



Amica S.A. Capital Group

MANAGEMENT COMMENTARY

for the period of 6 months ended on 30 June, 2022.



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BACKGROUND INFORMATION

Amica Spółka Akcyjna Group ("Group") is composed of Amica Spółka Akcyjna ("Parent Company", "Company") and its subsidiaries. The consolidated financial statements of the Group cover the period ended 30 June 2022 and comprise corresponding figures for the period ended 30 June 2021.

The Parent Company is entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court in Poznań - Nowe Miasto and Wilda in Poznań, 9th Commercial Division of the National Court Register, under the number KRS 000017514.

The Parent Company has been awarded the business statistical number REGON 570107305.

The duration of the operation of the Parent Company and companies within the Group is indefinite.

The Group's core business is:

- Manufacture and sale of electric and gas-fired domestic appliances;
- Sale of home appliances;
- Provision of maintenance, heating, hotel, and catering services;
- Rental and lease.

OVERVIEW

As at 30 June, 2022, **the Management Board** was composed of:

- Jacek Rutkowski – President of the Management Board
- Marcin Bilik – Vice-President of the Management Board for Operational Affairs, First Vice President of the Management Board
- Alina Jankowska-Brzóska – Vice-President of the Management Board for Trade and Marketing
- Michał Rakowski – Member of the Management Board for Finance and Human Resources
- Robert Stobiński – Member of the Management Board for Digitisation, Logistics and Goods Management.

On 6 June, 2022, Mr Błażej Sroka resigned from his role as a Member of the Management Board for Goods Management and Logistics at Amica S.A. Pursuant to the collective decision of the Management Board of Amica S.A., management of the Goods Management Department, Logistics and the Non-production Purchasing Section was entrusted to Mr Robert Stobiński.

As at 30 June, 2022, the **Supervisory Board** was composed of:

- Tomasz Rynarzewski - Chairman of the Supervisory Board
- Paweł Małyska - Independent Member of the Supervisory Board (Vice-Chair of the Supervisory Board)
- Katarzyna Nagórko - Independent Member of the Supervisory Board
- Aleksandra Petryga - Member of the Supervisory Board
- Piotr Rutkowski - Member of the Supervisory Board
- Paweł Wyrzykowski - Member of the Supervisory Board

On 29 June, 2022, the Ordinary General Meeting of Shareholders of Amica S.A. appointed six members of the Supervisory Board of the Company for a new, joint term of office.

On 13 July, 2022, the members of the Audit Committee, the Operations Committee and the Recruitment and Remuneration Committee were elected:

From 13 July, 2022, the **Audit Committee** is composed of:

- Katarzyna Nagórko – Chair of the Audit Committee
- Paweł Wyrzykowski – Member of the Audit Committee
- Paweł Małyska – Member of the Audit Committee

From 13 July, 2022, the **Operations Committee** is composed of:

- Tomasz Rynarzewski – Chair of the Operations Committee
- Piotr Rutkowski – Member of the Operations Committee
- Paweł Wyrzykowski – Member of the Operations Committee

From 13 July, 2022, the **Recruitment and Remuneration Committee** operates in the following composition:

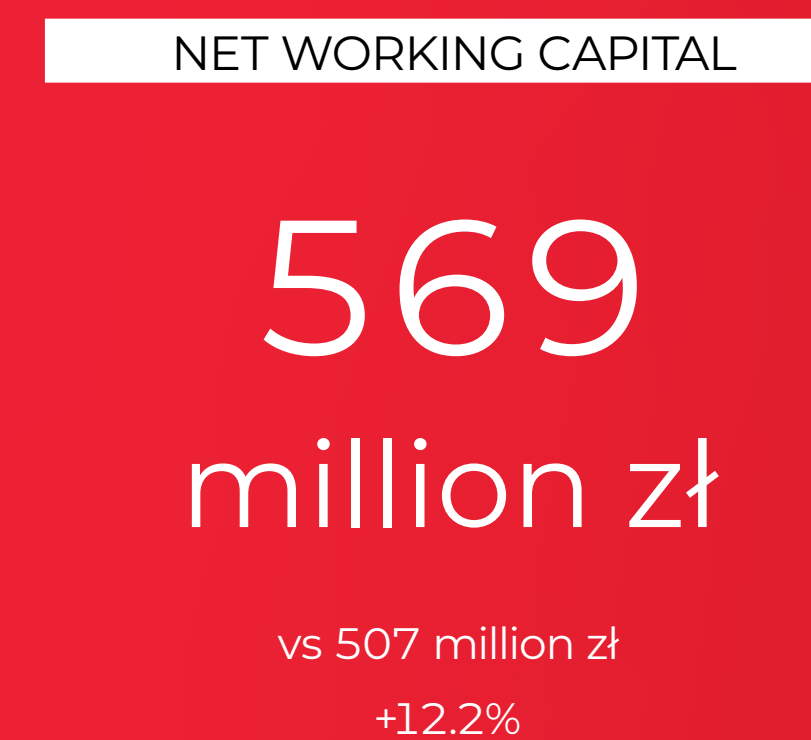
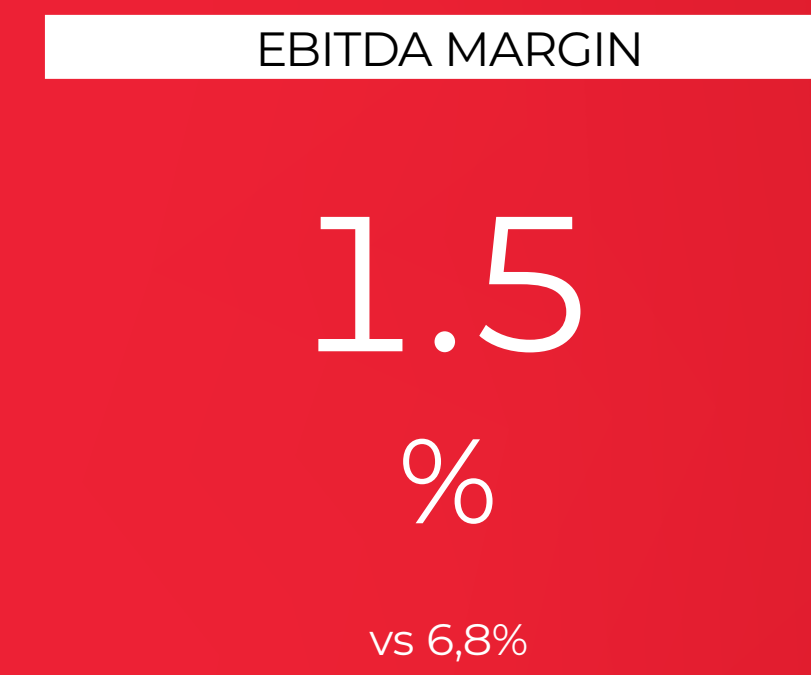
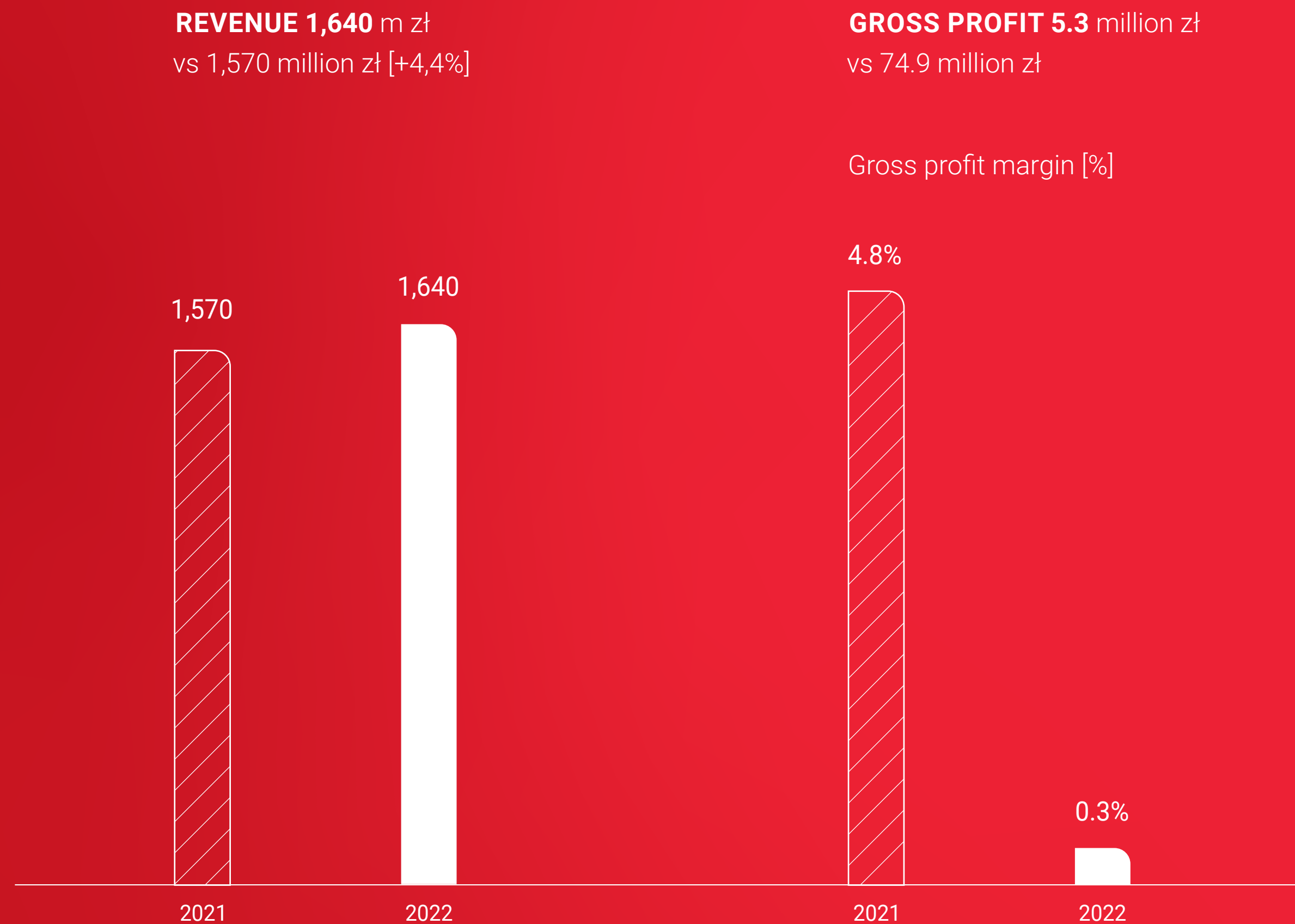
- Paweł Wyrzykowski - Chair of the Recruitment and Remuneration Committee
- Tmasz Rynarzewski - Member of the Recruitment and Remuneration Committee
- Aleksandra Petryga - Member of the Recruitment and Remuneration Committee

Amica S.A. is the parent company of the following companies: Amica International GmbH, Gram a/s, Hansa Rosja OOO, Hansa Ukraina, Amica Commerce sro, Inteco Business Solutions Sp. z o.o., Amica Far East Ltd, Nova Panorama Sp. z o.o, Nowe Centrum Sp. z o.o., Amica Handel i Marketing Sp. z o.o., Marcelin Management Sp. z o. o., Electrodomesticos Iberia S.L., CDA Group Limited, Sideme S.A., Hansa Central Asia TOO, which is together make up the Amica Capital Group.

The parent company of Amica Capital Group is Holding Wronki Sp. z o.o.

SELECTED FINANCIAL DATA OF THE AMICA CAPITAL GROUP

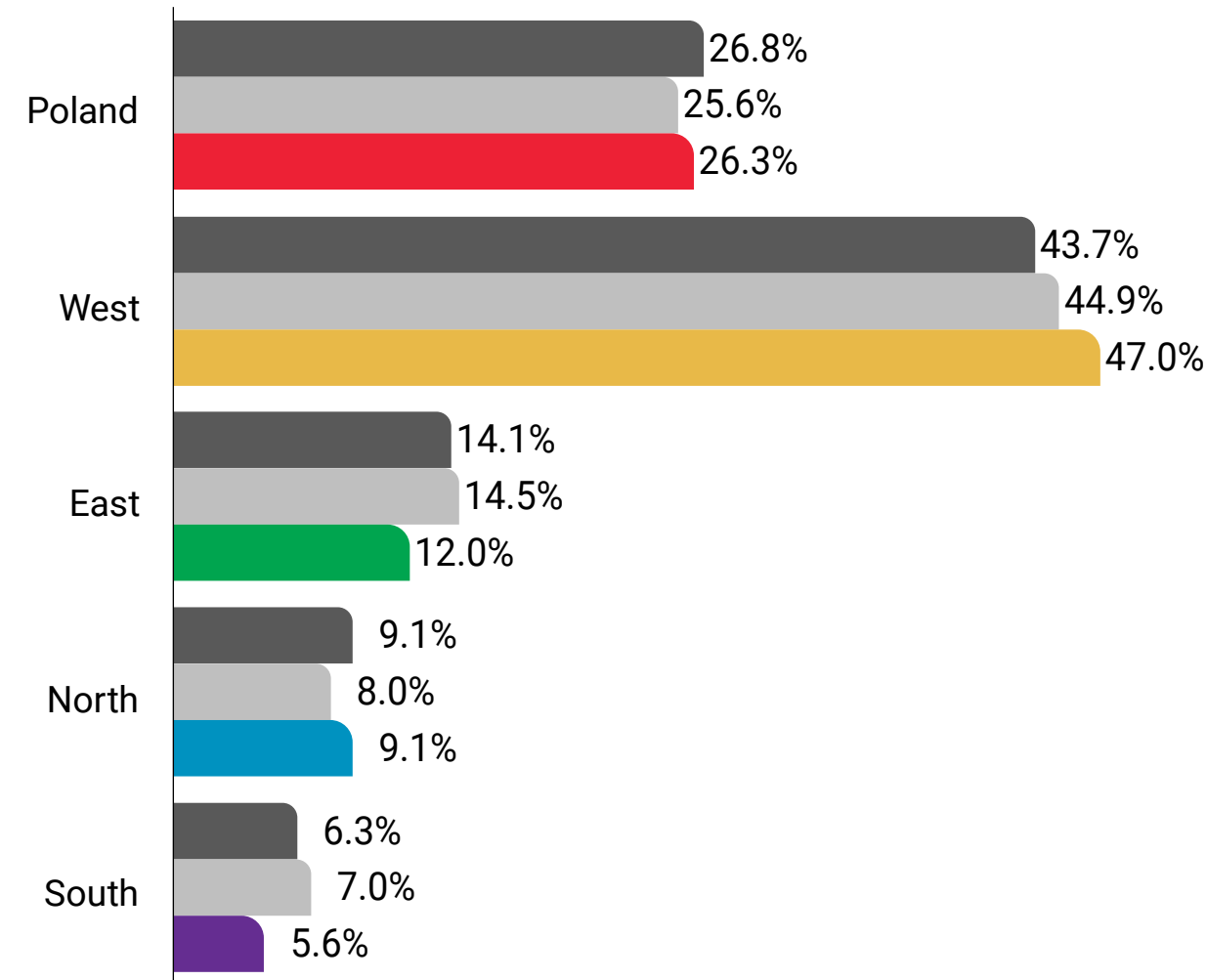
for 6 months of 2022 vs 6 months of 2021 and as at 30 June, 2022 vs 30 June, 2021
(relates to balance sheet items)



SALES MARKETS

data for 6 months

SALES STRUCTURE BY MARKETS, 2020–2022



	1H 2022	1H 2021	Change [%]
Sale of products and goods:	1,567.8	1,504.8	4.2%
Poland	413.9	384.7	7.6%
East	187.8	218.9	-14.2%
North	142.0	120.4	17.9%
South	87.7	105.1	-16.5%
West	736.4	675.7	9.0%
Other sales, including:	71.9	65.3	10.0%
– spare parts and materials	51.6	50.4	2.3%
– services	20.3	14.9	36.2%
Total revenue from sales	1,639.7	1,570.1	4.4%

Key sales information for individual markets:

- More than 4 % increase in sales y/y.
- Raising prices on selected markets from January 2022.
- On the Polish market, sales increased by 8% y/y.
- Reduction in demand as a result of high inflation and an increase in interest rates.
- In the Western region, sales increased by 9 % y/y.
- Sales increase under the Fagor brand in Spain y/y [+ 26%].
- In the Eastern market, revenues decreased by 14 %.
- Return of orders from the Ukrainian market in Q2.
- Stabilization of the situation in Kazakhstan in the second quarter of 2022.
- Northern Region sales increase by 18 %.



- Poland
- West
- East
- North
- South



FINANCIAL ANALYSIS



FINANCIAL RESULTS

Profit and loss account (millions zł)	1H 2022	1H 2021	Change [%]	Dynamics [%]
Sales revenue	1,639.7	1,570.1	69.6	4.4%
Gross profit on sales	339.8	400.2	-60.4	-15.1%
Gross profit on sales	20.7%	25.5%	-4.8 pp	
Cost of sales	222.7	189.2	33.5	17.7%
General administrative expenses	125.4	135.2	-9.8	-7.2%
Balance of income and operating expenses	0.2	-0.4	0.6	
Loss on expected credit losses	1.2	0.5	0.7	
Earnings Before deducting Interest and Taxes (EBIT)	-9.3	74.9	-84.2	-112.4%
Operating profit margin	-0.6%	4.8%	-5.3 pp	
EBITDA ^[1]	25.4	107.3	-81.9	-76.3%
EBITDA margin	1.5%	6.8%	-5.3 pp	
Result from financial activities	14.6	0.0	14.6	
Gross profit	5.3	74.9	-69.6	-92.9%
Gross profit margin	0.3%	4.8%	-4.4 pp	
Net profit	-4.5	55.5	-60.0	-108.1%
Net profit margin	-0.3%	3.5%	-3.8 pp	

[1] EBITDA calculated as the operating profit + amortisation

For the period from 01.01 until 30.06.2022 (million zł)	Heating Appliances	Goods	Other	Total
Revenue from external clients	624.8	943.0	71.9	1,639.7
Own sales costs	483.6	765.6	50.7	1,299.9
Gross profit on sales	141.2	177.4	21.2	339.8
Gross profit margin on sales	22.6%	18.8%	29.5%	20.7%
Operating expenses allocated to the segment	115.4	154.4	0.0	269.8
Operating sector result	25.8	22.9	21.2	70.0

For the period from 01.01 until 30.06.2021 (million zł)	Heating Appliances	Goods	Other	Total
Revenue from external clients	735.7	772.6	61.8	1,570.1
Own sales costs	517.7	604.0	48.3	1,169.9
Gross profit on sales	218.1	168.6	13.5	400.2
Gross profit margin on sales	29.6%	21.8%	21.9%	25.5%
Operating expenses allocated to the segment	123.2	133.9	0.0	257.1
Operating sector result	94.9	34.7	13.5	143.1

- Sales increase by 4.4 %, up to 1,640 million zł.
- Higher sales in some of the markets, partly due to price increases for products and goods.
- Negative impact of sales on the eastern markets resulting from the War in Ukraine.
- Larger share of goods sold. Up to 58 % of total revenue.
- The main factors influencing the level of gross profit on sales:
 - a) Sales price increases
 - b) Dramatic price increases for components, materials, energy for production (steel, electronic components),
 - c) Lower production (withholding exports to Russia) resulted in an increase in unit production costs.
- Higher selling costs (33.5 million zł), caused by higher sales, related to cost of transport and logistics.
- Lower general and administrative costs (9.8 million zł) are the result of lower marketing costs and savings in general costs.
- Gross profit margin of 0.3%, compared to 4.8% last year.

FINANCIAL STANDING

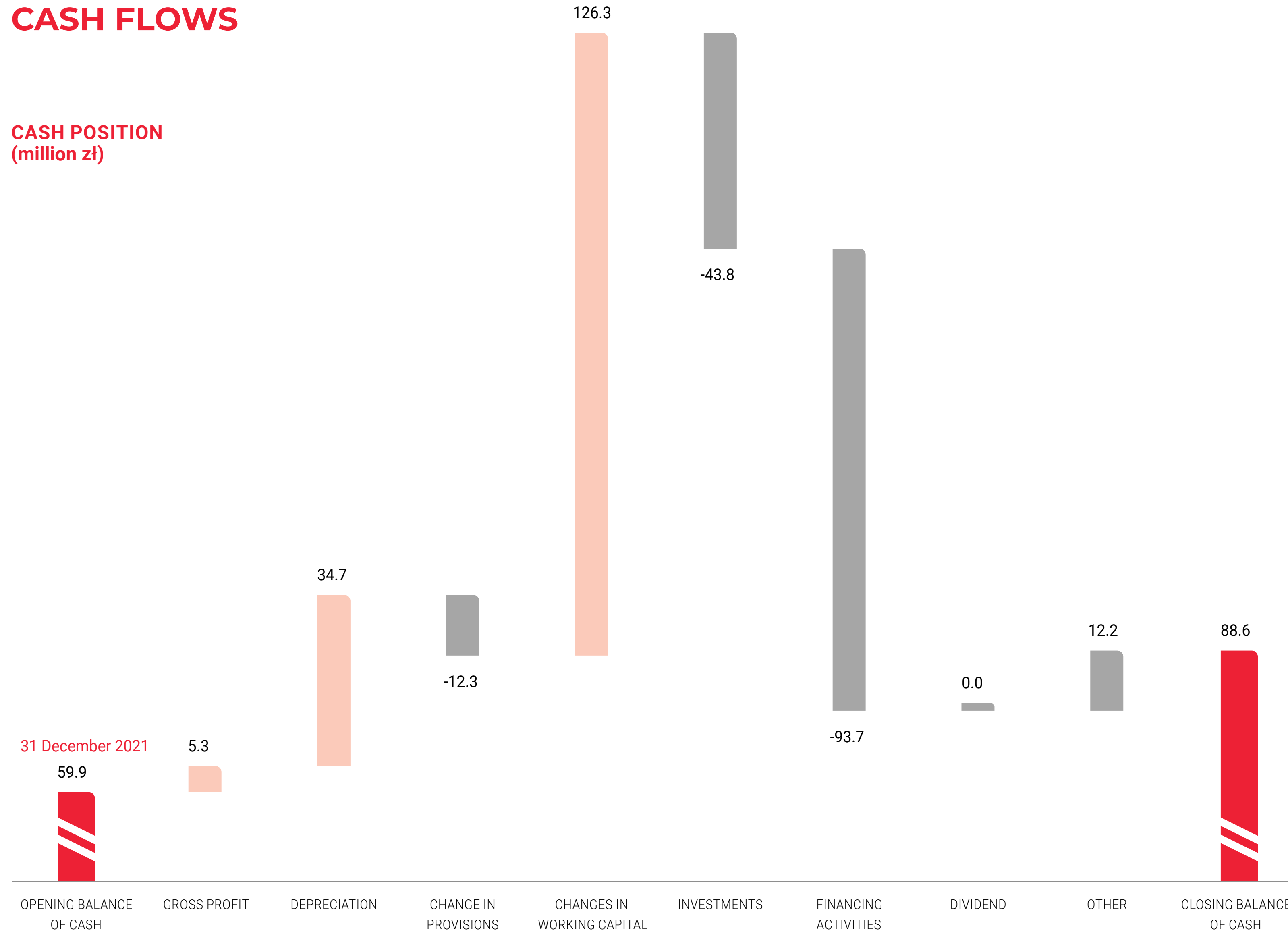
Balance sheet (million zł)	30 June 2022	30 June 2021	Change	%
Fixed assets	786.2	746.1	40.1	5%
Current Assets	1,620.9	1,475.5	145.4	10%
Total assets	2,407.1	2,221.6	185.5	8%
Equity capital	1,137.7	1,095.0	42.7	3.9%
Liabilities and provisions	1,269.4	1,126.6	142.8	13%
Long-term	217.3	158.1	59.2	37%
Short-term	1,052.1	968.5	83.6	9%
Total liabilities	2,407.1	2,221.6	185.5	8%

Financial position

- From January 2022, prices were raised in selected markets. A second round of price rises is planned in the second half of the year. These activities are intended to compensate for the increases in material, energy and freight costs. These factors will shape the Group's results in the coming quarters.
- Due to the sanctions imposed on the Russian Federation, the Group recorded lower results in the Eastern Region. The share of this sales area decreased to 12% of total revenue.
- Detailed information on the impact of the war in Ukraine is provided in the Financial Statements in additional explanatory notes.
- Among the components of current assets, there was an increase in inventories (195 million zł) and a decrease in receivables (43 million zł).
- Cash at the end of June amounted to 89 million zł and was lower by 19 million zł y/y mainly due to the increase in inventories.
- Equity (1,138 million zł) at a similar level as in the previous year
- Increase in the level of trade liabilities (+89 million zł) to the level of 796 million zł.
- Debt from loans and debt instruments decreased is 282 millin zł. Overall debt ratio is at the level of 0.53.
- As at 30 June, 2022 the Group had a stable financial position.
- The Group has not published and does not publish financial forecasts, therefore there is no comparison and commentary on the results obtained for the first half of 2022.

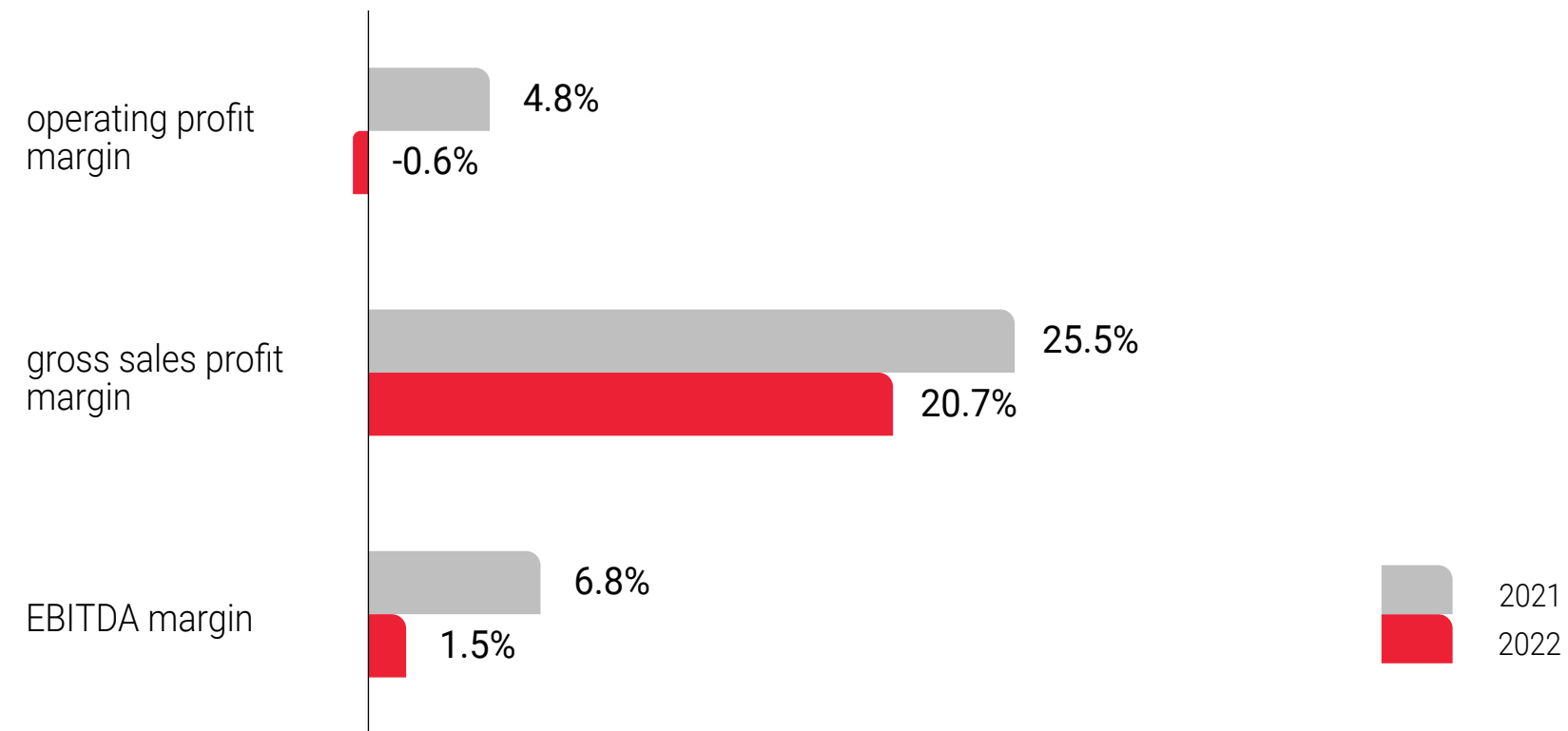
CASH FLOWS

CASH POSITION (million zł)

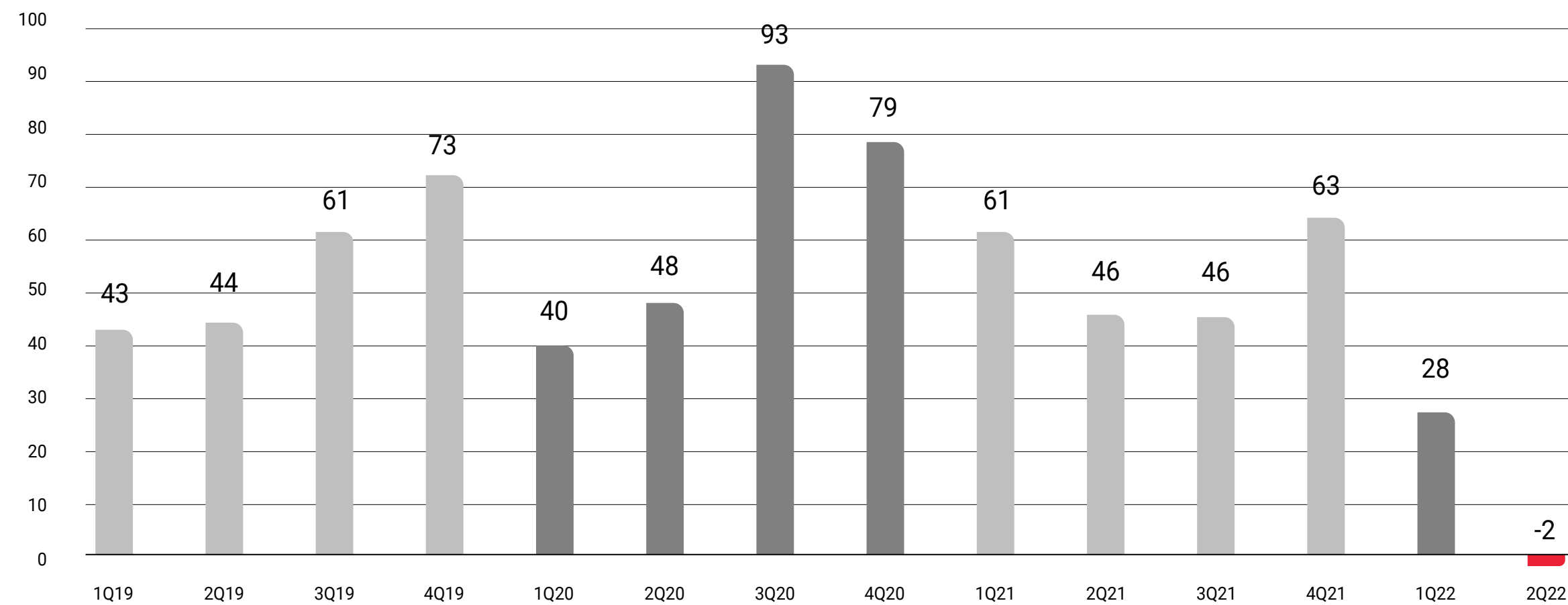


- Cash flows from operating activities amounted to +163.4 million zł.
- The repayment of liabilities in the amount of 82.1 million zł had the greatest negative impact on the cash flow at this level.
- Positive factors:
 - a) Inventory +9.4 million zł,
 - b) receivables +193.7 million zł,
 - c) amortisation & depreciation +34.7 million zł.
- As part of investment activities, expenses of 43.8 million zł on property, plant and equipment.
- Financing activities
 - a) decrease in credit debt and factoring - 68.6 million zł.
 - b) interest paid - 14.8 million zł.

FINANCIAL RATIOS



EBITDA 2019–2022 (million zł)



KPI	2022	2021	
gross sales profit margin	20.7%	25.5%	profit from gross sales for the period / net revenue from sales in a given period
EBITDA (millions zł)	25.4	107.3	increased operating profit + depreciation
EBITDA margin	1.5%	6.8%	EBITDA / net sales revenue in the period in question
operating profit margin	-0.6%	4.8%	operating profit / net sales revenues for the period
net margin	-0.3%	3.5%	net profit / net revenues from sales for the period
working capital (millions zł)	568.8	507.0	current assets - short-term liabilities
current liquidity	1.54	1.52	current assets / short-term liabilities
quick liquidity	0.75	0.87	(current assets-inventories) / short-term liabilities
equity to assets ratio	0.47	0.49	equity / total assets
equity to fixed assets ratio	1.45	1.47	equity / fixed assets
Total debt ratio	0.53	0.51	total liabilities / total assets
debt equity ratio	1.11	1.03	total liabilities / equity
net debt	193.7	140.4	(interest-bearing loans and borrowings) - cash
short-term debt ratio	0.44	0.44	current liabilities / total assets
long-term debt ratio	0.09	0.07	long-term liabilities / total assets

- The Group's liquidity position remains stable. Liquidity ratios are at similar levels.
- Overall debt ratio is at the level of 0.53.
- Net debt as at 30 June, 2022, 194 million zł.
- Bank covenants are at safe level.

SIGNATURES OF THE APPROVERS

JACEK RUTKOWSKI

President of the Management Board

MARCIN BILIK

First Vice President of the Management Board

ALINA JANKOWSKA-BRZÓSKA

Vice President of the Management Board

MICHAŁ RAKOWSKI

Member of the Management Board

ROBERT STOBIEŃSKI

Member of the Management Board

Approved on 15 September, 2022

Posted on 16 September, 2022.