



1Q 2023

MANAGEMENT
COMMENTARY

Amica S.A. Capital Group
for the period of 3 months ended 31 March, 2023



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1. KEY FINANCIAL DATA OF THE AMICA S.A. CAPITAL GROUP

REVENUE FROM AGREEMENTS
WITH CUSTOMERS

716.7
million zł

vs 843.4 million zł
(15.0)%

TOTAL ASSETS

2,293.2
million zł

vs 2,440.9 million zł
(6.1)%

EQUITY CAPITAL

1,095.9
million zł

vs 1,135,5 million zł
(3.5)%

EBITDA MARGIN

4.4
%

vs 3.3%
1.1 pp

INVESTMENT OUTLAYS

26.7
million zł

vs 25.5 million zł
4.7%

2. BACKGROUND INFORMATION

Finances of the Amica S.A. Capital Group

Detailed information on the parent company of the Amica Capital Group is presented in in Note 1 of the Condensed Consolidated Financial Statements.

Detailed information on the nature of the activities of the Amica Capital Group is presented in in Note 3 of the Condensed Consolidated Financial Statements.

3. THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF AMICA S.A.

Management Board of Amica SA

As at 31 December, 2023, the Management Board of Amica S.A. was composed of:



JACEK RUTKOWSKI

President of the Management Board of Amica Group



MARCIN BILIK

Vice President of the Management Board responsible for Operations



ALINA JANKOWSKA-BRZÓSKA

Vice-President of the Management Board for Trade and Marketing



ROBERT STOBIŃSKI

Member of the Management Board for Digitisation, Logistics and Goods Management.



MICHAŁ RAKOWSKI

Member of the Management Board for Finance and Human Resources

Supervisory Board of Amica S.A.

As at 31 December, 2023, the Supervisory Board of Amica S.A. was composed of:



MR TOMASZ RYNARZEWSKI

Chair 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



4. STRUCTURE OF THE CAPITAL GROUP

The Amica Capital Group consists of the parent company Amica S.A. and 15 subsidiaries with their registered offices in Poland, Spain, France, Great Britain, Denmark, Germany, Ukraine, the Czechia, Russia and Kazakhstan. All the indicated subsidiaries are subject to full consolidation.

As the parent company, Amica S.A. defines the Group's development strategy and, by participating in the statutory bodies of its subsidiaries, makes key decisions regarding both the scope of operations and finances of the entities making up the Group. The capital ties of AMICA S.A. with the Group companies strengthen the ties of a commercial nature.

The direct parent company of the Group is Holding Wronki sp. z o. o. The ultimate parent entity of the entire Group is Mr Jacek Rutkowski.

AMICA CAPITAL GROUP

PRODUCTION

Amica S.A.
Parent company

Marcelin Management sp. z o.o.
100% Poland

TRADE AND DISTRIBUTION

Amica Handel i Marketing sp. z o.o.
100% Poland

Electrodomesticos Iberia S.L.
100% Spain

Sideme S.A.
95% France

The CDA Group Limited
100% Great Britain

Gram Domestic A/S
100% Denmark

Amica International GmbH
100% Germany

Hansa Ukraina OOO
100% Ukraine

Amica Commerce s.r.o.
100% Czechia

Hansa OOO
100% Russia

Hansa Central Asia TOO
100% Kazakhstan

ACTIVITIES SUPPORTING SPACE LEASE

Inteco Business Solutions sp. z o.o.
100% Poland

Nova Panorama Sp. z o.o.
100% of shares are held by Marcelin Management Sp. z o.o.

Stadion Poznań Sp. z o.o.
100% Poland

5. SALES MARKETS

The Amica S.A. Capital Group is the largest Polish manufacturer of household appliances, a leader on the domestic market (share of 16.3%), a brand with a strong recognition in Poland and one of the largest companies in the household appliances industry in Europe. The main activity of the Group is the production and sale of household appliances and the sale of maintenance electrical and gas appliance services.

Key sales information for individual markets:

In the first quarter of 2023, the key factors affecting the results of the Capital Group were:

- a global downward trend in the number of household products purchased,
- consumer sentiment index, which has been at a negative level since the middle of last year,
- weakening demand in Eastern Europe, in particular on the Polish market, where we are additionally facing a slowdown in the construction sector.

Due to the aforementioned factors, most markets experienced a decline in the sales of product and goods during the current period.

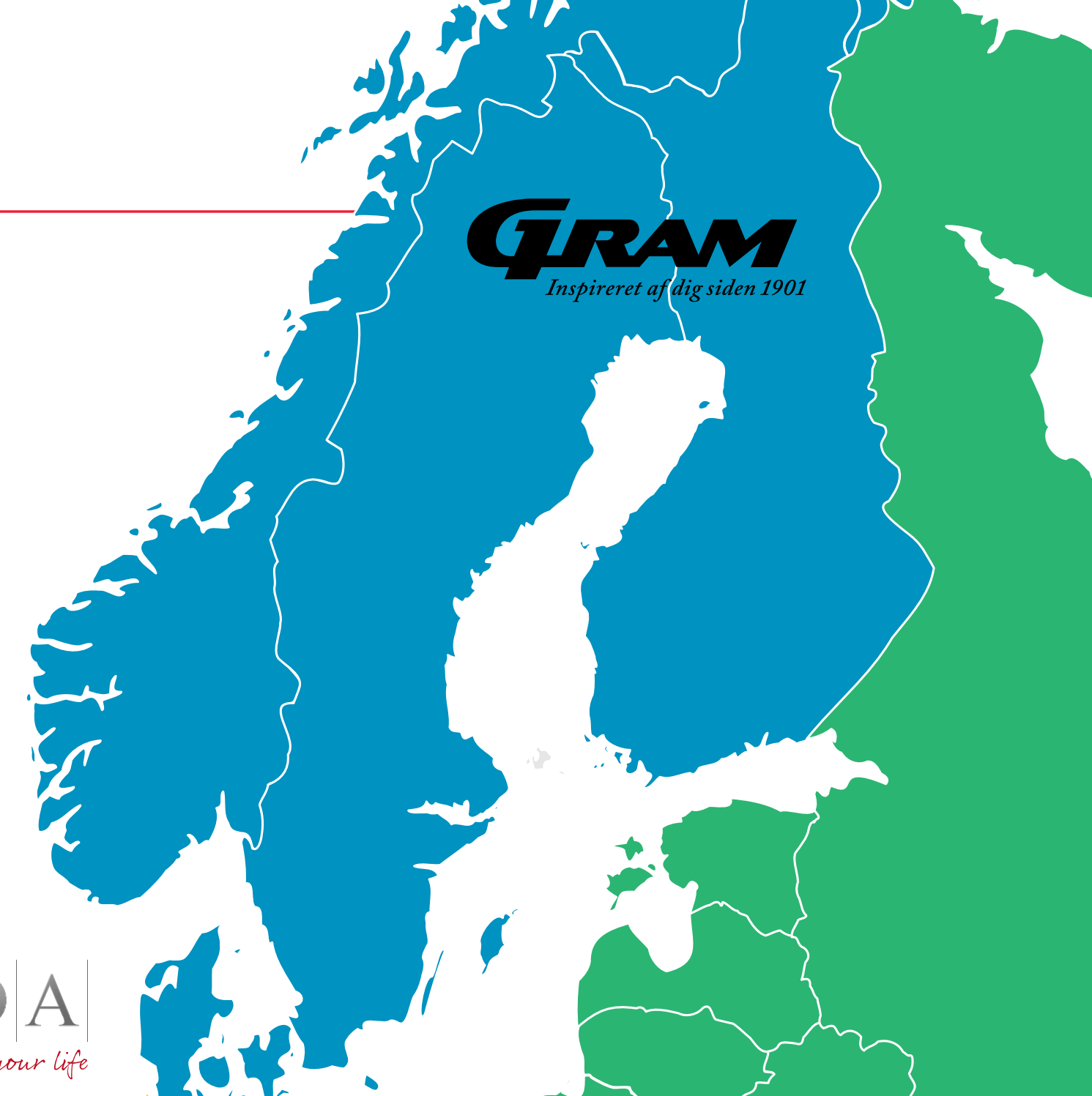
The share of the Polish market in the sales of the Capital Group decreased by 3 pp

The Western region's German market experienced the smallest decline, consistent with trends in the Western European household appliances market.

The Central Asian market in the Eastern region has shown an increase in sales.

The Scandinavian market is experiencing declines similar to the European trend of declining demand for household appliances.

The group recorded similar sales results in southern Europe as in the previous year.



- Poland
- West
- East
- North
- South



Value of sales on individual markets of the Amica Group

	For the period of 3 months ended 31 March, 2023	For the period of 3 months ended 31 March, 2022	Change [%]
Sale of products and goods:	681.3	806.1	(15.5%)
Poland	160.1	213.4	(25.0%)
East	101.1	112.6	(10.2%)
North	68.6	76.2	(10.0%)
South	37.9	38.2	(0.8%)
West	313.6	365.7	(14.2%)
Other sales, including:	35.4	37.3	(5.1%)
– spare parts	23.9	28.6	(16.4%)
– services	11.5	8.7	32.2%
Total sale of products and goods	716.7	843.4	(15.0%)

Share (%) in the sale of products and goods by region



During the 3-month period ending on 31 March, 2023, no single customer accounted for more than 10% of the Amica Capital Group's total revenue.

During the 3-month period ending on 31 March, 2023, two entities accounted for more than 10% of the total revenue of the parent company, Amica S.A. Both entities are companies belonging to the Capital Group.

The companies within the Amica S.A. Capital Group across various business lines offer a wide range of products, which have many versions and are diversified. With this in mind, this report omits the presentation of quantitative sales, because such presentation is liable to be misleading the as to the real meaning of a particular segment for the Group's activities.

Detailed information on operating segments is presented in Note 9 of the Condensed Consolidated Financial Statements.

6. FINANCES OF THE AMICA S.A. CAPITAL GROUP AND AMICA S.A.

6.1. Principles of drawn up financial statements

Finances of the Amica S.A. Capital Group

Detailed information on the principles of drawing up the financial statements of the Amica S.A. Capital Group are presented in Note 6 of the Condensed Consolidated Financial Statements.

6.2. Selected financial data

In 2023, as a result of the energy crisis and rising raw material prices we are facing an economic slowdown in all European countries.

Despite the difficult macroeconomic situation, the Amica Group achieved a gross profit 1.7 million zł higher than in the previous year for the first quarter of 2023.

The following factors affected the Amica Group's financial results in the first quarter of 2023:

- Adjusted the production volume to the current market demand.
- Macroeconomic factors such as inflation and an unfavourable economic climate across all markets significantly contributed to the decline in revenue compared to the previous comparative period.
- The implementation of cost-saving projects led to a reduction in production costs and an increase in the gross profit margin on sales, particularly for heating appliances and goods.
- Lower costs of sales (5.9 million zł) mainly due to lower costs of storage and transport to customers.
- Higher general and administrative expenses (3.3 million zł) related to the increase in IT costs.
- It should also be emphasised that the increase in financial costs resulted from higher net debt and the use of factoring of receivables.
- Gross profit of 5.4 million zł higher by 1.7 million zł than last year.
- Profit from the sale of the subsidiary Nowa Centrum in the amount of 0.6 million zł.

	Consolidated data				Separate data			
	For the period of 3 months ended 31 March, 2023	For the period of 3 months ended 31 March, 2022	Change	Dynamics %	For the period of 3 months ended 31 March, 2023	For the period of 3 months ended 31 March, 2022	Change	Dynamics %
Revenue from agreements with customers	716.7	843.4	(126.7)	(15.0%)	394.0	443.0	(49.0)	(11.1%)
Gross profit on sales	190.9	186.0	4.9	2.6%	69.9	63.9	6.0	9.4%
Gross profit on sales	26.6%	22.1%	4.5 pp		17.7%	14.4%	3.3 pp	
Cost of sales	104.1	110.0	(5.9)	(5.4%)	28.4	28.5	(0.1)	(0.4%)
General administrative expenses	68.7	65.4	3.3	5.0%	32.1	28.9	3.2	11.1%
Balance of other operating income and other operating expenses	(0.1)	(0.1)	–		0.1	(0.3)	0.4	
Profit (Loss) due to expected credit gains/losses	(0.3)	–	(0.3)		–	–	–	
Earnings Before Interest and Taxes (EBIT),	18.3	10.5	7.8	74.3%	9.5	6.2	3.3	53.2%
Operating profit margin	2.5%	1.3%	1.2 pp		2.4%	1.4%	1 pp	
EBITDA ^[1]	31.3	27.7	3.6	13.0%	18.3	19.1	(0.8)	(4.2%)
EBITDA margin	4.4%	3.3%	1.1 pp		4.6%	4.3%	0.3 pp	
Result from financial activities	(12.9)	(6.8)	(6.1)		(3.5)	(2.5)	(1.0)	
Gross profit	5.4	3.7	1.7	45.9%	6.0	3.7	2.3	62.2%
Gross profit margin	0.8%	0.4%	0.4 pp		1.5%	0.8%	0.7 pp	
Net profit (loss)	(0.9)	2.9	(3.8)	(131.0%)	8.1	3.2	4.9	153.1%
Net profit/(loss) margin	(0.1%)	0.3%	(0.4) pp		2.1%	0.7%	1.4 pp	

[1] EBITDA calculated as the operating profit + amortisation

Management commentary for the period of 3 months ended on 31 March, 2023

[million zł]

ASSETS	Consolidated data				Separate data			
	31 March 2023	31 March 2022	Change	Dynamics %	31 March 2023	31 March 2022	Change	Dynamics %
Fixed assets	806.4	773.3	33.1	4.3%	924.8	881.0	43.8	5.0%
Property, plant and equipment	458.0	429.3	28.7	6.7%	414.9	383.1	31.8	8.3%
Intangible assets	147.1	131.2	15.9	12.1%	67.4	47.9	19.5	40.7%
Other fixed assets	143.9	143.2	0.7	0.5%	423.5	418.2	5.3	1.3%
Deferred income tax assets	57.4	69.6	(12.2)	(17.5%)	19.0	31.8	(12.8)	(40.3%)
Current Assets	1,486.8	1,667.6	(180.8)	(10.8%)	799.7	838.5	(38.8)	(4.6%)
Inventory	697.7	797.1	(99.4)	(12.5%)	378.4	396.5	(18.1)	(4.6%)
Receivables from deliveries and services and other receivables.	561.2	674.0	(112.8)	(16.7%)	369.2	394.6	(25.4)	(6.4%)
Other current assets	96.8	133.8	(37.0)	(27.7%)	49.6	42.2	7.4	17.5%
Cash and cash equivalents	131.1	62.7	68.4	109.1%	2.5	5.2	(2.7)	(51.9%)
Total assets	2,293.2	2,440.9	(147.7)	(6.1%)	1,724.5	1,719.5	5.0	0.3%

Key events affecting the financial standing of the Amica S.A. Group in terms of assets:

- The increase in property, plant and equipment and intangible assets resulted mainly from investment activity. In the current period, the Group allocated over 20.3 million zł for the increase in value, including the manufacture and purchase of fixed assets. Expenses focused mainly on expenditure improving the efficiency and flexibility of production, automation and digitisation.
- The Group focused on activities related to improving the quality of inventory and its turnover. The delivery time for trade goods from China has also been reduced. This translated into a decrease in inventories by nearly 100 million zł compared to 31 March, 2022.
- The decrease in the amount of receivables compared to the same period last year by over 112 million zł is related to the effective use of factoring.
- An increase in the amount of cash by 68.4 million zł to 131.1 million zł as at the balance sheet date of 31 March, 2023, compared to 31 March, 2022.

LIABILITIES	Consolidated data				Separate data			
	31 March 2023	31 March 2022	Change	Dynamics %	31 March 2023	31 March 2022	Change	Dynamics %
Total equity capital	1,095.9	1,135.5	(39.6)	(3.5%)	1,070.6	1,049.5	21.1	2.0%
Total liabilities	1,197.3	1,305.4	(108.1)	(8.3%)	653.9	670.0	(16.1)	(2.4%)
Long term liabilities	178.6	213.2	(34.6)	(16.2%)	113.7	118.0	(4.3)	(3.6%)
Current liabilities	1,018.7	1,092.2	(73.5)	(6.7%)	540.2	552.0	(11.8)	(2.1%)
including short-term provisions	63.3	82.8	(19.5)	(23.6%)	22.1	33.8	(11.7)	(34.6%)
Total liabilities	2,293.2	2,440.9	(147.7)	(6.1%)	1,724.5	1,719.5	5.0	0.3%

Key events affecting the financial standing of the Amica S.A. Group in terms of liabilities:

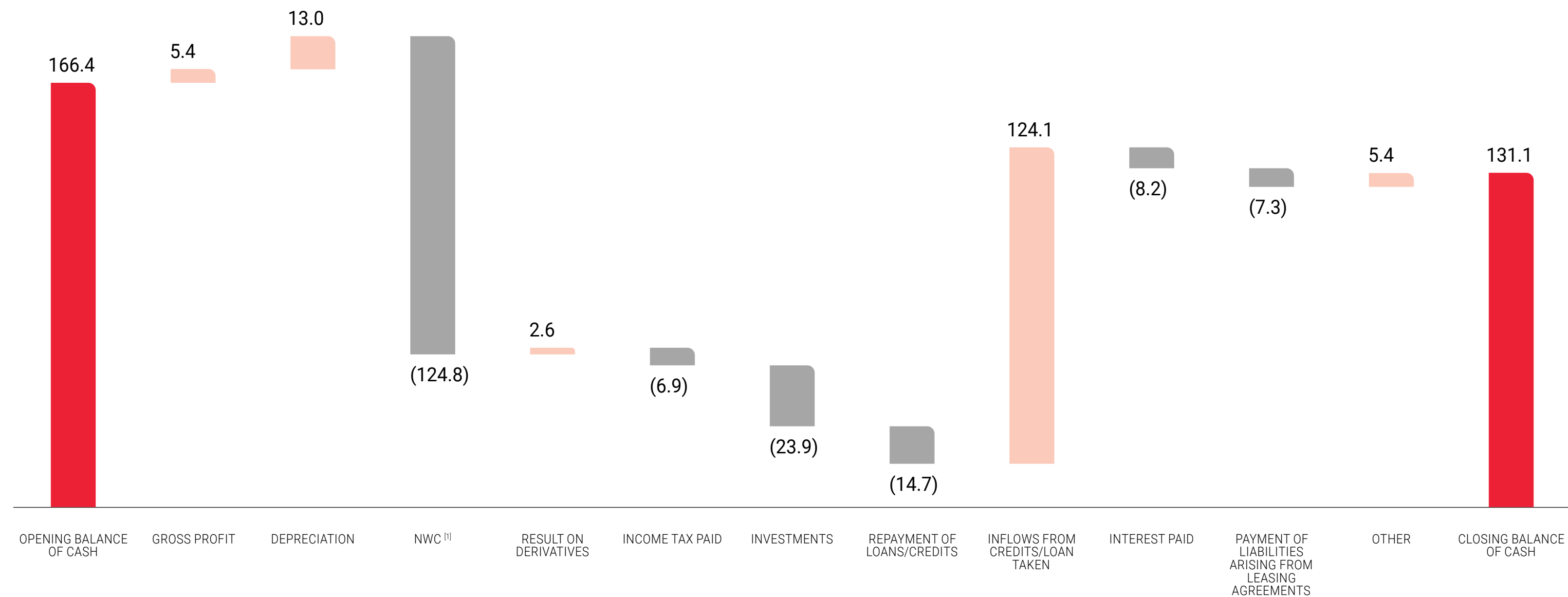
- Changes in the value of equity resulted mainly from the payment of dividend for 2021 in the amount of 26.7 million zł.
- The current liquidity ratio remains at a stable level of 1.46. The total debt ratio is at a similar level, in the current period its value is 0.52, and 0.53 in the comparative period.
- As at 31 March, 2023, the Group had a stable financial position.

Management commentary for the period of 3 months ended on 31 March, 2023

[million zł]

	Consolidated data			Separate data		
	for the period of 3 months ended 31 March, 2023	for the period of 3 months ended 31 March, 2022	Change	for the period of 3 months ended 31 March, 2023	for the period of 3 months ended 31 March, 2022	Change
Net cash flows from operating activities	(101.2)	(13.7)	(87.5)	(91.3)	(12.0)	(79.3)
Net cash from investing activities	(23.9)	(25.1)	1.2	(14.3)	(27.9)	13.6
Net cash from financial activities	92.0	41.3	50.7	103.0	33.9	69.1
Opening balance of cash	166.4	59.9	106.5	4.3	10.9	(6.6)
Balance sheet change in cash	(35.8)	2.8	(38.6)	(1.8)	(5.7)	3.9
Closing balance of cash	131.1	62.7	68.4	2.5	5.2	(2.7)

Consolidated Statement of Cash Flows of the Amica S.A. Capital Group for the period of 3 months ended 31 March, 2023



Key events affecting the financial situation of the Amica S.A. Group in terms of cash:

- In the first quarter of 2023, the Capital Group increased the inventories of products and goods, gradually preparing for the upcoming sales seasons (in the summer season, this includes goods from the refrigeration segment, and in the autumn, products from the heating segment).
- The increase in the amount of receivables in the current period is due to the lower use of factoring limits than at the end of 2022.
- In the current period, the interest paid as part of financing activities amounted to 8.2 million zł.
- The Capital Group increased its exposure to interest debt as part of financing the net working capital.

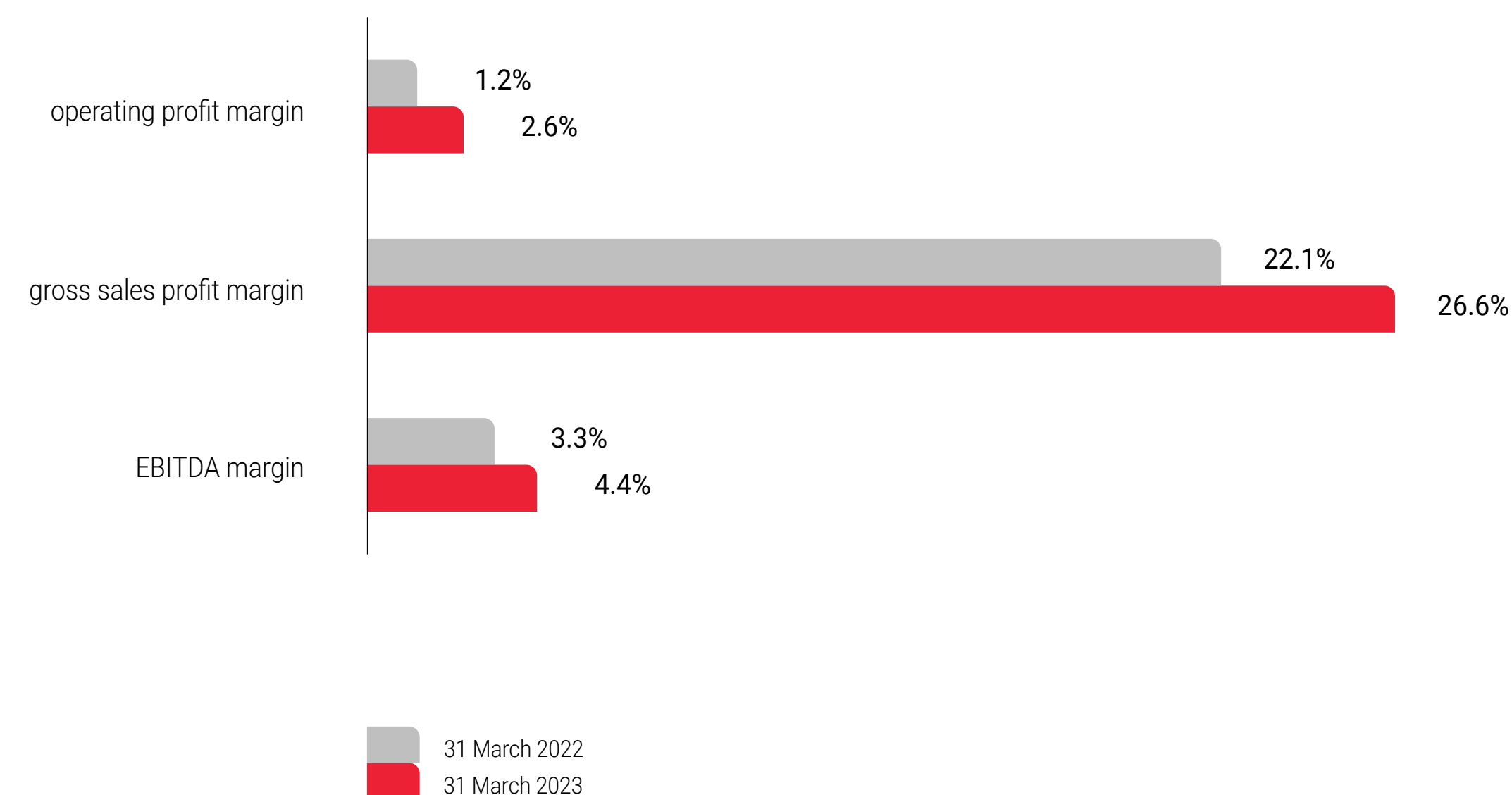
[1] NWC, i.e. net working capital calculated as a change in inventories, receivables, payables and accruals

6.3. Financial ratios

Key financial indicators	Consolidated data		Separate data		The calculation method
	For the period of 3 months ended 31 March, 2023	For the period of 3 months ended 31 March, 2022	For the period of 3 months ended 31 March, 2023	For the period of 3 months ended 31 March, 2022	
gross sales profit margin	26.6%	22.1%	17.7%	14.4%	profit from gross sales for the period / net revenue from sales in a given period
EBITDA [million zł]	31.3	27.7	18.3	19.1	increased operating profit + depreciation
EBITDA margin	4.4%	3.3%	4.6%	4.3%	EBITDA / net sales revenue in the period in question
operating profit margin	2.6%	1.2%	2.4%	1.4%	operating profit / net sales revenues for the period
net margin	(0.2%)	0.3%	2.1%	0.7%	net profit / net revenues from sales for the period

Key financial indicators	Consolidated data		Separate data		The calculation method
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
working capital [million zł]	468.1	575.4	259.5	286.5	current assets – short-term liabilities
current liquidity	1.46	1.53	1.48	1.52	current assets / short-term liabilities
Total debt ratio	0.52	0.53	0.38	0.39	total liabilities / total assets
debt equity ratio	1.09	1.15	0.61	0.64	total liabilities / equity
net debt	218.1	352.4	269.8	277.6	(interest-bearing loans and borrowings) – cash
RONA	6.7%	12.0%	1.6%	6.6%	EBITDA / (NWC+AT) [12 months]

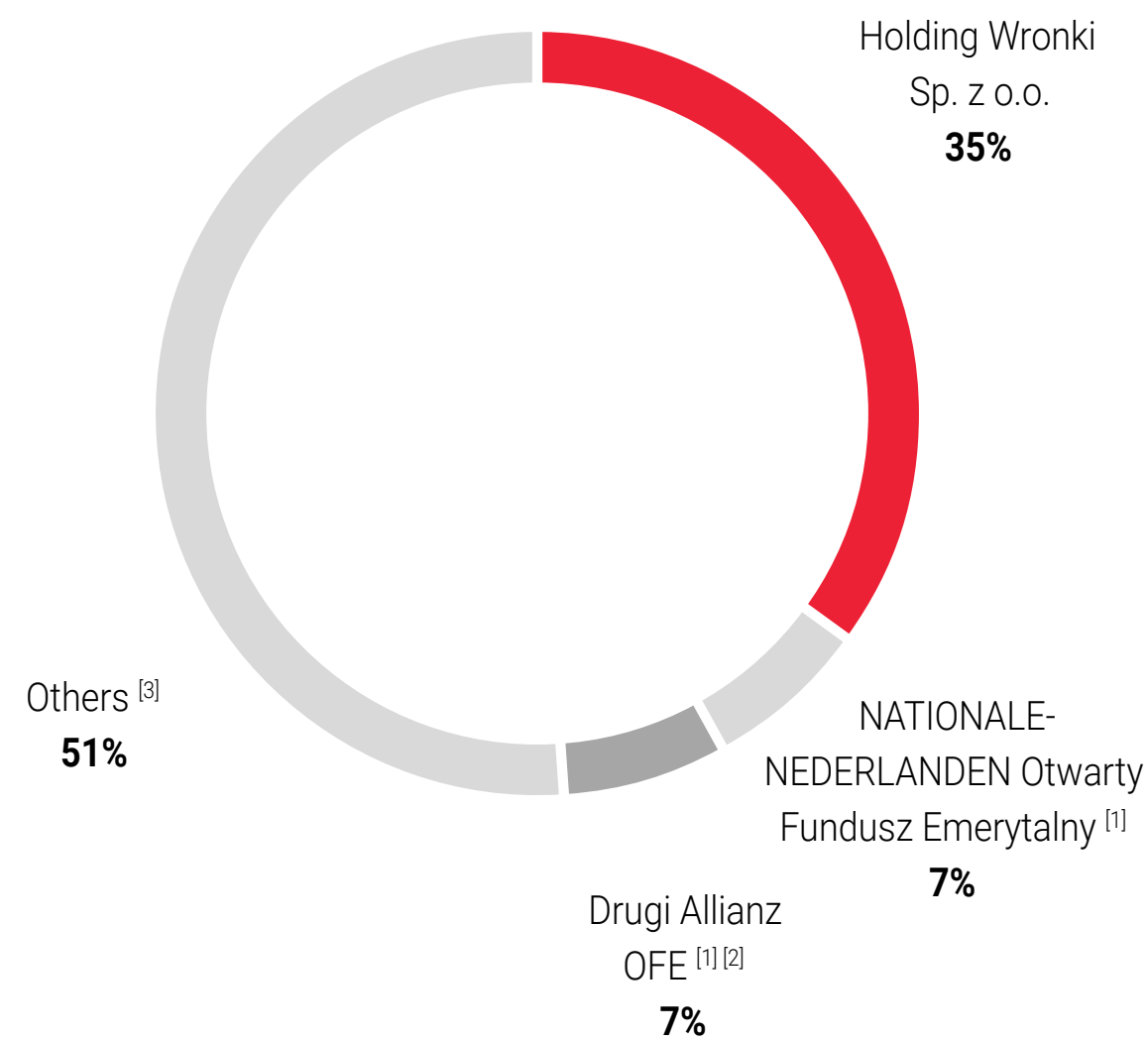
SELECTED MARGINS FOR CONSOLIDATED DATA



7. AMICA ON THE CAPITAL MARKET

The structure of shareholders holding, directly or indirectly, at least 5% of the total number of votes in Amica S.A. as at 31 December, 2023.

The Amica Capital Group shapes relations with investors on the basis of published current and periodic reports, as well as through the convening of the Ordinary General Meeting of Shareholders and regular meetings with investors that accompany quarterly results conferences.



[1] Data indicated based on the content of the notifications received by the Company from its Shareholders, and drawn up under Article 69 of the Public Offering Act of 29 July, 2005.

[2] On 16 May, 2023, Powszechne Towarzystwo Emerytalne Allianz Polska S.A. managing Allianz Polska Otwarty Fundusz Emerytalny sent a notification to the Company that on 12 May, 2023, as a result of the liquidation of the Drugi Allianz Polska Otwarty Fundusz Emerytalny (hereinafter: Drugi Allianz Open Pension Fund) by transferring its assets to Allianz Open Pension Fund, the share in the total number of votes of Amica S.A. on the accounts of Allianz Open Pension Fund was above 5%. After the liquidation of Drugi Allianz Open Pension Fund, 710,434 shares were registered on the account of Allianz Open Pension Fund, representing 9.14% of the share capital of the Company, which gives the right to exercise 710,434 votes from shares representing 6.77% of the total number of votes at the General Meeting of Shareholders of the Company. Detailed information was published in the current report 13/2023 of 16 May, 2023.

[3] The Company, under the Own Shares Buyback Program, the Company acquired 250,000 ordinary bearer shares of Amica S.A. marked with the ISIN PLAMICA00010 code (see: Current Report No. 35/2018 of 16 October, 2018); the pool of shares granted to the eligible persons as part of the Incentive Scheme settlement for the period 2019-2022 amounted to a total of 146,171 shares.



APPROVAL FOR PUBLICATION

Signatures of all Members of the Board

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