 301)
Decrease due to disposal or liquidation	-	-	1 736	197	194	2 127
Increase due to lease (commissioning for use)	-	-	-	145	-	145
Increase due to the increase in fees for perpetual usufruct of land (commissioning for use)	-	1 618	-	-	-	1 618
Depreciation of the revaluation surplus	(8 040)	(204)	(10 037)	(1 980)	(604)	(20 865)
Gross value as at 31 December 2024	**371 287**	**4 061**	**211 567**	**26 671**	**18 137**	**631 723**
Net value as at 31 December 2024	**297 317**	**3 132**	**90 412**	**13 372**	**9 039**	**413 272**

	Lands, buildings and structures	*The right to use*	*Machinery and devices*	*Means of transport*	*Other fixed assets*	*Total*
Gross value as at 1 January 2023	361 173	2 443	201 254	22 049	16 566	603 485
Total accumulated depreciation and impairment losses less the liquidated and sold PP&E	(58 044)	(521)	(103 942)	(13 121)	(8 224)	(183 852)
Net value as at 1 January 2023	**303 129**	**1 922**	**97 312**	**8 928**	**8 342**	**419 633**
Increase due to commissioning for use	4 952	-	8 800	2 671	75	16 498
Decrease due to disposal or liquidation	-	-	(1 096)	(1 395)	(106)	(2 597)
Decrease due to disposal or liquidation	-	-	1 083	1 340	106	2 529
Increase due to lease (commissioning for use)	-	-	-	492	-	492
Impairment losses - reversal	-	-	-	1 768	-	1 768
Depreciation of the revaluation surplus	(7 886)	(204)	(9 995)	(1 503)	(570)	(20 158)
Gross value as at 31 December 2023	**366 125**	**2 443**	**208 958**	**23 817**	**16 535**	**617 878**
Net value as at 31 December 2023	**300 195**	**1 718**	**96 104**	**12 301**	**7 847**	**418 165**

(in PLN '000)

The table of movements in expenditure on fixed assets under construction in 2023 and 2024 is as follows:

	Year 2024	*Year 2023*
As at 1 January	**5 567**	**3 263**
Capital expenditure	11 220	19 454
Increase due to the increase in fees for perpetual usufruct of land	1 618	-
Commissioning for use, including under IFRS16	(16 158)	(17 150)
As at 31 December	**2 247**	**5 567**

As at December 31, 2024, the Company had tangible fixed assets used under finance leases and leases with an option to purchase in the amount of PLN 3,272 thousand which comprised right of perpetual usufruct to lands, de-farming of land and a car fleet (as at 31 December 2023: PLN 2,406 thousand). The Company also had fixed assets used under sale and leaseback agreements. The subject of these agreements are storage racks and automatic pallet transport and wrapping lines with robots with a net value of PLN 9,113 thousand.

As at 31 December 2024, the pledges on tangible fixed assets as a liability security of bank loans, amounted to PLN 78,814 thousand whereas collateral mortgages on properties of the Company as at 31 December 2024 amounted in total to PLN 333,000 thousand.

Expenditure on fixed asset under construction in 2024 amounted to PLN 11,220 thousand. In 2023, expenditure on fixed assets under construction amounted to PLN 19,454 thousand, most of which was spent on the erection of the Logistics Centre in Zawada. The value of capitalized costs of external financing in the year ended as at 31 December 2024 amounted to PLN 505 thousand (in 2023: PLN 296 thousand).

3.8. Leases

3.8.1 Lease liabilities

Lease liabilities as at 31 December 2024, including:	**3 430**
Short-term	478
Long-term	2 952

Lease liabilities as at 31 December 2023, including:	**2 126**
Short-term	393
Long-term	1 733

(in PLN '000)

Changes in lease debt as at December 31, 2024 are presented in the table below:

Leases	*31 December 2024*	*31 December 2023*
as at 1 January	**2 126**	**1 982**
repayment	(459)	(348)
increase	1 763	492
accrued interest	262	169
paid interest	(262)	(169)
as at 31 December	**3 430**	**2 126**

3.8.2 Receivables under financial lease and lease agreements with a purchase option

As at 31 December 2024 subsequent minimal lease charges under financial lease agreements and the current amount of minimal net lease payments are as follows:

	31 December 2024		*31 December 2023*	
	min. payments	**current amount of payments**	min. payments	current amount of payments
Payable within 1 year	105	92	630	549
Payable from 1 to 5 years	-	-	105	92
Value of lease payments, including:	**105**	**92**	**735**	**641**
Short-term	105	92	630	549
Long-term	-	-	105	92

As at 31 December 2024 FFIL ŚNIEŻKA SA held receivables under finance lease in the amount of PLN 92 thousand (including short-term) and the value of unrealized future financial revenues under finance lease agreements amounted to PLN 13 thousand. The object of lease is the real property located in Biała Podlaska. The property in Biała Podlaska was transferred into finance lease on 28 February 2017. The property consists of the right of perpetual usufruct to lands and a production-warehouse facility. The value of the leased asset pursuant to the agreement concluded amounted to PLN 4,180 thousand. The agreement was concluded for 8 years. Pursuant to the provisions of the agreement, the Company guarantees the user the right to acquire the leased asset after the agreement termination. The above-mentioned receivables are presented in the balance sheet in the long-term section as "Long-term receivables", while in the short-term section in item "Trade and other receivables".

(in PLN '000)

3.9. Intangible assets

As at 31 December 2024 and as at 31 December 2023 intangible assets were as follows:

	31 December 2024	*31 December 2023*
INTANGIBLE ASSETS		
- licences, computer software, copyrights and alike values:	28 459	31 509
- intangible assets under construction	1 730	478
Total intangible assets	**30 189**	**31 987**

The table below presents the gross carrying amounts, accumulated depreciation, net carrying amounts of intangible assets and movements in intangible assets in 2024 and 2023.

	Patents, licenses, copyrights	*Total*
Gross value as at 1 January 2024	**49 967**	**49 967**
Total accumulated depreciation and impairment losses less the liquidated and sold PP&E	(18 458)	(18 458)
Net value as at 1 January 2024	**31 509**	**31 509**
Increase due to commissioning for use	2 215	2 215
Depreciation of the revaluation surplus	(5 265)	(5 265)
Gross value as at 31 December 2024	**52 182**	**52 182**
Net value as at 31 December 2024	**28 459**	**28 459**

	Patents, licenses, copyrights	*Total*
Gross value as at 1 January 2023	44 615	44 615
Total accumulated depreciation and impairment losses less the liquidated and sold PP&E	(13 991)	(13 991)
Net value as at 1 January 2023	**30 624**	**30 624**
Increase due to commissioning for use	5 733	5 733
Decrease due to disposal or liquidation	(381)	(381)
Decrease due to disposal or liquidation	381	381
Depreciation of the revaluation surplus	(4 848)	(4 848)
Gross value as at 31 December 2023	**49 967**	**49 967**
Net value as at 31 December 2023	**31 509**	**31 509**

(in PLN '000)

As at 31 December 2024 the intangible assets were not subject to liability pledges.
The table of movements in expenditure on intangible assets in 2024 is as follows:

	Year 2024	*Year 2023*
As at 1 January	**478**	**2 736**
Capital expenditure	3 455	3 315
Commissioning for use	(2 203)	(5 573)
As at 31 December	**1 730**	**478**

Expenditure on intangible assets in 2024 amounted to PLN 3,455 thousand (in 2023: PLN 3,315 thousand). As at 31 December 2024 the balance of intangible assets under construction amounts to PLN 1,730 thousand and mostly constitutes expenditures on the implementation of IT systems.

The Company conducted an analysis of intangible fixed assets under construction and stated that it was not necessary to make impairment write-down with respect to the said assets.

3.10. Financial assets and liabilities

The carrying amount of classes and categories of financial instruments as at 31 December 2024 as well as 31 December 2023 are presented in the tables below. The Company presents particular categories and classes of financial instruments in the carrying amount, whose fair value approximates the carrying amount.

	As at	
Financial assets	***31 December 2024***	***31 December 2023***
Financial assets at amortized cost		
Trade and other receivables	59 149	80 814
Cash and cash equivalents	999	745
Shares and interests in other entities	199 467	200 121
Financial assets at fair value through other comprehensive income		
Shares and interests in other entities	1 535	1 355
Receivables measured in accordance with IFRS 16		
Lease receivables	92	633

Financial liabilities		
Liabilities at amortized cost		
Interest-bearing loans and borrowings	421 870	477 656
Trade and other liabilities	51 443	63 491
Liabilities measured at fair value through profit or loss		
Liabilities arising from the measurement of the put option	5 640	8 890
Liabilities measured in accordance with IFRS 16		
Lease liabilities	3 429	2 126

(in PLN '000)

The list of shares and stocks is presented in the table below.

Company name, legal form and city where the seat of the management board is located	*Carrying amount of shares as at 31 December 2024*	*Carrying amount of shares as at 31 December 2023*
SUBSIDIARIES		
Poli-Farbe - Bócsa	107 225	107 225
Śnieżka Ukraina Sp. z o. o. - Yavoriv	17 217	17 217
Śnieżka ToC Sp. z o.o. - Warsaw	70 584	70 584
Radomska Fabryka Farb i Lakierów SA - Radom	4 441	4 441
Śnieżka-BelPol Sp. z o.o. - Zhodino	-	654
Total shares in subsidiaries	**199 467**	**199 467**
ASSOCIATES		
Plastbud Sp. z o. o. - Pustków	48	48
Total shares in associates	**48**	**48**
Minority interests		
Grupa PSB Handel S.A.	970	790
Polifarb Łódź Sp. z o.o.	517	517
Total minority interests	**1 487**	**1 307**

A detailed list of percentage shares is presented in note 2.1.5.

3.11. Employee benefits

The entity pays retirement bonuses to its retiring employees in the amount provided for in the Labour Code and jubilee awards in accordance with the Company's regulations. The table below summarizes the amounts of the provision and movements in the benefit liability over the period:

	31 December 2024	*31 December 2023*
As at 1 January	**6 564**	**4 313**
Use of provision	2 084	(1 205)
Creation of provision	2 424	3 456
As at 31 December	**6 904**	**6 564**
- long-term	4 555	4 316
- short-term	2 349	2 248

(in PLN '000)

Main assumptions adopted by the actuary as at the balance-sheet date for calculation of the amount of liability are as follows:

	31 December 2024	***31 December 2023***
Real return on investment (%)	5.90%	5.20%
Employee turnover ratio/ related to age (%)	1%-10%	1%-13%
Anticipated remuneration growth rate (%)	2.70%	3.70%

	Retirement and disability benefits	**Death benefits**	**Jubilee awards**	**Unused holiday leaves**	**Bonus provisions**	**Total**
Opening balance as at 1 January 2024	**1 308**	**1 203**	**2 352**	**1 338**	**363**	**6 564**
Current employment expenses	97	76	170	1 340	324	2 007
Actuarial gains, losses - after the employment relationship	55	(178)	-	-	-	(123)
Actuarial gains, losses - during the employment relationship	-	-	308	-	-	308
Benefits paid	(114)	-	(269)	(1 338)	(363)	2 084
Interest expenses	62	58	112	-	-	232
Closing balance as at 31 December 2024	**1 408**	**1 159**	**2 673**	**1 340**	**324**	**6 904**
Short-term provisions	177	119	389	1 340	324	2 349
Long-term provisions	1 231	1 040	2 284	-	-	4 555

	Retirement and disability benefits	Death benefits	Jubilee awards	Unused holiday leaves	Bonus provisions	Total
Opening balance as at 1 January 2023	**792**	**937**	**1 639**	**945**	**-**	**4 313**
Current employment expenses	69	63	123	1 338	363	1 956
Actuarial gains, losses - after the employment relationship	432	163	-	-	-	595
Actuarial gains, losses - during the employment relationship	-	-	694	-	-	694
Benefits paid	(36)	(18)	(206)	(945)	-	(1 205)
Interest expenses	51	58	102	-	-	211
Closing balance as at 31 December 2023	**1 308**	**1 203**	**2 352**	**1 338**	**363**	**6 564**
Short-term provisions	163	114	270	1 338	363	2 248
Long-term provisions	1 145	1 089	2 082	-	-	4 316

Sensitivity analysis

Change of adopted discount rate by up to one percentage point:

	Increase (in PLN '000)	Decrease (in PLN '000)
31 December 2024	**(507)**	**564**
Impact on total current employment and interest expenses	8	(10)
Impact on defined benefits	(515)	574
31 December 2023	**(500)**	**559**
Impact on total current employment and interest expenses	5	(4)
Impact on defined benefits	(505)	563

Change of remuneration increase rate by up to one percentage point:

	Increase (in PLN '000)	Decrease (in PLN '000)
31 December 2024	**627**	**(573)**
Impact on total current employment and interest expenses	41	(38)
Impact on defined benefits	586	(535)
31 December 2023	**601**	**(547)**
Impact on total current employment and interest expenses	33	(29)
Impact on defined benefits	568	(518)

(in PLN '000)

3.12. Inventory

	31 December 2024	*31 December 2023*
Materials	30 438	35 647
Semi-finished products	2 702	1 972
Finished products	40 157	43 705
Goods	5 314	6 747
Total inventory	**78 611**	**88 071**

In the year ended December 31, 2024, the Company reversed and utilized an inventory write-down in the amount of PLN 359 thousand (in 2023, the inventory write-down was utilized in the amount of PLN 951 thousand). Loan collaterals were established against the entity's inventories, which in the year ended December 31, 2024 had a value of PLN 15,000 thousand (in the year ended December 31, 2023: PLN 15,000 thousand).

3.13. Trade and other receivables

	As at	
	31 December 2024	*31 December 2023*
Total gross trade and other receivables:	**49 067**	**69 626**
Impairment write-down	(1 465)	(990)
Trade and other receivables:	**47 602**	**68 636**
from related entities	46 474	68 248
from other entities:	1 128	388
Current income tax receivables	**12 405**	**13 947**
Other receivables from other entities	**334**	**796**
- taxes, customs, insurance and other	-	-
- other	334	796
Other receivables from related entities	**218**	**-**
- dividend	218	-
Accruals	**2 192**	**3 185**
Total receivables, including	**62 751**	**86 564**
- long-term	-	-
- short-term	62 751	86 564

Transaction conditions with related entities are presented in note 3.21.

(in PLN '000)

The currency structure of trade receivables is presented in the table below

	As at	
	31 December 2024	*31 December 2023*
Trade and other receivables:	**47 602**	**68 637**
Receivables in PLN	46 910	67 772
Receivables in EUR	687	850
Receivables in USD	5	**15**

Trade and other receivables are not interest-bearing and their usual payment term is 60 days.

	As at	
Total trade and other receivables with remaining maturities from the balance sheet date	*31 December 2024*	*31 December 2023*
To 1 month	21 108	41 232
More than 1 month up to 3 months	26 014	26 986
More than 3 months up to 6 months	-	24
More than 6 months up to 12 months	-	214
More than 12 months	-	46
Overdue	1 945	1 125
Total gross trade and other receivables:	**49 067**	**69 627**
Impairment write-down	(1 465)	(990)
Total net trade and other receivables:	**47 602**	**68 637**
Receivables with a repayment period of up to 12 months	47 602	68 591
Receivables with a repayment period over 12 months	-	46

Changes to receivables of impairment write-down were the following:

	year ended	
	31 December 2024	*31 December 2023*
Impairment write-down of receivables at the beginning of the period	**990**	**991**
- increase	475	1
- decrease/use	-	(2)
Impairment write-down of receivables at the end of the period	**1 465**	**990**

(in PLN '000)

The calculation of write-down of receivables in accordance with IFRS 9 is presented in the table below.

		2nd degree receivables					3rd degree receivables	
	Total	**Dividend receivables**	**Current**	**1-30 days**	**31-90 days**	**90-180 days**	**> 180 days**	**disputed and doubtful**
Gross value of receivables as at 31 December 2024	49 285	218	47 122	93	316	71	-	1 465
Gross value of receivables as at December 31, 2024 being the basis for write-down	47 602		47 122	93	316	71	-	
Expected credit loss ratio			0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Expected credit losses	1 465		-	-	-	-	-	1 465
Gross value of receivables as at December 31, 2023 being the basis for write-down	69 626	-	68 503	79	3	48	4	990
Gross value of receivables as at December 31, 2023 being the basis for write-down	68 636		68 503	79	3	48	4	
Expected credit loss ratio			0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Expected credit losses	990		-	-	-	-	-	990

The Company presents accruals under the "Trade and other receivables" item. Details of this item has been presented below:

	31 December 2024	***31 December 2023***
Insurances	904	925
Right to return goods	-	857
IT services (licences, subscriptions)	500	990
Other costs settled in time	788	413
Total	**2 192**	**3 185**
- short-term	2 192	3 185
- long-term	-	-

3.14. Cash and cash equivalents

Fair value of cash and cash equivalents as at 31 December 2024 amounted to PLN 999 thousand (as at 31 December 2023: PLN 745 thousand).

	As at	
	31 December 2024	***31 December 2023***
Cash at bank and in hand	999	745
including cash in VAT accounts	63	149
	999	**745**

The currency structure of cash is presented in the table below:

Cash currency	**As at (in PLN '000)**	
	31 December 2024	***31 December 2023***
PLN	63	149
EUR	121	569
USD	815	27
Total cash	**999**	**745**

3.15. Equity, supplementary and reserve capital

3.15.1 Equity

As at 31 December 2024, the Company's equity amounted to 12 617 778 shares of nominal value of PLN 1,00 each. In 2024 the equity was not subject to change.

Equity capital	***31 December 2024***	***31 December 2023***
Registered preference shares of A series holding the nominal value of PLN 1.00 each	100 000	100 000
Registered preference shares of B series holding the nominal value of PLN 1.00 each	400 000	400 000
Ordinary shares of C,D,E,F series holding the nominal value of PLN 1.00 each	12 117 778	12 117 778

3.15.2 Nominal value per share

All issued shares have the nominal value of PLN 1 per share and have been fully paid.

3.15.3 Shareholders' rights

Registered shares of A and B series are preferential for vote so that one share corresponds to 5 votes. Shares of C, D, E and F series are entitled to one vote per each share. Shares of all series are equally preferred as to dividends and return on equity.

In accordance with the Issuer's Articles of Association, shares of 'A' series entitle their holder to indicate a member of the Supervisory Board in such a way, that each 25 000 of shares bear the right to indicate one such member.

(in PLN '000)

3.15.4 Majority shareholders

Shareholders holding over 5% of total number of votes.

As at 31 December 2024

Shareholder	Number of shares held	Share in the share capital (%)	Number of votes	Share in the total number of votes at AGM (%)
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 SA	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 Issuer'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 of the Issuer, i.e. 18.82% share in the share capital and 16.25% in the total votes at the Annual General Meeting).

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

Between the date of publication of the last periodic report - i.e. the report for Q3 of 2024, according to the information held by the Issuer, there was a change in the scope of significant blocks of shares issued by it, consisting in the indirect exceeding of the 15% threshold in the total number of votes of the Issuer by the family foundation Iwona i Stanisław Cymbor Fundacja Rodzinna with its registered office in Nagawczyna (hereinafter referred to as "Foundation"), which, based on donation agreements concluded on February 28, 2025 (hereinafter referred to as "Transaction"), acquired 100% of shares in the share capital of PPHU Iwona i Stanisław Cymbor Sp. z o.o. holding 2,375,000 shares of the Issuer.

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

(in PLN '000)

As at 31 December 2023:

Shareholder	Number of shares held	Share in the share capital (%)	Number of votes	Share in the total number of votes at AGM (%)
Jerzy Pater *	2 541 667 including directly 166 667	20.14 1.32	3 208 335 833 335	21.95 5.7
Stanisław Cymbor **	2 541 667 including directly 166 667	20.14 1.32	3 208 335 833 335	21.95 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 SA	1 816 307	14.39	1 816 307	12.43
Nationale-Nederlanden Otwarty Fundusz Emerytalny	1 185 323	9.39	1 185 323	8.11

*Jerzy Pater holds the Issuer'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 of the Issuer, i.e. 18.82% share in the share capital and 16.25% in the total votes at the Annual General Meeting).

** Stanisław Cymbor holds the Issuer'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 of the Issuer, i.e. 18.82% share in the share capital and 16.25% in the total votes at the Annual General Meeting).

3.15.5 Retained earnings

Retained earnings include supplementary capital, profit from previous years, profit for the current year. Movements in retained earnings are presented in the table below.

	Supplementary capital	*Profit from previous years*	*Net profit*	*Total retained earnings*
As at 1 January 2024	**184 886**	**69 258**	**-**	**254 144**
Net profit (loss) for the period	**-**	**-**	63 610	**63 610**
Other net comprehensive income for the period	-	-	123	123
Comprehensive income for the period	**-**	**-**	**63 733**	**63 733**
Change in supplementary capital resulting from the profit distribution	29 530	(29 530)	-	-
Dividend payment	-	(39 998)	-	(39 998)
As at 31 December 2024	**214 416**	**(270)**	**63 733**	**277 879**

				-
				-
As at 1 January 2023	**186 513**	**23 934**	**-**	**210 447**
Net profit (loss) for the period	-	**-**	69 527	69 527
Other net comprehensive income for the period	-	-	(595)	(595)
Comprehensive income for the period	**-**	**-**	**68 932**	**68 932**
Change in supplementary capital resulting from the profit distribution	(1 627)	1 627	-	-
Dividend payment	-	(25 235)	-	(25 235)
As at 31 December 2023	**184 886**	**326**	**68 932**	**254 144**

The Company established the supplementary capital, resulting from an obligation for joint stock companies, to one third of its share capital, transferring 8% of net profit for a given financial year. In addition, the Company transfers optionally a specified part of its net profit for a financial year to increase the supplementary capital in a given year or uses part of the supplementary capital to pay dividends. In 2024 the supplementary capital was increased by PLN 29,530 thousand from profit distribution from 2023.

3.15.6 Revaluation reserve

Revaluation reserve includes the following:

- measurement of shares at fair value through other comprehensive income,
- forward measurement - the details are provided in note 3.23.

3.16. Interest-bearing loans and borrowings

As at 31 December 2024 the balance of interest-bearing loans and borrowings was as follows:

Loan and borrowing liabilities	**The amount by agreement**		**Outstanding amount in PLN thousand**		**Repayment date**
			- long-term	**- short-term**	
Loans	90 000	PLN	25 355	10 000	18.12.2027*
	30 000	PLN	21 300	(1)	14.06.2028
	146 500	PLN	58 826	22 279	31.12.2027**
	110 000	PLN	54 808	12 239	22.12.2027***
Borrowings	300 000	PLN EUR	201 381	986	31.12.2029
	10 000	PLN	8 000	47	29.05.2029
Sale and leaseback	11 226	PLN	4 743	1 907	31.07.2027
Total			**374 413**	**47 457**	

* the amount PLN 10,000 thousand repayment in 2025 (4 instalments at the end of each quarter of 2025 in the amount of PLN 2,500 thousand), the amount of PLN 30,000 thousand repaid over the next 3 years 2025 - 2027 in instalments of PLN 2,500 thousand at the end of each quarter

** the amount of PLN 22,000 thousand payable by December 31, 2025 (two instalments of PLN 11,000 thousand at the end of the 3rd and 4th quarter of 2025), in the next 2 years (2026 - 2027) repayment at the end of the 3rd and 4th quarter of PLN 11,000 thousand each (i.e. PLN 22,000 thousand annually) after the release of the next tranche of PLN 80,000 thousand in January 2023.

*** the amount PLN 12,000 thousand repayment in 2025 (2 instalments at the end of Q3 and Q4 of 2025 of PLN 6,000 thousand), the amount of PLN 36,000 thousand repaid over the next 2 years 2026 - 2027 in instalments of PLN 6,000 thousand at the end of Q3 and Q4 of each year

As at 31 December 2023 the balance of interest-bearing loans and borrowings was as follows:

Loan and borrowing liabilities	**The amount by agreement**		**Outstanding amount in PLN thousand**		**Repayment date**
			- long-term	**- short-term**	
Loans	90 000	PLN	45 483	12 739	18.12.2027
	15 000	PLN	-	1 389	24.04.2024
	30 000	PLN	2 703	8	14.06.2028
	146 500	PLN	69 340	33 775	31.12.2027
	104 000	PLN	46 256	18 335	22.12.2027
	20 000	PLN	-	6 075	27.02.2024
Borrowings	300 000	PLN EUR	231 806	1 337	31.12.2025
Sale and leaseback	11 226	PLN	6 650	1 760	31.07.2027
Total			**402 238**	**75 418**	

The structure of loans and borrowings maturity is as follows:

	31 December 2024	***31 December 2023***
Short-term loans and borrowings	47 457	75 418
Long-term loans and borrowings	374 413	402 238
Total loans and borrowings	**421 870**	**477 656**

The currency structure of loans and borrowings is as follows:

	31 December 2024	***31 December 2023***	***31 December 2024***	***31 December 2023***
	currency value	***currency value***	***PLN value***	***PLN value***
PLN	348 769	438 530	348 769	438 530
EUR	17 104	8 999	73 101	39 126
Total loans and borrowings			**421 870**	**477 656**

(in PLN '000)

Changes in debt due to loans and borrowings as at 31 December 2024 have been presented in the table below:

	31 December 2024	*31 December 2023*
Loans		
as at 1 January	**244 513**	**269 853**
proceeds form borrowings	50 635	157 500
repayment	81 062	(181 962)
repayment of the sale and leaseback liability	(1 760)	(1 626)
interest calculated	17 003	19 707
interest paid	(17 873)	(18 959)
as at 31 December	**211 456**	**244 513**

Borrowings		
as at 1 January	**233 143**	**252 713**
proceeds form borrowings	74 922	103 626
repayment	(96 400)	(117 823)
interest calculated	12 727	18 084
interest paid	(13 031)	(21 888)
Foreign currency differences	(947)	(1 082)
Realized exchange rate differences	-	(427)
other	-	(60)
as at 31 December	**210 414**	**233 143**

Loan collaterals as at 31 December 2024:

Name (company) along with legal form	***Collateral***
Bank PEKAO S.A. Dębica branch	Contractual aggregate mortgage on the real property located in Pustków in the amount of PLN 30,000,000.00 with the assignment of rights under the insurance policy. Registered pledge on fixed assets in the amount of PLN 29,213,643.33 with assignment of rights under the insurance policy.
Bank PKO BP S.A. Rzeszów branch	Registered pledge on fixed assets located in Lubzina in the amount of PLN 49,600,000.00 with assignment of rights under the insurance policy and a blank promissory note.
ING Bank Śląski S.A. Katowice branch	Contractual mortgage on the real property of the Warehouse and Logistics Centre in Zawada in the amount of PLN 195,000,000.00 with assignment of rights under the insurance policy and a blank promissory note.
BNP Paribas Bank Polska S.A. Warsaw	Contractual mortgage on the real property located in Brzeźnica in the amount of PLN 108,000,000.00 with the assignment of rights under the insurance policy. Registered pledge on finished products located in the Warehouse and Logistics Centre in Zawada in the amount of PLN 15,000,000.00 with an assignment of rights under the insurance policy and a blank promissory note.

(in PLN '000)

ING LEASING - Sale and leaseback agreement	a blank promissory note
Śnieżka ToC Sp. z o.o.	none

Loan collaterals as at 31 December 2023:

Name (company) along with legal form	***Collateral***
Bank PEKAO S.A. Dębica branch	Contractual aggregate mortgage in the amount of PLN 30,000,000.00 on the real property located in Pustków along with the assignment of rights under the insurance policy and power of attorney to the Company's accounts in Bank Polska Kasa Opieki S.A. Registered pledge on fixed assets in the amount of PLN 32,200,000.00 with assignment of rights under the insurance policy.
Bank PKO BP S.A. Rzeszów branch	Registered pledge on fixed assets in the amount of PLN 19,761,885.35 with assignment of rights under the insurance policy, promissory note declaration.
ING Bank Śląski S.A. Katowice branch	Contractual mortgage up to PLN 195,000,000.00 on the real property (Warehouse and Logistics Centre) located in Zawada and a blank promissory note.
BNP Paribas Bank Polska S.A. Warsaw	Contractual aggregate mortgage in the amount of PLN 30,000,000.00 on the real property located in Lubzina, PLN 90,000,000.00 on the real property of the Company located in Brzeźnica. Registered pledge on finished products located in the finished goods warehouse at the Warehouse and Logistics Centre in Zawada up to the amount of PLN 15,000,000.00.
Citi Handlowy SA	Contractual aggregate mortgage on the real property of Rafil SA located in Radom in the amount of PLN 37,500,000.00 a blank promissory note
ING LEASING - Sale and leaseback agreement	a blank promissory note

On May 29, 2024, the Company concluded a loan agreement with its subsidiary, Radomska Fabryka Farb i Lakierów Spółka Akcyjna, based in Radom. The agreement worth PLN 10 mln was concluded for 5 years.

(in PLN '000)

3.17. Trade and other liabilities

As at 31 December 2024 trade and other liabilities were the following:

	As at	
	31 December 2024	*31 December 2023*
Trade and other liabilities toward related entities	**305**	**2 433**
Liabilities due to income tax refunds to related entities (TCG)	**2 763**	**5 117**
Liabilities towards related entities under advance payments received	**-**	**182**
Trade and other liabilities toward other entities	**30 381**	**39 042**
including liabilities related to the return of remuneration (discounts and refunds granted)	-	-
Other liabilities toward other entities	**17 993**	**16 717**
- taxes, customs, insurance and other	9 148	7 454
- remuneration	7 439	7 537
- other	355	544
- accruals*	1 051	1 182
Total liabilities, including	**51 442**	**63 491**
- long-term	-	-
- short-term	51 442	63 491

* the item details below

Transaction conditions with related entities are presented in note 3.21. All trade and other liabilities are settled on an on-going basis, within the statutory payment periods.

The currency structure of trade and other receivables is presented in the table below

	as at	
Trade and other liabilities	**31 December 2024**	**31 December 2023**
Trade liabilities in PLN	24 027	31 268
Trade liabilities in EUR	6 632	10 207
Trade liabilities in USD	27	-

(in PLN '000)

Accruals are presented in the standalone statements of financial position under the "Trade and other liabilities" item.

	as at:	
	31 December 2024	***31 December 2023***
Accrued expenses related to:		
Consulting services, audits	476	502
Other	539	642
Accrued revenues related to:		
Subsidies	36	38
Total	**1 051**	**1 182**
- short-term	1 051	1 182
- long-term	-	-

3.18. Reasons for differences between changes resulting from the standalone statements of financial position of certain items and changes resulting from the standalone statements of cash flows

Reasons for differences between changes resulting from the standalone statements of financial position of certain items and changes resulting from the standalone statements of cash flows are presented in below tables:

	the period of 12 months ended as at	
	31 December 2024	***31 December 2023***
Balance sheet change in trade and other receivables	**(22 272)**	**(4 261)**
Change in receivables in the cash flow statement	**35 533**	**4 245**
difference	**13 261**	**(16)**
Receivables from disposal of fixed assets	1	(3)
Receivables - disposal of shares	-	158
Interest and dividends	(497)	405
CIT receivables	(12 673)	-
Long-term receivables	(92)	(549)
Other	-	5
Total difference	-	**-**

Balance sheet change in liabilities under supplies and services and other obligations	**(12 049)**	**(6 018)**
Change in liabilities in the cash flow statement	**(8 518)**	**11 232**
difference	**3 531**	**17 250**
Investment liabilities	(6 557)	603
Forward measurement	(223)	262
Option valuation liability	3 250	(2 030)
TCG change and compensation for public law liabilities	-	(16 080)
Other	(1)	(5)
Total difference	**-**	**-**

Balance sheet change in short and long term provisions	**340**	**2 251**
Change in provisions in the cash flow statement	**463**	**1 595**
difference	**(123)**	**656**
Provisions for employee benefits - other comprehensive income	123	(595)
Other	-	(61)
Total difference	-	-

3.19. Investment liabilities

As at 31 December 2024 the Company was obliged to incur outlays on PP&E in the amount of PLN 3,863 thousand. The amounts are to be earmarked to cover expenses connected with development, modernization and acquisition of PPE of the entity.

As at 31 December 2023 the Company's obligation to incur outlays on PP&E amounted to PLN 10,420 thousand.

Pursuant to the agreement of acquiring 80% shares in Poli-Farbe, the Sellers are entitled to put option, under which, 2 years after the completion of the first stage of the Transaction, Śnieżka will be obliged to acquire, at the Sellers' request, the remaining 20% shares in Poli-Farbe. The measurement of options and the related liabilities are described in note 2.2.7.

3.20. Contingent liability

The Company is a party to credit agreements, the so-called "umbrella" with other entities comprising the capital group. Under these agreements, joint and several liability of the borrowers is established. Under these agreements, the company is the guarantor of the debt incurred by other group companies under umbrella agreements. As at December 31, 2024, the amount of the limit used under these agreements was:

- PLN 7,416 thousand - limit used by Śnieżka ToC,
- PLN 1,539 thousand - limit used by Radomska Fabryka Farb i Lakierów.

3.20.1 Legal affairs

There are no proceedings pending which would constitute at least 10% of the Company' equity.

(in PLN '000)

3.20.2 Tax settlements

Corporate income tax liability for 2016

By decision of December 9, 2022, the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl deemed that in the audited period the Company overstated its tax-deductible costs by PLN 13.8 million in connection with the expenses incurred to acquire the rights to use intangible assets and indicated a tax arrears of PLN 2.62 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 control and appealed to the Head of the Sub-Carpathian Customs and Tax Office. On December 23, 2022, the Company was served with the final decision of the Head of the Sub-Carpathian Customs and Tax Office in Przemyśl, upholding the findings of the tax office audit. On January 23, 2023, a complaint against the Tax Office's decision was submitted to the Provincial Administrative Court in Rzeszów. In its judgment of April 25, 2023, the Provincial Administrative Court overturned the Tax Office's decision. The Customs and Tax Office in Przemyśl filed a cassation appeal against this judgment to the Supreme Administrative Court. Śnieżka responded to the cassation appeal, emphasizing the correctness of the decision of the Provincial Administrative Court in Rzeszów. The Provincial Administrative Court's judgment is not final.

In the standalone annual statement of comprehensive income for 2022, the entity assessed the risk of an unfavourable outcome of this case and recognized PLN 1.75 million as an increase in the charge under the "Income tax" item, and the cost of interest on tax arrears in the amount of PLN 0.44 million under the "Financial costs" item.

The entity's management board after consulting with a law firm that reviewed the current case law in similar cases, verified its assessment of the resolution of the CIT tax settlement case for 2016 and as of December 31, 2024, released a provision in the amount of PLN 1.75 million. As a result, the amount of PLN 1.75 million was recognized in the standalone statement of financial position as at December 31, 2024 as a receivable from the tax office, while in the standalone annual statement of comprehensive income for 2024 it was recognized as a decrease in the tax liability under the item "Income tax" in the amount of PLN 1.31 million and under the item "Financial income" in the amount of PLN 0.44 million.

3.21. Information on subsidiaries and associates

The table below presents total amounts of transactions entered into with subsidiaries and associates during the current and previous fiscal year:

Transactions with subsidiaries	***for the period ended / as at***	
	31 December 2024	*31 December 2023*
Sales	**515 610**	564 938
Purchases	**20 557**	20 802
Interest expense	**12 727**	18 518
Trade and other receivables	**46 474**	68 249
Trade and other liabilities	**305**	1 096
Loan liabilities	**210 414**	233 143

(in PLN '000)

Transactions with associates	***for the period ended / as at***	
	31 December 2024	*31 December 2023*
Sales	**668**	788
Purchases	**15 652**	22 857
Trade and other receivables	**18**	-
Trade and other liabilities	**933**	1 586

Transactions with personally related entities	***for the period ended / as at***	
	31 December 2024	*31 December 2023*
Sales	**-**	10
Purchases	**8 866**	12 338
Trade and other liabilities	**901**	304

3.21.1 Transaction conditions with related entities

Transaction nature with related entities:

- Plastbud Sp. z o.o. in Pustkow whose scope of business activity is manufacture of paint pigments, which are sold under the Śnieżka brand. Mutual transactions between the companies regard trade of raw materials, products and goods.
- Śnieżka - Ukraina Sp. z o.o. in Yavorov is one of the manufacturers of paint and varnish products in Ukraine. Its products are sold under the "Śnieżka" brand. Mutual transactions between the companies regard trade of raw materials, products and goods.
- Śnieżka Trade of Colours Sp. z o.o. in Warsaw - from the date of the contribution in kind from the Commercial Division, the Company took over all functions in the field of sales and marketing (including pricing and revenue) from FFiL Śnieżka SA, as well as market analysis and management of selected trademarks within the Group. The main activity of Śnieżka Trade of Colours Sp. z o.o. is marketing and sales of products, including the development and implementation of strategic solutions in the said areas as well as conducting and supervising operational activities in all markets where the Group conducts its operations.
- Radomska Fabryka Farb i Lakierów SA in Radom deals with manufacture and sale of anticorrosive products. Mutual transactions between the companies regard trade of raw materials, products, goods as well as administrating and accounting services.
- Poli – Farbe Ltd. in Bocsa, Hungary. Mutual transactions between the companies regard trade of raw materials, products and goods.
- Śnieżka-BELPOL Wspólna Sp. z o.o. cannot currently conduct active trade with the Company or other Group companies, in 2023 and until the end of the Q3 of 2024 it purchased raw materials and materials for the production of paints and solvents from FFiL Śnieżka SA.

Transactions between the Company and all related entities and associates are conducted on terms equivalent to those applicable to transactions concluded on arm's length terms.

3.21.2 Loan granted to a Member of the Management Board

As at 31 December 2024 and 31 December 2023 the Company did not hold any receivables under loans granted to members of the Management Board.

(in PLN '000)

3.21.3 Other transactions with participation of members of the Management Board

The Company did not conclude any transactions with the members of the Management Board.

3.21.4 Remuneration of Company's senior executives

Remuneration paid or payable to members of the Management Board, members of the Supervisory Board of the Company and members of the main (key) senior executives:

	year ended	
	31 December 2024	***31 December 2023***
Management Board	**5 333**	**5 506**
Short-term employee benefits	5 333	5 506
Supervisory Board	**2 092**	**1 681**
Short-term employee benefits	2 092	1 681
Key senior executives (directors)	**5 459**	**5 027**
Short-term employee benefits	5 459	5 027

3.22. Information on remuneration of the key certified auditor or the entitled entity to carry out the audit of standalone and consolidated financial statements

The table below presents remuneration of the entitled entity to carry out the audit of financial statements paid or due for the year ended as at 31 December 2024 and 31 December 2023 by the following types of services

Service type	***31 December 2024***	***31 December 2023***
Mandatory audit of annual financial statements	371	330
Other assurance services *	354	154
Audit of the interim financial statements	99	86
Total	**824**	**570**

* Assurance of the ESG report, Assessment of the remuneration report, Report on the compliance of the consolidated financial statements format with the requirements of the Single European Electronic Format ("ESEF")

In addition, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. has received/will receive reimbursement of necessary direct costs, such as travel costs, accommodation, etc. up to a maximum of 5% of the net remuneration.

In connection with the requirements referred to in Article 55 of the Act on Statutory Auditors, supervision fees were also added to the remuneration. The supervision fee rate for 2024 is 2.29% (for 2023 it was 2.18%)

3.23. Objectives and principles of financial risk management

The Company identifies, evaluates and takes actions to minimize uncertainty related to financial factors that may affect the Company's operations. The key objective of this process is to protect the Company's value, financial stability and minimize potential losses resulting from risk.

The Company's principal market risks include interest rate risk, credit risk, currency risk and liquidity risk.

The Company's main financial instruments include bank loans, borrowings, leases, cash, short-term deposits, FX forward transactions, trade receivables and payables that arise directly from its business operations. The details are provided in note 3.10.

The Management Board verifies and agrees on the principles of the management of each of the aforementioned risks. These principles include activities such as: Risk identification, Risk assessment, Risk control, Monitoring and reporting, Strategy adjustment. They are briefly described below.

3.23.1 Interest rate risk

Exposing the Company to risk resulting from changes in interest rates refers mainly to short-term and long-term financial liabilities.

Currently, the Company takes advantage of variable interest rates, does not conclude additional contracts to alter the interest rates (interest rate swaps).

The table below presents the sensitivity of the gross financial result to potential changes in interest rates, assuming that other factors remain unchanged (in connection with liabilities with a variable interest rate). Determining the potential change in interest rates was calculated based on its recent volatility, i.e. from the previous two years, calculated on the basis of historical volatility using the standard deviation method. For the PLN currency in 2023 the standard deviation was 0.45%., while in 2024 – 0.02%. For the EUR currency in 2023 the standard deviation was 0.61%., while in 2024 – 0.33%.

These results were subject to the professional judgment of the Management Board with respect to their stability and the expectations of the economic environment in which the Issuer operates. Volatility in 2023 differed from volatility in 2024 by 0.43% for PLN, 0.28% for EUR and therefore the Management Board considered the potential change as stable and adopted for the sensitivity analysis 1% for PLN, 0.50% for EUR. The impact on the Company's equity and comprehensive income has not been presented.

		Amount in PLN '000	*Amount in currency (in '000)*	*Increase/decrease of interest rate*	*Impact on gross profit / loss in PLN '000*
Year ended as at 31 December 2024					
	PLN	348 769	348 769	+1%	3 488
	EUR	73 101	17 104	+0.5%	366
	PLN	348 769	348 769	- 1%	(3 488)
	EUR	73 101	17 104	-0.5%	(366)
Year ended as at 31 December 2023					
	PLN	438 530	438 530	+1%	4 385
	EUR	39 126	8 999	+0.5%	196
	PLN	438 530	438 530	- 1%	(4 385)
	EUR	39 126	8 999	+0.5%	(196)

The table below presents the carrying amount of Company's financial instruments exposed to interest rate risk, by age categories.

(in PLN '000)

31 December 2024

Variable interest rate	**< 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Total**
Overdraft facility	517	-	72 289	-	-	72 806
Bank credit, loan, sale and leaseback	46 939	46 064	46 680	-	209 381	349 064

31 December 2023

Variable interest rate	**< 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Total**
Overdraft facility	7 432	-	-	29 079	2 703	39 214
Bank credit, loan, sale and leaseback	67 986	277 712	46 064	46 680	-	438 442

Interest rates on financial instruments with variable interest is updated in periods up to one year. Other financial instruments of the Company, which have not been presented in the above tables, are not subject to interest and as a result are not subject to interest rate risk. In 2024, PLN interest rate fluctuations were virtually eliminated, which contributed to rates stabilizing at the comparable level of 2023. The WIBOR1M reference interest rate was 5.80% as at December 29, 2023 and 5.82% as at December 31, 2024. During the same period, interest rate fluctuations stabilized and decreased. The EURIBOR 1M reference interest rate decreased from 3.85% as at December 31, 2023 to 2.85% as at December 31, 2024.

3.23.2 Currency risk

The Company is exposed to currency risk due to concluded transactions. The Company imports raw materials used for the production of paint and varnish products, which are mostly paid in Euro. Therefore, the greatest currency risk for the Company is related to the strengthening of the EUR - PLN exchange rate. The annual value of purchases in EUR accounts for approximately EUR 35,000 thousand. The remaining currencies are not material to currency risk as they represent insignificant amounts. The risk may materialize if it is not possible to transfer higher costs of imported raw materials to the price of products manufactured by the Company. As at December 31, 2024, the Company had EUR 1,550 thousand in liabilities and EUR 160 thousand in trade receivables. The Company also has a loan from a subsidiary disclosed in note 3.16 in the amount of EUR 17,104 thousand.

In order to minimize the negative impact of currency exchange rate volatility on the generated revenues and profits in 2024, the Company implemented forward contracts that were concluded in 2023 and also during 2024. In addition, forward contracts were concluded in 2024, which will be exercised in 2025. These instruments constitute a hedge of cash flows resulting from purchases of raw materials in EUR.

The total value of hedging instruments realized in 2024 related to raw materials used in production amounted to PLN 315 thousand.

The total value of unrealized hedging instruments relating to currency purchases charged to the revaluation reserve amounts to PLN 100 thousand, adjusted for deferred tax assets of PLN 19 thousand, which gives a total of PLN 81 thousand.

The table below presents open positions (all transactions are FX Forward):

Denomination (in EUR '000)	Maturity date
1 000	07.01.2025
1 000	21.01.2025
1 500	04.02.2025
1 500	18.02.2025

The rule applied by the Company now and throughout the reporting period is not to engage in instruments trading.

As at the balance sheet date, the Company had no loans in foreign currencies, but it had a loan in EUR, which was the equivalent of PLN 73,100 thousand. The value of receivables in EUR amounted to EUR 160 thousand, while the value of liabilities amounted to EUR 1,550 thousand. The difference (net) amounted to EUR 1,390 thousand. Taking into account the average EUR/PLN exchange rate at the end of the reporting period, this accounts for PLN 5,950 thousand. The amounts have been presented in the table below:

Currency	Receivables	Liabilities	Net currency exposure	Net PLN exposure
EUR balance	160	1 550	1 390	5 950
EUR loan	-	17 104	17 104	73 100
Total EUR	**-**	**18 654**	**18 494**	**79 050**

The table below presents the impact of volatility on the risk exposure of the EUR/PLN currency pairs.

Currency pair	Standard deviation of average rates in 2024	Exchange rate volatility 2024	Currency exposure measurement [mln]	Exposure measurement in PLN [mln]
EUR balance	0.0326	0.76%	10	50
EUR loan	0.0326	0.76%	130	550
Total EUR			**140**	**600**

Considering that 92% (loan value in relation to the total) of this amount is held by the Capital Group and that the remaining part is immaterial from the point of view of the scale of the Company's business, the identified currency risk is immaterial.

3.23.3 Credit risk

With regard to the Company's financial assets, such as cash and cash equivalents, the Company's credit risk arises as a result of the counterparty's inability to make payment, and the maximum exposure to this risk equals the carrying amount of these instruments.

There is a significant concentration of credit risk in the Company in relation to trade and other receivables. The Company performs production and logistics functions in the Capital Group, while the distribution and marketing functions are performed by Śnieżka ToC Sp. z o. o. (subsidiary) to which the Company sells manufactured products and goods purchased for further sale. This form of distribution may expose the Company to settlement risk as a result of the contractor's default. In order to minimize this risk, appropriate procedures have been introduced in the Capital Group in which the Company is the parent entity, such as: assessment of the creditworthiness of contractors, granting credit limits and periodic verification of the amounts of these limits, as well as on-going monitoring and enforcement of overdue receivables. This method of managing receivables means that there are no significant problems with settling receivables in the distribution company, which denotes that it can settle its liabilities towards the Company on a regular basis.

(in PLN '000)

Cash as at December 31, 2024 in the amount of PLN 999 thousand is accumulated in the following banks:

	Bank rating	**PLN value**
Bank Pekao SA	BBB	19
PKO BP SA	A2	40
Bank Handlowy in Warsaw SA	A-	-
ING Bank Śląski S.A.	A+	124
BNP Paribas SA	A+	816
Other cash	-	-
Total cash		**999**

As at 31 December 2023 cash in the amount of PLN 745 thousand was accumulated in the following banks:

	Bank rating	**PLN value**
Bank Pekao SA	BBB	231
PKO BP SA	A2	22
Bank Handlowy in Warsaw SA	A-	24
ING Bank Śląski S.A.	A+	153
BNP Paribas SA	A+	314
Other cash	-	1
Total cash		**745**

Given the short-term nature of the investment and the well-established position of banks, it is considered that the credit risk for cash and bank deposits is low.

3.23.4 Liquidity risk

The Company monitors liquidity risk of funds shortage using the tool for periodic planning of liquidity. This tool takes into account due dates/maturities of both investments and financial assets (e.g. receivable accounts, other financial assets) and projected cash flows from operating activities.

The Company's objective is to maintain a liquidity buffer by using various sources of financing, such as overdrafts, bank loans, financial leases agreements and lease agreements with a purchase option.

(in PLN '000)

The Company has derivative and non-derivative financial liabilities. The details are presented in the table below:

	Maturity less than 3 months	**Maturity from 3 to 12 months**	**Maturity from 1 to 5 years**	**Maturity over 5 years**
Non-derivative financial liabilities	55 039	48 927	375 782	1 583
Derivative financial liabilities	100	-	-	-
Cash and cash equivalents	61 558	-	-	-
Available limits during the maturity period *	298 101	295 138	252 195	1 583
Borrowing from Śnieżka ToC	300 000	300 000	300 000	-
Borrowing from RAFIL Radom	10 000	10 000	10 000	-
Liquidity buffer	**614 520**	**556 211**	**186 413**	**-**

*cumulative value in a given range

As at December 31, 2024, the Company holds contingent liabilities, which are described in more detail in note 3.20.
As at December 31, 2024, the Currency settled its liabilities in a timely manner.
To summarize the liquidity management method, it should be noted that:

- The Company monitors the maturity dates of both assets and liabilities on an on-going basis,
- The Company monitors forecast cash flows from operating activities on an on-going basis,
- The basic sources of financing are bank loans and lease,
- The goal is to maintain a safe liquidity buffer in each maturity period.

The table below presents financial liabilities of the Company at 31 December 2024 as well as 31 December 2023 by maturities pursuant to contractual non-discounted payments.

31 December 2024	***Less than 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***Over 5 years***	***Total***
Interest-bearing credits, loans, sale and leaseback	4 829	45 949	400 623	-	451 401
Lease and options liabilities	135	5 984	1 367	1 583	9 069
Trade and other liabilities	51 442	-	-	-	51 442
Total	**56 406**	**51 933**	**401 990**	**1 583**	**511 912**
31 December 2023	***Less than 3 months***	***From 3 to 12 months***	***From 1 to 5 years***	***Over 5 years***	***Total***
Interest-bearing credits, loans, sale and leaseback	34 567	39 662	436 864	-	511 093
Lease and options liabilities	57	9 226	1 279	454	11 016
Trade and other liabilities	63 491	-	-	-	63 491
Total	**98 115**	**48 888**	**438 143**	**454**	**585 600**

(in PLN '000)

3.24. Capital management

The main objective of the Company's capital management is to maintain favourable credit rating and safe level of equity ratios that would support not only the Company's operating activities but the entire Group and increase the value for its shareholders.

The Company manages its capital structure and makes adjustments to it, in response to changing economic conditions. In order to maintain or adjust its capital structure, the Company may change dividends payments to shareholders, return capital to shareholders or issue new shares. In the year ended as at 31 December 2024 and 31 December 2023, no major changes were implemented to objectives, principles and processes applicable within this area. The Company's Management Board monitors the debt status at the Group level applying the net debt/EBITDA ratio. Net liabilities include interest-bearing loans and borrowings (excluding debt to related parties) less cash and cash equivalents. The Group's strategic goal is indebtedness at the level of one EBITDA, yet during the period of larger investments the Group allows for safe indebtedness at the level of 3 x EBITDA. The debt level varies between the companies in the Group, but at the Group level the target is met.

EBITDA is an alternative measure of the bottom line calculated in the case of the Company as operating profit increased by depreciation. The level of this profit reflects the ability of the Company to generate cash in recurring conditions, yet it is not a measure of liquidity or cash. The EBITDA level is not defined by the EU IFRS and may be calculated differently by other entities.

	31 December 2024	*31 December 2023*
Interest-bearing credits, loans and leases	425 300	479 782
less loans from related entities	(210 414)	(233 143)
Cash and cash equivalents	(999)	(745)
Net debt	**213 887**	**245 894**
Profit from operating activities	49 052	66 288
Depreciation	26 130	25 005
EBITDA	**75 182**	**91 293**
Net debt / EBITDA	**3**	**3**

3.25. Employment structure

An average employment rate within the Company for the year ended as at 31 December 2024 and 31 December 2023 was the following:

	31 December 2024	*31 December 2023*
White-collar workers	477	464
Blue-collar workers	143	147
Total	**620**	**611**

3.26. The impact of the armed conflict in Ukraine

The situation in Ukraine

Military operations in the territory of Ukraine had a negative impact on the company's operations and performance on the Ukrainian market. 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. The industry's results in 2024 deteriorated year-on-year, giving a signal that a return to the volumes sold before the war may not be easy to achieve in the short term. At the same time, due to external factors and the current market environment, the

Management Board of the Company is currently unable to estimate the impact of the war on the future performance on the said market.

According to the Company's knowledge at the time of the publication of this report, the property of Śnieżka-Ukraina is not endangered (its production plant is located in Yavoriv, Lviv region).

At the moment, there are no premises that would indicate the loss of the ability to continue business operations in Ukraine. However, the possible escalation of the conflict may also have a negative impact on renovation works and, consequently, on the demand for the Company's products.

The company's receivables in Ukraine are not at risk, the sale is partly subject to prepayment terms. No reasons occur to create increased write-down for receivables.

The Management Board of the Company indicates, however, that the circumstances on the Ukrainian market remain uncertain and demanding. It constantly monitors the situation related to the war in Ukraine and its regional and global consequences, adapting actions and plans to the current circumstances.

Factors that may adversely affect the operations of the Ukrainian company, and therefore the results of the Company and the Group include:

- a decrease in the real purchasing power of society, including due to an increase in the prices of basic goods and electricity, and as a result, a decrease in demand for the products of the Group companies;
- high inflation and HUF exchange rate fluctuations, which may affect the operating costs of a Ukrainian company and, consequently, its profitability;
- property insurance contracts containing standard clauses excluding the insurer's liability in the event of war;
- disturbances in the supply chains of imported raw materials, components and fuels, as well as temporarily constricted access to some of them;
- new hardships in the operation of the Śnieżka-Ukraina plant, resulting from, for example, lack of access to qualified employees or conscription of current employees for military service;

In accordance with IAS 36 "Impairment of assets" in connection with the on-going war in Ukraine, the Company analysed the key assets located in Ukraine. The analysis provided indications of a significant risk of asset impairment and their impact on future estimated cash flows. The Company performed an asset impairment test. The test result did not indicate the need to make impairment losses on assets in the consolidated statements prepared as at December 31, 2024. The details are described in note 2.2.6.

The situation in Belarus

As a result of sanctions imposed on Belarus, the Company cannot conduct active trade with its subsidiary Śnieżka-BelPol. Nevertheless, this company, as a manufacturer of putty on the Belarusian market, can produce and sell its products on that market. The Parent Company assessed its control over this company in accordance with IFRS 10. As a result of this assessment, it was concluded that no loss of control over Śniezka-BelPol occurred.

3.27. Climate risk

The Śnieżka Group in which the Company is the Parent Company has prepared a sustainable development report for 2024, which is part of the management board's activity report. This report includes information on climate risk management, sustainable development policies and the impact of operations on the environment and society. These issues are described in the Management Board's Report on the activities of the Company and the Śnieżka Group in 2024 in the section entitled "Sustainability reporting".

3.28. Macroeconomic risks

Changes in the economic, social and political environment in Poland and other foreign markets may adversely affect the Company's operations and its business and financial performance.

Risk associated with macroeconomic situation for the Company is mainly connected with:

- consequences of the war in Ukraine
- lowering the purchasing power of society as a result of economic slowdown or recession,

- deterioration of the construction and housing industry's condition
- monetary policy of central banks,
- the condition and credit policy of banks.

The factors and phenomena indicated above may in the future affect the Company's performance on individual markets. At the same time, the Management Board, supported by area directors, makes every effort to constantly monitor and mitigate key risks that could generate potential financial consequences or affect the Company's business model. Macroeconomic risk has been extensively described in the Management's Report on the activities the Śnieżka Group in item 8.2 "Identified business risks".

3.29. Events after the balance sheet date

There were no events after the balance sheet date that would require reflection or disclosure in the standalone financial statements of FFIL ŚNIEŻKA SA for 2024.