



**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
CONSOLIDATED QUARTERLY REPORT
FOR Q.1, 2023**

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated quarterly report QSr 1/2023

(compliant with paragraphs 60.2 and 62.1 of the Regulation on current and interim information for the issuers of securities running manufacturing, construction, commercial or service business) for the first quarter of the reporting year 2023, covering the period from 1 January 2023 to 31 March 2023, comprising the interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* ('IAS 34') approved by the EU, in Polish zlotys (PLN), supplementary information to the quarterly report and quarterly financial information of Grupa Kęty S.A. in Polish zlotys (PLN).

19 April 2023

(date of submission)

GRUPA KĘTY SPÓŁKA AKCYJNA	
(full name of the issuer)	
KETY	Metal sector [met]
(short name of the issuer)	(sector in accordance with the Warsaw Stock Exchange classification/ industry)
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(postal code)	(city)
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549-000-14-68	070614970
(tax identification number – NIP)	(statistical identification number – REGON)

SELECTED 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	
	Q.1, 2023	Q.1, 2022	Q.1, 2023	Q.1, 2022
Net sales	1,372,991	1,500,099	292,095	322,796
Profit on operating activities	156,837	229,248	33,366	49,330
Profit before tax	140,202	224,170	29,827	48,238
Net profit	136,135	175,175	28,962	37,695
Net profit (loss) attributable to owners of the parent	135,790	174,812	28,888	37,617
Total net income (loss)	136,915	191,709	29,128	41,253
Total net income (loss) attributable to owners of the parent	136,570	191,346	29,054	41,174
Net cash flow from operating activities	297,539	84,658	63,299	18,217
Net cash flow from investing activities	(98,249)	(86,303)	(20,902)	(18,571)
Net cash flow from financing activities	(210,140)	(16,272)	(44,706)	(3,501)
Total net cash flows	(10,850)	(17,917)	(2,308)	(3,855)
Net earnings per share attributable to owners of the parent (in PLN/EUR)	14.07	18.11	2.99	3.90
Diluted net earnings per share attributable to owners of the parent (in PLN/EUR)	14.07	18.11	2.99	3.90
BALANCE SHEET ITEMS	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Total assets	3,866,587	3,886,143	826,989	828,620
Liabilities and provisions for liabilities	1,786,593	1,944,557	382,118	414,626
Long-term liabilities	936,126	989,078	200,219	210,895
Short-term liabilities	850,467	955,479	181,899	203,731
Equity attributable to owners of the parent	2,079,058	1,940,995	444,671	413,867
Share capital	68,025	68,025	14,549	14,505
Number of shares	9,650,152	9,650,152	9,650,152	9,650,152
Book value per share (in PLN/EUR)	215.44	201.14	46.08	42.89
Diluted book value per share (in PLN/EUR)	215.44	201.14	46.08	42.89

Data referring to the quarterly financial disclosure 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	
	Q.1, 2023	Q.1, 2022	Q.1, 2023	Q.1, 2022
Net sales	551,962	599,769	117,426	129,060
Profit on operating activities	48,075	111,452	10,228	23,983
Gross profit	43,818	109,138	9,322	23,485
Net profit	57,189	92,682	12,167	19,944
Net comprehensive income	57,403	99,166	12,212	21,339
Net cash flow from operating activities	58,345	7,020	12,413	1,511
Net cash flow from investing activities	(58,179)	(29,568)	(12,377)	(6,363)
Net cash flow from financing activities	6,535	30,404	1,390	6,542
Total net cash flows	6,701	7,856	1,426	1,690
Earnings per share (in PLN/EUR)	5.93	9.60	1.26	2.07
Diluted earnings per share (in PLN/EUR)	5.93	9.60	1.26	2.07
BALANCE SHEET ITEMS	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Total assets	1,743,057	1,623,522	372,807	346,174
Liabilities and provisions for liabilities	733,647	673,008	156,913	143,502
Long-term liabilities	321,162	346,703	68,690	73,925
Short-term liabilities	412,485	326,305	88,223	69,576
Equity	1,009,410	950,514	215,893	202,673
Share capital	68,025	68,025	14,549	14,505
Number of shares	9,650,152	9,650,152	9,650,152	9,650,152
Book value per share (in PLN/EUR)	104.60	98.50	22.37	21.00
Diluted book value per share (in PLN/EUR)	104.60	98.50	22.37	21.00

The above financial figures for the first quarter of 2023 and the first quarter of 2022 were translated into EUR as follows:

- assets and liabilities – at the mean exchange rate of the National Bank of Poland (NBP) as at 31 March 2023 – 4.6755 PLN/EUR, and as at 31 December 2022 – PLN 4.6899 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: Q.1, 2023 – 4.7005 PLN/EUR, and Q.1, 2022 – 4.6472 PLN/EUR.

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**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
Q.1, 2023, ENDED ON 31 March 2023, PREPARED IN ACCORDANCE WITH
IAS 34**

(PLN '000)

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Q.1, 2023	Q.1, 2022
Revenue from contracts with customers	8	1,372,991	1,500,099
Other operating revenue		4,850	1,918
Share in net profit of entities accounted for using the equity method		639	(136)
Change in the level of product inventories and work in progress		1,897	25,992
Cost of manufacturing of products for own needs		5,629	4,242
Total operating costs, including:		(1,229,169)	(1,302,867)
Depreciation		(43,714)	(38,673)
Materials and energy, and the value of trade goods and materials sold		(924,356)	(977,518)
Third-party services		(90,471)	(90,189)
Taxes and fees		(5,390)	(5,125)
Employee benefits		(158,225)	(146,776)
Revaluation of financial assets – IFRS 9		(194)	(13,320)
Other operating costs		(6,819)	(31,266)
Profit on operating activities		156,837	229,248
Financial revenue		1,078	2,371
Finance costs		(17,713)	(7,449)
Profit before tax		140,202	224,170
Income tax	11	(4,067)	(48,995)
Net profit on continued operations		136,135	175,175
Attributable to non-controlling interests		345	363
Attributable to owners of the parent		135,790	174,812
Earnings per share attributable to owners of the parent (PLN)	35		
Basic		14.07	18.11
Diluted		14.07	18.11

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q.1, 2023	Q.1, 2022
Net profit for the period	136,135	175,175
Other comprehensive income recognised in profit or loss	780	16,534
Cumulative translation adjustment for related parties	7	52
Change of results due to hedge accounting	954	20,349
Income tax related to other comprehensive income recognised in profit or loss	(181)	(3,867)
Comprehensive income for the period	136,915	191,709
Comprehensive income attributable to:		
Non-controlling interests	345	363
Owners of the parent	136,570	191,346

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2023	31.12.2022
I. Non-current assets		1,948,748	1,903,253
Property, plant and equipment		1,667,753	1,647,901
Right-of-use assets		58,833	60,024
Intangible assets		79,012	76,212
Goodwill		20,031	20,039
Investment properties		3,068	3,038
Interests in associates	26	2,248	1,673
Long-term receivables		1,335	831
Advance payments for the purchase of property, plant and equipment		43,061	43,329
Deferred tax assets		73,407	50,206
II. Current assets		1,917,839	1,982,890
Inventories	15	870,490	985,148
Income tax receivables		6,141	3,797
Trade and other receivables	14	910,497	852,273
Derivative financial instruments	31	2,212	2,254
Cash and cash equivalents	9	128,499	139,418
Total assets		3,866,587	3,886,143
EQUITY/LIABILITIES	Note	31.03.2023	31.12.2022
I. Equity		2,079,994	1,941,586
Share capital		68,025	68,025
Share premium	33	60,254	60,254
Capital from share based payments		37,161	35,668
Hedging reserve		(2,453)	(3,226)
Retained earnings		1,943,271	1,807,481
Cumulative translation adjustment for foreign companies		(27,200)	(27,207)
Equity attributable to owners of the parent		2,079,058	1,940,995
Equity attributable to non-controlling interests		936	591
II. Long-term liabilities		936,126	989,078
Loan payables	17	801,090	854,051
Lease liabilities	18	39,628	40,341
Other liabilities	21.1	30,621	30,315
Provisions	16	499	499
Provisions for employee benefits	16	16,274	15,751
Deferred income		33,773	34,228
Deferred tax liability		14,241	13,893
III. Short-term liabilities		850,467	955,479
Loan payables	17	158,836	295,416
Lease liabilities	18	5,634	5,942
Income tax payables		69,481	59,862
Trade payables and other liabilities	21.2	523,087	503,640
Contractual liabilities	21.3	29,057	30,540
Provisions and accruals	16	56,817	50,972
Derivative financial instruments	31	5,241	6,237
Deferred income		2,314	2,870
Total equity/liabilities		3,866,587	3,886,143

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium capital	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
Equity as at 31.12.2022	68,025	60,254	35,668	(3,226)	1,807,481	(27,207)	1,940,995	591	1,941,586
Comprehensive income for the period:	0	0	0	773	135,790	7	136,570	345	136,915
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>135,790</i>	<i>0</i>	<i>135,790</i>	<i>345</i>	<i>136,135</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>773</i>	<i>0</i>	<i>7</i>	<i>780</i>	<i>0</i>	<i>780</i>
Valuation of share based payments	0	0	1,493	0	0	0	1,493	0	1,493
Equity as at 31.03.2023	68,025	60,254	37,161	(2,453)	1,943,271	(27,200)	2,079,058	936	2,079,994

	Share capital	Share premium capital	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
Equity as at 31.12.2021	68,025	60,254	30,582	4,751	1,628,957	(24,179)	1,768,390	1,053	1,769,443
Comprehensive income for the period:	0	0	0	16,482	174,812	52	191,346	363	191,709
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>174,812</i>	<i>0</i>	<i>174,812</i>	<i>363</i>	<i>175,175</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>16,482</i>	<i>0</i>	<i>52</i>	<i>16,534</i>	<i>0</i>	<i>16,534</i>
Valuation of share based payments	0	0	1,197	0	0	0	1,197	0	1,197
Dividends to minority shareholders	0	0	0	0	0	0	0	(730)	(730)
Equity as at 31.03.2022	68,025	60,254	31,779	21,233	1,803,769	(24,127)	1,960,933	686	1,961,619

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q.1, 2023	Q.1, 2022
Cash flow from operating activities		
Profit before tax	140,202	224,170
Adjustments:	60,445	60,182
Share in net profit of entities accounted for using the equity method	(639)	136
Depreciation	43,714	38,673
Recognition/(reversal) of write-downs	(89)	12,964
Net profit from currency translation differences	(213)	110
(Profit)/loss from sales of property, plant and equipment	(245)	49
Interest	16,404	6,698
Costs of share based payments	1,493	1,197
Other items (net)	20	355
Cash flow from operating activities before the change of working capital	200,647	284,352
Change in inventories	114,658	(82,040)
Change in net receivables	(58,728)	(235,439)
Change in short-term liabilities, except for loans and leases	55,683	127,691
Change in provisions	6,368	6,733
Change in deferred income	(1,011)	253
Cash flow from operating activities before tax	317,617	101,550
Tax paid	(20,078)	(16,892)
Net cash from operating activities	297,539	84,658
Cash flow from investing activities		
(+) Proceeds:	379	280
Sales of intangible assets, and property, plant and equipment	379	280
(-) Expenses:	(98,628)	(86,583)
Acquisition of intangible assets, and property, plant and equipment	(98,628)	(86,583)
Net cash from investing activities	(98,249)	(86,303)
Cash flow from financing activities		
(+) Proceeds:	99,077	166,634
Proceeds from loans and credits	99,077	166,634
(-) Expenses:	(309,217)	(182,906)
Dividends to non-controlling interests	0	(738)
Repayment of loans and borrowings	(287,621)	(172,857)
Payment of lease liabilities	(2,449)	(2,677)
Interest	(19,147)	(6,634)
Net cash from financing activities	(210,140)	(16,272)
Net increase/decrease of the balance of cash and cash equivalents before change on account of currency translation differences	(10,850)	(17,917)
Change in cash due to currency translation differences	(71)	84
Net increase/decrease of cash and cash equivalents	(10,921)	(17,833)
Cash and cash equivalents at the beginning of the period	139,418	103,810
Cash and cash equivalents at the end of the period	128,497	85,977

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. cover the period of 3 months of 2023 ended on 31 March 2023 and provide comparative data for the period of 3 months of 2022 ended on 31 March 2022 as well as figures as at 31 December 2022.

The figures for Q.1, 2023, Q.1, 2022 and 31 December 2023 have not been audited by a statutory auditor. The figures for 31 December 2022 have been audited by a statutory auditor.

The Capital Group of Grupa Kęty S.A. ('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 basic activities of Grupa KĘTY include:

- production, trade and services related to the processing of aluminium and its alloys – the Extruded Products Segment;
- production, trade and services related to aluminium façade systems and 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 – the Aluminium Systems Segment;
- production and sales of materials for packaging as well as plastic packaging – the Flexible Packaging Segment.

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 2023 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	Percentage of share capital as at	Date of control take-over	Operating segment
				31.03.2023	31.12.2022		
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 Kęty EMMI d.o.o.	Slovenska Bistrica, Slovenia	Processing of aluminium profiles	Aluform Sp. z o.o.	100.00%	100.00%	06/2016	EPS
Aluminium Kęty Deutschland GmbH	Dortmund, Germany	Trade and marketing services	Aluform Sp. z o.o.	100.00%	100.00%	06/2016	EPS
Aluminium Kęty 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 LLC	Kiev, Ukraine	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS
Glassprof sp. z o.o. Marius Hansen	Bielsko-Biała, Poland	Production of fire glass	Aluprof S.A.	100.00%	100.00%	01/2012	ASS
Facader A/S in 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 films	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.
Segments descriptions are provided in note 7.

3. Basis for the interim condensed consolidated financial statements preparation

These interim condensed consolidated financial statements ('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 19 April 2023.

The statements were prepared on the assumption of continuing as a going concern. 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. Assessed were, in particular, the impact of COVID-19 pandemics on the activities of the Group, climate issues, and war in Ukraine. The analyses made for the purpose of the assessment covered many factors which may change in the future.

3.1. Impact of the war in Ukraine on the operations of the Group

A description of the impact of the war in Ukraine on the operations of the Group has been presented in detail in note 5.2 of the consolidated financial statements of Grupa KĘTY for 2022, published on 23 March 2023. In Q.1, 2023, there were no new factors or events which would have a major impact on the operations of the Group on the Ukrainian market. Since the outbreak of the war, the Group has abandoned commercial contacts with contractors in Russia and Belarus.

Both Alupol LLC and Aluprof System Ukraina LLC recognised net profit in Q.1, 2023. However, owing to the prevailing uncertainty resulting from the continued military actions, the Group has not reversed write-downs of the assets of the companies located in Ukraine.

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 Grupa KĘTY for the year ended 31 December 2022.

The interim condensed consolidated financial statements do not cover for 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 Grupa KĘTY for the year ended 31 December 2022, which was approved for publication by the Management Board on 23 March 2023.

The new or changed standards and interpretations which have been applied for the first time in 2023 have no significant impact on the interim condensed consolidated financial statements of the Group.

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 19;
- estimates concerning the write-downs of inventories are presented in note 15;
- estimates and assumptions 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 16;
- estimates concerning deferred tax assets/provision are presented in note 11;
- estimates concerning the valuation of net assets of associates are presented in note 26;
- estimates concerning investment properties are presented in note 34;
- estimates concerning financial instruments are presented in note 31;
- 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 2022.

A detailed description of the assumptions made in the particular areas of estimates is provided in the consolidated financial statements for the year 2022.

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 products in the recent years have 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 operating segments 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, used by the Management Board when 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 activities of the Capital Group are carried out and reported as for:

- the Extruded Products Segment (EPS),
- the Aluminium Systems Segment (ASS),
- the Flexible Packaging Segment (FPS).

There is also the item 'Other' applicable to the so-called Centre of Grupa Kęty S.A., responsible for the management of such areas as finance, information technology, public relations, investor relations, risk management and compliance, capital investments, human resources, as well as Dekret Centrum Rachunkowe Sp. z o.o., which provides accounting, HR, and payroll services to the companies of Grupa KĘTY.

The Segments are engaged in the following activities:

- EPS – production and sale of aluminium profiles;
- ASS – production and sales of façade systems, window and door systems, and roller-shutter systems for the construction business;
- FPS – production and sales of materials for packaging as well as plastic packaging.

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.

Q.1, 2023

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	349,180	594,362	560,066	5,853	(136,470)	1,372,991
- outside the Group	349,165	463,900	559,830	96	0	1,372,991
- to related parties	15	130,462	236	5,757	(136,470)	0
Dividends	0	0	0	0	0	0
Write-downs of inventories	(228)	(117)	(759)	0	0	(1,104)
Write-downs of receivables	92	3	(289)	0	0	(194)
Write-downs of property, plant and equipment, and intangible assets	0	49	40	0	0	89
Operating profit (EBIT)	54,147	57,164	61,730	(4,734)	(11,470)	156,837
Depreciation	8,258	18,800	15,856	769	31	43,714

EBITDA	62,405	75,964	77,586	(3,965)	(11,439)	200,551
Interest income	1,098	15	165	27	(349)	956
Interest costs	(1,356)	(3,075)	(11,178)	(1,351)	349	(16,611)
Profit before tax	53,567	53,845	50,288	(6,063)	(11,435)	140,202
Income tax	(10,275)	12,472	(9,156)	711	2,181	(4,067)
Net profit	43,292	66,317	41,132	(5,352)	(9,254)	136,135
Balance sheet as at 31.03.2023						
Total assets	1,142,294	1,319,731	1,392,002	605,250	(592,690)	3,866,587
Liabilities	242,697	696,767	963,248	130,180	(246,299)	1,786,593
Other data						
Capital expenditure on property, plant and equipment	2,554	40,364	18,986	3,089	0	64,993

Q.1, 2022

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	404,309	641,676	585,105	4,948	(135,939)	1,500,099
- outside the Group	404,296	511,346	584,376	81	0	1,500,099
- to related parties	13	130,330	729	4,867	(135,939)	0
Dividends	0	0	0	23,948	(23,948)	0
Write-downs of inventories	186	(18,386)	319	0	0	(17,881)
Write-downs of receivables	0	(11,881)	(1,439)	0	0	(13,320)
Write-downs of property, plant and equipment, and intangible assets	0	(11,010)	(1,954)	0	0	(12,964)
Operating profit (EBIT)	93,802	65,190	85,572	19,392	(34,708)	229,248
Depreciation	8,336	16,733	12,828	753	23	38,673
EBITDA	102,138	81,923	98,400	20,145	(34,685)	267,921
Interest income	18	83	137	0	0	238
Interest costs	(986)	(2,574)	(3,007)	(339)	0	(6,906)
Profit before tax	92,939	62,632	83,914	19,392	(34,707)	224,170
Income tax	(17,002)	(18,855)	(16,905)	1,722	2,045	(48,995)
Net profit	75,937	43,777	67,009	21,114	(32,662)	175,175
Balance sheet as at 31.03.2022						
Total assets	1,216,881	1,340,365	1,363,623	505,336	(557,822)	3,868,383
Liabilities	380,039	805,664	797,711	127,334	(203,984)	1,906,764
Other data						
Capital expenditure on property, plant and equipment	1,016	13,120	14,650	190	0	28,976

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.1, 2023	Q.1, 2022
Products, including:	1,198,232	1,312,153
- plastic packaging and BOPP films of the FPS	345,555	399,680
- aluminium products of the EPS	583,696	630,930
- aluminium façade and roller-shutter systems of the ASS	397,013	409,751
Consolidation adjustments*	(128,032)	(128,208)
Services, including:	7,804	9,218
- the FPS	2,540	3,148
- the EPS	4,902	4,668
- the ASS	2,945	3,915
- services of the central units	5,661	4,948
Consolidation adjustments**	(8,244)	(7,461)
Materials and trade goods, including:	166,955	178,728
- the FPS	1,085	1,480
- the EPS	5,765	6,078
- the ASS	160,105	171,439
- the Centre	192	0
Consolidation adjustments***	(192)	(269)
Total sales revenue	1,372,991	1,500,099

*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.

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.

	31.03.2023	31.12.2022
Bank deposits (current accounts) and short-term deposits	128,495	139,406
Cash in hand	4	12
Total	128,499	139,418

As at 31 March 2023, the Group had PLN 12,598,000 of restricted availability cash in its VAT accounts (31 December 2022: PLN 13,123,000). 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 31 March 2023, the Group had undrawn credit limits amounting to PLN 707,174,000 with regard to which all conditions precedent had been complied with (31 December 2022: PLN 603,261,000).

10. Dividends paid and proposed for payment

On 17 April 2023, the Management Board of Grupa KĘTY S.A. passed a resolution recommending to the Annual General Meeting the payment of dividend to the shareholders in the amount of PLN 603,134,500, i.e. PLN 62.50 per share, in reference to the number of shares of the Company as at the date of passing the resolution (9,650,152). The dividend payment date was proposed to be:

- 6 September 2023 – the amount of PLN 193,003,040, i.e. PLN 20.00 per share;
- 8 November 2023 – the amount of PLN 410,131,460, i.e. PLN 42.50 per share.

In 2022, the Group paid dividend to the Company shareholders in the amount of PLN 505,378,460.24, i.e. PLN 52.,37 per share. Moreover, in 2022 the Aluprof Netherlands B.V. subsidiary paid dividend to its minority shareholders amounting to PLN 1,796,000. In Q.1, 2023, the Group did not pay out dividend to minority shareholders.

11. Income tax

Income tax structure	Q.1, 2023	Q.1, 2022
Current tax	(27,346)	(45,745)
Deferred tax	23,279	(3,250)
Income tax recognised in the statement of profit or loss	(4,067)	(48,995)

In Q.1, 2023, there were recognised deferred tax assets in the total amount of PLN 22,250,000, in relation to the capital expenditures of the Group within the Polish Investment Zone [Polska Strefa Inwestycji] programme.

12. Property, plant and equipment

12.1. Purchase and sale

	Q.1, 2023	Q.1, 2022
Acquisition of property, plant and equipment	64,993	28,976
Net value of property, plant and equipment sold	166	231
Profit (loss) on sale of property, plant and equipment	245	(49)

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 Q.1, 2023, the Group reversed PLN 89,000 of write-downs of property, plant and equipment (in Q.1, 2022 there were recognised PLN 12,964,000 write-downs related mainly to the war in Ukraine as well as non-current assets of the companies located there).

13. Write-downs of goodwill

In Q.1, 2023 there were no new events which would make the impairment tests made by the Group as at 31 December 2022 invalid. Therefore, in Q.1, 2023 the Group did not recognise a goodwill impairment. In Q.1, 2022, the Group wrote down PLN 61,000 of goodwill related to the operations of Alupol LLC in Ukraine.

14. Short-term receivables

	31.03.2023	31.12.2022
Net receivables:	910,497	852,273
Trade liabilities	874,296	800,366
Deposits on account of transactions hedging the aluminium price	4,868	6,182
Receivables from employees	529	367
Security for customs receivables	6,401	6,638
Other	3,181	4,477
Total net financial receivables (under IFRS 7)	889,275	818,030
Public law receivables (except for income tax)	2,461	15,019
Prepayments (trade-related) for suppliers	10,520	9,684
Prepaid expenses	8,241	9,540
Total net non-financial receivables	21,222	34,243

In Q.1, 2023, the Group recognised write-downs of receivables amounting to PLN 194,000 (in Q.1, 2022, there were recognised write-downs amounting to PLN 13,320,000). The recognised/reversed write-downs were presented in a separate item of the statement of profit or loss entitled 'Write-downs of financial assets – IFRS 9'. Write-downs of receivables in Q.1, 2022 were mainly recognised in relation to the receivables of the Group companies located in Ukraine.

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. Inventories

	31.03.2023	31.12.2022
Materials	401,685	518,708
Work in progress	210,833	196,812
Finished products	245,817	257,940
Trade goods	12,155	11,688
Total	870,490	985,148

In Q.1, 2023, the Group recognised write-downs of trade goods and materials amounting to PLN 1,104,000 (in Q.1, 2022, there were recognised write-downs of trade goods and materials amounting to PLN 9,777,000, of which PLN 6,582,000 of write-downs of inventories in Ukraine). 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, in Q.1, 2023 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 408,000 (in Q.1, 2022, there were recognised write-downs amounting to PLN 8,104,000, of which PLN 7,912,000 of write-downs of inventories in Ukraine).

Write-downs	31.03.2023	31.12.2022
Materials	(18,047)	(16,143)
Work in progress	(5,005)	(5,136)
Finished products	(20,996)	(21,273)
Trade goods	(1,232)	(1,119)
Total write-downs of inventories	(45,280)	(43,671)

16. Provisions and accruals

	31.12.2022	Increases	Utilisation	Currency translation differences	31.03.2023
Long-term provisions	16,250	523	0	0	16,773
Provisions for employee benefits	15,751	523	0	0	16,274
Provision for warranty repairs	499	0	0	0	499
Short-term provisions	3,431	0	(450)	0	2,981
Provisions for employee benefits	744	0	0	0	744
Provision for warranty repairs	2,687	0	(450)	0	2,237
Short-term accruals:	47,541	15,823	(9,526)	(2)	53,836
Unused holiday	10,403	7,714	(3,644)	(6)	14,467
Annual bonuses	19,149	3,064	0	13	22,226
Indemnities	3,837	0	0	0	3,837
Costs of services in progress	8,020	4,728	(5,228)	(9)	7,511
Other	6,132	317	(654)	0	5,795

	31.12.2021	Increases	Utilisation	Currency translation differences	31.03.2022
Long-term provisions	20,902	518	0	0	21,420
Provisions for employee benefits	20,403	518	0	0	20,921
Provision for warranty repairs	499	0	0	0	499
Short-term provisions	3,753	0	(305)	0	3,448
Provisions for employee benefits	803	0	0	0	803
Provision for warranty repairs	2,950	0	(305)	0	2,645
Short-term accruals:	47,769	23,299	(16,779)	0	54,289
Unused holiday	9,821	7,060	(3,200)	0	13,681
Annual bonuses	18,046	4,176	0	0	22,222
Indemnities	4,285	0	0	0	4,285
Costs of services in progress	10,321	9,543	(10,321)	0	9,543
Other	5,296	2,520	(3,258)	0	4,588

17. Bank loans

Long-term

Lender	Loan currency	31.12.2022	Increases/ (decreases)	31.03.2023
PKO BP	PLN	7,300	121,967	129,267
BNP PARIBAS	PLN/EUR	317,677	(65,534)	252,143
PKO BP	PLN/EUR	265,321	(103,703)	161,618
PEKAO	PLN	150,000	(1,459)	148,541
Unicredit Slovenia	EUR	25,326	(78)	25,248
BNP Paribas Leasing Solutions Limited	EUR	323	(18)	305
mBank	PLN/EUR	58,115	(2,725)	55,390
ING Bank Polska	PLN	29,989	(1,411)	28,578
Total		854,051	(52,961)	801,090

Short-term

Lender	Loan currency	31.12.2022	Increases/(decreases)	31.03.2023
PKO BP*	PLN	63,881	(27,181)	36,700
PKO BP	PLN, EUR	103	(103)	0
ING Polska	EUR, PLN	52,464	(33,918)	18,546
PEKAO	PLN/ EUR/USD	157,572	(78,603)	78,969
BNP PARIBAS	PLN	1,012	(1,012)	0
mBank	PLN	11,070	(22)	11,048
Unicredit Slovenia	EUR	9,314	4,259	13,573
Total		295,416	(136,580)	158,836

*Short-term part of long-term loans.

In Q.1, 2023 and as at 31 December 2022, 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.

18. Lease liabilities

Maturity date	31.03.2023	31.12.2022
Short-term	5,634	5,942
1 to 3 years	5,888	6,379
over 3 years	33,740	33,962
Total	45,262	46,283

19. Leases

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

	Q.1, 2023	Q.1, 2022
Lease interest	(454)	(165)
Depreciation	(1,550)	(1,585)
Low-value lease	(98)	(108)
Short-term lease	(105)	(125)
Total	(2,207)	(1,983)

Value of future lease payments

	31.03.2023	31.12.2022
Value of future lease payments	78,527	79,781
Discount	(33,265)	(33,498)
Present value of lease liabilities	45,262	46,283
Including short-term lease	5,634	5,942

The weighted average incremental borrowing rate which the Group as the lessee applied to lease liabilities as at 31 March 2023 amounted to 4.26% (31 December 2022 – 4.23%).

19.1. Group as a lessor

	31.03.2023	31.12.2022
Gross lease investment	1,441	821
Up to 1 year	593	503
Between 1 and 5 years	848	318
Present value of minimum lease payments	1,264	764
Up to 1 year	525	473
Between 1 and 5 years	739	291
Unearned finance income (discount)	177	57
Unguaranteed residual value vested in the lessor	317	260

20. Equity securities – employee share plans

In 2020, the General Annual Meeting of Grupa Kęty S.A. passed another share options plan for the Group key personnel.

The 2020 plan is divided into three tranches. Vesting periods for share options under the first tranche start in the launch year of the plan, and for the subsequent tranches – in the subsequent years. Each of the tranches is divided into four sub-parts: A, B, C, and D.

20.1. Basic information regarding share option plans

	2020 plan, 2022 tranche	2020 plan, 2021 tranche	2020 plan, 2020 tranche
Number of share options under the plan	90,000	90,000	90,000
Number of shares in sub-part A	13,500	13,500	13,500
Number of shares in sub-part B	22,500	22,500	22,500
Number of shares in sub-part C	27,000	27,000	27,000
Number of shares in sub-part D	27,000	27,000	27,000
Sub-part A – return on shares	=WIG	=WIG	=WIG
Sub-part B – return on shares	WIG+15%	WIG+15%	WIG+15%
Sub-part C – EBITDA increase	28%-33%	28%-33%	28%-33%
Sub-part D – net earnings increase	28%-33%	28%-33%	28%-33%

A common element for all of the aforesaid plans is the required three-year employment period at the Capital Group calculated separately for each tranche, starting from the date of its launch.

The 'return on shares' for a given tranche of the 2020 plan is understood as the quotient of the average price of Grupa Kęty S.A. shares in 2022, increased for the value of dividend paid by the Company in the period from 1 January 2020 to 31 December 2022, to the price of shares in 2019.

'EBITDA increase' per share (where EBITDA is understood to be profit on operating activities plus depreciation/amortisation) means the quotient of consolidated EBITDA per share attained by the Capital Group of Grupa Kęty S.A. in the second year following the launch year of a given tranche and consolidated EBITDA per share attained by the Capital Group of Grupa Kęty S.A. in the year directly preceding the tranche launch year.

'Net earnings increase' per share for a given tranche means the quotient of consolidated net earnings per share attained by the Capital Group of Grupa Kęty S.A. in the second year following the launch year of a given tranche, to consolidated net earnings per share attained by the Capital Group of Grupa Kęty S.A. in the year directly preceding the tranche launch year.

For the second tranche of the 2020 plan, the above reference periods are shifted for 1 year, and for the third tranche they are shifted for 2 years.

The right to acquire share options will arise following the satisfaction of the plan conditions.

The purchase price of the 2020 plan shares equals the average price of the shares of Grupa Kęty S.A. for the period of 12 months preceding the General Meeting that adopts the given plan, less 5%.

The main objectives of the share option plans comprise additional motivation of a larger group of employees to increase the shareholder value, and introduction of a factor making it possible to retain the key employees of the Grupa Kęty S.A. Capital Group on a long-term basis. Detailed information on share option plans is provided in note 23.1 of the Group consolidated statements for 2022.

21. Trade payables and other liabilities

21.1. Long-term liabilities

	31.03.2023	31.12.2022
Current value of the amounts payable for fire glass production technology	12,790	13,113
Current value of the amounts payable for computer software licences	16,383	15,743
Building security deposits	1,448	1,459
Total	30,621	30,315

21.2. Short-term trade payables and other liabilities

	31.03.2023	31.12.2022
Short-term liabilities:	523,087	503,640
Trade liabilities	402,545	350,561
On account of property, plant and equipment purchase	28,334	69,800
Payroll payables	27,010	31,790
Total financial liabilities (under IFRS 7)	457,889	452,151
Public law payables (except for income tax payables)	52,843	47,083
Other	12,355	4,406
Total non-financial liabilities	65,198	51,489

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.

21.3. Contractual liabilities

	31.03.2023	31.12.2022
Contractual liabilities related to contracts with customers (advance payments for deliveries)	29,057	30,540
Total	29,057	30,540

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 Q.1, 2023, compared with the corresponding period of the preceding year, material changes in the particular items of revenue and costs included:

- decrease in sales revenue by PLN 127,108,000, which resulted mainly from lower prices of basic raw materials and exchange rates volatility;
- decrease in the total costs of operation by PLN 73,698,000, including:
 - increase in depreciation by PLN 5,041,000, reflecting the effects of the investments plan in progress;
 - decrease in the costs of materials and energy consumption by PLN 53,162,000, which resulted mainly from changes in the prices of basic raw materials and exchange rates volatility. The quotations of the average aluminium price in Q.1, 2023 were lower by roughly 27% compared with the corresponding period of 2022, with simultaneous weakening of PLN to USD by 7%;
 - increase in the costs of employee benefits by PLN 11,449,000, mainly related to payroll increase;
 - decrease in the write-downs of financial assets by PLN 13,126,000, related mainly to absence of write-downs of financial assets of the companies located in Ukraine, which were recognised in Q.1, 2022;
 - decrease in other operating costs by PLN 24,447,000, related mainly to absence of write-downs of inventories as well as property, plant and equipment of the companies located in Ukraine, which were recognised in Q.1, 2022.
- The increase in the inventories of finished products and work in progress amounting to PLN 1,897,000 in Q.1, 2023, compared with PLN 25,992,000 in Q.1, 2022, reflects smaller increase in the value of finished products and work in progress in the current period mainly due to lower raw materials prices.
- The profit on operating activities in Q.1, 2023 amounted to PLN 156,837,000 and was lower by PLN 72,411,000 compared with Q.1, 2022.
- Higher net costs of finance by PLN 11,557,000 resulted from lower net foreign exchange differences in Q.1, 2023, and higher costs of interest, mainly due to higher interest rates.

- Upon consideration of tax charges lower by PLN 44,928,000, mainly due to recognition of deferred tax assets in Q.1, 2023 (see note 11), net profit in Q.1, 2023 amounted to PLN 136,135,000 and was lower by PLN 39,022,000 compared with the corresponding period of the preceding year.

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

As at 31 March 2023, compared to 31 December 2022, major changes in the balance-sheet items comprise:

- increase in the value of property, plant and equipment as well as intangible assets by PLN 22,652,000, which resulted mainly from the purchase of assets in the amount of PLN 64,993,000 and depreciation charges of PLN 43,714,000;
- increase in the deferred tax assets of PLN 23,201,000, resulting mainly from recognition of assets in the amount of PLN 22,250,000 in relation to the capital expenditures within the Polish Investment Zone [Polska Strefa Inwestycji] programme;
- decrease in the value of inventories by PLN 114,658,000, resulting mainly from lower quantities of inventories compared with the end of 2022, and lower prices of raw materials;
- increase in the value of receivables by PLN 58,224,000, resulting mainly from lower trade turnover at the end of 2022;
- increase in the net value of derivative financial instruments, which resulted from positive valuation of exchange rates and aluminium prices hedging transactions concluded by the Group;
- decrease in the value of cash by PLN 10,919,000, reflecting financial flows in Q.1, 2023;
- increase in the value of equity by PLN 138,408,000, mainly resulting from net profit generated in the first half of 2023 in the amount of PLN 136,135,000;
- increase in liabilities by PLN 94,454,000, which resulted mainly from higher trade liabilities and public law payables, as a reflection of the greater scale of operations compared with the end of 2022, with simultaneous decrease in the liabilities on account of purchase of property, plant and equipment.

24. Discontinued operations

In Q.1, 2023 and Q.1, 2022, the Group did not discontinue any significant operations.

25. Business combinations and acquisitions of non-controlling interests

In Q.1, 2023 and Q.1, 2022, there were no such transactions.

26. Investments in associates

As at 31 March 2023, the Group held 45.5% of shares in Aluprof USA LLC with its registered office in New York (the Aluminium Systems Segment).

Company name	Place of business	Core business	Major investor	Percentage of share capital as at		Profit (loss) allocated to the major investor as at		Accumulated value of shares as at	
				31.03.2023	31.12.2022	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5%	45.5%	639	807	2,248	1,673

On 29 June 2020, a resolution was passed on the 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.

27. 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 2022, note 36.

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.

28. Capital management

The principles of capital management have not changed compared with those published in the consolidated financial statements for 2022, note 40.

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 for the last 12 months, whereas EBITDA is understood as operating profit plus depreciation and amortisation. The Group net debt comprises interest-bearing loans and borrowings, as well as lease liabilities, less cash and cash equivalents.

The Group accepts the optimal net financial leverage ratio at the level of up to 50%, and net debt to EBITDA ratio at the level of up to 2.

The basic objective of capital management is to maximise the return on equity 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, in accordance with the assumed operations strategy.

To retain or adjust the capital structure, the Group may change the value of dividend payable, 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.

	31.03.2023	31.12.2022
EBITDA (operating profit plus depreciation and amortisation) in the last 12 months	964,065	1,031,435
Net profit in the last 12 months	640,612	679,652
Interest-bearing borrowings and lease liabilities	1,005,188	1,195,750
Cash and cash equivalents	(128,499)	(139,418)
Net debt	876,689	1,056,332
Equity	2,079,994	1,941,586
Equity and net debt	2,956,683	2,997,918
Net financial leverage	29.7%	35%
Net debt to EBITDA	0.9	1.0
ROE	30.8%	35%

29. Contingent liabilities

Service	31.03.2023	31.12.2022
Bank performance bonds for contracts, as provided by the ASS	13,114	13,447
Insurance performance bonds for contracts, as provided by the ASS	1,136	1,143
Subsidies in the period of conditions fulfilment	5,847	5,847
Total	20,097	20,437

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

30. Future investment liabilities

By operating segments	31.03.2023	31.12.2022
Extruded Products Segment	67,135	72,434
Flexible Packaging Segment	10,547	12,871
Aluminium Systems Segment	59,989	26,558
Other	19	1,076
Total	137,690	112,939

31. Derivative financial instruments

Financial assets	31.03.2023	31.12.2022
Currency forward contracts hedging cash flows	1,467	1,188
Futures contracts hedging cash flows related to the purchase of aluminium	745	1,066
Total	2,212	2,254
Financial liabilities	31.03.2023	31.12.2022
Currency forward contracts hedging cash flows	1,821	3,977
Futures contracts hedging cash flows related to the purchase of aluminium	3,420	2,260
Total	5,241	6,237

The Group did not introduce any changes in the method of classification and measurement of financial instruments compared with the principles described in the consolidated statements for 2022, note 37.

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.

32. Shareholding structure and transactions with key management staff

32.1. Shareholding structure

Entity	Number of shares 31.03.2023	Percentage of capital
PTE Allianz Polska S.A. (post the merger with Aviva PTE Aviva Santander S.A.)**	1,676,763	17.38%
Nationale Nederlanden OFE*	1,531,756	15.87%
Generali PTE S.A. (post MetLife OFE take-over and change of name into NN Life OFE)***	894,045	9.26%
OFE PZU ŻŁOTA JESIEŃ*	863,923	8.95%
AEGON PTE S.A.*	644,413	6.68%
Others	4,039,252	41.86%
Total	9,650,152	100.00%

*Data presented based on OFE reports regarding the annual assets structure as at 30 December 2022.

**Data presented based on the notification dated 5 January 2023, received from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny, and Drugi Allianz Polska Otwarty Fundusz Emerytalny.

***Data presented based on the notification dated 3 February 2023, received from Generali Powszechne Towarzystwo Emerytalne S.A., managing Generali Otwarty Fundusz Emerytalny, Generali Dobrowolny Fundusz Emerytalny, NN Life Otwarty Fundusz Emerytalny (formerly Metlife OFE) and NN Life Dobrowolny Fundusz Emerytalny (formerly Metlife DFE).

Entity	Number of shares 31.12.2022	Percentage of capital
PTE Allianz Polska S.A. (post the merger with Aviva PTE Aviva Santander S.A.)**	1,676,763	17.38
Nationale Nederlanden OFE*	1,531,756	15.87
OFE PZU ŻŁOTA JESIEŃ*	863,923	8.95
Aegon PTE S.A.*	644,413	6.68
NN Life OFE*	582,334	6.03
Others	4,350,963	45.09
Total	9,650,152	100.00%

*Data presented based on OFE reports regarding the annual assets structure as at 30 December 2022.

**Data presented based on the notification dated 5 January 2023, received from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny, and Drugi Allianz Polska Otwarty Fundusz Emerytalny.

32.2. 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 32.3.

32.3. 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.

Management Board:	Q.1, 2023	Q.1, 2022
Basic remuneration at the parent company*	822	725
Variable remuneration at the parent company**	0	0
In-kind benefits****	4	4
Total remuneration of the Management Board at Grupa Kęty S.A.	826	729
Remuneration at other Group companies***	144	142
Total remuneration of the Management Board	970	871

*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 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 Plan (PPE) premium; 4) health-care premium.

Moreover, in Q.1, 2023 there was recognised a provision for the potential incentives for the Management Board Members in reference to 2023, to be paid out in 2024, in the total amount of PLN 1,540,000 (PLN 1,345,000 in Q.1, 2022).

Supervisory Board:

	Q.1, 2023	Q.1, 2022
Remuneration for the functions fulfilled	330	254
In-kind benefits*	3	2
Total	333	256

* 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.

32.4. 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	Number of options meeting the vesting conditions
Share options under the first tranche of the 2020 plan	30,000	30.09.2023	30,000
Share options under the second tranche of the 2020 plan	30,000	30.09.2024	12,000
Share options under the third tranche of the 2020 plan	30,000	30.09.2025	12,000

33. Issue of shares

In Q.1, 2023 the Group did not emit new shares.

	31.03.2023	31.12.2022
Share premium	60,254	60,254
Total	60,254	60,254

34. Methods of measurement at fair value (fair value hierarchy)

The detailed principles of fair value measurement are described in the consolidated financial statements for 2022, note 41.

As compared with 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	31.03.2023	31.12.2022
Assets			
Investment properties	3	3,068	3,038
Hedging derivatives	2	2,212	2,254
Total		5,280	5,292
Liabilities			
Hedging derivatives	2	5,241	6,237
Total		5,241	6,237

35. Earnings per share

Basic earnings per share are calculated by dividing net profit for the period assigned to the 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.

	Q.1, 2023	Q.1, 2022
Net profit attributable to owners of the parent	135,790	174,812
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,650,152	9,650,152
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share	9,650,411	9,650,928
Basic earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	14.07	18.11
Diluted earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	14.07	18.11

In the reporting period, the eligible employees did not acquire any shares of Grupa Kęty S.A. Moreover, the eligible employees hold 660 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 Q.1, 2023 was PLN 501.04. The closing price as at 31 March 2023 was PLN 530. In Q.1, 2023, there were no diluting shares. 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 259.

36. Grupa Kęty S.A. transactions with its related companies

Intra-group transactions in the period from 1 January 2023 to 31 March 2023 and as at 31 March 2023

Related company	Sales	Purchases	Receivables	Liabilities
Aluprof S.A.	127,538	220	152,200	289
Alupol Packaging S.A.	382	0	160	176
Dekret Sp. z o.o.	260	653	72	283
Aluprof Hungary Kft.	275	13	247	0
Alupol LLC	4,291	2,922	530	3,614
Romb S.A.	3,200	0	3,749	0
Aluform Sp. z o.o.	352	14,984	126	7,390
Alupol Packaging Kęty Sp. z o.o.	1,971	0	627	0
Alupol Films Sp. z o.o.	240	0	77	0
Glassprof Sp. z o.o.	17	0	16	0
Aluprof System Czechy s.r.o.	16	0	5	104
Aluprof Belgium N.V.	30	0	12	0
Aluminium Kęty EMMI d.o.o.	4,451	258	3,731	84
Aluminium Kęty CSE s.r.o.	0	383	0	0
Aluminium Kęty Deutschland GmbH	0	676	0	441
Grupa Kęty Italia s.r.l.	0	498	0	498
Aluprof System Romania s.r.l.	22	0	8	0
Aluprof UK Ltd.	33	0	33	0
Total	143,078	20,607	161,593	12,879

Moreover, in March 2023, Grupa Kęty S.A. took out a loan from Alupol Packaging S.A. amounting to PLN 50 million, with interest rate at arm's length basis. Interest on the loan amounted to PLN 176,000.

Apart from the above mentioned transactions the Company did not enter into any other intercompany transactions in Q.1, 2023.

The transactions with the Management Board and the Supervisory Board are described in note 32.2 to the interim condensed consolidated financial statements.

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.

II. OTHER INFORMATION APPLICABLE TO THE CONSOLIDATED QUARTERLY REPORT

1. Summary of the Company's material accomplishments or failures in the reporting period and a list of the respective key events

As expected, the financial results of Q.1, 2023 are lower than those generated in the record-high year 2022. Specifically, the changes reflect a varied distribution of results in the discussed years: exceptionally good first half of 2022 (including as an effect of the market commotion accompanying the war in Ukraine) and a slow-down in the second half of the year (the observed economic downturn on the world's markets), which is also forecast for the first half of 2023, as well as the expected economic upturn in the second part of 2023. Additionally, the results in Q.1, 2022 have been charged with write-downs of PLN 48 million in reference to the Group assets located in Ukraine.

Consolidated sales revenue was lower by 8% compared with the corresponding period of the preceding year, reaching PLN 1,372,991,000. The main reason for that change were lower prices of raw materials, including aluminium, by roughly 18% when translated to PLN.

In accordance with the expectations, the margins generated in Q.1, 2023 have been coming close to those generated in the years when there were no events of one-off nature, such as the COVID pandemic, disturbed supply chains, or limitations in the supply of materials, or commotion after the outbreak of war in Ukraine.

Despite weaker economic situation and strong market pressure on reducing product prices, the Capital Group generated PLN 200,551,000 of consolidated EBITDA (profit on operating activities plus depreciation) (-25% y/y) and PLN 156,837,000 of consolidated profit on operating activities (-32% y/y).

Upon consideration of the negative result on financing activities in the amount of PLN 16,635,000 (mainly due to the costs of interest on loans), and income tax charges, the consolidated net profit attributable to owners of the parent amounted to PLN 135,790,000 (-22% y/y).

Owing to lower raw materials prices and volume of sales, the Capital Group reduced the level of working capital in Q.1, 2023, and in relation to the high value of profit, it generated PLN 297,539,000 cash flow from operating activities. The cash was used to finance investment activities, to which PLN 98,628,000 was allocated, and reduction of bank loans. In effect, the net debt of the Capital Group at the end of Q.1, 2023 amounted to PLN 876,689 and was by 17% lower than that generated at the end of 2022.

The 'EBITDA' parameter applied in the report 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 amounted to PLN 1,031,435,000 in the consolidated financial statements for 2022.

The 'net debt' parameter applied in the report represents the total of long-term loan payables and long-term lease liabilities (items of the balance-sheet equity/liabilities), plus short-term loan payables and short-term lease liabilities (items 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 bank loans and other interest-bearing liabilities, in consideration of the cash available, which may be allocated to the debt repayment. In the consolidated financial statements for 2022, the 'net debt' ratio calculated in accordance with the above mentioned guidelines amounted to PLN 1,056,332,000 as at 31 December 2022.

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. Factors with significant impact on the results of the present quarter

Demand for the Company products

The first quarter of 2023 brought a slight improvement in the market moods compared with the situation in Q.4, 2022. The level of orders is close to the assumptions made when preparing 2023 forecasts. The expected price pressure resulting from lower demand than in the preceding year and lower prices of some materials, and, on the other hand, the activity of companies from outside of Europe, has been continuing. Therefore, all segments of the Capital Group recorded lower sales revenue than in the corresponding period of the preceding year, of which 7%

reduction at the Extruded Products Segment, 4% at the Aluminium Systems Segment, and 14% at the Flexible Packaging Segment.

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 4.7100 and was by about 2% higher than in the corresponding period of the preceding year. The average USD/PLN rate was 4.3880 and was by 6% higher than in Q.1,2022.

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. Of key importance in that regard are EUR and USD fluctuations against PLN.

Prices of basic raw materials

Aluminium (including aluminium scrap, sheet aluminium and aluminium foil) is the basic raw material used by the Capital Group, accounting for approximately 50% of the costs of materials. The Capital 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 Q.1, 2023 the average 3M aluminium price was about 2,440 USD per ton, which means a drop by about 25% in USD and by 20% 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 price changes are transferred to customers with a certain delay (1-1.5 months at the EPS, and 3-6 months at the ASS). A factor partially stabilising the generated results are transactions hedging aluminium purchase prices and natural hedge in the form of quoting products based on the current prices of raw materials.

Debt

At the end of Q.1, 2023, the net debt of the Capital Group amounted to PLN 801,090,000 on account of long-term loans, and PLN 158,836,000 on account of short-term loans. Roughly 15% of the value of loans is held in foreign currencies (mainly in EUR).

War in Ukraine

In Q.1, 2023 there were no major changes in the situation of the Capital Group companies running business in the territory of Ukraine, compared with the status described in the Management Board Report on the Operations of the Company and the Capital Group for 2022.

In Q.1, 2023 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 Q.1, 2023.

3. Factors which in the Company's opinion are likely to influence its results generated within the perspective of at least one quarter

Demand for the Company products

Currently, the Management Board expects a similar demand as in Q.1, 2023.

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.

Prices of basic raw materials

With regard to continuing factors which result in high market fluctuations, it is expected that raw materials prices in Q.2, 2023 will remain on levels which shall not be lower than those quoted in Q.1, 2023.

War in Ukraine

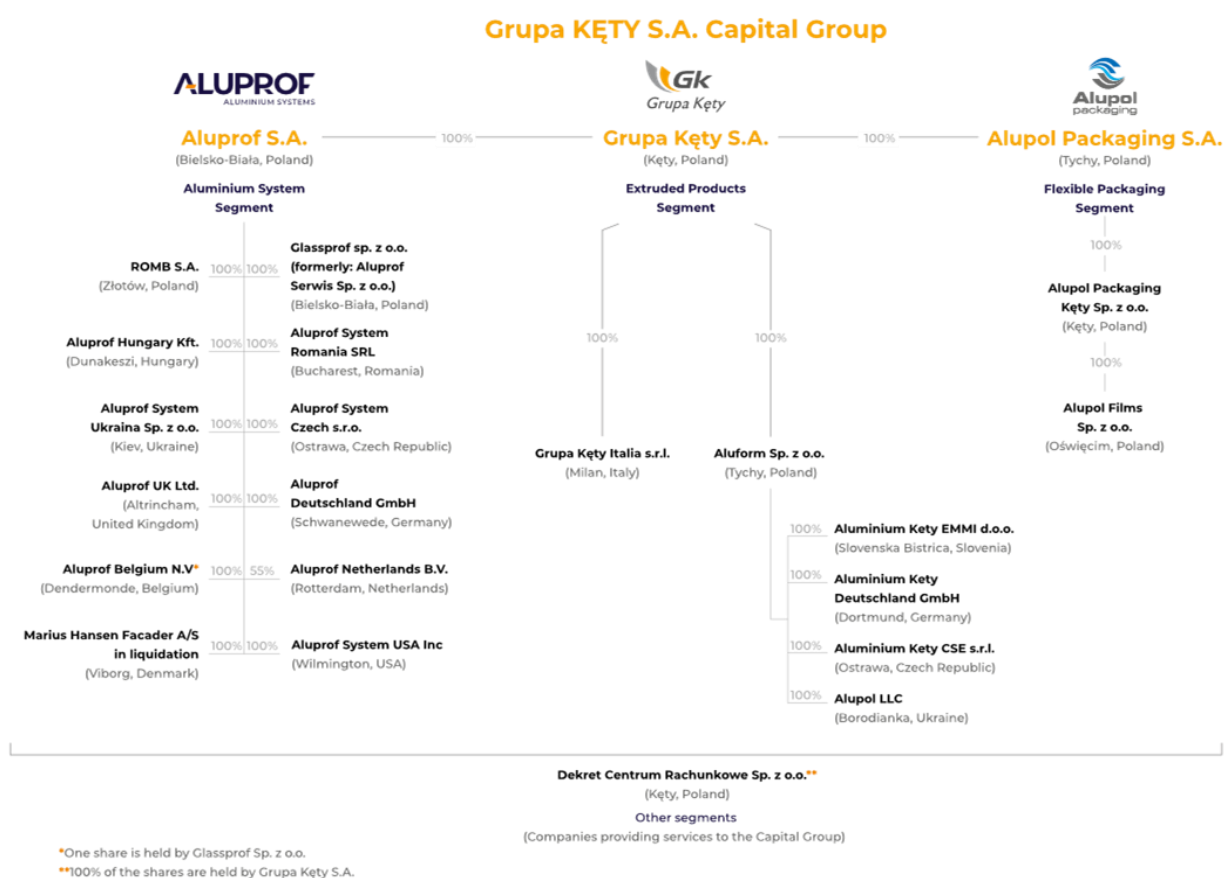
The Management Board of Grupa Kęty S.A. assumes that in Q.2, 2023 there will be no major changes in the situation of the Capital Group companies running business in the territory of Ukraine, compared with the status described in these consolidated financial statements.

4. Organisational and management structure

Grupa KĘTY S.A. with its registered office in Kęty at ul. Kościuszki 111, 32-650 Kęty, is a parent of the Capital Group of Grupa KĘTY S.A. consisting of 24 companies, in which the Company holds directly or indirectly 100% share in the share capital and all votes in General Meetings, respectively (except Aluprof Netherlands B.V., in which the Company holds indirectly through Aluprof S.A. a 55% share in the share capital and the total number of votes in the General Meeting), that are subject to full consolidation. Grupa KĘTY S.A. also holds indirectly, through Aluprof S.A. and Aluprof System USA Inc., 45.5% shares in Aluprof USA LLC with its registered office in New York (associated company, recognised using the equity method), which similarly like Marius Hansen Facader A/S is now being wound up.

Apart from Dekret Centrum Rachunkowe Sp. z o.o, which provides accounting and human resources services to all Capital Group companies, the other companies run business within three business segments: Extruded Products Segment (EPS), Aluminium Systems Segment (ASS), and Flexible Packaging Segment (FPS). 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. Each Segment has in its structures the services necessary to carry out business in the area of both production and trade. Some of the corporate and coordination functions availed of by all companies of the Capital Group have been concentrated in the form of the Corporate Centre of Grupa KĘTY S.A. The central areas comprise: human resources, corporate social responsibility and sustainable development, communication, investor relations, IT, finance, accounting, management and financial reporting, corporate supervision and capital investments, risk and compliance management, and internal audit.

In Q.1, 2023 the Capital Group organisational structure has not changed. It is presented in the below chart.



The internal organisation of Grupa KĘTY S.A. results from the organisational regulations, which define, among other things, the manner of managing the Company affairs as well as performing tasks and competencies at the particular management levels, with the use of internal legal acts indicated in the regulations, e.g. orders, procedures, or policies. The Company's areas of operation are managed by Members of the Management Board, acting under the chairmanship of the President of the Management Board and appointed by the Supervisory Board. The work of the Management Board on the basis of the adopted Management Board By-law is supported operationally by the Management Board Bureau.

The internal distribution of responsibility among the particular Members of the Company Management Board has been presented in the chart below.

Internal distribution of responsibility for the particular areas of the Company operations among the Management Board Members			
Dariusz Mańko	Rafał Warpechowski	Piotr Wysocki	Tomasz Grela
President of the Management Board CEO	Member of the Management Board in charge of Finance	Member of the Management Board in charge of the Extruded Products Segment	Member of the Management Board in charge of the Aluminium Systems Segment
<ul style="list-style-type: none"> • Directing the Management Board work • Coordination of Segments operation • Sustainable development and corporate social responsibility • Human resources policy • Internal audit • Legal service • Communication • Supervision of all strategic and operational affairs at the Flexible Packaging Segment 	<ul style="list-style-type: none"> • Accounting and financial reporting • Controlling and management reporting • Finance • IT • Corporate supervision and capital investments • Compliance and risk management 	<ul style="list-style-type: none"> • Supervision and implementation of all strategic and operational affairs at the Extruded Products Segment • Cooperation with other Segments 	<ul style="list-style-type: none"> • Supervision and implementation of all strategic and operational affairs at the Extruded Products Segment • Cooperation with other Segments

5. The Company Management Board's stand regarding the published forecasts

The Management Board maintains the forecast of 2023 results published on 20 December 2022 in the current report No. 33/2022.

6. Shares held by the Company managing and supervising persons

In accordance with the information provided as at the date of this interim report publication, the persons managing the Company held 237,484 ordinary bearer shares of Grupa Kęty S.A., including: Dariusz Mańko – 164,363 shares (no changes since the last interim report publication date), Rafał Warpechowski – 0 shares (no changes since the last interim report publication date), Piotr Wysocki – 51,373 shares (no changes since the last interim report publication date), Tomasz Grela – 21,748 shares (no changes since the last interim report publication date).

In addition, within the incentive plan adopted at the Annual General Meeting of the Company 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;
- 30,000 O 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 2023 by the Annual General Meeting;

- 30,000 P 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 2024 by the Annual General Meeting.

In accordance with the information provided as at the date of this interim report publication the supervising persons of the company did not hold any shares of Grupa Kęty S.A. or rights related to shares (no change since the latest interim report publication date).

7. Important court litigations, arbitration proceedings or administrative proceedings

In the period covered with this interim report, no proceedings were initiated or were pending against the Company or its subsidiaries before a court or public administration authority concerning any liabilities or claims of a major value of the Company or its subsidiaries.

8. Related-party transactions

In the period covered with this report, Grupa Kęty S.A. or its daughter companies did not enter into any transactions with related companies on terms other than arm's length basis. The list of related-party transactions is presented in note 36 hereof.

9. Information on security bonds for loans and borrowings or guarantees granted by the Company or its subsidiaries

In the reporting period, the Company 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 or a subsidiary of such entity.

10. Other information material for the assessment of the Company's headcount, assets, financial standing and the capability of paying liabilities by the Company

Apart from the information disclosed in this consolidated report for Q.1, 2023, 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 Capital Group of Grupa Kęty S.A., or information that would be of major importance for the assessment of the capacity to pay their liabilities by Grupa Kęty S.A. and its daughter companies.

11. Shares and shareholders

The shares of the Company have been quoted at Warsaw Stock Exchange since 16 January 1996, under the ISINPLKETY000011 code, in the sector of non-ferrous metals metallurgy. Since 4 August 2022 the shares of the Company are quoted within the WIG20 and WIG20TR indexes, and also belong to the WIGdiv and WIG-ESG indexes. As at the date of this interim report publication, there were the total of 9,650,152 shares of Grupa Kęty S.A. issued, of the nominal value of PLN 2.50 each. A list of the Company shareholders with over 5% share in the Company share capital and in the total number of votes at the General Meeting as at the date of publishing the latest interim report (23 March 2023) and this quarterly report (19 April 2023) was as follows:

Entity	Number of shares as at the date of the latest interim report publication (23.03.2023)	Percentage of share capital and total number of votes	Number of shares as at the date of the quarterly report publication (19.04.2023)	Percentage of share capital and total number of votes
PTE Allianz Polska S.A. (post the merger with Aviva PTE Aviva Santander S.A.)**	1,676,763	17.38%	1,676,763	17.38%
Nationale OFE* Nederlanden	1,531,756	15.87%	1,531,756	15.87%
Generali PTE S.A. (post MetLife OFE take-over and change of name into NN Life OFE)***	894,045	9.26%	894,045	9.26%
OFE PZU ZŁOTA JESIEŃ*	863,923	8.95%	863,923	8.95%
AEGON PTE S.A.*	644,413	6.68%	644,413	6.68%
Others	4,039,252	41.86%	4,039,252	41.86%
Total	9,650,152	100.00%	9,650,152	100.00%

*Data presented based on OFE reports regarding the annual assets structure as at 30 December 2022.

**Data presented based on the notification dated 5 January 2023, received from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz Polska Otwarty Fundusz Emerytalny, Allianz Polska Dobrowolny Fundusz Emerytalny, and Drugi Allianz Polska Otwarty Fundusz Emerytalny.

***Data presented based on the notification dated 3 February 2023, received from Generali Powszechne Towarzystwo Emerytalne S.A., managing Generali Otwarty Fundusz Emerytalny, Generali Dobrowolny Fundusz Emerytalny, NN Life Otwarty Fundusz Emerytalny (formerly: Metlife OFE) and NN Life Dobrowolny Fundusz Emerytalny (formerly Metlife DFE).

In the period from the disclosure of the previous interim report, i.e. 23 March 2023, to the date of publication of this quarterly report there were no other changes in the ownership structure of major stakes of the Company shares.

GRUPA KĘTY S.A.
QUARTERLY FINANCIAL DISCLOSURE FOR Q.1, 2023

(PLN '000)

III. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF PROFIT OR LOSS

	Q.1, 2023	Q.1, 2022
Revenue from contracts with customers	551,962	599,769
Other operating revenue	826	1,035
Dividends	0	23,948
Change in the level of products and work in progress	(10,012)	3,569
Cost of manufacturing of products for own needs	2,151	1,344
Total operating costs, including:	(496,852)	(518,213)
Depreciation	(14,102)	(13,484)
Materials and energy, and the value of trade goods and materials sold	(383,572)	(413,926)
Third-party services	(53,111)	(48,332)
Taxes and fees	(1,923)	(1,669)
Employee benefits	(43,242)	(39,703)
Other operating costs	(902)	(1,099)
Profit on operating activities	48,075	111,452
Financial revenue	36	646
Finance costs	(4,293)	(2,960)
Profit before tax	43,818	109,138
Income tax	13,371	(16,456)
Net profit on continued operations	57,189	92,682
Basic net earnings per share (PLN)	5.93	9.60
Diluted net earnings per share (PLN)	5.93	9.60

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Q.1, 2023	Q.1, 2022
Net profit for the period	57,189	92,682
Other comprehensive income recognised in profit or loss, including:	214	6,484
Valuation of cash flow hedging instruments	263	8,004
Income tax related to other comprehensive income	(49)	(1,520)
Comprehensive income for the period	57,403	99,166

**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	31.03.2023	31.12.2022
I. Non-current assets	1,058,649	1,020,429
Property, plant and equipment	602,701	589,115
Intangible assets	27,245	25,497
Right-of-use assets	11,340	11,382
Shares and interests	374,992	374,223
Advance payments for the purchase of property, plant and equipment	16,640	17,992
Deferred tax assets	25,731	2,220
II. Current assets	684,408	603,093
Inventories	224,985	261,589
Trade and other receivables	448,635	338,436
Derivative financial instruments	1,357	270
Cash and cash equivalents	9,431	2,798
Total assets	1,743,057	1,623,522
EQUITY/LIABILITIES		
I. Equity	1,009,410	950,514
Share capital	68,025	68,025
Share premium	60,254	60,254
Capital from share based payments	37,161	35,668
Capital from the revaluation of hedging instruments	(984)	(1,198)
Retained earnings	844,954	787,765
II. Long-term liabilities	321,162	346,703
Loan payables	274,316	300,141
Lease liabilities	3,418	3,553
Payables on account of intangible assets purchase	16,383	15,743
Provisions for employee benefits	1,737	1,737
Subsidies	25,308	25,529
III. Short-term liabilities	412,485	326,305
Loan payables	133,658	95,339
Lease liabilities	177	177
Income tax payables	37,081	32,676
Trade payables and other liabilities	211,777	173,960
Contractual liabilities	4,319	3,672
Provisions and accruals	22,015	17,847
Derivative financial instruments	2,572	1,748
Subsidies	886	886
Total equity/liabilities	1,743,057	1,623,522

SEPARATE STATEMENT OF CHANGES IN EQUITY

Q.1, 2023	Share capital	Share premium	Capital from share based payments	Hedging reserve	Retained earnings	Total equity
Equity as at 31.12.2022	68,025	60,254	35,668	(1,198)	787,765	950,514
Comprehensive income for the period:	0	0	0	214	57,189	57,403
<i>Net profit for the period</i>	0	0	0	0	57,189	57,189
<i>Other comprehensive income</i>	0	0	0	214	0	214
Valuation of share based payments	0	0	1,493	0	0	1,493
Equity as at 31.03.2023	68,025	60,254	37,161	(984)	844,954	1,009,410

Q.1, 2022	Share capital	Share premium	Capital from share based payments	Hedging reserve	Retained earnings	Total equity
Equity as at 31.12.2021	68,025	60,254	30,582	990	593,603	753,454
Comprehensive income for the period:	0	0	0	6,484	92,682	99,166
<i>Net profit for the period</i>	0	0	0	0	92,682	92,682
<i>Other comprehensive income</i>	0	0	0	6,484	0	6,484
Valuation of share based payments	0	0	1,197	0	0	1,197
Equity as at 31.03.2022	68,025	60,254	31,779	7,474	686,285	853,817

SEPARATE STATEMENT OF CASH FLOWS

	Q.1, 2023	Q.1, 2022
Cash flow from operating activities		
Profit before tax	43,818	109,138
Adjustments:	18,835	15,821
Depreciation	14,102	13,484
Net (profit)/loss from currency translation differences	(41)	(1,054)
Interest	4,049	2,806
Costs of share based payments	725	585
Cash flow from operating activities before the change of working capital and tax payment	62,653	124,959
Change in inventories	36,604	(5,430)
Change in net receivables	(110,199)	(168,251)
Change in short-term liabilities, except for loans	71,125	53,403
Change in provisions	4,168	4,263
Change in subsidies	(221)	(223)
Net cash generated from operating activities before tax payment	64,130	8,721
Tax (paid)/refunded	(5,785)	(1,701)
Net cash from operating activities	58,345	7,020
Cash flow from investing activities		
(+) Proceeds:	0	0
(-) Expenses:	(58,179)	(29,568)
Acquisition of intangible assets, and property, plant and equipment	(58,179)	(29,568)
Net cash from investing activities	(58,179)	(29,568)
Cash flow from financing activities		
(+) Proceeds:	82,402	50,185
Proceeds from loans and credits	82,402	50,185
(-) Expenses:	(75,867)	(19,781)
Repayment of loans	(68,181)	(16,492)
Interest on loans	(7,509)	(3,112)
Payment of lease liabilities	(177)	(177)
Net cash from financing activities	6,535	30,404
Net increase/decrease of the balance of cash and cash equivalents before change on account of currency translation differences	6,701	7,856
Change in cash due to currency translation differences	(68)	62
Net increase/decrease of cash and cash equivalents	6,633	7,918
Cash and cash equivalents at the beginning of the period	2,798	5,906
Cash and cash equivalents at the end of the period	9,431	13,824

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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