



**THE CAPITAL GROUP OF GRUPA KĘTY S.A.  
CONSOLIDATED SEMI-ANNUAL REPORT  
FOR THE FIRST HALF OF 2021**

**POLISH FINANCIAL SUPERVISION AUTHORITY**  
**Consolidated semi-annual report PSr 1/2021**

(compliant with paragraphs 60.2 and 62.3 of the Regulation on current and interim information for the issuers of securities running manufacturing, construction, commercial or service business) for the first half of the reporting year 2021, covering the period from 1 January 2021 to 30 June 2021, comprising the interim condensed consolidated financial statements in accordance with IAS 34, in Polish zlotys (PLN), the interim condensed separate statements of Grupa Kęty S.A. in accordance with IAS 34, in Polish zlotys (PLN), the report of the Management Board on the Company operations, and declarations of the Management Board.

4 August 2021

(date of submission)

<b>GRUPA KĘTY SPÓŁKA AKCYJNA</b>	
(full name of the issuer)	
<b>KĘTY</b>	<b>Metal sector [met]</b>
(short name of the issuer)	(sector in accordance with the Warsaw Stock Exchange classification/ industry)
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(tax identification number – NIP)	(statistical identification number – REGON)

**SELECTED FINANCIAL DATA**

<b>Data referring to the condensed consolidated financial statements of Grupa KĘTY S.A. in accordance with IFRS</b>				
<b>ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS</b>	<b>PLN '000</b>		<b>EUR '000</b>	
	<b>I H 2021</b>	<b>I H 2020</b>	<b>I H 2021</b>	<b>I H 2020</b>
Net sales	2,141,245	1,716,750	470,893	386,542
Profit on operating activities	376,295	259,943	82,753	58,529
Profit before tax	372,097	245,863	81,830	55,358
Net profit	299,311	204,454	65,823	46,035
Net profit (loss) attributable to owners of the parent	299,081	204,267	65,773	45,993
Total net income (loss)	307,790	200,159	67,688	45,068
Total net income (loss) attributable to owners of the parent	307,560	199,972	67,637	45,026
Net cash flow from operating activities	192,194	326,697	42,266	73,559
Net cash flow from investing activities	(87,417)	(72,165)	(19,224)	(16,249)
Net cash flow from financing activities	(137,967)	(205,390)	(30,341)	(46,245)
Total net cash flows	(33,190)	49,142	(7,299)	11,065
Net earnings per share attributable to owners of the parent (in PLN/EUR)	31.03	21.32	6.82	4.80
Diluted net earnings per share attributable to owners of the parent (in PLN/EUR)	30.99	21.30	6.81	4.80
<b>BALANCE SHEET ITEMS</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Total assets	3,125,610	2,888,884	691,384	626,004
Liabilities and provisions for liabilities	1,654,386	1,301,948	365,950	282,124
Long-term liabilities	528,676	564,954	116,943	122,422
Short-term liabilities	1,125,710	736,994	249,007	159,702
Equity attributable to owners of the parent	1,470,671	1,586,274	325,312	343,736
Share capital	68,023	67,973	15,047	14,729
Number of shares	9,649,492	9,569,947	9,649,492	9,569,947
Book value per share (in PLN/EUR)	152.41	164.73	33.71	35.70
Diluted book value per share (in PLN/EUR)	152.38	164.58	33.71	35.66
<b>Data referring to the condensed separate financial statements of Grupa KĘTY S.A. in accordance with IFRS</b>				
<b>ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS</b>	<b>PLN '000</b>		<b>EUR '000</b>	
	<b>I H 2021</b>	<b>I H 2020</b>	<b>I H 2021</b>	<b>I H 2020</b>
Net sales	733,757	581,917	161,365	131,024
Profit on operating activities	454,836	134,092	100,026	30,192
Gross profit	453,124	128,359	99,649	28,901
Net profit	442,211	124,263	97,249	27,979
Net comprehensive income	446,019	121,097	98,087	27,266
Net cash flow from operating activities	271,793	115,791	59,772	26,071
Net cash flow from investing activities	(19,109)	(27,709)	(4,202)	(6,239)
Net cash flow from financing activities	(233,751)	(50,898)	(51,405)	(11,460)
Total net cash flows	18,933	37,184	4,164	8,372
Earnings per share (in PLN/EUR)	45.88	12.97	10.09	2.92
Diluted earnings per share (in PLN/EUR)	45.82	12.96	10.08	2.92
<b>BALANCE SHEET ITEMS</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Total assets	1,441,813	1,181,494	318,929	256,023
Liabilities and provisions for liabilities	767,944	530,501	169,869	114,956
Long-term liabilities	162,476	282,987	35,940	61,322
Short-term liabilities	605,468	247,514	133,929	53,635
Equity	673,869	650,993	149,060	141,066
Share capital	68,023	67,973	15,047	14,729
Number of shares	9,649,492	9,629,357	9,649,492	9,629,357
Book value per share (in PLN/EUR)	69.83	67.61	15.45	14.65
Diluted book value per share (in PLN/EUR)	69.82	67.54	15.44	14.64

The above financial figures for the first half of 2021 and the first half of 2020 were translated into EUR as follows:

- assets and liabilities – at the mean exchange rate of the National Bank of Poland (NBP) as at 30 June 2021 – 4.5208 PLN/EUR, and as at 31 December 2020 – PLN 4.6148 PLN/EUR;
- the items of the statements of profit or loss, comprehensive income, and cash flows – at the exchange rate being the arithmetic mean of the exchange rates of the NBP for the last two days of each month: 1 H 2021 – 4.5472 PLN/EUR, and 1 H 2020 – 4.4413 PLN/EUR.

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**THE CAPITAL GROUP OF GRUPA KĘTY S.A.  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE FIRST HALF OF 2021, ENDED ON 30 JUNE 2021, PREPARED IN  
ACCORDANCE WITH IAS 34**

(PLN '000)

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# I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Total operating revenue, including:</b>		<b>1,154,162</b>	<b>2,147,423</b>	<b>892,747</b>	<b>1,723,868</b>
Revenue from contracts with customers	8	1,151,097	2,141,245	887,799	1,716,750
- including from sales to associates		107	119	611	474
Other operating revenue		3,065	6,178	4,948	7,118
<b>Share in net profit of entities accounted for using the equity method</b>		<b>(694)</b>	<b>(770)</b>	<b>(642)</b>	<b>(387)</b>
<b>Change in the level of product inventories and work in progress</b>		<b>38,582</b>	<b>51,334</b>	<b>(1,063)</b>	<b>7,965</b>
<b>Cost of manufacturing of products for own needs</b>		<b>4,844</b>	<b>8,235</b>	<b>4,267</b>	<b>7,285</b>
<b>Total operating costs, including:</b>		<b>(983,044)</b>	<b>(1,829,927)</b>	<b>(743,913)</b>	<b>(1,478,788)</b>
Depreciation		(38,077)	(75,315)	(35,966)	(73,011)
Materials and energy, and the value of trade goods and materials sold		(713,950)	(1,311,508)	(518,694)	(1,027,459)
Third-party services		(80,505)	(154,188)	(60,317)	(119,169)
Taxes and fees		(4,549)	(9,048)	(4,553)	(8,767)
Employee benefits		(139,773)	(269,507)	(117,755)	(237,325)
Revaluation of financial assets IFRS 9		(10)	944	(1,086)	(1,948)
Other operating costs		(6,180)	(11,305)	(5,542)	(11,109)
<b>Profit on operating activities</b>		<b>213,850</b>	<b>376,295</b>	<b>151,396</b>	<b>259,943</b>
Financial revenue		890	2,223	504	926
Finance costs		(3,239)	(6,421)	(8,773)	(15,006)
<b>Profit before tax</b>		<b>211,501</b>	<b>372,097</b>	<b>143,127</b>	<b>245,863</b>
Income tax	11	(49,621)	(72,786)	(22,131)	(41,409)
<b>Net profit on continued operations</b>		<b>161,880</b>	<b>299,311</b>	<b>120,996</b>	<b>204,454</b>
Attributable to non-controlling interests		98	230	152	187
<b>Attributable to owners of the parent</b>		<b>161,782</b>	<b>299,081</b>	<b>120,844</b>	<b>204,267</b>
Earnings per share attributable to owners of the parent (PLN)	36				
Basic		16.77	31.03	12.61	21.32
Diluted		16.76	30.99	12.60	21.30

*In the presented periods, the Group did not discontinue any operations.*



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Net profit for the period</b>	<b>161,880</b>	<b>299,311</b>	<b>120,996</b>	<b>204,454</b>
<b>Other comprehensive income recognised in profit or loss</b>	<b>(757)</b>	<b>8,479</b>	<b>4,883</b>	<b>(4,295)</b>
Cumulative translation adjustment for related parties	(3,031)	647	(1,784)	335
Valuation of cash flow hedging instruments	2,807	9,669	8,466	(5,447)
Income tax related to other comprehensive income recognised in profit or loss	(533)	(1,837)	(1,799)	817
<b>Comprehensive income for the period</b>	<b>161,123</b>	<b>307,790</b>	<b>125,879</b>	<b>200,159</b>
Comprehensive income attributable to:				
Non-controlling interests	98	230	152	187
<b>Owners of the parent</b>	<b>161,025</b>	<b>307,560</b>	<b>125,727</b>	<b>199,972</b>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.2021	31.12.2020
<b>I. Non-current assets</b>		<b>1,641,658</b>	<b>1,671,676</b>
Property, plant and equipment		1,433,753	1,451,189
Right-of-use assets		42,041	43,678
Intangible assets		47,058	34,746
Goodwill		20,009	20,060
Investment properties		2,781	2,724
Interests in associates		708	2,604
Long-term receivables		1,342	1,999
Advance payments for the purchase of property, plant and equipment		9,945	2,676
Deferred tax assets		84,021	112,000
<b>II. Current assets</b>		<b>1,483,952</b>	<b>1,217,208</b>
Inventories	16	622,756	516,591
Income tax receivables		2,956	2,240
Trade and other receivables	14	725,655	541,020
Assets related to construction contracts	15	45	141
Borrowings		27	31
Derivative financial instruments	32	14,764	6,015
Cash and cash equivalents	9	117,749	151,170
<b>Total assets</b>		<b>3,125,610</b>	<b>2,888,884</b>
<b>EQUITY/LIABILITIES</b>			
<b>I. Equity</b>		<b>1,471,224</b>	<b>1,586,936</b>
Share capital		68,023	67,973
Share premium		60,055	53,979
Capital from share based payments		28,128	27,344
Hedging reserve		11,508	3,676
Retained earnings		1,330,566	1,461,558
Cumulative translation adjustment for foreign companies		(27,609)	(28,256)
<b>Equity attributable to owners of the parent</b>		<b>1,470,671</b>	<b>1,586,274</b>
Equity attributable to non-controlling interests		553	662
<b>II. Long-term liabilities</b>		<b>528,676</b>	<b>564,954</b>
Loan payables	18	393,123	440,086
Lease liabilities	19	29,062	19,868
Other liabilities	22.1	1,323	1,385
Provisions	17	499	499
Provisions for employee benefits	17	22,750	21,563
Deferred income		34,712	35,599
Deferred tax liability		47,207	45,954
<b>III. Short-term liabilities</b>		<b>1,125,710</b>	<b>736,994</b>
Loan payables	18	310,862	272,771
Lease liabilities	19	4,805	4,679
Income tax payables		21,395	30,835
Trade payables and other liabilities	22.2	717,114	352,802
Contractual liabilities	22.3	24,690	20,015
Provisions and accruals	17	43,490	51,635
Derivative financial instruments	32	556	1,478
Deferred income		2,798	2,779
<b>Total equity/liabilities</b>		<b>3,125,610</b>	<b>2,888,884</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital from share based payments	Hedging reserve	Retained earnings	Cumulative translation adjustment for foreign companies	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>Equity as at 31.12.2020</b>	<b>67,973</b>	<b>53,979</b>	<b>27,344</b>	<b>3,676</b>	<b>1,461,558</b>	<b>(28,256)</b>	<b>1,586,274</b>	<b>662</b>	<b>1,586,936</b>
Comprehensive income for the period:	0	0	0	7,832	299,081	647	307,560	230	307,790
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>299,081</i>	<i>0</i>	<i>299,081</i>	<i>230</i>	<i>299,311</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,832</i>	<i>0</i>	<i>647</i>	<i>8,479</i>	<i>0</i>	<i>8,479</i>
Valuation of share based payments	0	0	784	0	0	0	784	0	784
Dividends	0	0	0	0	(430,073)	0	(430,073)	(339)	(430,412)
Issue of shares	50	6,076	0	0	0	0	6,126	0	6,126
<b>Equity as at 30.06.2021</b>	<b>68,023</b>	<b>60,055</b>	<b>28,128</b>	<b>11,508</b>	<b>1,330,566</b>	<b>(27,609)</b>	<b>1,470,671</b>	<b>553</b>	<b>1,471,224</b>

	Share capital	Share premium	Capital from share based payments	Hedging reserve	Retained earnings	Cumulative translation adjustment for foreign companies	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>Equity as at 31.12.2019</b>	<b>67,825</b>	<b>38,018</b>	<b>26,392</b>	<b>602</b>	<b>1,369,869</b>	<b>(27,901)</b>	<b>1,474,805</b>	<b>1,332</b>	<b>1,476,137</b>
Comprehensive income for the period:	0	0	0	(4,630)	204,267	335	199,972	187	200,159
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>204,267</i>	<i>0</i>	<i>204,267</i>	<i>187</i>	<i>204,454</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(4,630)</i>	<i>0</i>	<i>335</i>	<i>(4,295)</i>	<i>0</i>	<i>(4,295)</i>
Valuation of share based payments	0	0	315	0	0	0	315	0	315
Dividends to non-controlling interests	0	0	0	0	0	0	0	(296)	(296)
Issue of shares	61	5,442	0	0	0	0	5,503	0	5,503
<b>Equity as at 30.06.2020</b>	<b>67,886</b>	<b>43,460</b>	<b>26,707</b>	<b>(4,028)</b>	<b>1,574,136</b>	<b>(27,566)</b>	<b>1,680,595</b>	<b>1,223</b>	<b>1,681,818</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Cash flow from operating activities</b>				
<b>Profit before tax</b>	<b>211,501</b>	<b>372,097</b>	<b>143,127</b>	<b>245,863</b>
<b>Adjustments:</b>	36,460	80,245	39,703	88,583
Share in net profit of entities accounted for using the equity method	694	770	642	387
Dividends from associates	0	1,121	905	905
Depreciation	38,077	75,315	35,966	73,011
Recognition/(reversal) of write-downs	0	(141)	(139)	(261)
Net profit from currency translation differences	(4,198)	(3,436)	(1,601)	5,307
(Profit)/loss from sales of property, plant and equipment	17	(196)	(126)	(204)
Interest	2,519	5,111	4,592	9,407
Proceeds/(expenses) related to hedging instruments recognised in equity	0	0	(938)	(1,146)
Costs of share based payments	382	784	128	315
Other items (net)	(1,031)	917	274	862
<b>Cash flow from operating activities before the change of working capital</b>	<b>247,961</b>	<b>452,342</b>	<b>182,830</b>	<b>334,446</b>
Change in inventories	(70,068)	(106,165)	(1,180)	(8,944)
Change in net receivables	(57,135)	(183,882)	49,830	(48,285)
Change in short-term liabilities, except for loans and leases	21,085	92,686	(1,105)	78,777
Change in provisions	(8,114)	(6,958)	(1,727)	2,315
Change in deferred income	(360)	(868)	961	505
<b>Cash flow from operating activities before tax</b>	<b>133,369</b>	<b>247,155</b>	<b>229,609</b>	<b>358,814</b>
Tax paid	(39,850)	(54,961)	(20,256)	(32,117)
<b>Net cash from operating activities</b>	<b>93,519</b>	<b>192,194</b>	<b>209,353</b>	<b>326,697</b>
Cash flow from investing activities				
(+) Proceeds:	128	610	128	724
Sales of intangible assets, and property, plant and equipment	128	610	128	724
(-) Expenses:	(44,829)	(88,027)	(30,041)	(72,889)
Acquisition of intangible assets, and property, plant and equipment	(44,829)	(88,027)	(30,041)	(72,889)
<b>Net cash from investing activities</b>	<b>(44,701)</b>	<b>(87,417)</b>	<b>(29,913)</b>	<b>(72,165)</b>
Cash flow from financing activities				
(+) Proceeds:	177,834	282,696	175,245	225,047
Issue of shares	6,081	6,126	3,864	5,504
Proceeds from loans and credits	171,753	276,570	171,381	219,543
(-) Expenses:	(304,328)	(420,663)	(365,082)	(430,437)
Dividends to non-controlling interests	(348)	(348)	(4)	(296)
Dividends to owners of the parent	(129,012)	(129,012)	0	0
Repayment of loans and borrowings	(170,810)	(283,070)	(358,374)	(418,662)
Payment of lease liabilities	(1,585)	(3,268)	(1,256)	(2,422)
Interest on borrowings	(2,573)	(4,965)	(5,448)	(9,057)
<b>Net cash from financing activities</b>	<b>(126,494)</b>	<b>(137,967)</b>	<b>(189,837)</b>	<b>(205,390)</b>

Net increase/decrease of the balance of cash and cash equivalents before change on account of currency translation differences	(77,676)	(33,190)	(10,397)	49,142
Change in cash due to currency translation differences	(529)	(231)	0	0
<b>Net increase/decrease of cash and cash equivalents</b>	<b>(78,205)</b>	<b>(33,421)</b>	<b>(10,397)</b>	<b>49,142</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>195,954</b>	<b>151,170</b>	<b>163,131</b>	<b>103,592</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>117,749</b>	<b>117,749</b>	<b>152,734</b>	<b>152,734</b>

## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### 1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. cover the period of 6 months of 2021 ended on 30 June 2021 and provide comparative data for the period of 6 months of 2020 ended on 30 June 2020 as well as the figures as at 31 December 2020. The statements also comprise data for Q.2, 2021 and Q.2, 2020.

The above figures have not been audited by a statutory auditor. The statements for the first half of the year were reviewed by a statutory auditor, and the review report is published along with these statements.

The Grupa Kęty S.A. Capital Group ('the Group', 'Grupa KĘTY', 'the Capital Group') comprises the parent company, namely Grupa Kęty S.A. ('the parent company', 'the parent', 'the Company'), and its subsidiaries (see note 2).

Grupa Kęty S.A. is a company incorporated in Poland, **with its registered office in Kęty, ul. Kościuszki 111**, entered into the National Court Register (KRS) under the number **KRS 0000121845**, using the tax identification number (**NIP**): **549-000-14-68** and statistical number (**REGON**): **070614970**. Grupa Kęty S.A. is also registered in the products and packaging database and in the waste management database under the number **BDO 000007710**.

The shares of Grupa Kęty S.A. are quoted at Warsaw Stock Exchange and identified with the ISIN PLKETY000011 code.

The lifetime of the parent company as well as of the Capital Group companies is unlimited.

The core business of the Group includes manufacturing, trade and the services related to:

- processing of aluminium and its alloys;
- aluminium façade systems, window-and-door systems, special systems (fire-resistant doors and partition walls, smoke-resistant partitions), roller-shutter systems and roll-up gates for the construction industry;
- manufacturing of packaging materials, mainly of plastics, but also with the use of aluminium foil and paper.

In addition, the Group is involved in the provision of speciality construction services associated with the preparation and installation of aluminium systems, trade intermediation, supplies, marketing and other activities.

As at the date of approving these statements for publication, the parent company Management Board consisted of:

1. Mr Dariusz Mańko – President of the Management Board/CEO,
2. Mr Rafał Warpechowski – Member of the Management Board/CFO,
3. Mr Piotr Wysocki – Member of the Management Board/Vice CEO,
4. Mr Tomasz Grela – Member of the Management Board.

In the period from 1 January 2021 to the date of these statements publication there were no changes in the membership of the parent company Management Board.

## 2. Group composition

The Group consists of Grupa Kęty S.A. and the following subsidiaries:

Company name	Registered office	Core business	Parent's name	Percentage of share capital as at 30.06.2021	Percentage of share capital as at 31.12.2020	Date of control take-over	Operating segment
Alupol LLC	Borodianka, Ukraine	Production of aluminium profiles	Aluform Sp. z o.o.	100.00%	100.00%	12/2004	EPS
Aluform Sp. z o.o.	Tychy, Poland	Production and trade services	Grupa Kęty S.A.	100.00%	100.00%	06/2009	EPS
Grupa Kęty Italia SRL	Milan, Italy	Commercial intermediation	Grupa Kęty S.A.	100.00%	100.00%	05/2014	EPS
Aluminium Kety EMMI d.o.o.	Slovenska Bistrica, Slovenia	Processing of aluminium profiles	Aluform Sp. z o.o.	100.00%	100.00%	06/2016	EPS
Aluminium Kety Deutschland GmbH	Dortmund, Germany	Trade and marketing services	Aluform Sp. z o.o.	100.00%	100.00%	06/2016	EPS
Aluminium Kety CSE s.r.l.	Ostrava, Czech Republic	Trade and marketing services	Aluform Sp. z o.o.	100.00%	100.00%	07/2017	EPS
Aluprof S.A.	Bielsko-Biała, Poland	Sales of aluminium façade systems and roller shutters for the construction industry	Grupa Kęty S.A.	100.00%	100.00%	06/1998	ASS
Aluprof Hungary Kft.	Dunakeszi, Hungary	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	07/2000	ASS
Aluprof Deutschland GmbH	Schwanewede, Germany	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	02/2005	ASS
Aluprof System Romania SRL	Bucharest, Romania	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof System Czech s.r.o.	Ostrava, Czech Republic	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof UK Ltd.	Altrincham, UK	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2006	ASS
Romb S.A.	Złotów, Poland	Production and provision of services	Aluprof S.A.	100.00%	100.00%	04/2007	ASS
Aluprof System Ukraina Sp. z o.o.	Kiev, Ukraine	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS
Glassprof sp. z o.o. (previously: Aluprof Serwis Sp. z o.o.)	Bielsko-Biała, Poland	Scientific research and development works	Aluprof S.A.	100.00%	100.00%	01/2012	ASS
Marius Hansen Facader A/S under liquidation	Viborg, Denmark	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	6/2014	ASS
Aluprof System USA Inc	Wilmington, USA	Distribution of aluminium systems for the construction industry	Aluprof S.A.	100.00%	100.00%	7/2014	ASS
Aluprof Belgium N.V.	Dendermonde, Belgium	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	6/2015	ASS
Aluprof Netherlands B.V.	Rotterdam, Netherlands	Sales of aluminium systems	Aluprof S.A.	55.00%	55.00%	4/2017	ASS
Alupol Packaging S.A.	Tychy, Poland	Production and trade in plastic packaging	Grupa Kęty S.A.	100.00%	100.00%	04/1998	FPS

Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production and trade in plastic packaging	Alupol Packaging S.A.	100.00%	100.00%	05/2009	FPS
Alupol Films Sp. z o.o.	Oświęcim, Poland	Production and trade in plastic packaging	Alupol Packaging Kęty Sp. z o.o.	100.00%	100.00%	12/2014	FPS
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00%	100.00%	09/1999	Other

The presented percentages of share capital are equal to the share in the total number of votes.

Segment descriptions are provided in clause 7.

### 3. Basis for the interim condensed consolidated financial statements preparation

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard No. 34 *Interim Financial Reporting*, adopted by the EU ('IAS 34').

These interim condensed consolidated financial statements have been prepared in Polish zlotys ('PLN') and all values, unless otherwise specified, are presented in thousands of PLN.

These interim condensed consolidated financial statements were approved for publication on 4 August 2021.

The assessment of the impact of the COVID-19 pandemic on the operations of the Group has been made on a current basis in reference to the analysis of many factors which may change in the future. Based on the analysis, as at the date of preparing these statements, the Management Board believes that there is no hazard to the continuation of the Group operations in the foreseeable future covering the period of at least 12 months of the balance-sheet date.

#### 3.1. Impact of COVID-19 pandemic on the Group operations

Grupa Kęty S.A. and the Group companies have implemented a series of actions in reference to the necessity of adjusting to the changing conditions of operation and prevention of COVID-19 infections spreading. Action plans have been developed in order to ensure the continuity of critical infrastructure operation and provision of key services in the event of a crisis situation. The actions are being adjusted on a current basis to the prevailing conditions and changes in the binding regulations.

The Group has implemented a series of preventive actions in order to limit the possibility of the virus spreading, which include:

- introduction of a series of procedures and guidelines regarding people and materials traffic, specifically consisting in minimisation of direct contacts, provision of the possibility of remote working, introduction of procedure ensuring the availability of the key personnel of the Group companies;
- provision of protective equipment (masks, gloves) to the employees as well as disinfectants, and introduction of sanitary, hygiene and sanitising procedures;
- limitation of business trips and participation in meetings, extended use of other means of communication, such as teleconferences, messenger systems, or video conferences.

#### 3.2. Analysis of the impact of the change in the economic situation in relation to COVID-19 on the valuation of the Group assets and liabilities

##### *Write-downs of inventories to net realisable value*

Changes in the basic prices of raw materials utilised by the Group in production, combined with effective trade activities and hedging of the margins applied by the Group, contributed to the lack of necessity of recognising major write-downs of inventories to net realisable value.

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***Assessment of the expected credit loss (ECL)***

The Group has implemented a series of actions related to monitoring the financial standing of its contractors in order to secure the proper collectability of the amounts receivable. The main element of the Group policy in that regard is the insurance of receivables at specialised companies, obtaining insurance ratings for the particular customers and application of other forms of receivables security. In effect of the analyses carried out, which included the analysis of the current term structure of receivables, as well as the examination of contractors carried out by the insurance companies, the expected credit loss ratio applicable to receivables has not significantly changed compared to the end of 2020. In the period of 6 months of 2021, the Group did not experience any major problems in collecting receivables.

The Group has been analysing on a current basis the market situation, the information on contractors and the data provided by the companies insuring receivables which could indicate a deterioration of situation in the respective area, and in case of the actual deterioration the Group is going to update the estimations used in the ECL calculation in the future.

***Impairment of property, plant and equipment, intangible assets, and right-of-use assets***

The outbreak of the COVID-19 epidemic in 2020 brought about significant changes in the conditions of operation and the economic situation, which the Group considered to be a reason for carrying out property, plant and equipment impairment tests. The aforesaid tests did not reflect any impairment of the Group's property, plant and equipment.

In the opinion of the Management Board, in 2021, by the date of these statements publication, there were no additional new reasons indicating the possibility of impairment of property, plant and equipment.

**3.3. Liquidity situation**

As at the date of preparing these interim condensed consolidated financial statements, the financial standing of the Group was stable. So far, the Group has not identified liquidity problems or any risk of servicing loan agreements or other financing agreements. At the present moment, the Group assesses that it has sufficient sources of finance to carry out the current operating activities and investment projects, and to pay out dividend. Information about the available credit limits is presented in note 9.

**4. Significant accounting principles (policy)**

The accounting principles (policy) applied in preparing these consolidated financial statements are consistent with the ones applied in preparing the annual consolidated financial statements of the Group for the year ended 31 December 2020.

The interim condensed consolidated financial statements do not cover all information and disclosures required to be made in the annual consolidated financial statements, and must be read together with the consolidated financial statements of the Group for the year ended 31 December 2020, which was approved for publication by the Management Board on 26 March 2021.

The Management Board of Grupa Kęty S.A. declares that according to their best knowledge these interim condensed consolidated financial statements and comparable data have been prepared in accordance with the Group accounting policies in force and they present a true and fair view of the assets, the financial standing and the financial result of the Group.

The new or changed standards and interpretations which have been applied for the first time in 2021 have no significant impact on the interim condensed consolidated financial statements of the Group.

Moreover, the International Financial Reporting Council has issued or is working on the below changes, which have not been approved for implementation by the EU as at the date of these statements:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – in accordance with the decision of the European Commission, the process of approval of the standard in its preliminary version will not be initiated prior to the release of the standard in its final version – by the date of the approval of these financial statements the standard had not been approved by the EU – effective for annual periods beginning on or after 1 January 2016;



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- Amendments to IFRS 10 and IAS 28: *Sales or contributions of assets between an investor and its associate/joint venture* (issued on 11 September 2014) – the works leading to the approval of these amendments have been deferred indefinitely by the EU – the effective date has been deferred by the IASB indefinitely;
  - IFRS 17 *Insurance Contracts* (issued on 18 May 2017), including amendments to IFRS 17 (issued on 25 June 2020) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IAS 1: *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (published on 23 January 2020 and 15 July 2020, respectively) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IFRS 3: *Changes in Reference to the Conceptual Framework* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 16: *Property, Plant and Equipment – Proceeds before Intended Use* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - *Annual Improvements to IFRS Standards: 2018-2020 Cycle* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued on 12 February 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IAS 8: *Definition of Accounting Estimates* (issued on 12 February 2021) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021* (issued on 31 March 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 April 2021;
  - Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 6 May 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;

The effective dates are the dates resulting from the contents of standards issued by the International Financial Reporting Council. The dates of the standards adoption in the European Union may differ from the dates of adoption resulting from the content of the respective standards and are announced at the time of approving them for adoption by the European Union.

## 5. Estimation areas

The main accounting estimates made are presented in the respective explanatory notes to the interim condensed consolidated financial statements:

- estimates concerning the recognition and measurement of lease contracts are presented in note 20;
- estimates concerning the write-downs of inventories are presented in note 16;
- estimates concerning the write-downs of receivables are presented in note 14;
- estimates concerning the write-downs of goodwill are presented in note 13;
- estimates concerning provisions and accruals are presented in note 17;
- estimates concerning deferred tax assets are presented in note 11;
- estimates concerning the valuation of net assets of associates are presented in note 27;
- estimates concerning investment properties are presented in note 35;
- estimates concerning financial instruments are presented in note 32;
- estimates concerning the revenue and valuation of long-term construction contracts are presented in note 8;
- estimates concerning the impairment of property, plant and equipment are presented in note 12.2;
- estimates concerning depreciation rates are presented in the consolidated financial statements for the year 2020;
- estimates concerning control or influence over other entities are presented in the consolidated financial statements for the year 2020;

- the fair value of the share options plan for the management staff are presented in the consolidated financial statements for the year 2020;
- a detailed description of the assumptions made in the particular areas of estimates is provided in the consolidated financial statements for the year 2020.

In the reporting period, there were no other changes in estimates, except for the ones described above.

## 6. Seasonal nature of operations

The Capital Group operates in three operating segments, offering a broad portfolio of products sold to many sectors of economy. Nearly half of the sales are directed to foreign markets. The development and diversification of the products in the recent time has reduced the impact of seasonality on the operations of the Group to a great extent.

It is practically imperceptible at the FPS, whereas at the EPS and the ASS higher demand for products is typically observed in the second and third quarters compared to the first and fourth quarters, which is related to weather conditions and production cycles in the construction business – the target sector of a major part of the Group products.

## 7. Information on operating segments

The organisation and management of the Group are based on segment division in reference to the type of products and services offered. Each of the segments constitutes a business unit or a set of business units offering different products and serving different markets. Division into operating segments complies with the management reporting structure, analysed by the Management Board and forming basis for making decisions.

The Group settles transactions between individual segments as if they referred to non-related entities, namely with the application of the present market prices.

The operating segments of the Group are identical with the reporting segments presented in these consolidated financial statements.

### The Capital Group carries out its activities within the following operating segments:

- the Extruded Products Segment ('EPS') – production and sales of aluminium profiles;
- the Aluminium Systems Segment ('ASS') – production and sales of systems for the construction business and provision of construction services related to the systems installation;
- the Flexible Packaging Segment ('FPS') – production and sales of packaging and polypropylene films;
- 'Other' – containing figures of the so-called Centres, i.e. the units of Grupa Kęty S.A. responsible for the centrally managed areas (IT, finance, PR, IR, risk management, capital investments, HR) and the figures of Dekret Centrum Rachunkowe Sp. z o.o. which provides accounting and HR services to the Capital Group companies.

Note 2 presents the assignment of the particular Group companies to operating segments.

### 7.1. Financial results of the segments

The segments' operations are assessed mainly on the basis of revenue, operating profit (EBIT), operating profit plus depreciation and amortisation (EBITDA), and capital expenditure.

#### First half of 2021:

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
<b>Statement of profit or loss</b>						
Revenue from contracts with customers	<b>589,552</b>	<b>816,427</b>	<b>903,115</b>	<b>9,684</b>	<b>(177,533)</b>	<b>2,141,245</b>
- outside the Group	589,507	649,603	901,864	153	(1)	2,141,126
- to related parties	45	166,824	1,251	9,531	(177,532)	119
Dividends	0	0	0	398,048	(398,048)	0
Write-downs of inventories	1,441	(533)	(139)	0	0	769
Write-downs of receivables	85	(65)	924	0	0	944
Write-downs of property, plant and equipment, and intangible	0	104	37	0	0	141

assets						
<b>Operating profit (EBIT)</b>	<b>161,713</b>	<b>87,174</b>	<b>141,706</b>	<b>389,874</b>	<b>(404,172)</b>	<b>376,295</b>
Depreciation	16,673	33,930	23,085	1,596	31	75,315
<b>EBITDA</b>	<b>178,386</b>	<b>121,104</b>	<b>164,791</b>	<b>391,470</b>	<b>(404,141)</b>	<b>451,610</b>
Interest income	38	106	332	2	0	478
Interest costs	(1,456)	(2,309)	(1,551)	(125)	0	(5,441)
<b>Profit before tax</b>	<b>161,021</b>	<b>85,894</b>	<b>140,103</b>	<b>389,249</b>	<b>(404,170)</b>	<b>372,097</b>
Income tax	(33,075)	(17,565)	(26,235)	2,923	1,166	(72,786)
<b>Net profit</b>	<b>127,946</b>	<b>68,329</b>	<b>113,868</b>	<b>392,172</b>	<b>(403,004)</b>	<b>299,311</b>
<b>Balance sheet as at 30.06.2021</b>						
Total assets	1,017,669	861,350	1,067,008	766,391	(586,808)	3,125,610
Liabilities	332,470	456,560	706,644	405,019	(246,307)	1,654,386
<b>Other data</b>						
Capital expenditure on property, plant and equipment	2,724	25,417	31,873	1,254	0	61,268

**Q.2, 2021**

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
<b>Statement of profit or loss</b>						
Revenue from contracts with customers	<b>305,084</b>	<b>445,699</b>	<b>492,605</b>	<b>4,859</b>	<b>(97,150)</b>	<b>1,151,097</b>
- outside the Group	305,072	353,903	491,939	77	(1)	1,150,990
- to related parties	12	91,796	666	4,782	(97,149)	107
Dividends	0	0	0	398,048	(398,048)	0
Write-downs of inventories	1,441	(411)	(133)	0	0	897
Write-downs of receivables	35	(65)	20	0	0	-10
Write-downs of property, plant and equipment, and intangible assets	0	(37)	37	0	0	0
<b>Operating profit (EBIT)</b>	<b>92,970</b>	<b>51,560</b>	<b>79,469</b>	<b>393,003</b>	<b>(403,152)</b>	<b>213,850</b>
Depreciation	8,384	17,111	11,783	784	15	38,077
<b>EBITDA</b>	<b>101,354</b>	<b>68,671</b>	<b>91,252</b>	<b>393,787</b>	<b>(403,137)</b>	<b>251,927</b>
Interest income	8	86	231	2	0	327
Interest costs	(714)	(1,268)	(725)	(15)	0	(2,722)
<b>Profit before tax</b>	<b>92,838</b>	<b>51,932</b>	<b>76,890</b>	<b>392,995</b>	<b>(403,154)</b>	<b>211,501</b>
Income tax	(27,413)	(10,688)	(14,411)	1,921	970	(49,621)
<b>Net profit</b>	<b>65,425</b>	<b>41,244</b>	<b>62,479</b>	<b>394,916</b>	<b>(402,184)</b>	<b>161,880</b>
Capital expenditure on property, plant and equipment	1,075	14,480	17,242	1,118	(1)	33,914

**First half of 2020:**

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
<b>Statement of profit or loss</b>						
Revenue from contracts with customers	<b>498,553</b>	<b>642,293</b>	<b>718,730</b>	<b>8,747</b>	<b>(151,573)</b>	<b>1,716,750</b>
- outside the Group	498,515	500,519	717,099	145	(2)	1,716,276
- to related parties	38	141,774	1,631	8,602	(151,571)	474
Dividends	0	0	0	108,574	(108,574)	0
Write-downs of inventories	(632)	(318)	(850)	0	0	(1,800)
Write-downs of receivables	5	(261)	(1,692)	0	0	(1,948)
Write-downs of property, plant and equipment, and intangible assets	0	261	0	0	0	261
<b>Operating profit (EBIT)</b>	<b>104,619</b>	<b>47,932</b>	<b>113,717</b>	<b>101,192</b>	<b>(107,517)</b>	<b>259,943</b>
Depreciation	16,895	32,728	21,893	1,472	23	73,011
<b>EBITDA</b>	<b>121,514</b>	<b>80,660</b>	<b>135,610</b>	<b>102,664</b>	<b>(107,494)</b>	<b>332,954</b>
Interest income	538	155	229	3	0	925
Interest costs	(2,696)	(4,180)	(2,608)	(224)	0	(9,708)
Profit before tax	99,000	43,271	111,194	100,043	(107,645)	245,863

Income tax	(11,948)	(8,785)	(22,228)	1,763	(211)	(41,409)
Net profit	87,052	34,486	88,966	101,806	(107,856)	204,454
<b>Balance sheet as at 30.06.2020</b>						
Total assets	979,162	965,149	920,863	458,505	(464,629)	2,859,050
Liabilities	350,487	441,120	412,169	103,690	(130,234)	1,177,232
<b>Other data</b>						
Capital expenditure on property, plant and equipment	12,797	29,821	15,394	168	0	58,180

**Q.2, 2020**

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
<b>Statement of profit or loss</b>						
Revenue from contracts with customers	253,526	323,871	383,636	4,363	(77,597)	887,799
- outside the Group	253,500	251,070	382,549	74	(5)	887,188
- to related parties	26	72,801	1,087	4,289	(77,592)	611
Dividends						
Write-downs of inventories	(17)	(269)	(757)	0	0	(1,043)
Write-downs of receivables	(4)	9	(1,091)	0	0	(1,086)
Write-downs of property, plant and equipment, and intangible assets	0	126	0	0	0	126
<b>Operating profit (EBIT)</b>	<b>63,694</b>	<b>27,122</b>	<b>63,312</b>	<b>105,493</b>	<b>(108,225)</b>	<b>151,396</b>
Depreciation	7,756	16,278	11,171	753	8	35,966
<b>EBITDA</b>	<b>71,450</b>	<b>43,400</b>	<b>74,483</b>	<b>106,246</b>	<b>(108,217)</b>	<b>187,362</b>
Interest income	261	106	134	1	0	502
Interest costs	(1,268)	(2,254)	(1,163)	(144)	0	(4,829)
Profit before tax	61,319	23,666	59,668	106,691	(108,217)	143,127
Income tax	(4,882)	(4,831)	(12,929)	582	(71)	(22,131)
Net profit	56,437	18,835	46,739	107,273	(108,288)	120,996
Capital expenditure on property, plant and equipment	1,101	14,811	6,386	77	0	22,375

The 'Eliminations' item covers the elimination of inter-segment transactions and consolidation adjustments. In the statement of profit or loss it is mainly related to the sale of aluminium profiles by the EPS to the ASS. As regards assets and liabilities, eliminations comprise mainly investments in financial assets (shares and interests) and inter-segment settlements.

The transactions are concluded on arm's length basis. In the presented periods there was no sales concentration exceeding 10%.

## 8. Item structure of revenue from contracts with customers

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
Products, including:	<b>998,455</b>	<b>1,858,799</b>	<b>772,716</b>	<b>1,494,746</b>
- plastic packaging of the FPS	301,838	581,058	250,677	493,442
- aluminium products of the EPS	436,604	799,819	317,997	629,697
- aluminium systems of the ASS	350,482	641,446	275,423	510,251
Consolidation adjustments**	(90,469)	(163,524)	(71,381)	(138,644)
including to related parties*	7	7	597	472
Services, including:	<b>4,220</b>	<b>11,851</b>	<b>5,336</b>	<b>11,019</b>
- services of the FPS	<b>2,108</b>	<b>6,339</b>	<b>1,846</b>	<b>3,438</b>
- services of the EPS	2,837	6,178	3,282	7,302
- services of the ASS	813	3,143	1,772	3,817
- services of the central units	4,859	9,684	4,362	8,746
Consolidation adjustments***	(6,397)	(13,493)	(5,926)	(12,284)
including to related parties*	80	82	0	(11)
Construction services of the ASS	<b>2,927</b>	<b>4,882</b>	<b>1,521</b>	<b>3,380</b>
Trade goods, including:	<b>3,026</b>	<b>6,341</b>	<b>951</b>	<b>3,789</b>

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- trade goods sold by the EPS	1,974	2,484	955	1,598
- trade goods sold by the ASS	1,052	3,857	(4)	2,191
Materials, including:	<b>142,469</b>	<b>259,372</b>	<b>107,275</b>	<b>203,816</b>
- materials sold by the FPS	1,138	2,155	1,003	1,673
- materials sold by the EPS	4,284	7,946	1,636	3,696
- materials sold by the ASS	137,331	249,787	104,924	199,091
Consolidation adjustments****	(284)	(516)	(288)	(644)
including to related parties*	20	30	13	13
<b>SALES REVENUE</b>	<b>1,151,097</b>	<b>2,141,245</b>	<b>887,799</b>	<b>1,716,750</b>
<b>including from related parties</b>	<b>107</b>	<b>119</b>	<b>610</b>	<b>474</b>

\*Refers to an associate; information about the company has been provided in note 27.

\*\*Refers mainly to aluminium profiles sale by the EPS to the ASS.

\*\*\*Refers mainly to the cooperation between the ASS and the EPS, and services of the central units provided to the segments.

\*\*\*\*Refers mainly to aluminium scrap sales by the ASS to the EPS.

The Group applies the percentage-of-completion method for the settlement of long-term contracts. The method requires the Group to estimate the proportion of the works already completed to the total budgeted costs. If the percentage of completion were higher by 5% than the percentage estimated by the Group, the revenue for the 6 months of 2021 would increase by PLN 651,000 (6 months of 2020: PLN 3,121,000). If the actual costs of construction contracts in progress as at the balance-sheet date at the time of their completion were higher than the budgeted costs by 1%, the gross result for the 6 months of 2021 would decrease by PLN 1,121,000 (6 months of 2020: PLN 1,142,000).

## 9. Cash and cash equivalents

Cash at bank bears interest at variable rates, the value of which depends on the interest rate on overnight bank deposits. Short-term term deposits are made for periods of various lengths, from one day to one month depending on the Group current demand for cash and bear interest at the applicable interest rates.

The fair value of cash and cash equivalents is presented in the table below.

	<b>30.06.2021</b>	<b>31.12.2020</b>
Bank deposits (current accounts) and short-term deposits	117,705	151,126
Cash in hand	44	44
<b>Total</b>	<b>117,749</b>	<b>151,170</b>

As at 30 June 2021, the Group had PLN 16,981,000 of restricted availability cash in its VAT accounts (31 December 2020: PLN 22,226,000). The cash may be used only for the purpose of output VAT, CIT, PIT and ZUS [social security] payments to authorities or as VAT payments to the Company suppliers.

As at 30 June 2021, the Group had undrawn committed credit lines amounting to PLN 450,051,000 with regard to which all conditions precedent had been complied with (31 December 2020: PLN 528,183,000).

## 10. Dividends paid and proposed for payment

Pursuant to the resolution of the Annual General Meeting of 12 May 2021, and upon consideration of the number of shares as at the date of determining the right to dividend, Grupa Kęty S.A. shall pay dividend to the shareholders of the Company in the total amount of PLN 430,073,401.44, i.e. PLN 44.57 per share, in reference to the number of the Company shares (9,649,392), upon rounding down to full groshes.

The dividend record day was set for 31 May 2021, whereas the dividend payment date is set for:

- 18 June 2021 (the amount of PLN 129,012,371.04, i.e. PLN 13.37 per share upon rounding down to full groshes), and
- 31 August 2021 (the amount PLN 301,061,030.40, i.e. PLN 31.20 per share upon rounding down to full groshes).

In 2020, the parent company paid out dividend amounting to PLN 336,654,000 (PLN 34.99 per share).

In the first half of 2021, dividend was also paid out by the subsidiary Aluprof Netherlands B.V., which means that the minority shareholders of that company received PLN 339,000 dividend (preceding year: PLN 296,000).

## 11. Income tax

Income tax structure	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
Current tax	(25,193)	(45,249)	(18,149)	(33,586)
Deferred tax	(24,428)	(27,537)	(3,982)	(7,823)
<b>Income tax recognised in the statement of profit or loss</b>	<b>(49,621)</b>	<b>(72,786)</b>	<b>(22,131)</b>	<b>(41,409)</b>

## 12. Property, plant and equipment

### 12.1. Purchase and sale

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
Acquisition of property, plant and equipment	33,914	61,268	23,254	58,180
Net value of property, plant and equipment sold	256	414	87	520
Profit (loss) on sale of property, plant and equipment	(17)	196	126	204

### 12.2. Impairment losses

Owing to the absence of impairment indicators referred to in IAS 36, the Group did not carry out impairment tests for the property, plant and equipment held.

In the first half of 2021, the Group reversed write-downs of property, plant and equipment amounting to PLN 141,000 (in the first half of 2020 there were reversed write-downs amounting to PLN 261,000).

## 13. Write-downs of goodwill

Owing to the absence of impairment indicators referred to in IAS 36, the Group did not carry out impairment tests for goodwill.

## 14. Short-term receivables

	30.06.2021	31.12.2020
<b>Net receivables:</b>	<b>725,655</b>	<b>541,020</b>
Trade receivables	700,443	501,328
- including from related parties*	225	663
Deposits on account of transactions hedging the aluminium price	2,956	1,801
Receivables from employees	145	89
Leases	625	1,627
Other	1,841	4,089
<b>Total net financial receivables (under IFRS 7)</b>	<b>706,010</b>	<b>508,934</b>
Public law receivables (except for the income tax)	5,019	18,594
Prepayments (trade-related) for suppliers	9,679	8,756
Prepaid expenses	4,947	4,736
<b>Total net non-financial receivables</b>	<b>19,645</b>	<b>32,086</b>

\*Refers to an associate; information about the company has been provided in note 27.

In the first half of 2021 the Group reversed write-downs of receivables amounting to PLN 944,000 (in the first half of 2020 there were recognised write-downs amounting to PLN 1,948,000). The write-downs were recognised in a separate item of the statement of profit or loss entitled 'Write-downs of financial assets – IFRS 9'.

Trade receivables do not bear interest and usually have 30 to 90 days maturity.

The Group has implemented a policy of selling solely to verified customers and applies receivables insurance with specialised companies. Consequently, according to the management's opinion, there is no additional credit risk exceeding the level established by the write-down. The fair value of receivables is close to their book value.

## 15. Assets/liabilities related to construction contacts

Assets/liabilities related to construction contacts	30.06.2021	31.12.2020
Contractual assets	45	141
Liabilities related to construction contacts	1,296	991

In accordance with the Group estimations, the above contractual assets and liabilities will be realised within up to 12 months. As the Group believes there are no impairment indicators for the value of contractual assets.

## 16. Inventories

	30.06.2021	31.12.2020
Materials	308,256	256,758
Work in progress	146,307	99,870
Finished products	154,524	149,515
Trade goods	13,669	10,448
<b>Total</b>	<b>622,756</b>	<b>516,591</b>

In the first half of 2021 the Group reversed write-downs of trade goods and materials amounting to PLN 913,000 (in the first half of 2020 there were recognised write-downs amounting to PLN 1,414,000). The recognitions and reversals of write-downs of trade goods and materials are reflected by the Group in the items 'Other operating costs' and 'Other operating revenue', respectively. Moreover, the Group booked an adjustment in the balance of products by way of reversal of write-downs of finished products and semi-products amounting to PLN 856,000 (in the first half of 2020 there were recognised write-downs amounting to PLN 105,000).

Write-downs	30.06.2021	31.12.2020
Materials	(10,505)	(13,239)
Work in progress	(3,597)	(3,313)
Finished products	(7,516)	(6,932)
Trade goods	(568)	(471)
<b>Total write-downs of inventories</b>	<b>(22,186)</b>	<b>(23,955)</b>

## 17. Provisions and accruals

	31.12.2020	Increases	Utilisation	Currency translation differences	30.06.2021
<b>Long-term provisions:</b>	<b>22,062</b>	<b>1,293</b>	<b>0</b>	<b>(106)</b>	<b>23,249</b>
Provisions for employee benefits	21,563	1,293	0	(106)	22,750
Provision for warranty repairs	499	0	0	0	499
<b>Short-term provisions</b>	<b>1,690</b>	<b>773</b>	<b>0</b>	<b>0</b>	<b>2,463</b>
Provisions for employee benefits	571	0	0	0	571
Provision for warranty repairs	1,119	773	0	0	1,892
<b>Short-term accruals:</b>	<b>49,945</b>	<b>36,481</b>	<b>(45,341)</b>	<b>(58)</b>	<b>41,027</b>
Unused holiday	8,733	14,430	(8,733)	(25)	14,405
Annual bonuses	22,598	12,974	(22,598)	(33)	12,941
Indemnities	4,604	0	0	0	4,604

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Costs of services in progress	9,336	5,416	(9,336)	0	5,416
Financial statements audits	265	335	(265)	0	335
Other	4,409	3,326	(4,409)	0	3,326

	31.12.2019	Increases	Utilisation	Currency translation differences	30.06.2020
<b>Long-term provisions:</b>	<b>17,528</b>	<b>1,091</b>	<b>(421)</b>	<b>214</b>	<b>18,412</b>
Provision for jubilee bonuses and retirement benefits	16,807	1,091	(199)	214	17,913
Provision for warranty repairs	721	0	(222)	0	499
<b>Short-term provisions</b>	<b>1,822</b>	<b>7</b>	<b>(185)</b>	<b>2</b>	<b>1,646</b>
Provision for jubilee bonuses and retirement benefits	589	7	(164)	2	434
Provision for warranty repairs	1,233	0	(21)	0	1,212
<b>Short-term accruals:</b>	<b>38,428</b>	<b>26,523</b>	<b>(25,169)</b>	<b>253</b>	<b>40,035</b>
Unused holiday	7,050	9,956	(6,043)	53	11,016
Annual bonuses	17,352	10,850	(9,694)	62	18,570
Indemnities	3,704	0	0	0	3,704
Costs of services in progress	8,758	4,894	(7,992)	98	5,758
Financial statements audits	251	98	(211)	3	141
Other	1,313	725	(1,229)	37	846

## 18. Bank loans

### Long-term

Lender	Loan currency	30/06/2021	Increases/(decreases)	31.12.2020
Bank PKO BP	PLN	111,243	(7,914)	119,157
BNP PARIBAS	PLN/EUR	60,164	(64,373)	124,537
Bank PKO BP	PLN/EUR	19,512	(19,093)	38,605
BNP PARIBAS	PLN	77,945	66,394	11,551
mBank	EUR	72,837	(14,834)	87,671
ING Bank Polska	PLN	51,422	(7,143)	58,565
<b>Total</b>		<b>393,123</b>	<b>(46,963)</b>	<b>440,086</b>

### Short-term

Lender	Loan currency	30.06.2021	Increases/(decreases)	31.12.2020
Bank PKO BP*	PLN	66,088	60	66,028
ING Bank Polska	EUR, PLN	43,092	5,810	37,282
PEKAO	PLN, EUR, USD	150,152	18,535	131,617
Societe Generale	EUR, PLN	17,098	5,355	11,743
BNP PARIBAS	PLN	23,447	136	23,311
mBank	EUR	10,985	8,195	2,790
<b>Total</b>		<b>310,862</b>	<b>38,091</b>	<b>272,771</b>

\*Short-term part of long-term loans.



In the first half of 2021 and the first half of 2020, and as at 31 December 2020, the Group complied with all credit/loan covenants.

The Group loans bear interest mainly at variable rates determined on arm's length basis in reference to WIBOR/EURIBOR/LIBOR plus the bank margin. As regards the working capital loan at PKO BP S.A., fixed interest rate for the term of the agreement, i.e. by July 2022, has been determined.

## 19. Lease liabilities

<b>Maturity date</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Short-term	4,805	4,679
From 1 to 3 years	7,902	6,188
more than 3 years	21,160	13,680
<b>Total</b>	<b>33,867</b>	<b>24,547</b>

## 20. Leases

Costs of lease contracts recognised in the statement of profit or loss:

<b>Costs on account of</b>		<b>Q.2, 2021</b>	<b>I H 2021</b>	<b>Q.2, 2020</b>	<b>I H 2020</b>
Lease interest	Finance costs	(276)	(452)	(218)	(423)
Depreciation	Operating costs (depreciation)	(1,575)	(2,538)	(771)	(1,652)
Low-value lease	Operating costs (third-party services)	(153)	(254)	(118)	(230)
Short-term lease	Operating costs (third-party services)	(139)	(261)	(149)	(290)
<b>Total</b>		<b>(2,143)</b>	<b>(3,505)</b>	<b>(1,256)</b>	<b>(2,595)</b>

Value of future lease payments

	<b>30.06.2021</b>	<b>31.12.2020</b>
Value of future lease payments	66,740	55,581
Discount	(32,873)	(31,034)
<b>Present value of lease liabilities</b>	<b>33,867</b>	<b>24,547</b>
Including short-term lease	4,805	4,679

The weighted average incremental borrowing rate which the Group as the lessee applied to lease liabilities as at 30 June 2021 amounted to 3.81% (31 December 2020 – 4.20%).

### 20.1. Group as a lessor

	<b>30.06.2021</b>	<b>31.12.2020</b>
<b>Gross lease investment</b>	<b>1,487</b>	<b>1,731</b>
Up to 1 year	684	819
Between 1 and 5 years	803	912
<b>Present value of minimum lease payments</b>	<b>1,395</b>	<b>1,627</b>
Up to 1 year	626	758
Between 1 and 5 years	769	869
<b>Unearned finance income (discount)</b>	<b>92</b>	<b>104</b>
<b>Unguaranteed residual value vested in the lessor</b>	<b>310</b>	<b>390</b>

## 21. Equity securities – employee share plans

In accordance with Resolution No. 27/20 of the Annual General Meeting of 20 August 2020, the Group launched a new share option plan in September 2020. The plan is identical as the plans of the previous years, except that it consists of three share option tranches, of 90,000 pieces each, which commence (i.e. have the vesting date) in 2020, 2021 and 2022, respectively.

The precondition to be eligible to the share options is employment as at 30 September 2023 for the first tranche, 30 September 2024 for the second tranche, and 30 September 2025 for the third tranche.

The issue price of the shares offered under the plan is PLN 376.95.

Each of the tranches consists of 4 sub-tranches, the vesting of which depends on the fulfilment of the following conditions:

- a) 15% of shares – Grupa Kęty S.A. share price increase at the level of WIG growth;
- b) 25% of shares – Grupa Kęty S.A. share price increase at the level exceeding WIG growth by 15%;
- c) 30% of shares – growth of the Group EBITDA by 28%;
- c) 30% of shares – growth of the Group net profit by 28%.

Achievement of parameters c) and d) at the level between 89.9% and 100% entitles to vesting the number of share options pro rata to the scale of performance.

The reference period for calculation of the aforesaid period is the year 2019 for the first tranche, the year 2020 for the second tranche, and the year 2021 for the third tranche. The above described conditions should be fulfilled within 3 years directly following 2020 for the first tranche, 2021 for the second tranche, and 2022 for the third tranche.

As at the balance-sheet date, the eligible staff were vested 90,000 options within the first tranche of the plan. The list of the persons eligible to obtain the options of the second and third tranche will be determined in 2021 and 2022, respectively. The fair value of the options vested within the first tranche was determined by an independent actuary and amounts to PLN 7,702,000.

The Group recognises the plan costs proportionally to the vesting period of the rights.

## 22. Trade payables and other liabilities

### 22.1. Long-term liabilities

As a performance bond for construction services for a part of construction contracts, the Company receives security deposits. In the event of any defects that the supplier fails to eliminate pursuant to such a bond, the Group may retain the security deposit and use it to repair such defects.

	30.06.2021	31.12.2020
Building security deposits	1,323	1,385

### 22.2. Short-term trade payables and other liabilities

	30.06.2021	31.12.2020
<b>Short-term liabilities:</b>	<b>717,114</b>	<b>352,802</b>
Trade receivables	330,624	257,932
On account of property, plant and equipment purchase	9,634	34,342
Payroll payables	22,120	20,450
Dividend payables	301,061	0
<b>Total financial liabilities (under IFRS 7)</b>	<b>663,439</b>	<b>312,724</b>
Public law payables (except for income tax payables)	45,182	35,922
Other	8,493	4,156
<b>Total non-financial liabilities</b>	<b>53,675</b>	<b>40,078</b>

Trade payables do not bear interest and are usually settled within 30-60 days. Other liabilities do not bear interest and their average payment period is one month. The said liabilities are not secured with the Group assets.

## 22.3. Contractual liabilities

	30.06.2021	31.12.2020
Contractual liabilities related to construction contracts	1,120	991
Contractual liabilities related to other contracts (advance payments for deliveries)	23,570	19,024
<b>Total</b>	<b>24,690</b>	<b>20,015</b>

The contracts with the customers provide that the above amounts should be realised within up to 12 months.

## 23. Explanation of the reasons for material changes in the items of revenue and costs

In the first half of 2021, compared to the corresponding period of the preceding year, material changes in the particular items of revenue and costs included:

- increase in total revenue by PLN 423,555,000, including sales revenue by PLN 424,495,000, which resulted from higher sales volume as well as changes in the prices of the basic raw materials and exchange rates;
- increase in the total costs of operation by PLN 348,646,000, including:
  - ✓ increase in depreciation costs by PLN 2,304,000, which resulted from the Group investments post the first half of 2020;
  - ✓ increase in the costs of energy and materials by PLN 284,049,000, which resulted mainly from higher production volume as well as changes in the prices of basic raw materials and exchange rates. The quotations of the average aluminium price in the first half of 2021 were lower by 41% compared to the corresponding period of 2020, with simultaneous strengthening of PLN to USD by 6%;
  - ✓ increase in the costs of third-party services by PLN 35,019,000, which resulted mainly from higher production and sales volume, and the observed growth of unit prices of services;
  - ✓ increase in the costs of taxes and fees by PLN 281,000, which resulted mainly from higher local fees;
  - ✓ increase in the costs of employee benefits by PLN 32,182,000, which resulted mainly from the extended scale of the Group operations, and contributed to headcount increase and growth in payroll;
  - ✓ decrease in the write-downs of financial assets by PLN 2,892,000, which reflects the effect of the higher level of receivables and a positive impact of counterparty rating changes.

Higher balance of inventory of finished products and work in progress by PLN 51,334,000 in the first half of 2021, compared to PLN 7,965,000 in the first half of 2020, reflects an increase in the value finished products and work in progress in the current period.

As a consequence of the above changes, the profit on operating activities in the first half of 2021 amounted to PLN 376,295,000 and was higher by PLN 116,352,000 than in the first half of the preceding year.

Net finance costs lower by PLN 9,882,000 resulted from foreign exchange gains in the first half of 2021, whereas in the first half of 2020 there were foreign exchange losses; and lower costs of interest, mainly due to lower interest rates and lower debt level.

Upon consideration of tax charges higher by PLN 31,377,000, resulting from the improvement of financial results described above, the net profit in the first half of 2021 amounted to PLN 299,311,000 and was higher by PLN 94,857,000 than in the corresponding period of the preceding year.

## 24. Explanation of the reasons of major changes in other items

As at 30 June 2021, compared to 31 December 2020, major changes in the balance-sheet items comprise:

- decrease in the value of property, plant and equipment, and intangible assets by PLN 5,124,000 resulting from depreciation charges which amounted to PLN 75,315,000 in the first half of 2021; the decrease was partially offset by the acquisition of new assets for the amount of PLN 61,268,000;

- increase in the value of inventories by PLN 103,672,000, which resulted mainly from higher sales and greater scale of operation compared to the end 2020, as well as higher prices of raw materials;
- increase in the value of receivables by PLN 184,635,000, which resulted from higher sales and greater scale of operation compared to the end of 2020, as well as higher prices of raw materials;
- decrease in the value of cash by PLN 33,421,000, which resulted from payment of the first instalment of dividend from profit for 2020, and positive financial cash flows in the first half of 2021;
- decrease in the value of equity by PLN 115,712,000, which resulted mainly from the Group net profit generated in the first half of 2021 amounting to PLN 299,311,000 and a decision on payment of dividend from profit for 2020 in the amount of PLN 430,073,000;
- higher liabilities by PLN 361,820,000, which resulted from the commitment to pay the second instalment of the dividend amounting to PLN 301,061,000, and higher trade liabilities and public law payables, as a reflection of the greater scale of operations compared to the end of 2020, with simultaneous decrease in the liabilities on account of purchase of property, plant and equipment.

## 25. Discontinued operations

In the first half of 2021 and the first half of 2020, the Group did not discontinue any significant operations.

## 26. Business combinations and acquisitions of non-controlling interests

In the first half of 2021 and in the first half of 2020 there were no such transactions.

## 27. Investments in associates

As at 30 June 2021, the Group held 45.5% of shares in Aluprof USA LLC with its registered office in New York.

Company name	Place of business	Core business	Majority Investor	Percentage of share capital as at		Profit (loss) allocated to the major investor as at		Accumulated value of shares as at		Segment
				30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020	
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5%	45.5%	(770)	(748)	708	2,604	ASS

In the first half of 2021, the Group received PLN 1,121,000 dividend from its associate.

On 29 June 2020, a resolution was passed on commencement of liquidation of the aforesaid associate and reimbursement of contributions to the shareholders. The liquidation is related to ordering the organisational structure and model of the Group operations on the American market and availing of the services of the subsidiary Aluprof System USA Inc. operating on that market or direct sales from Poland.

## 28. Objectives and principles of financial risk management

The objectives and principles of financial risk management have not changed compared to those published in the consolidated financial statements for 2020, note 37.

Below presented is the detailed information concerning fair values of financial instruments that can be estimated.

- Cash and cash equivalents, short-term bank deposits and short-term bank loans. The fair value of the said instruments is close to their carrying amounts due to their short-term maturity.
- Trade receivables, other receivables, trade payables and other liabilities. The fair value of the said instruments is close to their carrying amounts due to their short-term nature.
- Long-term bank loans and lease. The fair value of the instruments is close to their carrying amounts due to the fluctuating nature of their interest rates as well as the market level of the margin.
- Financial derivatives are recognised at fair value determined as at the balance-sheet date.

## 29. Capital management

The Group monitors the return on equity using the ROE ratio, which is calculated as net profit to equity for the last 12 months.

The finance structure is monitored by the net financial leverage ratio, which is calculated as net debt to total equity and net liabilities, as well as the net debt to EBITDA ratio, whereas EBITDA is understood as operating profit plus depreciation and amortisation for the last 12 months. The Group net debt comprises interest-bearing loans and borrowings, as well as lease liabilities, less cash and cash equivalents.

The policy of the Company accepts the optimal leverage ratio at the level of up to 50%, and net debt to EBITDA ratio at the level of up to 2.5. The basic objective of capital management is to maximise the return on equity (ROE) while maintaining a secure and flexible structure of finance. When preparing the specific guidelines, the division into operating segments is taken into account as well as the necessity of maintaining current liquidity and ensuring financing of development objectives by the respective companies of the segments, in accordance with the assumed plans.

To retain or adjust the capital structure, the Group may change the value of dividend payable to the shareholders, return capital to shareholders or issue new shares. In the reporting periods presented, no changes were introduced to the objectives, principles and processes in that area.

	30.06.2021	31.12.2020
<b>EBITDA (operating profit plus depreciation and amortisation) in the last 12 months</b>	791,074	672,418
Net profit in the last 12 months	525,562	430,518
Interest-bearing borrowings and lease liabilities	737,852	737,404
Cash and cash equivalents	(117,749)	(151,170)
<b>Net debt</b>	<b>620,103</b>	<b>586,234</b>
Equity	1,471,224	1,586,936
<b>Equity and net debt</b>	<b>2,091,327</b>	<b>2,173,170</b>
Net financial leverage	30%	27%
Net debt to EBITDA ratio	0.78	0.87
ROE	36%	27%

## 30. Contingent liabilities

Title	30.06.2021	31.12.2020
Bank performance bonds for construction contracts, as provided by the ASS	14 302	13 150
Insurance performance bonds for construction contracts, as provided by the ASS	2 329	2 219
Subsidies in the period of conditions fulfilment	5 847	5 847
<b>Total</b>	<b>22 478</b>	<b>21 216</b>

The maturity dates of performance bonds for construction contracts depend on the provisions of the respective agreements.

## 31. Future investment liabilities

<b>Contractual liabilities related to the purchase of property, plant and equipment, by operating segments</b>	30.06.2021	31.12.2020
Extruded Products Segment	59,336	9,219
Flexible Packaging Segment	3,486	1,131
Aluminium Systems Segment	30,158	21,099
Joint expenditure	2,831	82
<b>Total</b>	<b>95,811</b>	<b>31,531</b>

### 32. Derivative financial instruments

<b>Financial assets</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Currency forward contracts hedging cash flows	3,164	490
Futures contracts hedging cash flows related to the purchase of aluminium	11,600	5,525
<b>Total</b>	<b>14,764</b>	<b>6,015</b>
<b>Financial liabilities</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Currency forward contracts hedging cash flows	556	1,061
Futures contracts hedging cash flows related to the purchase of aluminium	0	417
<b>Total</b>	<b>556</b>	<b>1,478</b>

The Group did not introduce any changes in the method of classification and measurement of financial instruments compared to the principles described in the consolidated statements for 2020, note 38.

Currency forward and futures contracts for the purchase of aluminium are measured either on the basis of the stock exchange quotations or, in the case of the lack of stock exchange quotations, by discounting values based on the forward rate resulting from the contract and deduction of the amount in the given currency translated at the current exchange rate.

In the event of the application of the discounted cash flows method, the estimated future cash flows are based on the most reliable Management Board estimations, whereas the market interest rate for a similar instrument is applied as the discount rate as at the balance-sheet date. In the event of the application of other valuation models, the output data are based on the market data as at the balance-sheet date.

The valuation is based on market valuations of identical transactions at commercial banks.

### 33. Shareholding structure and transactions with key management staff

#### 33.1. Shareholding structure

<b>Entity</b>	<b>Number of shares 30.06.2021</b>	<b>Percentage of capital</b>	<b>Number of shares 31.12.2020</b>	<b>Percentage of capital</b>
Nationale Nederlanden OFE	1,847,000	19.14%	1,858,073	19.30%
OFE AVIVA Santander	1,330,385	13.79%	1,297,681	13.48%
OFE PZU ŻŁOTA JESIEŃ	920,000	9.53%	847,272	8.80%
AEGON PTE	700,994	7.26%	692,995	7.20%
MetLife OFE	530,000	5.49%	542,834	5.64%
PTE Allianz Polska	494,262	5.12%	503,871	5.23%
Other	3,826,751	39.66%	3,886,631	40.35%
<b>Total*</b>	<b>9,649,392</b>	<b>100.00%</b>	<b>9,629,357</b>	<b>100.00%</b>

\*This amount comprises 19,985 shares issued in Q.2, 2021, which had not been registered by Court as at the balance-sheet date.

#### 33.2. Transactions with the Group key management staff

In the reporting period, the Group did not enter into any transactions with members of the Management Board apart from those described in note 33.3.

#### 33.3. Remuneration of the Group key management staff

The Group key management staff include: members of the Supervisory Board of the parent company and members of the Management Board of the parent company.

<b>Management Board:</b>	<b>I H 2021</b>	<b>I H 2020</b>
Basic remuneration at the parent company*	1,340	1,206
Variable remuneration at the parent company**	6,442	0
In kind benefits****	9	8
<b>Total remuneration of the Management Board at Grupa Kęty S.A.</b>	<b>7,791</b>	<b>1,214</b>
Remuneration at other Group companies***	999	219
<b>Total remuneration of the Management Board</b>	<b>8,790</b>	<b>1,433</b>

\*Fixed remuneration comprises: 1) basic remuneration under employment contract; 2) remuneration granted by resolutions of the Supervisory Board; 3) sick-leave allowance.

\*\*Variable remuneration comprises: 1) annual bonus and 2) annual incentive paid in the respective year in reference to the preceding year. The annual bonus due for 2019 was paid in Q.2, 2020.

\*\*\*The remuneration from other companies of the Capital Group comprises: 1) basic remuneration under employment contract; 2) remuneration granted by resolutions of the Supervisory Board; 3) sick-leave allowance; 4) annual bonus; 5) in-kind benefits.

\*\*\*\*In-kind benefits comprise: 1) St. Nicholas' Day gift from the Company Social Benefits Fund; 2) car fuel flat-rate allowance; 3) Employee Pension Scheme (PPE) premium; 4) health-care premium.

Moreover, in the first half of 2021, a provision was recognised for the potential incentives for the Management Board members in reference to 2021, to be paid out in 2022, in the total amount of PLN 3,633,000 (in 2020: PLN 2,764,000).

The remuneration of the Supervisory Board members was as follows:

	<b>I H 2021</b>	<b>I H 2020</b>
Remuneration for functions fulfilled	483	451
In kind benefits*	5	5
<b>Total</b>	<b>488</b>	<b>456</b>

\* In-kind benefits comprise Employee Capital Plans (PPK).

There are no agreements between the parent company and the managing persons which would provide for any compensation in the case of their resignation or dismissal from their positions for no important reason or where their dismissal would be related to the Issuer's merger by acquisition, except for the conditions included in the term of notice or non-competition agreements.

### 33.4. Group Management Options Plan

The Management Board has been vested with share options in accordance with the following table. The right to acquire the below listed shares shall be fulfilled providing that the respective persons are employed by the Group as at the end date of the vesting period.

Number of share options in the vesting period granted to members of the Management Board	Number of granted options	End date of the vesting period	Estimated number of options meeting the vesting conditions
Share options under the second part of the 2020 plan	30.000	30.09.2023	21 000

\*Plan launched in September 2020.

## 34. Issue of shares

In the first part of 2021, under the shares issue for the management staff within the 2015 share option plan, there were issued 20,135 shares of the nominal value of PLN 50,000 and the issue value of PLN 6,126,000. The issue price was PLN 304.24 per share.

As at the balance-sheet date, 19,985 shares had not yet been registered by the Court.

	30.06.2021	31.12.2020
Share premium	60,055	53,979
<b>Total</b>	<b>60,055</b>	<b>53,979</b>

### 35. Methods of measurement at fair value (fair value hierarchy)

The detailed principles of fair value measurement are described in the consolidated financial statements for 2020, note 41.

As compared to the previous financial year, the Group did not change the method of fair value measurement.

Derivatives are recognised as assets when their measurement is positive, and as liabilities when their measurement is negative. Gains and losses due to changes in the fair value of derivatives which do not meet the principles of hedge accounting are recognised in the statement of profit or loss.

Fair value hierarchy	Fair value hierarchy level	30.06.2021	31.12.2020
<b>Assets</b>			
Investment properties	3	2,781	2,724
Hedging derivatives	2	14,764	6,015
<b>Total</b>		<b>17,545</b>	<b>8,739</b>
<b>Liabilities</b>			
Hedging derivatives	2	566	1,478
<b>Total</b>		<b>566</b>	<b>1,478</b>

### 36. Earnings per share

Basic earnings per share are calculated by dividing net profit for the period assigned to regular shareholders of the Group by the weighted average number of ordinary shares issued and outstanding in the period.

Diluted earnings per share are calculated by dividing net profit for the period assigned to regular shareholders of the Group by the weighted average number of ordinary shares issued and outstanding in the period.

	I H 2021	I H 2020
<b>Net profit attributable to owners of the parent</b>	<b>299,081</b>	<b>204,267</b>
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,649,492	9,581,303
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share	9,651,415	9,590,116
Basic earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	31.03	21.32
Diluted earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	30.99	21.30

In the reporting period, the eligible employees took up 20,135 shares of Grupa Kęty S.A. under the 2015 plan, at the price of PLN 304.24 per share. Moreover, the eligible employees hold 3,620 options to acquire shares under the 2015 plan, at the price of PLN 304.24 per share. The average market price of the Company shares in the period of 6 months of 2021 was PLN 559.17. The closing price as at 30/06/2021 was PLN 649.

The potential number of ordinary shares associated with the employee options plan increasing the number of shares and assumed for the calculation of diluted earnings per share is 11,983.

### 37. Post-balance-sheet events

Apart from those referred to in these statements, there were no significant events post the balance-sheet date which should be included herein.



**GRUPA KĘTY S.A.**

**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE FIRST  
HALF OF 2021, ENDED ON 30 JUNE 2021, PREPARED IN ACCORDANCE WITH  
IAS 34**

## II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

## SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Total operating revenue, including:</b>		<b>801,646</b>	<b>1,133,408</b>	<b>405,027</b>	<b>691,503</b>
Revenue from contracts with customers		403,014	733,757	295,976	581,917
Other operating revenue		584	1,603	477	1,012
Dividends		398,048	398,048	108,574	108,574
<b>Change in the level of products and work in progress</b>		<b>2,910</b>	<b>11,127</b>	<b>(6,264)</b>	<b>4,222</b>
<b>Cost of manufacturing of products for own needs</b>		<b>1,270</b>	<b>2,763</b>	<b>1,694</b>	<b>2,942</b>
<b>Total operating costs, including:</b>		<b>(372,716)</b>	<b>(692,462)</b>	<b>(276,239)</b>	<b>(564,575)</b>
Depreciation		(13,602)	(27,097)	(12,679)	(25,350)
Materials and energy, and the value of trade goods and materials sold		(267,919)	(490,663)	(190,675)	(390,226)
Third-party services		(49,829)	(95,788)	(39,385)	(79,205)
Taxes and fees		(1,560)	(3,093)	(1,541)	(3,028)
Employee benefits		(38,884)	(74,474)	(31,226)	(64,866)
Revaluation of financial assets		(65)	(65)	9	(261)
Other operating costs		(857)	(1,282)	(742)	(1,639)
<b>Profit on operating activities</b>		<b>433,110</b>	<b>454,836</b>	<b>124,218</b>	<b>134,092</b>
Financial revenue		823	843	103	128
Finance costs		(346)	(2,555)	(2,127)	(5,861)
<b>Profit before tax</b>		<b>433,587</b>	<b>453,124</b>	<b>122,194</b>	<b>128,359</b>
Income tax	11	(6,910)	(10,913)	(2,654)	(4,096)
<b>Net profit on continued operations</b>		<b>426,677</b>	<b>442,211</b>	<b>119,540</b>	<b>124,263</b>
Basic net earnings per share (PLN)	31	44.22	45.88	12.47	12.97
Diluted net earnings per share (PLN)		44.21	45.82	12.46	12.96

*In the reporting period, the Company did not discontinue any operations.*

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Net profit for the period</b>	<b>426,677</b>	<b>442,211</b>	<b>119,540</b>	<b>124,263</b>
<b>Other comprehensive income recognised in profit or loss, including:</b>	<b>2,687</b>	<b>3,808</b>	<b>4,457</b>	<b>(3,166)</b>
Impact of the hedge accounting results	3,318	4,701	5,723	(3,640)
Income tax related to other comprehensive income	(631)	(893)	(1,266)	474
<b>Comprehensive income for the period</b>	<b>429,364</b>	<b>446,019</b>	<b>123,997</b>	<b>121,097</b>

*\*All items of other comprehensive income will be reclassified to profit or loss when certain conditions are met in further periods.*

## SEPARATE BALANCE SHEET

ASSETS	Note	30.06.2021	31.12.2020
<b>I. Non-current assets</b>		<b>865,999</b>	<b>875,052</b>
Property, plant and equipment		475,703	485,432
Intangible assets		6,488	6,918
Right-of-use assets		11,635	11,719
Shares and interests		370,341	369,935
Advance payments for the purchase of property, plant and equipment		1,832	1,048
<b>II. Current assets</b>		<b>575,814</b>	<b>306,442</b>
Inventories	14	130,634	105,717
Trade and other receivables	13	410,305	189,073
Derivative financial instruments	24	6,609	2,335
Cash and cash equivalents	9	28,266	9,317
<b>Total assets</b>		<b>1,441,813</b>	<b>1,181,494</b>
<b>EQUITY/LIABILITIES</b>			
<b>I. Equity</b>		<b>673,869</b>	<b>650,993</b>
Share capital		68,023	67,973
Share premium	30	60,055	53,979
Capital from share based payments	29	28,128	27,324
Capital from the revaluation of hedging instruments		5,353	1,545
Retained earnings		512,310	500,172
<b>II. Long-term liabilities</b>		<b>162,476</b>	<b>282,987</b>
Loan payables	16	101,770	223,217
Lease liabilities	17	3,478	3,571
Provisions for employee benefits	15	2,519	2,344
Subsidies		26,800	27,296
Deferred income tax provision		27,909	26,559
<b>III. Short-term liabilities</b>		<b>605,468</b>	<b>247,514</b>
Loan payables	16	140,247	130,577
Lease liabilities	17	177	177
Income tax payables		8,732	1,194
Trade payables and other liabilities	20	438,531	94,558
Contractual liabilities	21	2,098	1,481
Provisions and accruals	15	14,692	18,109
Derivative financial instruments	24	0	427
Subsidies		991	991
<b>Total equity/liabilities</b>		<b>1,441,813</b>	<b>1,181,494</b>

## SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital from share based payments	Hedging reserve	Retained earnings	Total equity
<b>Present year</b>						
<b>Equity as at 31.12.2020</b>	<b>67,973</b>	<b>53,979</b>	<b>27,324</b>	<b>1,545</b>	<b>500,172</b>	<b>650,993</b>
Comprehensive income for the period:	0	0	0	3,808	442,211	<b>446,019</b>
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>442,211</i>	<b>442,211</b>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,808</i>	<i>0</i>	<b>3,808</b>
Costs of share based payments	0	0	804	0	0	<b>804</b>
Dividends	0	0	0	0	(430,073)	<b>(430,073)</b>
Issue of shares	50	6,076	0	0	0	<b>6,126</b>
<b>Equity as at 30.06.2021</b>	<b>68,023</b>	<b>60,055</b>	<b>28,128</b>	<b>5,353</b>	<b>512,310</b>	<b>673,869</b>
<b>Preceding year</b>						
<b>Equity as at 31.12.2019 (restated)</b>	<b>67,825</b>	<b>38,018</b>	<b>26,392</b>	<b>956</b>	<b>540,891</b>	<b>674,082</b>
Comprehensive income for the period:	0	0	0	(3,166)	124,263	<b>121,097</b>
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>124,263</i>	<b>124,263</b>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(3,166)</i>	<i>0</i>	<b>(3,166)</b>
Costs of share based payments	0	0	314	0	0	<b>314</b>
Issue of shares	61	5,442	0	0	0	<b>5,503</b>
<b>Equity as at 30.06.2020</b>	<b>67,886</b>	<b>43,460</b>	<b>26,706</b>	<b>(2,210)</b>	<b>665,154</b>	<b>800,996</b>

## SEPARATE STATEMENT OF CASH FLOWS

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
<b>Cash flow from operating activities</b>				
<b>Profit before tax</b>	<b>433,587</b>	<b>453,124</b>	<b>122,194</b>	<b>128,359</b>
<b>Adjustments:</b>	<b>11,776</b>	<b>26,373</b>	<b>13,162</b>	<b>31,522</b>
Depreciation	13,602	27,097	12,679	25,350
Recognition/(reversal) of write-downs of property, plant and equipment	0	0	(86)	(208)
Net (profit)/loss from currency translation differences	(3,265)	(3,283)	(1,374)	2,518
(Profit)/loss from sales of property, plant and equipment	17	(138)	(51)	44
Interest	1,223	2,299	2,272	4,222
Realised result on transactions hedging the price of aluminium recognised in equity	0	0	(938)	(1,146)
Costs of share based payments	199	398	57	139
Net value of property, plant and equipment liquidated	0	0	603	603
<b>Cash flow from operating activities before the change of working capital and tax payment</b>	<b>445,363</b>	<b>479,497</b>	<b>135,356</b>	<b>159,881</b>
Change in inventories	(16,810)	(24,917)	12,670	6,235
Change in net receivables	(135,341)	(221,231)	(3,437)	(73,270)
Change in short-term liabilities, except for loans	12,224	45,099	(21,103)	21,690
Change in provisions	(5,241)	(3,242)	1,455	3,407
Change in subsidies	(247)	(495)	(247)	(495)
<b>Cash flow from operating activities before tax</b>	<b>299,948</b>	<b>274,711</b>	<b>124,694</b>	<b>117,448</b>
Tax (paid)/refunded	(1,592)	(2,918)	129	(1,657)
<b>Net cash from operating activities</b>	<b>298,356</b>	<b>271,793</b>	<b>124,823</b>	<b>115,791</b>
<b>Cash flow from investing activities</b>				
<b>(+) Proceeds:</b>	<b>0</b>	<b>262</b>	<b>51</b>	<b>124</b>
Sales of intangible assets, and property, plant and equipment	0	262	51	124
<b>(-) Expenses:</b>	<b>(9,730)</b>	<b>(19,371)</b>	<b>(9,211)</b>	<b>(27,833)</b>
Acquisition of intangible assets, and property, plant and equipment	(9,730)	(19,371)	(9,211)	(27,833)
<b>Net cash from investing activities</b>	<b>(9,730)</b>	<b>(19,109)</b>	<b>(9,160)</b>	<b>(27,709)</b>
<b>Cash flow from financing activities</b>				
<b>(+) Proceeds:</b>	<b>(17,998)</b>	<b>47,889</b>	<b>103,755</b>	<b>162,988</b>
Net proceeds from the issue of shares	6,081	6,126	3,864	5,503
Proceeds from loans and credits	(24,079)	41,763	99,891	157,485
<b>(-) Expenses:</b>	<b>(246,519)</b>	<b>(281,640)</b>	<b>(186,297)</b>	<b>(213,886)</b>
Payment of dividend	(129,012)	(129,012)	0	0
Repayment of loans	(116,326)	(150,112)	(183,194)	(209,534)
Interest on loans	(1,181)	(2,339)	(2,926)	(4,175)
Payment of lease liabilities	0	(177)	(177)	(177)
<b>Net cash from financing activities</b>	<b>(264,517)</b>	<b>(233,751)</b>	<b>(82,542)</b>	<b>(50,898)</b>
Net increase/decrease of the balance of cash and cash equivalents before change on account of currency translation differences	<b>24,109</b>	<b>18,933</b>	<b>33,121</b>	<b>37,184</b>
Change in cash due to currency translation differences	(158)	16	0	0
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,315</b>	<b>9,317</b>	<b>10,710</b>	<b>6,647</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>28,266</b>	<b>28,266</b>	<b>43,831</b>	<b>43,831</b>

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SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

## 1. General information

Grupa KĘTY S.A. (the 'Company') is a joint stock company incorporated in Poland, with its registered office in Kęty at ul. Kościuszki 111;

These interim condensed separate financial statements of Grupa Kęty S.A. cover the first half of 2021, ended on 30 June 2021 and provide comparative data for the first half of 2020, ended on 30 June 2020 as well as the figures as at 31 December 2020. The statements comprise also the data for Q.2, 2021 and Q.2, 2020. The above figures have not been audited by a statutory auditor. The statements for the first half of the year were reviewed by a statutory auditor, and the review report is published along with these statements.

The Company is entered into the National Court Register (KRS) under the number **KRS 0000121845** and uses the **tax identification number (NIP): 5490001468**. The Company uses the **statistical identification number (REGON): 070614970**. Grupa Kęty S.A. is also registered in the products and packaging database and in the waste management database under the number **BDO 000007710**.

The Company is listed under No. **ISIN PLKETY000011** at the Warsaw Stock Exchange and is classified in the metal sector.

The activities of the Company include production, trade and services related to the processing of aluminium and its alloys. Moreover, the activities of the Company include trade intermediation, supply services, marketing and other.

The Company's Management Board, as at the date of approving these statements for publication, consisted of:

- 1 Mr Dariusz Mańko – President of the Management Board/CEO,
- 2 Mr Rafał Warpechowski – Member of the Management Board/CFO,
- 3 Mr Piotr Wysocki – Member of the Management Board/Vice CEO,
- 4 Mr Tomasz Grela – Member of the Management Board.

In the period from 1 January 2021 to the date of these statements publication there were no changes in the membership of the Company Management Board.

## 2. Basis for the interim condensed separate financial statements preparation

These interim condensed separate financial statements have been prepared in accordance with the International Accounting Standard No. 34 *Interim Financial Reporting*, adopted by the EU ('IAS 34').

These interim condensed separate financial statements have been prepared in Polish zlotys ('PLN') and all values, unless otherwise specified, are presented in thousands of PLN.

In the opinion of the Company, as at the date of preparing these statements, the COVID-19 pandemic has not had any major negative impact on the operations of the Company, which means that its financial projections for 2021 should be attained.

The assessment of the impact of the pandemic has been made on a current basis in reference to the analysis of many factors which may change in the future. Based on the analysis, as at the date of preparing these statements, the Management Board believes that there is no hazard to the continuation of the Group operations in the foreseeable future covering the period of at least 12 months of the balance-sheet date.

### 2.1. Impact of COVID-19 pandemic on the Company operations

Grupa Kęty S.A. has implemented a series of actions in reference to the necessity of adjusting to the changing conditions of operation and prevention of COVID-19 infections spreading. Action plans have been developed in order to ensure the continuity of critical infrastructure operation and provision of key services in the event of a crisis situation. The actions are being adjusted on a current basis to the prevailing conditions and changes in the binding regulations.

The Company has also implemented a series of preventive actions in order to limit the possibility of the virus spreading, which include:

- introduction of a series of procedures and guidelines regarding people and materials traffic, specifically consisting in minimisation of direct contacts, provision of the possibility of remote working, introduction of procedure ensuring the availability of the key personnel of the Company;
- provision of protective equipment (masks, gloves) to the employees as well as disinfectants, and introduction of sanitary, hygiene and sanitising procedures;
- limitation of business trips and participation in meetings, extended use of other means of communication, such as teleconferences, messenger systems, or video conferences.

## 2.2. Analysis of the impact of the change in the economic situation in relation to COVID-19 on the valuation of the Company other assets and liabilities

### *Write-downs of inventories to net realisable value*

Increases in the basic prices of raw materials utilised by the Company in production, combined with effective trade activities and hedging of the margins applied by the Company, contributed to the lack of necessity of recognising major write-downs of inventories to net realisable value.

### *Assessment of the expected credit loss (ECL)*

The Company has implemented a series of actions related to monitoring the financial standing of its contractors in order to secure the proper collectability of the amounts receivable. The main element of the Company policy in that regard is the insurance of receivables at specialised companies, obtaining insurance ratings for the particular customers and application of other forms of receivables security. In effect of the analyses carried out, which included the analysis of the current term structure of receivables, as well as the examination of contractors carried out by the insurance companies, the expected credit loss ratio applicable to receivables has not significantly changed compared to the end of 2020. In the first half of the year, the Company did not experience any problems with receivables collectability.

The Company has been analysing on a current basis the market situation, the information on contractors and the data provided by the companies insuring receivables which could indicate a deterioration of situation in the respective area.

### *Impairment of property, plant and equipment, intangible assets, and right-of-use assets*

In the first half of 2021, there were no reasons for to carry out impairment tests for the Company's property, plant and equipment.

## 2.3. Liquidity situation

As at the date of preparing these interim condensed separate financial statements, the financial standing of the Company was stable. So far, the Company has not identified liquidity problems or any risk of servicing loan agreements or other financing agreements. At the present moment, the Company assesses that it has sufficient sources of finance to carry out the current operating activities and investment projects, and to pay out dividend. Information about the available credit facilities may be found in note 9.

## 3. Significant accounting principles (policy)

The accounting principles (policy) applied in preparing these interim condensed financial statements are consistent with the ones applied in preparing the annual financial statements of Grupa Kęty S.A. for the year ended 31 December 2020.

New or changed standards and interpretations, which have been applied for the first time in 2021, have no significant impact on the financial statements of the Company.

Moreover, the International Financial Reporting Council has issued or is working on the below changes, which have not been approved for implementation by the EU as at the date of these statements:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – in accordance with the decision of the European Commission, the process of approval of the standard in its preliminary version will not be initiated prior to the release of the standard in its final version – by the date of the approval of these financial statements the standard had not been approved by the EU – effective for annual periods beginning on or after 1 January 2016;



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- Amendments to IFRS 10 and IAS 28: *Sales or contributions of assets between an investor and its associate/joint venture* (issued on 11 September 2014) – the works leading to the approval of these amendments have been deferred indefinitely by the EU – the effective date has been deferred by the IASB indefinitely;
  - IFRS 17 *Insurance Contracts* (issued on 18 May 2017), including amendments to IFRS 17 (issued on 25 June 2020) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IAS 1: *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* and *Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (published on 23 January 2020 and 15 July 2020, respectively) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IFRS 3: *Changes in Reference to the Conceptual Framework* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 16: *Property, Plant and Equipment – Proceeds before Intended Use* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - *Annual Improvements to IFRS Standards: 2018-2020 Cycle* (issued on 14 May 2020) – effective for annual periods beginning on or after 1 January 2022;
  - Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued on 12 February 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IAS 8: *Definition of Accounting Estimates* (issued on 12 February 2021) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;
  - Amendments to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021* (issued on 31 March 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 April 2021;
  - Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 6 May 2021) – by the date of approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2023;

The effective dates are the dates resulting from the contents of standards issued by the International Financial Reporting Council. The dates of the standards adoption in the European Union may differ from the dates of adoption resulting from the content of the respective standards and are announced at the time of approving them for adoption by the European Union.

#### 4. Estimation areas

The main accounting estimates and the assumptions made are presented in the respective explanatory notes to the financial statements:

- estimates concerning the recognition and measurement of lease contracts are presented in note 18;
- estimates concerning the write-downs of inventories are presented in note 14;
- estimates concerning the write-downs of receivables are presented in note 13;
- estimates concerning provisions and accruals are presented in note 15;
- estimates concerning deferred tax assets are presented in note 11;
- estimates concerning financial instruments are presented in note 24;
- estimates concerning the fair value of the share options plan for the management staff are presented in note 29;
- estimates concerning the impairment of assets are presented in the financial statements for the year 2020;
- estimates concerning depreciation rates are presented in the financial statements for the year 2020;
- estimates concerning control or influence over other entities are presented in the financial statements for the year 2020.

A detailed description of the assumptions made in the particular areas of estimates is provided in the annual financial statements for the year 2020, note 11.

In the reporting period, there were no other changes in estimates, except for the ones described above.

## 5. Seasonal nature of operations

At basic segment of the Company activities the trend of sales revenue levelling during the year may be observed more and more often, particularly if the aluminium prices on the world's markets are lower in the second part of the year than in the first one. Within the last five years such situation was observed three times, including the previous year. In the other two cases, the sales in the second half of the year were by approx. 20% lower than in the first half of the year.

## 6. Information on operating segments

The Company separates one operating segment, i.e. the Extruded Products Segment, and other activities ('Other') including the central functions at the Capital Group. Due to the fact that the Company financial statements are published simultaneously with the consolidated financial statements, the Company presents operating segment information only in the consolidated financial statements, pursuant to IFRS 8.4. In the second part of 2021, the concentration of sales to Aluprof S.A. subsidiary was 21.8% (24% in the first half of 2020).

## 7. Information on investments in subsidiaries

In the reporting period there were no investments in subsidiaries.

## 8. Changes in the Company organisational structure

In the reporting period there were no significant changes in the Company organisational structure.

## 9. Cash and cash equivalents

	30.06.2021	31.12.2020
Bank deposits (current accounts) and short-term deposits	28,266	9,317
<b>Cash recognised in the balance sheet and the statement of cash flows</b>	<b>28,266</b>	<b>9,317</b>

As at 30 June 2021, the Company had PLN 1,858,000 of restricted availability cash in its VAT accounts (31 December 2020: PLN 5,718,000). The cash may be used only for the purpose of output VAT, CIT, PIT and ZUS [social security] payments to authorities or as VAT payments to the Company suppliers.

As at 30 June 2021, Grupa Kęty S.A. had undrawn credit funds committed amounting to PLN 215,798,000 with regard to which all conditions precedent had been complied with (as at 31 December 2020: PLN 192,576,000).

## 10. Dividends paid and proposed for payment

The result for the reporting period is not subject to distribution.

Pursuant to the resolution of the Annual General Meeting of 12 May 2021, and upon consideration of the number of shares as at the date of determining the right to dividend, Grupa Kęty S.A. shall pay dividend to the shareholders of the Company in the total amount of PLN 430,073,401.44, i.e. PLN 44.57 per share, in reference to the number of the Company shares (9,649,392), upon rounding down to full groshes.

The dividend record day was set for 31 May 2021, whereas the dividend payment date is set for:

- 18 June 2021 (the amount of PLN 129,012,371.04, i.e. PLN 13.37 per share upon rounding down to full groshes), and
- 31 August 2021 (the amount PLN 301,061,030.40, i.e. PLN 31.20 per share upon rounding down to full groshes).

In 2020, Grupa Kęty S.A. paid dividend amounting to PLN 336,654,000 (PLN 34.99 per share).

## 11. Income tax

	Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
Current income tax	(6,962)	(10,456)	(2,370)	(3,494)
Deferred income tax	52	(457)	(284)	(602)
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>(6,910)</b>	<b>(10,913)</b>	<b>(2,654)</b>	<b>(4,096)</b>

## 12. Property, plant and equipment

### 12.1. Purchase and sale

	I H 2021	I H 2020
Acquisition of property, plant and equipment	16,979	20,788
Net value of property, plant and equipment sold	124	168
Profit (loss) on sale of property, plant and equipment	138	(44)

In the first half of 2021 and in the first half of 2020 the Company recognised no impairment losses for property, plant and equipment.

## 13. Trade and other receivables

In the first half of 2021, the Company recognised write-downs of receivables amounting to PLN 65,000 (in the first half of 2020 the Company recognised write-downs amounting to PLN 504,000). The write-downs of receivables are recognised by the Company in the item 'Revaluation of financial assets'. In the first half of 2021, the Company did not reverse write-downs of receivables (in the first half of 2020 there had been PLN 243,000 write-downs reversed). The reversal of write-downs resulted from the receipt of the receivables covered with the write-downs. The reversals of the write-downs of receivables are recognised in the item 'Revaluation of financial assets'.

Short-term receivables	30.06.2021	31.12.2020
<b>Receivables</b>	<b>410,305</b>	<b>189,073</b>
Trade liabilities to related parties	100,641	67,643
Trade receivables from other entities	199,389	117,217
Public law receivables (except for income tax)	71	509
Prepayments (trade-related) for suppliers – other entities	995	264
Receivables related to settlement of closed transactions hedging the aluminium price	2,956	1,801
Dividends from subsidiaries	104,679	0
Prepaid expenses	1,558	1,432
Other	16	207

The fair value of receivables is close to their book value.

## 14. Inventories

	30.06.2021	31.12.2020
Materials	54,326	40,537
Work in progress	53,323	34,575
Finished products	22,985	30,605
<b>Total</b>	<b>130,634</b>	<b>105,717</b>

In the first half of 2021, the Company reversed write-downs of inventories amounting to PLN 1,571,000 and recognised write-downs of inventories in the amount of PLN 2,006,000. In the first half of 2020, the Company reversed write-downs of inventories amounting to PLN 741,000 and recognised write-downs of inventories in the amount of PLN 1,067,000.

## 15. Provisions and accruals

The changes in the balance of provisions and accruals are presented in the table below.

	31.12.2020	Increases	Utilisation /Reversal	30.06.2021
<b>Provisions and accruals</b>	<b>20,453</b>	<b>10,523</b>	<b>(13,765)</b>	<b>17,211</b>
Long-term part of the provision For retirement and disability benefits	2,344	175	0	<b>2,519</b>
Short-term part of the provision for retirement and disability benefits	190	0	0	<b>190</b>
Indemnities	3,704	0	0	<b>3,704</b>
Costs of unused holiday	2,456	4,343	(2,456)	<b>4,343</b>
Costs of annual bonus	11,259	5,875	(11,259)	<b>5,875</b>
Other	500	130	(50)	<b>580</b>

	31.12.2019	Increases	Utilisation /Reversal	30.06.2020
<b>Provisions and accruals</b>	<b>17,014</b>	<b>7,621</b>	<b>(4,213)</b>	<b>20,422</b>
Long-term part of the provision For retirement and disability benefits	1,947	126	0	<b>2,073</b>
Competition ban	107	0	(107)	<b>0</b>
Short-term part of the provision for retirement and disability benefits	178	0	(76)	<b>102</b>
Indemnities	3,704	0	0	<b>3,704</b>
Costs of unused holiday	1,991	3,325	(1,991)	<b>3,325</b>
Costs of annual bonus	8,864	3,889	(1,817)	<b>10,936</b>
Costs of warranty repairs	10	0	(10)	<b>0</b>
Other	213	281	(212)	<b>282</b>

## 16. Interest-bearing bank credits and loans

Loan	Lender	Loan currency	30.06.2021	Increase (decrease)	31.12.2020
Long-term loan	BNP Paribas Bank Polska S.A.	PLN	12,949	(61,238)	74,187
Long-term loan	Bank PKO BP investment loan	PLN	86,173	(32,984)	119,157
Long-term loan	Bank PKO BP working capital loan	PLN	2,647	(27,226)	29,873
Short-term part of the long-term loan	Bank PKO BP	PLN	65,966	(63)	66,029
Short-term loan	BNP Paribas Polska S.A.	PLN, EUR	0	(61)	61
Short-term loan	ING Bank Polska	EUR, PLN	20,123	(2,801)	22,924
Short-term loan	Bank PeKaO S.A.	PLN, EUR, USD	41,447	11,627	29,820
Short-term loan	Bank Societe Generale	PLN, EUR	12,711	968	11,743
<b>Total</b>			<b>242,016</b>	<b>(111,778)</b>	<b>353,794</b>

Loans bear interest at the WIBOR/EURIBOR/LIBOR rates + bank margin.

The loans repayment complied with the repayment schedule. Loans were taken out for the purpose of managing the Company liquidity. As at the balance-sheet date and as at 31 December 2020, the Company complied with all credit/loan covenants.

## 17. Lease liabilities

The table below presents changes in the balance of the particular discounted values of lease liabilities (land perpetual usufruct rights):

Characteristics	Type	Loan currency	30.06.2021	Increase (decrease)	31.12.2020
Long-term loan	Payments on account of land perpetual usufruct rights	PLN	3,478	(93)	3,571
Short-term loan	Payments on account of land perpetual usufruct rights	PLN	177	0	177
<b>Total</b>			<b>3,655</b>	<b>(93)</b>	<b>3,748</b>

The above liabilities comprise payments for the use of land (land perpetual usufruct rights).

Maturity date of lease liabilities	30.06.2021	31.12.2020
Up to 1 year	177	8
From 1 to 2 years	18	17
From 2 to 5 years	30	29
More than 5 years	3,430	3,694
<b>Total</b>	<b>3,655</b>	<b>3,748</b>

## 18. Leases

### 18.1. Company as a lessee

Costs of lease contracts recognised in the statement of profit or loss:

Costs on account of		Q.2, 2021	I H 2021	Q.2, 2020	I H 2020
Lease interest	Finance costs	(42)	(84)	(42)	(85)
Depreciation	Operating costs (depreciation)	(42)	(84)	(42)	(84)
Short-term lease	Operating costs (third-party services)	(67)	(129)	(149)	(290)
<b>Total</b>		<b>(151)</b>	<b>(297)</b>	<b>(233)</b>	<b>(459)</b>

Value of future lease payments

	30.06.2021	31.12.2020
Value of future lease payments, including:	12,046	12,223
Within up to 1 year	177	177
From 2 to 5 years	30	28
More than 5 years	11,839	12,018
Discount	(8,391)	(8,475)
<b>Present value of lease liabilities</b>	<b>3,655</b>	<b>3,748</b>
Including short-term lease	177	177

The weighted average incremental borrowing rate for the Company lease is 4.5% (4.5% as at 31 December 2020).

## 18.2. Company as a lessor

In the reporting period, the Company as a lessor was not a party to any significant contracts.

## 19. Company Management Options Plan

The plan and the principles of valuation of the plan costs are described in detail the annual report for 2020, note 24.1. The Group recognises the plan costs proportionally to the vesting period of the rights to options.

There have been no significant changes in the data presented in the annual financial statements, or the method of recognising the costs of the management staff share options plan.

## 20. Trade payables and other liabilities

	30.06.2021	31.12.2020
Trade liabilities to related parties	9,858	9,515
Trade liabilities to other companies	97,245	65,225
Public law payables (except for income tax payables)	16,595	8,113
Payroll payables	6,241	5,427
On account of property, plant and equipment purchase	3,561	5,336
Dividend payables	301,061	0
Other	3,970	942
<b>Total</b>	<b>438,531</b>	<b>94,558</b>

Trade payables do not bear interest and are usually settled within 30-60 days. Other liabilities do not bear interest and their average payment period is one month. The said liabilities are not secured with the Company assets.

## 21. Contractual liabilities

	30.06.2021	31.12.2020
<b>Prepayments from customers (trade-related)</b>	<b>2,098</b>	<b>1,481</b>

The contracts with the customers provide that the above amounts should be realised within up to 12 months.

## 22. Explanation of the reasons for material changes in the items of revenue and costs

In first 6 months of 2021 as compared to the first 6 months of 2020, material changes in the particular items of revenue and costs applied to the following areas:

- increase in the total revenue by PLN 441,905,000, including mainly:
  - ✓ increase in sales revenue by PLN 151,840,000 related to the quantitative growth of sales and higher aluminium prices;
  - ✓ increase in dividend revenue by PLN 289,474,000 resulting from the schedule of approving and allocation of result at subsidiaries;
- increase in the total costs of operation by PLN 127,887,000, including:
  - ✓ increase in depreciation by PLN 1,747,000, which resulted from the Company investments;

- ✓ increase in the costs of materials and energy consumption by PLN 100,437,000 related to higher average aluminium prices and quantitative growth of aluminium products sales;
- ✓ increase of the costs of third party services by PLN 16,583,000, related mainly to the extended volume of services acquired from contractors and subcontractors due to higher sales;
- ✓ increase in the costs of employee benefits by PLN 9,608,000, which resulted mainly from higher payroll, fringe benefits and scale of employment;
- change in the balance of finished products and work in progress inventories of PLN 11,127,000 in the first half of 2021 compared to PLN 4,222,000 in the first half of 2020, which resulted from higher value of finished products and work in progress in the first half of 2021, whereas in the first half of 2020 the balances growth had been lower.

As a consequence of the above changes, the profit on operating activities in the first half of 2021 amounted to PLN 454,836,000 and was higher by PLN 320,744,000 than in the preceding year;

- lower net finance costs by PLN 3,306,000, which resulted from higher foreign exchange losses in the first half of 2021 and lower the costs of interest, mainly due to their lower debt level and interest rate decrease in the market.

Upon consideration of tax charges higher by PLN 6,817,000, the net profit in the first half of 2021 amounted to PLN 442,211,000 and was higher by PLN 317,948,000 compared to the corresponding period of the preceding year.

## 23. Explanation of the reasons of major changes in other items

As at 30 June 2021, compared to 31 December 2020, major changes in the balance-sheet items comprise:

- decrease in the value of property, plant and equipment, and intangible assets by PLN 9,729,000 resulting from depreciation charges which amounted to PLN 27,097,000 in the first half of 2021; the decrease was partially offset by the acquisition of new assets;
- increase in inventories by PLN 24,917,000 results from the increase of aluminium prices and an increase in inventory of raw materials and semi-products with simultaneous decrease of in the value of finished products inventory;
- increase in receivables by PLN 221,232,000, which resulted from the higher dividend receivables from subsidiaries, amounting to PLN 104,679,000, and from higher sales and different economic cycle compared to 31 December 2020;
- increase in the value of derivative financial instruments in assets by PLN 4,274,000, and simultaneous decrease in the value of derivative financial instruments in equity/liabilities by PLN 427,000, which resulted from positive valuation of aluminium prices and exchange rates hedging transactions concluded by the Company;
- decrease in loan payables by PLN 111,777,000 and increase in cash by PLN 18,949,000, resulting mainly from the growth of cash flows on operating activities and reduced capital expenditure;
- increase in current income tax liabilities, which resulted from the results generated by the Company in the first half of 2021, and payment of monthly income tax advances in simplified form, i.e. 1/12 of the tax due for 2019;
- increase in the value of equity by PLN 22,876,000 which resulted mainly from the net profit generated by the Company in the first half of 2021 and profit distribution by way of dividend payment to shareholders;
- increase in liabilities by PLN 343,973,000, which resulted mainly from dividend payables in the amount of PLN 301,061,000 and higher trade liabilities and public law payables, with the simultaneous drop of liabilities related to the acquisition of property, land and equipment.

## 24. Derivative financial instruments

<b>Financial assets</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Currency forward contracts hedging cash flows	1,957	239
Futures contracts hedging cash flows for the purchase of aluminium	4,652	2,096
<b>Total</b>	<b>6,609</b>	<b>2,335</b>
<b>Financial liabilities</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Currency forward contracts hedging cash flows	0	75
Futures contracts hedging cash flows for the purchase of aluminium	0	352
<b>Total</b>	<b>0</b>	<b>427</b>

## 25. Objectives and principles of financial risk management

The objectives and principles of financial risk management have been described in the annual financial statements for 2020 published on 26 March 2021, note 38. Compared to the objectives and principles of risk management described in those statements, there have been no material changes.

Below presented is the detailed information concerning fair values of financial instruments that can be estimated.

- cash and cash equivalents, short-term bank deposits and short-term bank loans. The fair value of the said instruments is close to their carrying amounts due to their short-term maturity;
- trade receivables, other receivables, trade payables and other liabilities. The fair value of the said instruments is close to their carrying amounts due to their short-term nature;
- long-term interest-bearing borrowings, bank loans, and lease. The fair value of the said instruments is close to their carrying amounts due to the fluctuating nature of their interest rates as well as the market level of the margin;
- financial derivatives at fair value determined as at the balance-sheet date.

## 26. Capital management

Capital management takes place at the level of the Capital Group of Grupa Kęty S.A. – description in note 29 of these interim consolidated financial statements.

## 27. Contingent liabilities and assets

The Company received or granted guarantees and security bonds presented in the table below. According to the Company present estimates, the guarantees and security bonds presented below will not be realised.

<b>For:</b>	<b>Purpose</b>	<b>Amount</b>	<b>Validity</b>
Aluprof S.A.	Revolving credit collateral	40 000	30.09.2021
Aluprof S.A.	Security bond for Euler Hermes guarantee	1 564	28.02.2023
Aluform sp. z o.o.	Guarantee facility agreement	35 000	30.10.2026
Aluprof S.A.	Guarantee facility agreement	20 000	14.03.2029

<b>Guarantees and security bonds received from subsidiaries</b>			
<b>From:</b>	<b>Purpose</b>	<b>Amount</b>	<b>Validity</b>
Aluprof S.A.	Credit collateral	40 000	30.09.2021
Aluprof S.A.	Guarantee facility agreement	20 000	14.03.2029
Aluform sp. z o.o.	Guarantee facility agreement	35 000	30.10.2026



Moreover:

- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alupol Packaging Kęty sp. z o.o. and Romb S.A. entered into an agreement with PKO BP S.A. for an overdraft facility up to the total amount of PLN 130 million. All the companies being parties to the agreement are jointly and severally liable for the liabilities related to that loan. The amounts of the said loan drawn by other companies as at the balance-sheet date amounted to PLN 42,585,000. The agreement is valid until 29 July 2022.
- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alupol Packaging Kęty sp. z o.o., Alupol Films sp. z o.o., Aluform sp. z o.o. and Aluminium Kety Emmi d.o.o. entered into an agreement with Pekao S.A. for an overdraft facility up to the total amount of PLN 300 million. All the companies being parties to the agreement are jointly and severally liable for the liabilities related to that loan. The amounts of the said loan drawn by other companies as at the balance-sheet date amounted to PLN 116,045,000. The agreement is valid until 31 October 2021.
- Grupa Kęty S.A. and Aluprof S.A. entered into an agreement with ING S.A. for an overdraft facility up to the total amount of PLN 65 million. All the companies being parties to the agreement are jointly and severally liable for the liabilities related to that loan. As at the balance-sheet date Aluprof S.A. was indebted to the amount of PLN 22,969,000 under that agreement. The agreement is valid until 31 December 2021.
- Grupa Kęty S.A., Aluprof S.A., Alupol Packaging S.A., Alupol Packaging Kęty Sp. z o.o., Alupol Films Sp. z o.o. and ROMB S.A. entered into an agreement with BNP Paribas Polska S.A. for an overdraft facility up to the total amount of PLN 400 million. All the companies being parties to the agreement are jointly and severally liable for the liabilities related to that loan. The amount of the said loan drawn by the companies as at the balance sheet date amounted to PLN 98,279,000. The agreement is valid until 18 November 2022.
- Grupa Kęty S.A. and Aluform sp. z o.o. entered into a loan agreement with PKO BP up to the total amount of PLN 260 million. All the companies being parties to the agreement are jointly and severally liable for the liabilities related to that loan. As at the balance sheet date, Aluform sp. z o.o. did not have any debt under the aforementioned agreement. The agreement is valid until 31 March 2024.

## 28. Future liabilities related to the purchase of property, plant and equipment

As at 30 June 2021, the Company committed to incur expenditures on property, plant and equipment amounting to PLN 42,013,000 (as at 31 December 2020, the capital expenditure liabilities amounted to PLN 8,155,000).

## 29. Intercompany transactions

Data regarding the Company transactions with related companies in the period from 1 January 2021 to 30 June 2021, and as at 30 June 2021.

Related company	Sales	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	159,962	872	92,392	275	220,000
Alupol Packaging S.A.	809	0	160	0	159,000
Dekret Centrum Rachunkowe Sp. z o.o.	483	1,092	94	217	369
Aluprof Hungary Kft	520	198	119	0	0
Alupol Ukraina LLC	3,077	4,415	1,522	311	0
Romb S.A.	7,877	58	4,317	0	0
Aluform Sp. z o.o.	625	32,221	304	8,189	18,679
Alupol Packaging Kęty Sp. z o.o.	2,634	21	582	0	0
Alupol Films sp. z o.o.	312	0	135	0	0
Aluprof Belgium N.V.	25	0	3	0	0
Aluminium Kety EMMI d.o.o	3,605	2,871	989	136	0
Aluminium Kety CSE s.r.o.	0	390	0	47	0
Aluminium Deutschland Kety GmbH	0	1,121	0	211	0
Grupa Kęty Italia s.r.l.	0	879	0	472	0
Aluprof System Czech s.r.o.	12	0	2	0	0
Aluprof Deutschland GmbH	1	0	0	0	0
Aluprof Netherlands B.V.	0	0	1	0	0
Aluprof UK Ltd.	33	0	16	0	0
Aluprof System Romania s.r.l	27	0	5	0	0
<b>Total</b>	<b>180,002</b>	<b>44,138</b>	<b>100,641</b>	<b>9,858</b>	<b>398,048</b>

### 29.1. Company transactions with key management staff

In the reporting period, the Company did not enter into any transactions with the key management staff, except for those described in note 29.2.

### 29.2. Costs of remuneration of the Company key management staff

The Company key management staff include: members of the Supervisory Board of the parent company and members of the Management Board of the parent company.

The Group key management staff include: members of the Supervisory Board of the parent company and members of the Management Board of the parent company.

<b>Management Board:</b>	<b>I H 2021</b>	<b>I H 2020</b>
Basic remuneration at the parent company*	1,340	1,206
Variable remuneration at the parent company**	6,442	0
In kind benefits****	9	8
<b>Total remuneration of the Management Board at Grupa Kęty S.A.</b>	<b>7,791</b>	<b>1,214</b>
Remuneration at other Group companies***	999	219
<b>Total remuneration of the Management Board</b>	<b>8,790</b>	<b>1,433</b>

\*Fixed remuneration comprises: 1) basic remuneration under employment contract; 2) remuneration granted by resolutions of the Supervisory Board; 3) sick-leave allowance.

\*\*Variable remuneration comprises: 1) annual bonus and 2) annual incentive paid in the respective year in reference to the preceding year. The annual bonus due for 2019 was paid in Q.2, 2020.

\*\*\*The remuneration from other companies of the Capital Group comprises: 1) basic remuneration under employment contract; 2) remuneration granted by resolutions of the Supervisory Board; 3) sick-leave allowance; 4) annual bonus; 5) in-kind benefits.

\*\*\*\*In-kind benefits comprise: 1) St. Nicholas' Day gift from the Company Social Benefits Fund; 2) car fuel flat-rate allowance; 3) Employee Pension Scheme (PPE) premium; 4) health-care premium.

Moreover, in the first half of 2021, a provision was recognised for the potential incentives for the Management Board members in reference to 2021, to be paid out in 2022, in the total amount of PLN 3,633,000 (in 2020: PLN 2,764,000).

The remuneration of the Company Supervisory Board members was as follows:

	<b>I H 2021</b>	<b>I H 2020</b>
Remuneration for functions fulfilled	483	451
In kind benefits*	5	5
<b>Total</b>	<b>488</b>	<b>456</b>

\* In-kind benefits comprise Employee Capital Plans (PPK).

There are no agreements between the parent company and the managing persons which would provide for any compensation in the case of their resignation or dismissal from their positions for no important reason or where their dismissal would be related to the Issuer's merger by acquisition, except for the conditions included in the term of notice or non-competition agreements.

### 29.3. Group Management Options Plan

The Management Board has been vested with share options in accordance with the following table. The right to acquire the below listed shares shall be fulfilled providing that the respective persons are employed by the Group as at the end date of the vesting period.

Number of share options in the vesting period granted to members of the Management Board	Number of granted options	End date of the vesting period	Estimated number of options meeting the vesting conditions
Share options under the second part of the 2020 plan	30.000	30.09.2023	21,000

\*Plan launched in September 2020.

### 30. Issue of shares

In the first part of 2021, under the shares issue for the management staff within the 2015 share option plan, there were issued 20,135 shares of the nominal value of PLN 50,000 and the issue value of PLN 6,126,000.

As at the balance-sheet date, 19,985 shares had not yet been registered by the Court.

	30.06.2021	31.12.2020
Share premium	60,055	53,979
<b>Total</b>	<b>60,055</b>	<b>53,979</b>

### 31. Methods of measurement at fair value (fair value hierarchy)

The fair value of futures and forwards is calculated with the use of the present net value of the future cash flows related to these contracts, based on quoted market prices of forward contracts determined with the application of the present interest rates.

The fair value of currency forward contracts is determined by reference to the present forward rates of contracts with similar maturity.

Apart from the aforesaid change, as compared to the previous financial year, the Company did not change the method of measuring derivatives. Derivatives are recognised as assets when their measurement is positive, and as liabilities when their measurement is negative. Gains and losses due to changes in the fair value of derivatives which do not meet the principles of hedge accounting are recognised in profit or loss for the reporting year.

Fair value hierarchy	Hierarchy	30.06.2021	31.12.2020
• <b>Assets</b>			
Hedging derivatives	2	6,609	2,335
• <b>Liabilities</b>			
Hedging derivatives	2	0	164

### 32. Earnings per share

Below presented are the data related to earnings and the number of shares applied to calculate the basic and diluted earnings per share.

	I H 2021	I H 2020
<b>Net profit</b>	<b>442 211</b>	<b>124 263</b>
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9 639 291	9 581 303
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per share*	9 651 274	9 590 116
Basic earnings per share (PLN)	45,88	12,97
Diluted earnings per share (PLN)	45,82	12,96

In the reporting period, the eligible employees took up 20,135 shares of Grupa Kęty S.A. under the 2015 plan, at the price of PLN 304.24 per share. Moreover, the eligible employees hold 3,620 options to acquire shares under the 2015 plan, at the price of PLN 304.24 per share. The average market price of the Company shares in the period of 6 months of 2021 was PLN 559.17. The closing price as at 30 June 2021 was PLN 649.

The potential number of ordinary shares associated with the employee options plan increasing the number of shares and assumed for the calculation of diluted earnings per share is 11,983.

### 33. Post-balance-sheet events

Post the balance-sheet date there were no significant events which should be included in these financial statements.

### III. REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS OF THE CAPITAL GROUP OF GRUPA KĘTY S.A. IN THE FIRST HALF OF 2021

#### 1. Description of the Company and the Grupa Kęty S.A. Capital Group

##### 1.1 The Company and the Capital Group business profile

Grupa Kęty S.A. (the Company) may boast of over 65 years of experience in aluminium processing. From 1953 to 1992 it operated as a state-owned company under the name Zakłady Metali Lekkich 'Kęty' ['Kęty' Light Metals Plant]. In the same year it was transformed into a sole-shareholder company of the State Treasury. In 1995, the Company privatisation process was carried out by way of sale of the majority stake of shares to financial investors and introducing the Company shares to the Warsaw Stock Exchange. The first quoting took place on 16 January 1996. In 2001, the name of the Company was changed to Grupa Kęty S.A. The Company is registered at the address: 32-650 Kęty, ul. Kościuszki 111.

Grupa Kęty S.A. is the parent company for the Capital Group (the Capital Group, the Kęty Capital Group, or Grupa Kęty) composed of three business segments operating in the following areas:

- **EXTRUDED PRODUCTS SEGMENT (EPS)** dealing with the production and sales of aluminium components used in construction, automotive business, household equipment manufacturing, machinery industry, electrical engineering, interior design, sports and recreational equipment, and many other sectors;
- **ALUMINIUM SYSTEMS SEGMENT (ASS)** dealing with designing and production of architectural systems and external aluminium roller shutters, including façade and window-and-door systems, internal structures, as well as balcony and terrace structural systems;
- **FLEXIBLE PACKAGING SEGMENT (FPS)** dealing with the production of printed flexible packaging and unprinted BOPP polypropylene films for food, pharmaceuticals, cosmetics and personal hygiene sectors, as well as for animal food packing and many others.

##### 1.2 Guiding values in our day-to-day work

The Corporate Social Responsibility (CSR) Policy is our response to the challenges related to sustainable development, not only in economic and market terms, but also as regards social and ecological aspects.






We declare that within our operations we have made and will continue to make efforts to ensure the creation of a better society, retaining balance and protecting the environment. We believe that the long-term success of Grupa Kęty depends on its cooperation with a broadly-defined group of stakeholders. We place particular emphasis on activities beneficial to the Group employees and their families as well as local communities. We operate in line with the adopted Code of Ethics and corporate governance principles, whereas partnership is the basic value we believe in. We are aware that we impact the environment in a direct and indirect way. Therefore, we operate such as to reduce that influence to minimum.

### 1.3 Company and Capital Group management structure

Grupa Kęty S.A. is the parent company of the Capital Group. Apart from the holding functions, the Company has a plant manufacturing extruded products operating within the Extruded Products Segment. In the first half of 2021 the organisational structure of Grupa Kęty S.A. has not changed significantly. The current structure of the Company is presented in the chart below:

Management Board of Grupa Kęty S.A.			
President of the Management Board General Director	Member of the Management Board Deputy General Director	Member of the Management Board	Member of the Management Board Financial Director
Management of the General Director's Division, including: - Internal Audit Department - CSR - HR  Supervision of the Flexible Packaging Segment	Management of the Extruded Products Segment	Management of the Aluminium Systems Segment	Management of the Financial Director's Division, including: - IT - Investor Relations - Capital Investments - Risk Management - Controlling  Supervision of Dekret CR – the centre of common services for the Capital Group as regards keeping books of account and payroll matters

The Kęty Capital Group consists of 24 companies and runs business in 3 business segments. Each segment has a leading company, the name of which is at the same time the main brand by which the products of the particular segment are recognised on the market. Each segment has in its structures the services necessary to carry out business in the area of both production and trade. Some of the specialised functions have been concentrated in competence centres providing services to all the segments of the Kęty Capital Group. These include in particular: bookkeeping, IT services, organisation of financing, supervision of the acquisition processes, supervision of the risk management policy, internal audit, and coordination of processes related to corporate social responsibility and sustainable development. In the first half of 2021 the Capital Group structure has not changed significantly. The current structure of the Capital Group is presented in the chart below:

Grupa Kęty S.A. Capital Group structure			
Extruded Products Segment	Aluminium Systems Segment	Flexible Packaging Segment	Other companies
 <b>Grupa Kęty S.A.</b> <a href="#">Aluform Sp. z o.o.</a> <a href="#">Alupol LLC (Ukraine)</a> <a href="#">Aluminium Kety EMMI (Slovenia)</a> <a href="#">Aluminium Kety Deutschland (Germany)</a> <a href="#">Grupa Kety Italia (Italy)</a> <a href="#">Aluminium Kety CSE (Czech Republic)</a>	 <b>Aluprof S.A.</b> <a href="#">Romb S.A.</a> <a href="#">Aluprof System Ukraina (Ukraine)</a> <a href="#">Aluprof System Romania (Romania)</a> <a href="#">Aluprof System Czech (Czech Republic)</a> <a href="#">Aluprof System USA (USA)</a> <a href="#">Aluprof UK (UK)</a> <a href="#">Aluprof Belgium (Belgium)</a> <a href="#">Aluprof Deutschland (Germany)</a> <a href="#">Aluprof Netherlands (Netherlands)</a> <a href="#">Aluprof Hungary (Hungary)</a> <a href="#">Marius Hansen Facader (Denmark)</a> <a href="#">Glassprof Sp. z o.o.</a>	 <b>Alupol Packaging S.A.</b> <a href="#">Alupol Packaging Kety Sp. z o.o.</a> <a href="#">Alupol Films Sp. z o.o.</a>	<b>Dekret Centrum Rachunkowe</b> [accounting centre]

## 2. Operations of the Company and the Capital Group in the first half of 2021

### 2.1 Selected separate and consolidated financial data

Data referring to the condensed consolidated financial statements of Grupa KĘTY S.A. in accordance with IFRS				
ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS	PLN '000		EUR '000	
	I H 2021	I H 2020	I H 2021	I H 2020
Net sales	2,141,245	1,716,750	470,893	386,542
Profit on operating activities	376,295	259,943	82,753	58,529
Profit before tax	372,097	245,863	81,830	55,358
Net profit	299,311	204,454	65,823	46,035
Net profit (loss) attributable to owners of the parent	299,081	204,267	65,773	45,993
Total net income (loss)	307,790	200,159	67,688	45,068
Total net income (loss) attributable to owners of the parent	307,560	199,972	67,637	45,026
Net cash flow from operating activities	192,194	326,697	42,266	73,559
Net cash flow from investing activities	(87,417)	(72,165)	(19,224)	(16,249)
Net cash flow from financing activities	(137,967)	(205,390)	(30,341)	(46,245)
Total net cash flows	(33,190)	49,142	(7,299)	11,065
Net earnings per share attributable to owners of the parent (in PLN/EUR)	31.03	21.32	6.82	4.80
Diluted net earnings per share attributable to owners of the parent (in PLN/EUR)	30.99	21.30	6.81	4.80
<b>BALANCE SHEET ITEMS</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Total assets	3,125,610	2,888,884	691,384	626,004
Liabilities and provisions for liabilities	1,654,386	1,301,948	365,950	282,124
Long-term liabilities	528,676	564,954	116,943	122,422
Short-term liabilities	1,125,710	736,994	249,007	159,702
Equity attributable to owners of the parent	1,470,671	1,586,274	325,312	343,736
Share capital	68,023	67,973	15,047	14,729
Number of shares	9,649,492	9,569,947	9,649,492	9,569,947
Book value per share (in PLN/EUR)	152.41	164.73	33.71	35.70
Diluted book value per share (in PLN/EUR)	152.38	164.58	33.71	35.66
Data referring to the condensed separate financial statements of Grupa KĘTY S.A. in accordance with IFRS				
ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS	PLN '000		EUR '000	
	I H 2021	I H 2020	I H 2021	I H 2020
Net sales	733,757	581,917	161,365	131,024
Profit on operating activities	454,836	134,092	100,026	30,192
Gross profit	453,124	128,359	99,649	28,901
Net profit	442,211	124,263	97,249	27,979
Net comprehensive income	446,019	121,097	98,087	27,266
Net cash flow from operating activities	271,793	115,791	59,772	26,071
Net cash flow from investing activities	(19,109)	(27,709)	(4,202)	(6,239)
Net cash flow from financing activities	(233,751)	(50,898)	(51,405)	(11,460)
Total net cash flows	18,933	37,184	4,164	8,372
Earnings per share (in PLN/EUR)	45.88	12.97	10.09	2.92
Diluted earnings per share (in PLN/EUR)	45.82	12.96	10.08	2.92
<b>BALANCE SHEET ITEMS</b>	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Total assets	1,441,813	1,181,494	318,929	256,023
Liabilities and provisions for liabilities	767,944	530,501	169,869	114,956
Long-term liabilities	162,476	282,987	35,940	61,322
Short-term liabilities	605,468	247,514	133,929	53,635
Equity	673,869	650,993	149,060	141,066
Share capital	68,023	67,973	15,047	14,729
Number of shares	9,649,492	9,629,357	9,649,492	9,629,357
Book value per share (in PLN/EUR)	69.83	67.61	15.45	14.65
Diluted book value per share (in PLN/EUR)	69.82	67.54	15.44	14.64

The above financial figures for the first half of 2021 and the first half of 2020 were translated into EUR as follows:

- assets and liabilities – at the mean exchange rate of the National Bank of Poland (NBP) as at 30 June 2021 – 4.5208 PLN/EUR, and as at 31 December 2020 – PLN 4.6148 PLN/EUR;
- the items of the statements of profit or loss, comprehensive income, and cash flows – at the exchange rate being the arithmetic mean of the exchange rates of the NBP for the last two days of each month: 1 H 2021 – 4.5472 PLN/EUR, and 1 H 2020 – 4.4413 PLN/EUR.

## 2.2 Discussion of basic economic and financial values disclosed in the annual financial statements

Thanks to higher volume and higher prices of raw materials, sales revenue reached the level of PLN 2,141,245,000, which means a growth by approximately 25%, including growth to domestic customer by 26% and growth to customers in other countries by 25%. Thanks to the high growth rate, the share of foreign sales was equal to that of domestic sales.

Thanks to high sales revenue and the related high level of production capacity utilisation (over 90%), the Capital Group attained 45% higher profit on operating activities, i.e. PLN 376,295,000, and 46% higher net profit, i.e. PLN 299,081,000 million. The main items of the statement of profit or loss are presented below.

PLN '000	I H 2021	I H 2020	Change
<b>Sales, of which:</b>	<b>2,141,245</b>	<b>1,716,750</b>	<b>25%</b>
<i>Poland</i>	<i>1,072,002</i>	<i>853,232</i>	<i>26%</i>
<i>Other countries</i>	<i>1,069,243</i>	<i>863,518</i>	<i>24%</i>
<b>EBITDA</b> (net operating profit plus depreciation and amortisation)	<b>451,610</b>	<b>332,955</b>	<b>36%</b>
<b>Net profit on operating activities</b>	<b>376,295</b>	<b>259,944</b>	<b>45%</b>
Profit before tax	372,097	245,863	51%
<b>Net profit attributable to owners of the parent</b>	<b>299,081</b>	<b>204,267</b>	<b>46%</b>
EBITDA margin (net profit on operating activities + depreciation)/sales)	21.0%	19.3%	
Operating margin (net profit on operating activities/sales)	17.5%	15.1%	

In the opinion of the Management Board, the consolidated balance sheet presents a safe structure of equity/liabilities.

ASSETS PLN '000	30.06.2021	30.06.2020	Structure 2021	Structure 2020
<b>I. Non-current assets, of which:</b>	<b>1,641,658</b>	<b>1,651,010</b>	<b>53%</b>	<b>58%</b>
Property, plant and equipment	1,433,753	1,424,573	46%	50%
<b>II. Current assets, of which:</b>	<b>1,483,952</b>	<b>1,208,040</b>	<b>47%</b>	<b>42%</b>
Inventories	622,756	457,754	20%	16%
Trade and other receivables	725,655	590,764	23%	21%
Cash and cash equivalents	117,749	152,734	4%	5%
<b>Total assets</b>	<b>3,125,610</b>	<b>2,859,050</b>	<b>100%</b>	<b>100%</b>

<b>EQUITY/LIABILITIES</b> PLN '000	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>Structure 2021</b>	<b>Structure 2020</b>
<b>I. Equity, of which:</b>	<b>1,471,224</b>	<b>1,681,818</b>	<b>47%</b>	<b>59%</b>
Share capital	68,023	67,854	2%	2%
Retained earnings	1,330,566	1,573,840	43%	55%
<b>Equity attributable to owners of the parent</b>	<b>1,470,671</b>	<b>1,680,299</b>	<b>47%</b>	<b>59%</b>
<b>II. Long-term liabilities, of which:</b>	<b>528,676</b>	<b>502,957</b>	<b>17%</b>	<b>18%</b>
Loan payables	393,123	380,576	13%	13%
Lease liabilities	29,062	22,128	1%	1%
<b>III. Short-term liabilities, of which:</b>	<b>1,125,710</b>	<b>674,275</b>	<b>36%</b>	<b>24%</b>
Loan payables	310,862	232,461	10%	8%
Lease liabilities	4,805	3,306	0%	0%
Trade payables and other liabilities	717,114	357,031	23%	12%
<b>Total equity/liabilities</b>	<b>3,125,610</b>	<b>2,859,050</b>	<b>100%</b>	<b>100%</b>

The major companies of the Capital Group are production enterprises which continuously invest in their development. Therefore, property, plant and equipment represent a significant item of assets as at 30 June 2021. As at the balance-sheet date they accounted for 46% of total assets (drop by 4 p.p. y/y).

The current assets value as at 30 June 2021 amounted to PLN 1,483,952,000 and represented roughly 47% of total assets, mainly due to higher inventories and receivables originating from higher sales and higher raw materials prices in the world markets.

On the equity/liabilities side, the largest item is equity, which represents 47% of total equity/liabilities (drop by 12 p.p. y/y).

Owing to higher demand for working capital finance, the share of loans (both long- and short-term ones) grew from 42% to 53% of total equity/liabilities. Net debt as at 30 June 2021 amounted to PLN 620,101, 000, which means an increase by 28% y/y.

#### Basic liquidity and debt ratios

	<b>30.06.2021</b>	<b>30.06.2020</b>
Current liquidity ratio (current assets/short-term liabilities)	1,3	1,8
Quick liquidity ratio (current assets - inventories)/short-term liabilities)	0,6	1,1
Debt/equity ratio (total liabilities/equity attributable to owners of the parent)	1,1	0,7

The Management Board positively assesses the financial results generated in the first half of 2021 in all material respects. The level of consolidated profit on operating activities and net profit exceeded the assumptions for 2021 made in the budget passed by the Company Supervisory Board in December 2020. Therefore, the annual projections for 2021 have been increased, and the perspectives for the second half of the year confirm the possible achievement thereof. In the opinion of the Management Board, the current financial potential of the Capital Group, the profitability generated and safe debt and liquidity ratios indicate high capacity to pay the assumed liabilities. The Management Board has been currently monitoring the liquidity and debt standing, and in the event of a major deterioration of the ratios, they shall react adequately to the reasons and consequences of the existing situation. In order to limit the possible risk of lack of liquidity, the Capital Group companies undertake a series of actions limiting the risk level. These include, among other things:



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- development and current analysing of the performance of short-term and long-term financial plans;
  - analysis and adjustment of the level of expenditures to the ability to cover them;
  - current monitoring of the level of the particular components of current assets, and particularly inventories and receivables;
  - maintenance of liquidity buffer within the available credit limits;
  - transfer of some of the risk related to lack of payment for the goods sold, by way of taking out insurance policies.

The 'EBITDA' parameter applied in the statements represents the total profit on operating activities (an item of the profit and loss account for the respective reporting period) and depreciation (an item of the profit and loss account for the respective reporting period). The 'EBITDA' parameter is a measure presenting the capability of the Company to generate cash on basic activities. The 'EBITDA' ratio calculated in accordance with the above mentioned guidelines would amount to PLN 672.4 million in the consolidated financial statements for 2020.

The 'net debt' parameter applied in the statements represents the total of long-term loan payables (an item of the balance-sheet equity/liabilities), short-term loan payables (an item of the balance-sheet equity/liabilities), and the short-term lease liabilities (an item of the balance-sheet equity/liabilities), less the value of cash and cash equivalents (an item of the balance-sheet assets). The 'net debt' ratio presents the value of debt in consideration of the cash available, which may be allocated to the debt repayment. In the consolidated financial statements for 2020, the 'net debt' ratio calculated in accordance with the above mentioned guidelines would amount to PLN 586.2 million as at 31 December 2020.

The presentation of the aforesaid parameters in the Report by the Company results from their general application in financial analysis and valuation of the Issuer's Capital Group by the Company stakeholders.

### 2.3 Summary of the Issuer's material accomplishments or failures in the reporting period and a list of the respective key events

Despite the continuing SARS-Cov-2 pandemic (coronavirus), the operations of the companies of the Capital Group of Grupa KĘTY S.A. ('the Capital Group', 'the Group') has not been significantly disturbed, thanks to which the Capital Group companies could react to the growing market demand. After the 'calm' beginning of the year, along with growths in the raw materials prices, the number of orders has been growing, and the capacity utilisation has exceeded 90% again, and for some lines it even reached 100%. Higher demand has been recorded practically by all sectors served by the Capital Group companies and referred to both domestic and foreign customers. As a consequence of the situation, on 22 April the Management Board of Grupa Kęty S.A. published higher projections for consolidated annual results, increasing sales revenue by about 10%, profit on operating activities by about 15%, and net profit by about 18%.

The year 2021 is the commencement year of the five-year 2021–2025 Strategy implementation. Therefore, all segment have started the performance of a major capital expenditure plan, which will enable the achievement of the strategy goals. The first half of the year was a commencement period for a majority of the most important projects, including extension of production capacity, construction of production and warehouse infrastructure, and many others. In most cases, the time was devoted to obtaining the required administrative permits, searching for and negotiating with the potential suppliers of machines and equipment, and design work. In the first six months of 2021 there was spent the total of PLN 88,027,000. The Management Board expects that the works will be intensified in the second half of the year.

Along with the operations and investment works carried out in the first half of the year, the process of verifying the value of the Flexible Packaging Segment commenced. It will be carried out by obtaining the Segment acquisition offers from the potential investors, and will be supported by an adviser, the selection of which was announced on 9 February 2021. Based on the offers received, the Management Board of Grupa Kęty S.A. will present their recommendation to the shareholders with regard to the potential sale of the Flexible Packaging Segment.

As regards corporate governance, the Management Board was appointed for a new term on 8 April 2021. The Supervisory Board of Grupa Kęty S.A. passed resolutions on appointing the then current members of the Management Board, i.e. Messrs Dariusz Mańko, Rafał Warpechowski, Piotr Wysocki, and Tomasz Grela for a new joint term, entrusting the function of the President of the Management Board to Mr Dariusz Mańko.

## 2.4 Factors with significant impact on the results of the present 6 months

### Demand for the Company products

Higher sales volume was recorded by all segments of the Capital Group.

A detailed specification of domestic and foreign sales is presented below.

Liabilities (PLN '000)	Revenue I H 21	Growth rate 2021/2020	Poland	Foreign markets
Extruded Products Segment	816,427	27%	425,597	390,830
Aluminium Systems Segment	903,115	+26%	543,614	359,501
Flexible Packaging Segment	589,552	+18%	270,122	319,430

### Exchange rates

As estimated, over half of the sales are denominated in foreign currencies, mainly EUR. On the costs side, also half of the costs are expressed in foreign currencies, mainly in EUR and USD. In the reporting period, the average EUR/PLN exchange rate was 4.54 and was by about 3% higher than in the corresponding period of the preceding year. The average USD/PLN rate was 3.77, compared to 4.01 in the first half of the preceding year.

With regard to the FX position of the Capital Group, PLN depreciation against EUR has a positive impact on exports profitability and the competitive position on the Polish market. In addition, the Capital Group companies have trade receivables and liabilities in foreign currencies. From that point of view, EUR and USD fluctuations against PLN, and USD against UHR (the settlements between the companies of the Capital Group in Poland and in Ukraine are made in USD) are of key importance here.

### Prices of basic raw materials

Aluminium, aluminium scrap, sheet aluminium and aluminium foil are the basic raw materials used by the Capital Group, accounting for approximately 50% of the costs of materials. The Group is, thus, exposed to the risk of changing prices of the raw materials quoted at the London Metal Exchange (LME), which represents the base for the contracts concluded by the Group companies. In the first half of 2021 the average aluminium price was 2,256 USD per tonne, i.e. a drop by 39% in USD and by 33% when translated into PLN compared to the corresponding period of the preceding year. Changes in the materials prices in a short period of time may affect the profitability of operations, particularly at the Extruded Products Segment and the Aluminium Systems Segment, as the prices of products are adjusted with a certain delay (1–1.5 months at the EPS, and 3–6 months at the ASS). A factor stabilising the generated results are transactions hedging aluminium purchase prices and, partially, a natural hedge in the form of quoting product prices based on the current prices of raw materials.

### Debt

As at the end of the reporting period, the Capital Group had PLN 393,123,000 of long-term loans and PLN 310,862,000 of short-term loans. Roughly 20% of the value of loans is held in foreign currencies (EUR), which is reflected in the statement of profit or loss by way of monthly measurement of the impact of foreign currency rate fluctuations on the value of the loans.

In the first half of 2021 there were no other significant factors or events, especially of exceptional nature, with a significant impact on the generated financial results, apart from those mentioned in these notes and in the interim condensed consolidated financial statements for the first half of 2021.

## 2.5 Factors which in the Issuer's opinion are likely to influence its results generated within the perspective of at least one quarter

### Demand for the Company products

The most significant impact on achieving the assumed sales level will be brought by the situation in the construction sector, where over 50% of the consolidated revenue of the Capital Group comes from. The Management Board expects the maintenance of good economic situation in the second half of the year, particular

in the Extruded Products Segment and the Aluminium Systems Segment. Currently, it is estimated that it may translate into roughly 15% increase in consolidated sales revenue compared to the second half of 2020.

#### Exchange rates

Considering the FX position of the Capital Group, any possible appreciation of PLN against EUR will be negative for the sales and margins. Therefore, the Management Board of Grupa Kęty S.A. intends to maintain a part of debt in foreign currencies and to continue the policy of hedging currency risk with forward and futures contracts. In addition, the financial result may be affected by the fluctuations of the Ukrainian currency against USD due to the settlements between the Ukrainian and Polish companies of the Capital Group.

#### Prices of basic raw materials

Owing to a great market demand, it has been estimated that the prices of raw materials in the subsequent months of 2021 will remain on levels which will not be lower than those quoted in Q.2, 2021. The generation of profit on operating activities by the particular Segments depends not only on production effectiveness but also on the possibility to adjust product prices to the higher costs of raw materials, owing to the fact that such adjustment is made with a certain delay (1–1.5 months at the EPS, and 3–6 months at the ASS). A factor stabilising the generated results are transactions hedging aluminium purchase prices and, partially, a natural hedge in the form of quoting product prices based on the current prices of raw materials.

#### Debt

It has been estimated that the net debt of the Capital Group as at the end of Q.3, 2021 will grow by about PLN 200,000,000 in relation to the pay out of the second tranche of dividend planned for August, and increased level of capital expenditure compared to the first half of the year.

## 2.6 The Management Board's stand regarding the published projections

The Management Board maintains the adjusted projection of 2021 results published on 30 July 2021.

## 2.7 Shares held by the Company managing and supervising persons as at the date of this report publication

In accordance with the declarations made as at the last day of the reporting period, the persons managing the Company held 239,426 ordinary bearer shares of Grupa Kęty S.A., including: Dariusz Mańko 164,363 shares (decrease by 2,030 shares since 6 May 2021), Rafał Warpechowski 0 shares (no changes since 6 May 2021), Piotr Wysocki 53,315 shares (increase by 1,980 shares since 6 May 2021), Tomasz Grela 21,748 shares (increase by 680 shares since 6 May 2021).

In addition, within the incentive plan adopted at the General Meeting on 20 August 2020, the Management Board members held the right to acquire 30,000 N series bonds with the pre-emptive right to take up I series ordinary bearer shares, and in that number: Dariusz Mańko – 9,000 bonds, Rafał Warpechowski – 7,000 bonds, Piotr Wysocki – 7,000 bonds and Tomasz Grela – 7,000 bonds, providing that the plan conditions are fulfilled. The fulfilment will be verified upon the approval of financial statements for 2022 by the Annual General Meeting.

The supervising staff did not have any shares of Grupa Kęty S.A.

## 2.8 Important court litigations, arbitration proceedings or administrative proceedings

In the reporting period, no proceedings were initiated or were pending against the Issuer or its subsidiaries before a court or public administration authority concerning any liabilities or claims of a major value of the Issuer or its subsidiaries.

## 2.9 Intercompany transactions

In the reporting period there were made transactions with related companies. These were typical transactions with terms and conditions resulting from the current operations of the Issuer and its subsidiaries.

## 2.10 Information on security bonds for loans and borrowings or guarantees granted by the Issuer or its subsidiaries

In the reporting period, the Issuer and its subsidiaries did not grant any security bonds for loans and borrowings, or any guarantees of a major value jointly to a single entity outside the Capital Group or a subsidiary of such entity.

## 2.11 Other information material for the assessment of the Issuer's headcount, assets, financial standing and the capability of paying liabilities by the Issuer

On 30 July 2021 the Supervisory Board of Grupa Kęty S.A. accepted the request of the Management Board for extending the capital investment plan under the Strategy 2021–2025 for the amount of PLN 256,000,000. Therefore, there were also approved changes to the basic financial assumptions projected for the year 2025, as presented in the Strategy 2021–2025, as follows:

- increase of sales by PLN 506 million, to PLN 5,143 million;
- increase of EBITDA by PLN 77 million, to PLN 864 million;
- increase of profit on operating activities by PLN 52 million, to PLN 650 million;
- increase of net profit by PLN 38 million, to PLN 508 million;
- increase of net debt by PLN 279 million, to PLN 919 million, owing to higher capital expenditures, higher demand for working capital and higher value of the assumed dividends in the Strategy period, which results from the planned higher profits.

Apart from the information disclosed in these interim condensed consolidated financial statements for the first half of 2021, the Management Board is not aware of any information which would have a material impact on the assessment of the headcount, assets, and financial standing of Grupa Kęty S.A. and the companies of Grupa Kęty S.A. Capital Group as well as their capacity to pay liabilities.

## 2.12 Shares and shareholders

The Company shares have been quoted on the Warsaw Stock Exchange since 16 January 1996. At present, the shares are quoted as part of the mWIG40 index. As at 30 June 2021, there were the total of 9,649,392 shares of Grupa Kęty S.A. issued, of the nominal value of PLN 2.50 each. The list of shareholders with more than 5% of shares as at the dates of publication of these financial statements and the prior financial statements is as follows:

	Number of shares as at 04.08.2021	Percentage of capital	Number of shares as at 06.05.2021	Percentage of capital
Nationale Nederlanden OFE	1,847,000	19.14%	1,858,073	19.30%
OFE AVIVA Santander	1,330,385	13.79%	1,297,681	13.48%
OFE PZU ŻŁOTA JESIEŃ	920,000	9.53%	847,272	8.80%
AEGON PTE	700,994	7.26%	692,995	7.20%
MetLife OFE	530,000	5.49%	542,834	5.64%
PTE Allianz Polska	494,262	5.12%	503,871	5.23%
Others	3,826,751	39.66%	3,886,781	40.36%
Total	9,649,392	100.00%	9,629,507	100.00%

#### IV. DECLARATION OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A. REGARDING COMPLIANCE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2021 WITH THE BINDING ACCOUNTING PRINCIPLES

To the best of our knowledge, the interim condensed financial statements of Grupa Kęty S.A. and the interim condensed consolidated financial statements of the Grupa Kęty S.A. Capital Group, prepared as at the balance-sheet date of 30 June 2021, as well as the comparative data, have been prepared in accordance with the applicable accounting policies and they present a true, fair and transparent view of the assets and financial standing of Grupa Kęty S.A. and the Grupa Kęty S.A. Capital Group, including their financial results. This semi-annual report of the Management Board on the operations of Grupa Kęty S.A. and the Grupa Kęty S.A. Capital Group, presents a true view of the development and accomplishments as well as of the standing of Grupa Kęty S.A. and the Grupa Kęty S.A. Capital Group, including a description of the basic risks and threats.

*Signatures of all Members of the Management Board*

Dariusz Mańko

*President of the Management Board*

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Rafał Warpechowski

*Member of the Management Board*

.....

Piotr Wysocki

*Member of the Management Board*

.....

Tomasz Grela

*Member of the Management Board*

.....

*Signature of the person entrusted with bookkeeping*

Andrzej Stempak

*President of the Management Board*

*Dekret Centrum Rachunkowe Sp. z o.o.*

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