



**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
CONSOLIDATED SEMI-ANNUAL REPORT
FOR THE FIRST HALF OF 2024**

(PLN '000)

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated semi-annual report PSr 1/2024

(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 2024, covering the period from 1 January 2024 to 30 June 2024, comprising the interim condensed consolidated financial statements and interim condensed separate statements of Grupa Kęty S.A. prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* ('IAS 34') approved by the EU, report of the Management Board on the operations and declarations of the Management Board, all in Polish zlotys (PLN).

31 July 2024
(date of submission)

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

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	
	I H 2024	I H 2023	I H 2024	I H 2023
Net revenue from sales	2,540,300	2,711,356	589,274	587,764
Profit on operating activities	379,650	352,037	88,067	76,314
Profit before tax	351,570	316,537	81,554	68,618
Net profit	317,058	287,443	73,548	62,312
Net profit (loss) attributable to owners of the parent	316,646	286,752	73,452	62,162
Total net income (loss)	313,239	281,663	72,662	61,059
Total net income (loss) attributable to owners of the parent	312,827	280,972	72,567	60,909
Net cash flow from operating activities	426,590	552,231	98,956	119,712
Net cash flow from investing activities	(186,212)	(159,939)	(43,196)	(34,671)
Net cash flow from financing activities	(232,633)	(439,600)	(53,964)	(95,296)
Total net cash flows	7,745	(47,308)	1,797	(10,255)
Net earnings per share attributable to owners of the parent (in PLN/EUR)	32.76	29.71	7.60	6.44
Diluted net earnings per share attributable to owners of the parent (in PLN/EUR)	32.66	29.71	7.58	6.44
BALANCE SHEET ITEMS	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Total assets	3,868,012	3,655,321	896,826	840,690
Liabilities and provisions for liabilities	2,166,616	1,764,934	502,345	405,919
Non-current liabilities	691,261	596,103	160,274	137,098
Current liabilities	1,475,355	1,168,831	342,072	268,820
Equity attributable to owners of the parent	1,700,657	1,889,895	394,310	434,658
Share capital	68,230	68,025	15,820	15,645
Number of shares	9,731,952	9,650,152	9,731,952	9,650,152
Book value per share (in PLN/EUR)	174.75	195.84	40.52	45.04
Diluted book value per share (in PLN/EUR)	174.68	195.84	40.50	45.04
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 2024	I H 2023	I H 2024	I H 2023
Net revenue from sales	925,681	1,075,046	214,730	233,047
Profit on operating activities	601,218	545,057	139,465	118,157
Gross profit	588,746	534,801	136,571	115,933
Net profit	611,159	547,326	141,771	118,649
Net comprehensive income	607,793	549,347	140,990	119,087
Net cash flow from operating activities	25,869	144,817	6,001	31,393
Net cash flow from investing activities	(109,257)	(87,788)	(25,344)	(19,031)
Net cash flow from financing activities	79,692	(58,326)	18,486	(12,644)
Total net cash flows	(3 696)	(1 297)	(857)	(281)
Earnings per share (in PLN/EUR)	63.24	56.72	14.67	12.29
Diluted earnings per share (in PLN/EUR)	63.03	56.72	14.62	12.29
BALANCE SHEET ITEMS	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Total assets	2,357,440	1,640,797	546,589	377,368
Liabilities and provisions for liabilities	1,298,295	687,380	301,019	158,091
Non-current liabilities	375,476	222,229	87,057	51,111
Current liabilities	922,819	465,151	213,962	106,980
Equity	1,059,145	953,417	245,570	219,277
Share capital	68,230	68,025	15,820	15,645
Number of shares	9,731,952	9,650,152	9,731,952	9,650,152
Book value per share (in PLN/EUR)	108.83	98.80	25.23	22.72
Diluted book value per share (in PLN/EUR)	108.79	98.80	25.22	22.72

The above financial figures for the first half of 2024 and the first half of 2023 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 2024 – 4.3130 PLN/EUR, and as at 31 December 2023 – PLN 4.3480 PLN/EUR;
- 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 National Bank of Poland [NBP] for the last two days of each month: 1 H 2024 – 4.3109 PLN/EUR, and 1 H 2023 – 4.6130 PLN/EUR.

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**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST HALF OF 2024, ENDED ON 30 JUNE 2024,
PREPARED IN ACCORDANCE WITH IAS 34**

(PLN '000)

(PLN '000)

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Revenue from contracts with customers	8	1,300,710	2,540,300	1,338,365	2,711,356
Total operating costs, including:		(1,101,760)	(2,167,793)	(1,146,633)	(2,367,072)
Depreciation		(50,403)	(98,653)	(44,875)	(88,589)
Materials and energy, and the value of trade goods and materials sold		(774,896)	(1,503,568)	(817,745)	(1,743,205)
Third-party services		(97,797)	(186,260)	(79,977)	(170,448)
Taxes and fees		(6,080)	(11,894)	(5,347)	(10,737)
Employee benefits		(188,838)	(365,809)	(161,522)	(319,747)
Remeasurement of trade receivables IFRS 9		(1,275)	(738)	1,886	1,692
Other costs by nature		(8,942)	(14,367)	(7,200)	(11,711)
Change in inventories of products and work in progress		18,806	722	(38,218)	(36,321)
Cost of own-use products manufacturing		7,665	12,774	6,365	11,994
Profit on sales		198,950	372,507	191,732	344,284
Share in net profit/ (loss) of entities accounted for using the equity method		24	24	(57)	582
Other operating revenue		6,843	10,125	5,693	10,543
Other operating costs		(415)	(3,006)	(2,168)	(3,372)
Profit on operating activities		205,402	379,650	195,200	352,037
Finance income		268	1,475	698	1,776
Finance costs		(15,818)	(29,555)	(19,563)	(37,276)
Profit before tax		189,852	351,570	176,335	316,537
Income tax	11	(23,219)	(34,512)	(25,027)	(29,094)
Net profit on continuing operations		166,633	317,058	151,308	287,443
Attributable to non-controlling interests		215	412	346	691
Attributable to owners of the parent		166,418	316,646	150,962	286,752
Earnings per share attributable to owners of the parent (PLN)	33				
Basic		17.15	32.76	15.64	29.71
Diluted		17.11	32.66	15.64	29.71

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

(PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Net profit for the period	166,633	317,058	151,308	287,443
Other comprehensive income that may be reclassified subsequently to profit or loss	(169)	(3,819)	(5,544)	(4,764)
Foreign currency differences on translation of related parties	459	(1,040)	(6,613)	(6,606)
Measurement of cash flow hedging instruments	(777)	(3,432)	1,309	2,263
Income tax in relation to other comprehensive income that may be reclassified subsequently to profit or loss	149	653	(240)	(421)
Other comprehensive income that will not be reclassified subsequently to profit or loss	0	0	(1,016)	(1,016)
Actuarial gains (losses)	0	0	(1,254)	(1,254)
Income tax on actuarial gains	0	0	238	238
Comprehensive income for the period	166,464	313,239	144,748	281,663
Comprehensive income attributable to:				
Non-controlling interests	215	412	346	691
Owners of the parent	166,249	312,827	144,402	280,972

(PLN '000)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS		30.06.2024	31.12.2023
I. Non-current assets		2,160,784	2,096,884
Property, plant and equipment		1,848,324	1,828,296
Right-of-use assets		78,852	81,260
Intangible assets		92,541	87,067
Goodwill		19,835	19,854
Investment properties		3,404	3,184
Interests in associates		565	575
Non-current receivables		2,012	728
Prepayments for the purchase of property, plant and equipment		9,990	4,141
Deferred tax assets		105,261	71,779
II. Current assets		1,707,228	1,558,437
Inventories	15	750,519	744,618
Income tax receivables		709	10,468
Trade and other receivables	14	854,453	705,367
Derivative financial instruments	29	4,351	8,628
Cash and cash equivalents	9	97,196	89,356
Total assets		3,868,012	3,655,321
EQUITY/LIABILITIES		30.06.2024	31.12.2023
I. Equity		1,701,396	1,890,387
Share capital		68,230	68,025
Share premium	31	89,620	60,254
Share-based payments reserve		60,711	53,044
Hedging reserve		3,246	6,025
Retained earnings		1,518,031	1,740,688
Foreign currency differences on translation of foreign operations		(39,181)	(38,141)
Equity attributable to owners of the parent		1,700,657	1,889,895
Equity attributable to non-controlling interests		739	492
II. Non-current liabilities		691,261	596,103
Loan payables	17	541,200	441,960
Lease liabilities	18	61,867	63,343
Other liabilities	20.1	25,783	26,742
Provisions	16	499	499
Provisions for employee benefits	16	14,735	14,231
Deferred income		37,049	38,030
Deferred tax liabilities		10,128	11,298
III. Current liabilities		1,475,355	1,168,831
Loan payables	17	182,983	508,971
Lease liabilities	18	6,389	6,156
Income tax liabilities		28,906	13,142
Trade and other payables	20.2	1,137,041	529,974
Contract liabilities	20.3	27,829	24,883
Provisions and accruals	16	87,058	80,002
Derivative financial instruments	29	343	1,188
Deferred income		4,806	4,515
Total equity/liabilities		3,868,012	3,655,321

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payments reserve	Hedging reserve	Retained earnings	Foreign currency differences on translation of foreign operations	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at 31 December 2023	68,025	60,254	53,044	6,025	1,740,688	(38,141)	1,889,895	492	1,890,387
Comprehensive income for the period:	0	0	0	(2,779)	316,646	(1,040)	312,827	412	313,239
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>316,646</i>	<i>0</i>	<i>316,646</i>	<i>412</i>	<i>317,058</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(2,779)</i>	<i>0</i>	<i>(1,040)</i>	<i>(3,819)</i>	<i>0</i>	<i>(3,819)</i>
Measurement of share-based payments	0	0	7,667	0	0	0	7,667	0	7,667
Dividends to non-controlling interests	0	0	0	0	0	0	0	(165)	(165)
Dividends to owners of the parent	0	0	0	0	(539,303)	0	(539,303)	0	(539,303)
Issue of shares	205	29,366	0	0	0	0	29,571	0	29,571
Equity as at 30 June 2024	68,230	89,620	60,711	3,246	1,518,031	(39,181)	1,700,657	739	1,701,396

(PLN '000)

	Share capital	Share premium	Share-based payments reserve	Hedging reserve	Retained earnings	Foreign currency differences on translation of foreign operations	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at 31 December 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	1,842	285,736	(6,606)	280,972	691	281,663
<i>Net profit for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>286,752</i>	<i>0</i>	286,752	<i>691</i>	287,443
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,842</i>	<i>(1,016)</i>	<i>(6,606)</i>	(5,780)	<i>0</i>	(5,780)
Measurement of share-based payments	0	0	2,986	0	0	0	2,986	0	2,986
Dividends to non-controlling interests	0	0	0	0	0	0	0	(150)	(150)
Dividends to owners of the parent	0	0	0	0	(603,134)	0	(603,134)	0	(603,134)
Equity as at 30 June 2023	68,025	60,254	38,654	(1,384)	1,490,083	(33,813)	1,621,819	1,132	1,622,951

(PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Cash flow from operating activities				
Profit before tax	189,852	351,570	176,335	316,537
Adjustments:	69,573	132,419	53,012	113,457
Share in net profit of entities accounted for using the equity method	(24)	(24)	57	(582)
Depreciation	50,403	98,653	44,875	88,589
Recognition/(reversal) of write-downs of non-current assets	(2,632)	(2,985)	(143)	(232)
Net profit on foreign currency translation differences	1,718	(67)	(6,071)	(6,284)
(Profit)/loss on sale of property, plant and equipment	52	(251)	(17)	(262)
Interest	12,338	25,544	13,443	29,847
Share-based payment expenses	3,836	7,667	1,493	2,986
Other items (net)	3,882	3,882	(1,796)	(1,776)
Cash flow from operating activities before the change in working capital	259,425	483,989	229,347	429,994
Change in inventories	(39,267)	(5,901)	54,019	168,677
Change in net receivables	(35,144)	(150,369)	55,598	(3,130)
Change in current liabilities, except for loans and leases	67,343	134,237	(2,300)	53,383
Change in provisions	(1,838)	7,560	(5,818)	550
Change in deferred income	(469)	(690)	4,083	3,072
Cash flow from operating activities before tax	250,050	468,826	334,929	652,546
Dividends from associates	0	0	1,171	1,171
Tax expense	(30,110)	(42,236)	(80,237)	(100,315)
Net cash from operating activities	219,940	426,590	254,692	552,231
Cash flow from investing activities				
(+) Proceeds:	265	755	532	911
Sale of intangible assets, and property, plant and equipment	265	755	532	911
(-) Expenses:	(87,926)	(186,967)	(62,222)	(160,850)
Acquisition of intangible assets, and property, plant and equipment	(87,926)	(186,967)	(62,222)	(160,850)
Net cash from investing activities	(87,661)	(186,212)	(61,690)	(159,939)
Cash flow from financing activities				
(+) Proceeds:	183,986	238,989	(7,598)	91,479
Issue of shares	17,958	29,571	0	0
Proceeds from loans and credits	166,028	209,418	(7,598)	91,479
(-) Expenses:	(308,856)	(471,622)	(221,862)	(531,079)
Dividends to non-controlling interests	(165)	(165)	(135)	(135)
Repayment of loans and borrowings	(298,329)	(441,698)	(200,864)	(488,485)
Payment of lease liabilities	(1,941)	(3,744)	(2,130)	(4,579)
Interest on borrowings	(8,421)	(26,015)	(18,733)	(37,880)
Net cash from financing activities	(124,870)	(232,633)	(229,460)	(439,600)
Net increase/decrease in the balance of cash and cash equivalents before change in relation to foreign currency translation differences	7,409	7,745	(36,458)	(47,308)
Change in cash in relation to foreign currency translation differences	259	95	(207)	(276)
Net increase/decrease in cash and cash equivalents	7,668	7,840	(36,665)	(47,584)
Cash and cash equivalents at the beginning of the period	89,528	89,356	128,499	139,418
Cash and cash equivalents at the end of the period	97,196	97,196	91,834	91,834

(PLN '000)

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. ('Statements') cover the period of 6 months of 2024 ended on 30 June 2024 and provide comparative data for the period of 6 months of 2023 ended on 30 June 2023 as well as figures as at 31 December 2023. The statements also comprise the data for Q.2, 2024 and Q.2, 2023.

The quarterly figures have not been audited by a statutory auditor. The statements for the first half of 2024 have been reviewed by a statutory auditor. The review report is published together with these statements.

The Capital Group of Grupa Kęty S.A. ('the Group', '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 the Group 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's Management Board consisted of:

- Mr Dariusz Mańko – President of the Management Board/CEO,
- Mr Roman Przybylski – Vice President of the Management Board/Director for Investments and Development,
- Mr Rafał Warpechowski – Member of the Management Board/Financial Director,
- Mr Piotr Wysocki – Member of the Management Board/Deputy CEO,
- Mr Tomasz Greła – Member of the Management Board.

Starting from 1 January 2024, Mr Roman Przybylski was appointed Member of the Management Board of the parent company, in the capacity of Vice President of the Management Board and Director for Investments and Development. Apart from the aforesaid appointment, there were no changes in the membership of the parent company's Management Board in 2024 and by the date of approving these financial statements for publication.

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 30.06.2024	Percentage of share capital as at 31.12.2023	Date of control take-over	Operating segment
Grupa Kęty S.A.	Kęty, Poland	Holding company, production and sales of aluminium profiles	None	N/A	N/A	N/A	EPS/ Other
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 of aluminium profiles	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-Biala, 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
Aluprof System Ukraina LLC	Kiev, Ukraine	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS

(continued)

Company name	Registered office	Core business	Parent's name	Percentage of share capital as at 30.06.2024	Percentage of share capital as at 31.12.2023	Date of control take-over	Operating segment
Glassprof Sp. z o.o.	Bielsko-Biała, Poland	Production of fire glass	Aluprof S.A.	100.00%	100.00%	01/2012	ASS
Aluprof System USA Inc.	Wilmington, USA	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	07/2014	ASS
Aluprof Belgium N.V.	Dendermonde, Belgium	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	06/2015	ASS
Aluprof Netherlands B.V.	Rotterdam, Netherlands	Sales of aluminium systems	Aluprof S.A.	55.00%	55.00%	04/2017	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. Additional information regarding the operating segments has been 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 31 July 2024.

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 climate issues and war in Ukraine on the activities of the Group. The analyses for the purpose of the assessment covered many factors which may change in the future. The analysis of climate issues has been presented in note 5.3 of the consolidated financial statements of the Group for 2023, published on 21 March 2024. Between 21 March 2024 and the date of publishing these Statements, no major factors occurred which could make the aforesaid analysis invalid.

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 the Group for 2023, published on 21 March 2024. In the first half of 2024, 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.

The balance of assets and liabilities of the Group companies in Ukraine as at 30 June 2024, in consideration of the write-downs made, is presented in the tables below.

	30.06.2024 Alupol LLC	30.06.2024 Aluprof System LLC	30.06.2024 Total	31.12.2023 Alupol LLC	31.12.2023 Aluprof System LLC	31.12.2023 Total
Non-current assets, of which:	0	912	912	0	897	897
Property, plant and equipment	0	912	912	0	897	897
Current assets, of which:	23,103	12,667	35,770	17,595	10,010	27,605
Inventories	4,701	2,376	7,077	1,620	387	2,007
Receivables	16,527	3,126	19,653	13,527	3,083	16,610
Other assets	1,875	7,165	9,040	2,448	6,540	8,988
Total	23,103	13,579	36,682	17,595	10,907	28,502
Equity	15,116	5,147	20,263	12,253	4,209	16,462
Equity	55,201	(1,583)	53,618	51,691	(2,709)	48,982
Currency translation differences	(40,085)	6,730	(33,355)	(39,438)	6,918	(32,520)
Non-current liabilities	194	0	194	206	0	206
Current liabilities	7,793	8,432	16,225	5,136	6,698	11,834
Lease liabilities	13	0	13	13	59	72
Trade and other payables	4,349	494	4,843	2,650	323	2,973
Contract liabilities	3,431	7,672	11,103	2,473	5,896	8,369
Provisions	0	266	266	0	420	420
Total	23,103	13,579	36,682	17,595	10,907	28,502

The property, plant and equipment of Aluprof System LLC comprise the rented office and warehouse space, which has not been damaged as a result of military actions. The company operates on commission basis, and both in the first half of 2024 and the first half of 2023 it recorded positive financial results.

Higher value of the assets of the Group companies located in Ukraine by PLN 8.2 million in relation to 31 December 2023 resulted mainly from higher receivables and inventories, which stemmed from gradual increase in turnover on the domestic Ukrainian market.

Higher net assets (equity) of the Ukrainian companies by PLN 3.8 million y/y originated mainly from positive financial results generated in the first half of 2024.

The table below presents the value of write-downs of assets as at 30 June 2024 and 31 December 2023.

Write-downs of assets	30.06.2024 Alupol LLC	30.06.2024 Aluprof System LLC	30.06.2024 Total	31.12.2023 Alupol LLC	31.12.2023 Aluprof System LLC	31.12.2023 Total
Non-current assets, of which:	6,112	0	6,112	6,675	0	6,675
Property, plant and equipment	5,821	0	5,821	6,551	0	6,551
Intangible assets	3	0	3	13	0	13
Goodwill	61	0	61	61	0	61
Right-of-use assets	227	0	227	50	0	50
Current assets, of which:	4,147	1,122	5,269	4,337	1,466	5,803
Inventories**	2,177	411	2,588	2,267	450	2,717
Receivables***	1,970	711	2,681	2,070	1,016	3,086
Total*	10,259	1,122	11,381	11,012	1,466	12,478

*Owing to weakening of the Ukrainian hryvnia [UHR] as at 30 June 2024 compared with 31 December 2023, the value of write-downs decreased by roughly PLN 0.6 million. The remaining part of the decrease in write-downs by about PLN 0.5 million resulted from the realisation of economic benefits from the assets covered with the write-downs.

**The recognised write-down of inventories refers to profiles manufactured before the outbreak of the war, which were not subsequently sold.

***The recognised write-down of receivables refers to receivables originating before the outbreak of the war, which were not repaid by 30 June 2024.

In the first half of 2024, Alupol LLC generated profit on operating activities in the amount of PLN 3.5 million (2023: PLN 9.5 million). In the first half of 2024, Aluprof System LLC generated profit on operating activities in the amount of PLN 1.6 million (2023: PLN 2.6 million).

Based on the plans which bear a significant risk owing to the uncertainty as to the further development of the conflict in Ukraine, carrying out reliable impairment tests is not possible. In effect, the Group has not identified any grounds for reversing the write-downs of property, plant and equipment.

Apart from the above listed assets, the Group has no major assets that would be related to Ukraine.

4. Significant accounting principles (policy)

The accounting principles (policy) applied in preparing these interim condensed consolidated financial statements are consistent with the ones applied in preparing the consolidated financial statements of the Group for the year ended 31 December 2023.

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 2023, which were approved for publication by the Management Board on 21 March 2024.

New or changed standards and interpretations:

- **amendments to IFRS 16** applicable to lease liability measurement in sale and leaseback transactions;
- **amendments to IAS 1** applicable to classification of liabilities as current or non-current (including deferral of effective date);
- **amendments to IAS 1** applicable to non-current liabilities with covenants;
- **amendments to IAS 7 and IFRS 7** applicable to disclosure of supplier finance agreements.

Except for amendments to IAS 7 and IFRS 7, all of the above amendments were approved for use by the European Union by the date of publication of these interim condensed consolidated financial statements. The Group is going to implement the amendments starting from the first day of their mandatory application.

In the opinion of the Group:

- amendments to IAS 1 do not affect the current classification of loan and borrowings payables, because the Group has already presented the liabilities in a manner compliant with the amended requirements earlier;
- amendments to IAS 7 and IFRS 7 regarding disclosure of supplier finance agreements will be implemented by the Group as soon as the European Union approves them for use. The Group has not availed of leaseback transactions so far.

The new or changed standards and interpretations which have been applied for the first time in 2024 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 recognition and measurement of lease contracts are presented in note 18;
- estimates concerning write-downs of inventories are presented in note 15;
- estimates and assumptions concerning write-downs of receivables are presented in note 14;
- estimates concerning 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 management options measurement are presented in note 19;
- estimates concerning measurement of net assets of the associates are presented in note 22 of the consolidated financial statements for the year 2023;
- estimates concerning investment properties are presented in note 19 of the consolidated financial statements for the year 2023;
- estimates concerning measurement of liabilities on account of fire-rated glass production technology are presented in notes 21.1 and 10.11 of the consolidated financial statements for the year 2023;

- estimates concerning financial instruments are presented in note 29;
- estimates concerning impairment of property, plant and equipment are presented in note 12.2;
- estimates concerning impairment of assets are presented in notes 13.7 and 13.8 of the consolidated financial statements for the year 2023;
- estimates concerning control or influence over other entities are presented in note 10.1 of the consolidated financial statements for the year 2023;
- estimates concerning depreciation rates are presented in notes 10.6 and 10.11 of the consolidated financial statements for the year 2023.

In the first half of 2024 there were no major differences in the assumptions and estimates compared with 2023, and there were no other changes in estimates except those 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 with 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 interim condensed consolidated financial statements.

The activities of the Capital Group are carried out and reported as divided for:

- the Extruded Products Segment (EPS),
- the Aluminium Systems Segment (ASS),
- the Flexible Packaging Segment (FPS).
- 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, internal audit, development and capital investments, human resources, as well as Dekret Centrum Rachunkowe Sp. z o.o., which provides accounting, HR, and payroll services to the Group companies.

The Segments are engaged in the following activities:

- EPS – production and sales 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.

First half of 2024:

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	602,592	992,506	1,168,833	13,328	(236,959)	2,540,300
- outside of the Group	602,529	769,326	1,168,214	229	2	2,540,300
- associates	63	223,180	619	13,099	(236,961)	0
Dividends	0	0	0	556,346	(556,346)	0
Write-downs of inventories	(4,044)	(266)	(1,108)	0	0	(5,418)
Write-downs of receivables	60	144	361	0	0	565
Write-downs of property, plant and equipment	58	2,740	187	0	0	2,985
Operating profit (EBIT)	111,744	74,961	210,904	542,181	(560,140)	379,650
Depreciation	17,417	45,311	34,216	1,660	49	98,653
EBITDA	129,161	120,272	245,120	543,841	(560,091)	478,303
Interest income	4,743	223	427	50	(4,274)	1,169
Interest costs	(5,240)	(8,902)	(15,100)	(3,906)	4,273	(28,875)
Profit before tax	110,954	66,877	195,821	538,082	(560,164)	351,570
Income tax	(22,128)	17,861	(32,142)	1,175	722	(34,512)
Net profit	88,826	84,738	163,679	539,257	(559,442)	317,058
Balance sheet as at 30 June 2024						
Total assets	1,120,213	1,590,779	1,443,751	962,460	(1,249,191)	3,868,012
Liabilities	545,146	660,955	1,128,433	722,298	(890,216)	2,166,616
Other data						
Capital expenditure on property, plant and equipment	3,127	69,923	42,524	5,861	0	121,435

Q.2, 2024

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	296,891	521,002	607,024	6,764	(130,971)	1,300,710
- outside of the Group	296,881	396,978	606,733	116	2	1,300,710
- associates	10	124,024	291	6,648	(130,973)	0
Dividends	0	0	0	556,346	(556,346)	0
Write-downs of inventories	(4,160)	(188)	(1,909)	0	0	(6,257)
Write-downs of receivables	23	130	(125)	0	0	28
Write-downs of property, plant and equipment	58	2,387	187	0	0	2,632
Operating profit (EBIT)	56,542	46,473	116,223	548,772	(562,608)	205,402
Depreciation	8,784	23,051	17,694	850	24	50,403
EBITDA	65,326	69,524	133,917	549,622	(562,584)	255,805
Interest income	2,551	169	158	38	(2,578)	338
Interest costs	(3,860)	(5,050)	(7,236)	(1,997)	2,577	(15,566)
Profit before tax	55,696	42,097	107,783	546,903	(562,627)	189,852
Income tax	(10,986)	3,276	(19,433)	2,734	1,190	(23,219)
Net profit	44,710	45,373	88,350	549,637	(561,437)	166,633
Capital expenditure on property, plant and equipment	2,903	36,453	22,429	3,728	0	65,513

First half of 2023

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	642,962	1,161,274	1,151,571	11,495	(255,946)	2,711,356
- outside of the Group	642,900	917,193	1,151,061	202	0	2,711,356
- associates	62	244,081	510	11,293	(255,946)	0
Dividends	0	0	0	444,364	(444,364)	0
Write-downs of inventories	(22)	(207)	(2,621)	0	0	(2,850)
Write-downs of receivables	423	308	961	0	0	1,692
Write-downs of property, plant and equipment	0	192	40	0	0	232
Operating profit (EBIT)	94,899	125,062	154,678	433,130	(455,732)	352,037
Depreciation	16,617	38,306	32,049	1,569	48	88,589
EBITDA	111,516	163,368	186,727	434,699	(455,684)	440,626
Interest income	3,397	153	349	43	(2,406)	1,536
Interest costs	(2,440)	(6,481)	(20,903)	(3,344)	2,406	(30,762)
Profit before tax	92,798	117,187	132,281	429,975	(455,704)	316,537
Income tax	(18,083)	5,942	(24,212)	5,098	2,161	(29,094)
Net profit	74,715	123,129	108,069	435,073	(453,543)	287,443
Balance sheet as at 30 June 2023						
Total assets	1,155,900	1,012,780	1,365,396	1,290,402	(1,086,564)	3,737,914
Liabilities	439,841	550,284	1,102,325	761,878	(739,365)	2,114,963
Other data						
Capital expenditure on property, plant and equipment	14,067	70,325	44,834	10,657	0	139,883

Q.2, 2023

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Revenue from contracts with customers	293,782	566,912	591,505	5,642	(119,476)	1,338,365
- outside of the Group	293,735	453,293	591,231	106	0	1,338,365
- associates	47	113,619	274	5,536	(119,476)	0
Dividends	0	0	0	444,364	(444,364)	0
Write-downs of inventories	206	(90)	(1,862)	0	0	(1,746)
Write-downs of receivables	331	305	1,250	0	0	1,886
Write-downs of property, plant and equipment	0	143	0	0	0	143
Operating profit (EBIT)	40,752	67,898	92,948	437,864	(444,262)	195,200
Depreciation	8,359	19,506	16,193	800	17	44,875
EBITDA	49,111	87,404	109,141	438,664	(444,245)	240,075
Interest income	2,299	138	184	16	(2,057)	580
Interest costs	(1,084)	(3,406)	(9,725)	(1,993)	2,057	(14,151)
Profit before tax	39,231	63,342	81,993	436,038	(444,269)	176,335
Income tax	(7,808)	(6,530)	(15,056)	4,387	(20)	(25,027)
Net profit	31,423	56,812	66,937	440,425	(444,289)	151,308
Capital expenditure on property, plant and equipment	11,513	29,961	25,848	7,568	0	74,890

(PLN '000)

The 'Eliminations' item covers the elimination of inter-segment transactions and consolidation adjustments.

Eliminations in the statement of profit or loss are 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, 2024	I H 2024	Q.2, 2023	I H 2023
Products, of which:	1,131,160	2,213,196	1,149,489	2,347,721
- plastic packaging and BOPP films of the FPS	293,978	596,141	289,761	635,316
- aluminium products of the EPS	510,590	973,161	556,797	1,140,493
- aluminium façade and roller-shutter systems of the ASS	449,063	864,020	414,905	811,918
Consolidation adjustments*	(122,471)	(220,126)	(111,974)	(240,006)
Services, of which:	7,464	14,847	8,826	16,630
- the FPS	1,801	4,244	2,993	5,533
- the EPS	4,246	7,934	4,670	9,572
- the ASS	3,154	6,124	2,988	5,933
- services of the central units	6,764	13,328	5,642	11,303
Consolidation adjustments**	(8,501)	(16,783)	(7,467)	(15,711)
Materials and trade goods, of which:	162,086	312,257	180,050	347,005
- the FPS	1,112	2,207	1,028	2,113
- the EPS	6,166	11,411	5,444	11,209
- the ASS	154,808	298,689	173,615	333,720
- the Centre	0	0	0	192
Consolidation adjustments***	0	(50)	(37)	(229)
REVENUE FROM CONTRACTS WITH CUSTOMERS	1,300,710	2,540,300	1,338,365	2,711,356

*Refers mainly to aluminium profiles sales 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.

	30.06.2024	31.12.2023
Bank deposits (current accounts) and short-term deposits	97,160	89,328
Cash in hand	36	28
Total	97,196	89,356

As at 30 June 2024, the Group had PLN 12,834,000 of restricted availability cash in its VAT accounts (31 December 2023: PLN 10,178,000). 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 2024, the Group had undrawn credit limits amounting to PLN 1,027,702,000 with regard to which all conditions precedent had been complied with (31 December 2023: PLN 790,301,000). Credit limits available for over 12 months amount to PLN 548,422,000 (31 December 2023: PLN 467,991,000).

10. Dividends paid and proposed for payment

Pursuant to the resolution of the Annual General Meeting of 29 May 2024, Grupa Kęty S.A. shall pay dividend to the shareholders of the Company in the total amount of PLN 539,303,000, i.e. PLN 55.41 per share, in reference to the number of the Company shares as at the date of passing the resolution (9,731,952).

The dividend record day is set for 22 August 2024, whereas the dividend payment date is set for 4 September 2023 (the amount of PLN 183,963,000, i.e. PLN 18.90 per share) and 6 November 2024 (the amount PLN 355,340,000, i.e. PLN 36.51 per share).

In 2023, the parent company paid out dividend amounting to PLN 603,134,500, i.e. PLN 62.50 per share). Moreover, in the first half of 2024 the Aluprof Netherlands B.V. subsidiary paid dividend to its minority shareholders amounting to PLN 165,000 (first half of 2023: PLN 135,000).

11. Income tax

Income tax structure	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Current tax	(37,199)	(67,803)	(27,305)	(54,651)
Deferred tax*	13,980	33,291	2,278	25,557
Income tax recognised in the statement of profit or loss	(23,219)	(34,512)	(25,027)	(29,094)

*In the first half of 2024, there were recognised higher deferred tax assets in the total amount of PLN 35,258,000 (in the first half of 2023: PLN 32,768,000) in relation to capital expenditure of the Group within the Polish Investment Zone [Polska Strefa Inwestycji] programme.

The Group assumes that the conditions of aid decisions will be fulfilled and recognises future tax benefits pro rata to the capital expenditure incurred. As at 30 June 2024, the recognised deferred tax assets on account of investment allowances amounted to PLN 112,381,000 (31 December 2023: PLN 77,123,000).

Complete disclosure of the conditions has been made in the annual consolidated financial statements, note 14.2. Assumptions and estimates for deferred income have been presented in note 10.37 of the consolidated financial statements for the year 2023.

Compared with the data disclosed in the statements for 2023, the following change occurred.

On 26 March 2024, Alupol Packaging Kęty Sp. z o.o. (the Flexible Packaging Segment) obtained decision No. 277/2024 dated 21 March 2024 issued by Krakowski Park Technologiczny Sp. z o.o. [Kraków Engineering Park] on aid for a new investment project. The aid decision was issued for 15 years counting from the date of its issue, i.e. ending on 21 March 2039.

The project refers to increasing the capacity of flexible packaging production. Capital expenditure will refer mainly to conversion of production and warehouse halls and purchase of plant and machinery, such as flexographic printers, laminating machines and auxiliary equipment.

Availing of the tax allowance will be possible upon fulfilment of certain criteria, including specifically:

- incurring at least PLN 30 million eligible costs until 31 December 2025 (maximum eligible costs are PLN 32 million, and public aid limit is 50% of eligible costs);
- headcount increase by 12 FTEs (up to 248 FTEs) until 31 December 2025 and maintenance of the level at least to 31 December 2030;
- incurring expenditures on research and development at no less than 1% of the costs of operation;
- project completion until 31 December 2025.

As at 30 June 2024, the Group contracted most of the key equipment and machinery within the aforesaid project and made some prepayments on account of the purchase.

The table below presents the status of the projects under the respective aid decisions.

	Project completion date	Expenditure incurred	Minimum expenditure set forth in the decision	Maximum expenditure set forth in the decision	Deferred tax asset as at 30.06.2024	Deferred tax asset as at 31.12.2023
Aluprof S.A. Decision No. 32	31.12.2023	16,400,000	14,200,000	18,200,000	4,259	4,384
Grupa Kęty S.A. Decision No. 122	30.06.2024	235,000,000	220,000,000	286,000,000	86,951	57,807
Aluprof S.A. Decision No. 38	31.12.2024	81,600,000	86,000,000	111,700,000	21,171	14,932
Alupol Packaging Kęty sp. z o.o. Decision No. 277	31.12.2025	0	30,000,000	32,000,000	0	0
Total		333,000,000	350,200,000	447,900,000	112,381	77,123

12. Property, plant and equipment

12.1. Purchase and sale

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Acquisition of property, plant and equipment	65,513	121,435	74,890	139,883
Net value of property, plant and equipment sold	317	504	483	649
Profit (loss) on sale of property, plant and equipment	(52)	251	17	262

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 2024, the Group reversed PLN 2,985,000 of write-downs of property, plant and equipment (in the first half of 2023 there were reversed PLN 232,000 write-downs of property, plant and equipment).

13. Write-downs of goodwill

In the first half of 2024 there were no new events which would make the impairment tests made by the Group as at 31 December 2023 invalid. Therefore, in the first half of 2024 the Group did not recognise goodwill impairment. In the first half of 2023 the Group did not recognise goodwill impairment, either.

14. Current receivables

	30.06.2024	31.12.2023
Net receivables	854,453	705,367
Trade receivables	821,217	674,183
Deposits on account of aluminium price hedging transactions	3,453	3,424
Receivables from employees	441	477
Lease receivables	386	247
Other	3,944	3,303
Total net financial receivables (under IFRS 7)	829,441	681,634
Public law receivables (except for income tax)	4,182	14,390
Prepayments (trade-related) to suppliers	11,184	604
Prepaid expenses	9,646	8,739
Total net non-financial receivables	25,012	23,733

(PLN '000)

In the first half of 2024 the Group recognised write-downs of financial receivables amounting to PLN 738,000 (in the first half of 2023, the Group reversed write-downs of PLN 1,692,000). The reversal of write-downs in the first half of 2024 was related to the receipt of payments covered with the write-downs.

The recognised write-downs are presented in a separate item of the statement of profit or loss entitled 'Remeasurement of trade receivables IFRS 9'.

Trade receivables do not bear interest and have 14 to 120 days maturity. There is no concentration of receivables from one contractor which would exceed 10%.

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

	30.06.2024	31.12.2023
Materials sold	362,744	360,186
Work in progress	203,126	176,082
Finished products	175,653	201,976
Trade goods	8,996	6,374
Total	750,519	744,618

In the first half of 2024, the Group recognised write-downs of trade goods and materials amounting to PLN 2,679,000 (in the first half of 2023 there were recognised write-downs amounting to PLN 3,470,000).

The write-downs of trade goods and materials recognised and reversed are disclosed by the Group in the costs item of 'Materials and energy, and the value of trade goods and materials sold'. Moreover, the Group booked an adjustment in the balance of products by way of recognition of write-downs of finished products and semi-products amounting to PLN 2,739,000 (in the first half of 2023 there were recognised write-downs amounting to PLN 1,667,000).

Write-downs	30.06.2024	31.12.2023
Materials sold	(21,326)	(18,589)
Work in progress	(3,421)	(2,315)
Finished products	(18,760)	(17,127)
Trade goods	(1,012)	(1,070)
Total write-downs of inventories	(44,519)	(39,101)

The assumptions and estimates concerning the measurement of inventories and write-downs of inventories were presented in note 10.13 to the consolidated financial statements for the year 2023.

16. Provisions and accruals

The tables below present changes in provisions and accruals.

	31.12.2023	Increases	Utilisation	Reversal	30.06.2024
Long-term provisions	14,730	711	(194)	(13)	15,234
Provisions for employee benefits	14,231	711	(194)	(13)	14,735
Provision for warranty repairs	499	0	0	0	499
Short-term provisions	31,777	2811	(342)	0	34,246
Provisions for employee benefits	1,165	2	0	0	1,167
Customs fees	27,787	2,809	0	0	30,596
Provision for warranty repairs	2,825	0	(342)	0	2,483
Current accruals	48,225	47,740	(43,153)	0	52,812
Unused holiday	12,432	18,044	(10,907)	0	19,569
Annual bonuses	20,691	22,393	(21,331)	0	21,753
Indemnities	932	0	0	0	932
Costs of services in progress	9,062	5,365	(9,062)	0	5,365
Other	5,108	1,938	(1,853)	0	5,193

	31.12.2022	Increases	Utilisation	Reversal	30.06.2023
Long-term provisions	16,250	1,839	0	(6,187)	11,902
Provisions for employee benefits	15,751	1,839	0	(6,187)	11,403
Provision for warranty repairs	499	0	0	0	499
Short-term provisions	3,431	31	(591)	0	2,871
Provisions for employee benefits	744	31	0	0	775
Provision for warranty repairs	2,687	0	(591)	0	2,096
Current accruals	47,541	44,344	(38,886)	0	52,999
Unused holiday	10,403	15,231	(10,403)	0	15,231
Annual bonuses	19,149	20,997	(19,149)	0	20,997
Indemnities	3,837	0	0	0	3,837
Costs of services in progress	8,020	6,971	(8,020)	0	6,971
Other	6,132	1,145	(1,314)	0	5,963

As at 30 June 2024, the Group recognised PLN 30,596,000 provision on account of potential litigation related to anti-dumping duty on imports of materials from Thailand (31 December 2023: PLN 27,787,000). The said provisions were recognised post control by the Customs and Fiscal Authorities [USC] in this area carried out in 2021-2022. Increase of the provision by PLN 2,809,000 results from the estimated cost of interest and is recognised in the finance costs of the first half of 2024.

The authorities questioned the materials certificates of origin issued by the state authorities of Thailand, claiming that the purchased materials should be treated as originating in China.

In April 2024, the Group received a notification from the first instance authority regarding the possibility of getting familiar with the materials gathered in proceedings as related to the planned issue of a decision unfavourable to the Group.

On 25 July 2024, the Group received a decision issued by the Pomorski Customs and Fiscal Authority with regard to some of the transactions subject to control, specifying the amount of PLN 1,186,000 of anti-dumping duty and PLN 273,000 of VAT and interest.

The Group does not share the view of the customs authorities and may appeal against the decisions received or even litigate in need.

17. Bank loans

Long-term:

Lender	Loan currency	31.12.2023	Increases/ (decreases)	30.06.2024
BNP PARIBAS	PLN/EUR/USD	0	67,943	67,943
PKO BP	PLN/EUR/USD	196,922	(29,017)	167,905
mBank	PLN/EUR	44,972	(44,972)	0
ING Bank Polska	PLN/EUR	39,565	119,542	159,107
PEKAO	PLN	125,000	(12,500)	112,500
Unicredit Slovenia	EUR	19,566	(157)	19,409
BNP Paribas UK	GBP	235	(26)	209
ING Bank Polska	PLN	15,700	(1,573)	14,127
Total		441,960	99,240	541,200

Short-term:

Lender	Loan currency	31.12.2023	Increases/ (decreases)	30.06.2024
ING Bank Polska	PLN/EUR	19,777	24,086	43,863
ING Bank Polska	PLN/EUR/USD	50,236	(10,812)	39,424
PEKAO	PLN/ EUR/USD	235,247	(188,547)	46,700
PEKAO	PLN	29,015	8,826	37,841
BNP PARIBAS	PLN	147,793	(147,793)	0
mBank	PLN	10,600	(10,600)	0
Unicredit Slovenia	EUR	16,279	(1,140)	15,139
Bank of America	USD	24	(8)	16
Total		508 971	(325 988)	182 983

In the first half of 2024 and as at 31 December 2023, the Group complied with all credit/loan covenants.

The loans bear interest mainly at variable rates determined on arm's length basis in reference to WIBOR/EURIBOR/LIBOR plus the bank margin.

18. Leases

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

Value of future lease payments

	30.06.2024	31.12.2023
Value of future lease payments	154,868	152,089
Discount	(86,612)	(82,590)
Present value of lease liabilities	68,256	69,499
Including short-term lease	6,389	6,156

The weighted average incremental borrowing rate which the Group as a lessee applied to lease liabilities as at 30 June 2024 amounted to 4.31% (31 December 2023 – 4.30%).

The judgement with regard lease contracts classification has not changed compared with the status as at 31 December 2023. Disclosure in that regard has been presented in note 10.7 of the consolidated financial statements of the Group for the year 2023.

19. Equity securities – employee share plans

Grupa Kęty S.A. runs two share options plans for its shares (2023 plan, and 2020 plan amended in 2023). The plans are directed to key managerial staff of the Capital Group.

Below presented is the basic information on employee share plans.

19.1. Basic information regarding share option plans

Below presented is the basic information on employee share plans.

	2023 plan, 2023 tranche	2020 plan, 2022 tranche	2020 plan, 2021 tranche	2020 plan, 2020 tranche
Number of share options under the plan	97,000	90,000	90,000	90,000**
Number of shares in sub-part A	19,400	13,500	13,500	13,500
Number of shares in sub-part B	19,400	22,500	22,500	22,500
Number of shares in sub-part C	29,100	27,000	27,000	27,000
Number of shares in sub-part D	29,100	27,000	27,000	27,000
Sub-part A – return on shares	WIG+5%	WIG	WIG	WIG
Sub-part B – return on shares	WIG+10%	WIG+15%	WIG+15%	WIG+15%
Sub-part C – EBITDA increase	X	25-28%	25-28%	25-28%
Sub-part D – net earnings increase	X	25-28%	25-28%	25-28%
Sub-part C – EBITDA achievement	1,029 million – 1,053.5 million	X	X	X
Sub-part D – net earnings achievement	656 million – 672 million	X	X	X
Plan conditions fulfilment deadline	30.09.2026	30.09.2025	30.09.2024	Ended
Parameter A accomplishment	YES	YES	YES	YES
Parameter B accomplishment	YES	YES	YES	YES
Parameter C accomplishment	100%*	0%*	100%	100%
Parameter D accomplishment	100%*	0%*	100%	100%

* Management Board estimates.

** 2,000 share options of the first tranche of 2020 plan expired due to non-fulfilment of the condition of three-years' employment since the date of the tranche launch year.

In the first half of 2024, within the exercise of the first tranche of 2020 plan (amended in 2023), the key personnel of the Group obtained the right to acquire 88,000 shares at the price of PLN 361.50 per share. In the first half of 2024, the key personnel of the Group acquired 81,800 shares for the amount of PLN 29,571,000.

On 28 September 2023, the Act of 16 August 2023 on Amending Some Acts in Relation to Ensuring Financial Market Development and Protection of Investors on That Market entered into force, which modified the existing regulations and affected the performance of incentive plans.

The amendment reduced the ability of acquiring bonds by retail customers who are natural persons – starting from 29 September 2023 a retail customer who is a natural person may acquire bonds if their nominal value is not lower than 40,000 EUR or equivalent of the amount expressed in the Polish currency or another currency.

On 13 December 2023, an Extraordinary General Meeting amended the 2020 plan, by way of redeeming bonds convertible to shares and issuing warrants in their place. In that regard there were also amended the Company Articles of Association, enabling the issue of shares under the first tranche of the 2020 plan. Such resolutions were not taken in reference to tranches two and three of the plan.

Therefore, the Management Board convened an Extraordinary General Meeting on 4 September, where it is going to resubmit the relevant draft resolutions along with additional information in the matter.

Based on the expectations with regard to adopting the aforesaid amendments, the Group disclosed the costs of the plan on a current basis.

Detailed information on share option plans is provided in note 23.1 of the consolidated financial statements for the year 2023.

20. Trade payables and other liabilities

20.1. Non-current liabilities

	30.06.2024	31.12.2023
Current value of the amounts payable for fire-rated glass production technology	9,470	9,703
Current value of the amounts payable for computer software licences	15,055	15,764
Building security deposits	1,258	1,275
Total	25,783	26,742

20.2. Current trade payables and other liabilities

	30.06.2024	31.12.2023
Current liabilities	1,137,041	529,974
Trade payables	480,896	361,560
On account of property, plant and equipment purchase	15,277	80,903
Payroll payables	37,093	33,608
Dividend payables	539,303	0
Total financial liabilities (under IFRS 7)	1,072,569	476,071
Public law payables (except for income tax payables)	57,741	49,035
Other	6,731	4,868
Total non-financial liabilities	64,472	53,903

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.

20.3. Contract liabilities

	30.06.2024	31.12.2023
Contractual liabilities related to contracts with customers (prepayments for deliveries)	27,829	24,883
Total	27,829	24,883

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

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

In the first half of 2024, compared with the corresponding period of the preceding year, material changes in the particular items of revenue and costs included:

- decrease in revenue from sales by PLN 171,056,000, which resulted mainly from lower prices of basic raw materials and exchange rates volatility in the part compensated with volume increase in all operating segments (+11% EPS, +9% ASS, +5% FPS);
- decrease in the total costs of operation by PLN 199,279,000, of which:
 - increase in depreciation by PLN 10,064,000, reflecting the effects of the investment plan in progress;

- decrease in the costs of materials and energy consumption by PLN 239,637,000, which resulted mainly from changes in the prices of basic raw materials and exchange rates volatility. The quotations of the average aluminium price in the first half of 2024 were lower by roughly 5% compared with the corresponding period of 2023, with simultaneous strengthening of PLN to USD by 7%;
- increase in the costs of employee benefits by PLN 46,062,000, mainly related to payroll and headcount increase;
- increase in inventories of finished products and work in progress by PLN 721,000 in the first half of 2024 compared with the increase by PLN 36,321,000 in the first half of 2023, which reflects a change in the value of finished products and work in progress.

As a consequence, profit on sales in the first half of 2024 amounted to PLN 372,507,000 and was higher by PLN 28,223,000 compared with the corresponding period of the preceding year.

Lower net costs of finance by PLN 7,420,000 resulted specifically from the absence of net foreign exchange losses in the first part of 2023, and lower cost of interest, mainly due to smaller debt.

Upon consideration of tax charges higher by PLN 5,418,000, which resulted mainly from higher profit before tax, net profit in the first half of 2024 amounted to PLN 317,058,000 and was higher by PLN 29,615,000 compared with the corresponding period of the preceding year.

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

As at 30 June 2024, compared with 31 December 2023, major changes in the balance-sheet items comprise:

- increase in the value of property, plant and equipment as well as intangible assets by PLN 25,502,000, which resulted mainly from the purchase of assets in the amount of PLN 121,435,000, and depreciation charges of PLN 98,653,000;
- increase in deferred tax assets by PLN 33,482,000, which resulted mainly from the recognition of assets in the amount of PLN 35,248,000, in relation to capital expenditures within the Polish Investment Zone [Polska Strefa Inwestycji] programme;
- increase in the value of inventories by PLN 5,901,000, which resulted mainly from higher volumes of inventories compared with the end of 2023, and lower prices of raw materials;
- increase in the value of cash by PLN 7,840,000, reflecting financial flows in the first half of 2024;
- decrease in the value of equity by PLN 188,991,000, which resulted mainly from net profit generated in the first half of 2024 in the amount of PLN 317,058,000 and allocation of the amount of PLN 539,303,000 to the payment of dividend from 2023 profit;
- increase in trade payables and other liabilities by PLN 607,067,000, which resulted mainly from recognition of dividend payables from 2023 profit in the amount of PLN 539,303,000;
- decrease in loan payables by PLN 226,748,000, which resulted from positive free cash flows in the first half of 2024.

23. Discontinued operations

In the first part of 2024 and the first part of 2023, the Group did not discontinue any significant operations.

24. Business combinations and acquisitions of non-controlling interests

In the first half of 2024 and the first half of 2023 there were no such transactions.

In June 2024, the Group entered into a preliminary conditional agreement on the purchase of 100% shares in SELT Sp. z o.o. with its registered office in Opole. The purchase price of SELT was determined at PLN 420 million. The price will be reduced for the value of the net debt, understood as the company's financial indebtedness less cash, as at the balance-sheet date specified in the agreement.

The estimated value of EBITDA (profit on operating activities plus depreciation) for the year 2023, reflecting the current structure of the company's assets, in consideration of the effects of synergy post the company purchase, is roughly PLN 42 million.

The transaction closure and transfer of the ownership title to the shares based on a separate promised sales agreement, which is intended to be signed on or before 25 October 2024, depends on obtaining an antitrust permit from the Office for Competition and Consumer Protection [UOKiK] by 30 September 2024. If the precondition is not fulfilled at the date specified, none of the parties will be obliged to close the transaction and the agreement shall expire without any contractual liabilities against the counterparty or any third party.

The agreement also provides for two additional conditions, namely obtaining permits from antitrust authorities in the Czech Republic and Austria, which is going to affect the date on which the promised shares sale agreement will be signed. If the additional conditions are not fulfilled on or before 7 October 2024, the agreement shall expire without any contractual liabilities against the counterparty or any third party.

On 18 July 2024, the Group obtained a consent for the concentration from the Office for Competition and Consumer Protection. At the same time, on the basis of the analyses carried out and the opinions obtained, it was determined that there is no need to obtain a consent for the concentration from the antitrust authority in the Czech Republic, which was one of the additional conditions indicated in the agreement. Therefore, the transaction is subject to obtaining a consent for the concentration from the antitrust authority in Austria by 7 October 2024 at the latest.

25. Objectives and principles of financial risk management

The objectives and principles of financial risk management have not changed compared with those published in the consolidated financial statements for 2023, note 36.

Below presented is 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.

26. Capital management

The principles of capital management have not changed compared with those published in the consolidated financial statements for 2023, 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 to be 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 in the objectives, principles and processes in that area.

	30.06.2024	31.12.2023
EBITDA (operating profit plus depreciation and amortisation) in the last 12 months	905,692	868,015
Net profit in the last 12 months	569,595	539,980
Interest-bearing borrowings and lease liabilities	792,439	1,020,430
Cash and cash equivalents	(97,196)	(89,356)
Net debt	695,243	931,074
Equity	1,701,396	1,890,387
Equity and net debt	2,396,639	2,821,461
Net financial leverage*	29.01%	33%
Net debt to EBITDA	0.8	1.1
ROE	33%	29%

* calculated as net debt/equity and net debt

27. Contingent liabilities

	30.06.2024	31.12.2023
Bank performance bonds for contracts, as provided by the ASS	12,303	12,302
Insurance performance bonds for contracts, as provided by the ASS	362	7,443
Subsidies in the period of conditions fulfilment (ASS)	0	5,847
Subsidies in the period of conditions fulfilment (EPS)	6,920	6,979
Total	19,585	32,571

Contract performance bonds refer to construction service contracts and systems delivery, and their validity dates depend on the terms and conditions of the particular contracts.

28. Future investment liabilities

By operating segments	30.06.2024	31.12.2023
Extruded Products Segment	20,368	48,106
Flexible Packaging Segment	26,787	1,679
Aluminium Systems Segment	11,125	18,640
Total	58,280	68,425

29. Derivative financial instruments

Financial assets	30.06.2024	31.12.2023
Currency forward contracts hedging cash flows	1,012	3,594
Futures contracts hedging cash flows related to the purchase of aluminium	3,339	5,034
Total	4,351	8,628

Financial liabilities	30.06.2024	31.12.2023
Currency forward contracts hedging cash flows	300	1 021
Futures contracts hedging cash flows related to the purchase of aluminium	43	167
Total	343	1 188

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 financial statements for the year 2023, note 37.

Currency forward and futures contracts for the purchase of aluminium are measured either on the basis of the stock exchange quotations or, if there are no 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.

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

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

30. Shareholding structure and transactions with key management staff

30.1. Shareholding structure

Entity	Number of shares 30.06.2024	Percentage of capital	Number of shares 31.12.2023	Percentage of capital
Nationale Nederlanden OFE	1,504,853	15.46%	1,504,853	15.59%
OFE Allianz Polska	1,450,570	14.91%	1,626,277	16.85%
OFE PZU ŻŁOTA JESIEŃ	860,515	8.84%	860,515	8.92%
Generali OFE	784,074	8.06%	784,074	8.12%
Vienna OFE	627,891	6.45%	627,891	6.51%
Others	4,504,049	46.28%	4,246,542	44.01%
Total	9,731,952	100.00%	9,650,152	100.00%

On 10 July 2024, within the exercise of the first tranche of the 2020 plan, the Company issued 1,700 shares at the price of PLN 361.50 per share.

30.2. Transactions with the Group key management staff

In the reporting period, the Group did not enter into any transactions with members of the Supervisory Board or the Management Board apart from those described in note 28.2 to the interim condensed separate financial statements of Grupa Kęty S.A. for the first half of 2024.

30.3. 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*	I H 2024	I H 2023
Basic remuneration at the parent company*	2,093	1,644
Variable remuneration at the parent company**	7,890	7,975
In-kind benefits****	17	9
Total remuneration of the Management Board at Grupa Kęty S.A.	10,000	9,628
Remuneration at other Group companies***	1,475	916
Total remuneration of the Management Board	11,475	10,544

* Since 1 January 2024 the membership of the Management Board was increased from 4 to 5 people.

Fixed remuneration comprises basic remuneration under employment contract and remuneration for appointment among the Management Board members.

** Variable remuneration comprises the annual incentive paid in the respective year in reference to the preceding year.

*** Fixed remuneration at other companies of the Capital Group comprises basic remuneration under employment contract, remuneration for appointment among the Management Board members, variable remuneration, sick-leave remuneration, and in-kind benefits.

**** In-kind benefits comprise Employee Pension Scheme (PPE) premium, and health-care premium.

Moreover, in the first half of 2024, a provision was recognised for the potential incentives for the Management Board Members to be paid out in 2024 in reference to year 2023, in the total amount of PLN 4,727,000 (in the first half of 2023: PLN 4,340,000).

The remuneration of the Supervisory Board members was as follows:

	I H 2024	I H 2023
Remuneration for the functions fulfilled	730	667
In-kind benefits*	6	6
Total	736	673

* 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.

30.4. 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 options granted	End date of the vesting period	Number of options meeting the vesting conditions
Share options under the second tranche of 2020 plan	30,000	30.09.2024	30,000
Share options under the third tranche of 2020 plan	30,000	30.09.2025	12,000
Share options under the first tranche of 2023 plan	30,000	30.09.2026	30,000

Moreover, in the first half of 2024, the Management Board exercised the right to take 30,000 shares under the first tranche of 2020 plan, at the price of PLN 361.50 each. The details of the share options plan are provided in note 19.1.

31. Issue of shares

	30.06.2024	31.12.2023
Share premium	89,620	60,254
Total	89,620	60,254

In the first half of 2024, within the exercise of the first tranche of the 2020 options plan, the Group issued 81,800 shares at the issue price of PLN 361.50 each. Moreover, within the exercise of the first tranche of the 2020 plan, on 10 July 2024 the Group issued 1,700 shares at the price of PLN 361.50 per share.

The details of the share options plan are provided in note 19.1.

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

The detailed principles of fair value measurement are described in the consolidated financial statements for 2023, 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	30.06.2024	31.12.2023
Assets			
Investment properties	3	3,404	3,184
Hedging derivatives	2	4,351	8,628
Total		7,755	11,812
Liabilities			
Hedging derivatives	2	343	1,188
Total		343	1,188

33. Earnings per share

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

	I H 2024	I H 2023
Net profit attributable to owners of the parent	316,646	286,752
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,664,206	9,650,152
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share	9,696,143	9,650,152
Basic earnings per share (PLN)	32.76	29.71
Diluted earnings per share (PLN)	32.66	29.71

In the reporting period, the eligible employees acquired 81,800 shares of Grupa Kęty S.A. and held 200 share options entitling them to acquire shares under the first tranche of the 2020 plan, at the price of PLN 361.50 each. The average market price of the Company shares in the first half of 2024 was PLN 775.64. The closing price as at 30 June 2024 was PLN 895.

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 31,937.

34. Post-balance-sheet events

On 18 July 2024, the Group received a consent of the Office for Competition and Consumer Protection with regard to the transaction of purchase of 100% shares in SELT Sp. o.o. with its registered office in Opole. More details about the matter are provided in note 24.

On 25 July 2024, the Group received a decision of the Pomorski Customs and Fiscal Authority with regard to anti-dumping duty. More details of the matter are provided in note 16.

Apart from the ones referred to in these statements, there were no other significant events post the balance-sheet date which would affect these statements.

GRUPA KĘTY S.A.
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE FIRST HALF OF 2024, ENDED ON 30 JUNE 2024,
PREPARED IN ACCORDANCE WITH IAS 34

(PLN '000)

II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

INTERIM CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Revenue from contracts with customers		489,188	925,681	523,084	1,075,046
Total operating costs, including:		(459,896)	(881,171)	(472,120)	(976,180)
Depreciation		(17,189)	(33,726)	(14,505)	(28,607)
Materials and energy, and the value of trade goods and materials sold		(334,495)	(630,572)	(344,228)	(727,800)
Third-party services		(58,271)	(108,725)	(47,508)	(100,619)
Taxes and fees		(2,332)	(4,557)	(2,024)	(3,947)
Employee benefits		(54,478)	(107,681)	(50,515)	(93,757)
Remeasurement of trade receivables IFRS 9		130	144	305	307
Other costs by nature		(422)	(795)	(433)	(684)
Change in products and work in progress		4,148	(432)	(15,469)	(25,481)
Cost of own-use products manufacturing		3,013	5,173	2,257	4,408
Profit on sales		29,292	44,510	50,964	98,866
Dividends		556,346	556,346	444,364	444,364
Other operating revenue		600	1,348	2,061	2,887
Other operating costs		(385)	(986)	(407)	(1,060)
Profit on operating activities		585,853	601,218	496,982	545,057
Finance income		18	58	139	175
Finance costs		(6,477)	(12,530)	(6,138)	(10,431)
Profit before tax		579,394	588,746	490,983	534,801
Income tax	11	8,173	22,413	(846)	12,525
Net profit on continuing operations		587,567	611,159	490,137	547,326
Basic net earnings per share (PLN)	31	60.54	63.24	50.79	56.72
Diluted net earnings per share (PLN)		60.52	63.03	50.79	56.72

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

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Net profit for the period	587,567	611,159	490,137	547,326
Other comprehensive income that may be reclassified subsequently to profit or loss, of which*:	(981)	(3,366)	1,807	2,021
Change in result in relation to hedge accounting	(1,212)	(4,157)	2,230	2,493
Income tax related to other comprehensive income	231	791	(423)	(472)
Comprehensive income for the period	586,586	607,793	491,944	549,347

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

INTERIM CONDENSED SEPARATE BALANCE SHEET

ASSETS	Note	30.06.2024	31.12.2023
I. Non-current assets		1,222,576	1,154,411
Property, plant and equipment		718,829	687,314
Right-of-use assets		22,273	22,448
Intangible assets		39,470	35,438
Shares and interests		387,025	383,085
Prepayments for the purchase of property, plant and equipment		138	1,817
Deferred tax assets		54,841	24,309
II. Current assets		1,134,864	486,386
Inventories	14	174,925	182,115
Income tax receivables	11	0	3,973
Trade and other receivables	13	954,924	287,445
Derivative financial instruments	23	1,290	5,486
Cash and cash equivalents	9	3,725	7,367
Total assets		2,357,440	1,640,797
EQUITY/LIABILITIES	Note	30.06.2024	31.12.2023
I. Equity		1,059,145	953,417
Share capital		68,230	68,025
Share premium	29	89,620	60,254
Share-based payments reserve		60,711	53,044
Hedging reserve		1,004	4,370
Retained earnings		839,580	767,724
II. Non-current liabilities		375,476	222,229
Loan payables	16	318,920	164,753
Lease liabilities	17	14,804	14,642
Other liabilities	20	15,055	15,764
Provisions for employee benefits	15	2,496	2,426
Subsidies		24,201	24,644
III. Current liabilities		922,819	465,151
Loan payables	16	159,550	251,063
Lease liabilities	17	315	315
Income tax liabilities	11	1,254	0
Trade and other payables	20	743,070	194,735
Contract liabilities	20	1,553	3,346
Provisions and accruals	15	16,140	14,716
Derivative financial instruments	23	51	90
Subsidies		886	886
Total equity/liabilities		2,357,440	1,640,797

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payments reserve	Hedging reserve	Retained earnings	Total equity
Equity as at 31 December 2023	68,025	60,254	53,044	4,370	767,724	953,417
Comprehensive income for the period:	0	0	0	(3,366)	611,159	607,793
<i>Net profit for the reporting year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>611,159</i>	<i>611,159</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(3,366)</i>	<i>0</i>	<i>(3,366)</i>
Measurement of share-based payments	0	0	7,667	0	0	7,667
Issue of shares	205	29,366	0	0	0	29,571
Dividends	0	0	0	0	(539,303)	(539,303)
Equity as at 30 June 2024	68,230	89,620	60,711	1,004	839,580	1,059,145

	Share capital	Share premium	Share-based payments reserve	Hedging reserve	Retained earnings	Total equity
Equity as at 31 December 2022	68,025	60,254	35,668	(1,198)	787,765	950,514
Comprehensive income for the period:	0	0	0	2,021	547,326	549,347
<i>Net profit for the reporting year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>547,326</i>	<i>547,326</i>
<i>Other comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,021</i>	<i>0</i>	<i>2,021</i>
Measurement of share-based payments	0	0	2,986	0	0	2,986
Dividends	0	0	0	0	(603,134)	(603,134)
Equity as at 30 June 2023	68,025	60,254	38,654	823	731,957	899,713

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Cash flow from operating activities				
Profit before tax	579,394	588,746	490,983	534,801
Adjustments:	25,477	48,212	16,235	35,070
Depreciation	17,189	33,726	14,505	28,607
Net (profit)/loss on foreign currency translation differences	(224)	(1,333)	(3,842)	(3,883)
(Profit)/loss on sale of property, plant and equipment	0	(91)	(53)	(53)
Interest	6,649	12,183	4,901	8,950
Share-based payment expenses	1,863	3,727	724	1,449
Cash flow from operating activities before the change in working capital and tax payment	604,871	636,958	507,218	569,871
Change in inventories	(13,663)	7,190	13,175	49,779
Change in net receivables	(598,020)	(667,479)	(375,940)	(486,139)
Change in current liabilities, except for loans	15,943	50,250	(14,323)	56,802
Change in provisions	(4,457)	1,494	(3,866)	302
Change in subsidies	(222)	(443)	(222)	(443)
Cash flow from operating activities before tax	4,452	27,970	126,042	190,172
Tax (paid)/refunded	(2,268)	(2,101)	(39,570)	(45,355)
Net cash from operating activities	2,184	25,869	86,472	144,817
Cash flow from investing activities				
(+) Proceeds:	1	150	135	135
Sale of intangible assets, and property, plant and equipment	1	150	135	135
(-) Expenses:	(47,922)	(109,407)	(29,744)	(87,923)
Acquisition of intangible assets, and property, plant and equipment	(47,922)	(109,407)	(29,744)	(87,923)
Net cash from investing activities	(47,921)	(109,257)	(29,609)	(87,788)
Cash flow from financing activities				
(+) Proceeds:	158,383	257,935	73,480	155,882
Issue of shares	17,958	29,571	0	0
Proceeds from loans and credits	140,425	228,364	73,480	155,882
(-) Expenses:	(113,116)	(178,243)	(138,341)	(214,208)
Repayment of loans	(107,384)	(166,907)	(132,064)	(200,245)
Interest on loans	(5,732)	(11,162)	(6,277)	(13,786)
Payment of lease liabilities	0	(174)	0	(177)
Net cash from financing activities	45,267	79,692	(64,861)	(58,326)
Net increase/decrease in the balance of cash and cash equivalents before change in relation to foreign currency translation differences	(470)	(3,696)	(7,998)	(1,297)
Change in cash in relation to foreign currency translation differences	48	54	(94)	(162)
Cash and cash equivalents at the beginning of the period	4,147	7,367	9,431	2,798
Cash and cash equivalents at the end of the period	3,725	3,725	1,339	1,339

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 period of 6 months of 2024 ended on 30 June 2024 and provide comparative data for the period of 6 months of 2023 ended on 30 June 2023 as well as figures as at 31 December 2023. The statements also comprise the data for Q.2, 2024 and Q.2, 2023. The quarterly figures have not been audited by a statutory auditor. The statements for the first half of 2024 have been reviewed by a statutory auditor. The review report is published together 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 Management Board, as at the date of approving these statements for publication, consisted of:

- Mr Dariusz Mańko – President of the Management Board/CEO,
- Mr Roman Przybylski – Vice President of the Management Board/Director for Investments and Development,
- Mr Rafał Warpechowski – Member of the Management Board/Financial Director,
- Mr Piotr Wysocki – Member of the Management Board/Deputy CEO,
- Mr Tomasz Grela – Member of the Management Board.

Starting from 1 January 2024, Mr Roman Przybylski was appointed Member of the Management Board of the parent company, in the capacity of Vice President of the Management Board and Director for Investments and Development. Apart from the aforesaid appointment, there were no changes in the membership of the Company Management Board in 2024, by the date of approving these financial statements for publication.

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.

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 Company 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 climate issues and war in Ukraine on the activities of the Company. The analyses for the purpose of the assessment covered many factors which may change in the future.

The impact of climate issues has been presented in note 7.2 to the annual financial statements for the year 2023. Between 21 March 2024 and the date of publishing these statements, no major factors occurred which could make the aforesaid analysis invalid.

2.1. Impact of the war in Ukraine on the operations of the Company

A description of the impact of the war in Ukraine on the operations of the Company has been presented in detail in note 7.1 of the financial statements of the Company for 2023, published on 21 March 2024. In the first half of 2024, there were no new factors or events related to the war in Ukraine which would have a major impact on the operations of the Company. Since the outbreak of the war, the Company has abandoned commercial contacts with contractors in Russia and Belarus.

In the balance sheet, the Company presents receivables amounting to PLN 3,371,000 and liabilities amounting to PLN 12,046,000 from and to Alupol Ukraina LLC subsidiary (30 June 2023: receivables of PLN 1,394,000 and liabilities of PLN 7,644,000). The Company has no other assets or liabilities to entities located in Ukraine.

3. Significant accounting principles (policy)

The accounting principles (policy) applied in preparing these interim condensed separate 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 2023.

The interim condensed separate 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 separate financial statements of the Company for the year ended 31 December 2023, which were approved for publication by the Management Board on 24 March 2024.

New or changed standards and interpretations:

- amendments to **IFRS 16** applicable to lease liability measurement in sale and leaseback transactions;
- amendments to **IAS 1** applicable to classification of liabilities as current or non-current (including deferral of effective date);
- amendments to **IAS 1** applicable to non-current liabilities with covenants;
- amendments to **IAS 7 and IFRS 7** applicable to disclosure of supplier finance agreements.

Except for amendments to IAS 7 and IFRS 7, all of the above amendments were approved for use by the European Union by the date of publication of these interim condensed financial statements. The Company is going to implement the amendments starting from the first day of their mandatory application.

In the opinion of the Company:

- amendments to IAS 1 do not affect the current classification of loan and borrowings payables, because the Company has already presented the liabilities in a manner compliant with the amended requirements earlier;
- amendments to IAS 7 and IFRS 7 regarding disclosure of supplier finance agreements will be implemented by the Company as soon as the European Union approves them for use. The Company has not availed of leaseback transactions so far;
- amendments to IFRS 16 do not affect these interim condensed consolidated financial statements or ones for the corresponding period.

The new or changed standards and interpretations which have been applied for the first time in 2024 have no significant impact on the interim condensed separate financial statements of the Company.

4. Estimation areas

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

- estimates concerning recognition and measurement of lease contracts are presented in note 18;
- estimates concerning write-downs of inventories are presented in note 14;
- estimates and assumptions concerning 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 23;
- estimates concerning the fair value of the share options plan for the management staff are presented in notes 19 and 28.3;
- estimates concerning management options measurement are presented in note 24.1 of the separate financial statements for the year 2023;
- estimates concerning the impairment of assets are presented in the separate financial statements for the year 2023;
- estimates concerning depreciation rates are presented in the separate financial statements for the year 2023.

A detailed description of the assumptions made in the particular areas of estimates is provided in the separate financial statements for the year 2023, note 11. In the first half of 2024 there were no major differences in the assumptions and estimates compared with 2023.

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

5. Seasonal nature of operations

The development and diversification of products in the recent years have reduced the impact of seasonality on the operations of the Company to a great extent. Higher demand for products is typically observed in the second and third quarters compared with 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 Company products.

6. Information on operating segments

The Company separates one operating segment, i.e. the Extruded Products Segment, and other activities ('Other') which comprise 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 first part of 2024, the concentration of sales to Aluprof S.A. subsidiary was 24.4% (22.8% in the first half of 2023).

7. Information on investments in subsidiaries

In the reporting period there were no changes in investments in subsidiaries.

On 14 June 2024, the Group entered into a preliminary conditional agreement on the purchase of 100% shares in SELT Sp. z o.o. with its registered office in Opole. The purchase price of SELT was determined at PLN 420 million. The price will be reduced for the value of the net debt, understood as the company's financial indebtedness less cash, as at the balance-sheet date specified in the agreement.

The estimated value of EBITDA (profit on operating activities plus depreciation) for the year 2023, reflecting the current structure of the assets of SELT Sp. z o.o., in consideration of the effects of synergy post the purchase, is roughly PLN 42 million.

The transaction closure and transfer of the ownership title to the shares based on a separate promised sales agreement, which is intended to be signed on or before 25 October 2024, depends on obtaining of an antitrust permit from the Office for Competition and Consumer Protection [UOKiK] by 30 September 2024. If the precondition is not fulfilled at the date specified, none of the parties will be obliged to close the transaction and the agreement shall expire without any contractual liabilities against the counterparty or any third party.

The agreement also provides for two additional conditions, namely obtaining permits from antitrust authorities in the Czech Republic and Austria, which is going to affect the date on which the promised shares sale agreement will be signed. If the additional conditions are not fulfilled on or before 7 October 2024, the agreement shall expire without any contractual liabilities against the counterparty or any third party.

On 18 July 2024, the Group obtained a consent for the concentration from the Polish Office for Competition and Consumer Protection. At the same time, on the basis of the analyses carried out and the opinions obtained, it was determined that there is no need to obtain a consent for the concentration from the antitrust authority in the Czech Republic, which was one of the additional conditions indicated in the agreement. Therefore, the transaction is subject to obtaining a consent for the concentration from the antitrust authority in Austria on or before 7 October 2024.

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

	30.06.2024	31.12.2023
Current accounts and short-term deposits	3,725	7,367
Cash recognised in the balance sheet and the statement of cash flows	3,725	7,367

As at 30 June 2024, the Company had PLN 2,843,000 of restricted availability cash in its VAT accounts (31 December 2023: PLN 3,892,000). 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 2024, Grupa Kęty S.A. had undrawn committed credit limits amounting to PLN 248,194,000 with regard to which all conditions precedent had been complied with (31 December 2023: PLN 219,841,000). Credit limits available for over 12 months amount to PLN 164,479,000. (31 December 2023: PLN 126,521,000).

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 29 May 2024, Grupa Kęty S.A. shall pay dividend to the shareholders of the Company in the total amount of PLN 539,303,000, i.e. PLN 55.41 per share, in reference to the number of the Company shares as at the date of passing the resolution (9,731,652).

The dividend record day is set for 22 August 2024, whereas the dividend payment date is set for 4 September 2023 (the amount of PLN 183,963,000, i.e. PLN 18.90 per share) and 6 November 2024 (the amount PLN 355,340,000, i.e. PLN 36.51 per share).

In 2023, the parent company paid out dividend amounting to PLN 603,134,500, i.e. PLN 62.50 per share).

11. Income tax

	Q.2, 2024	I H 2024	Q.2, 2023	I H 2023
Current income tax	(2,624)	(7,328)	(7,423)	(17,613)
Deferred income tax*	10,797	29,741	6,577	30,138
Tax charges recognised in the statement of profit or loss	8,173	22,413	(846)	12,525

*In the first half of 2024, there were recognised higher deferred tax assets in the total amount of PLN 29,144,000 in relation to the capital expenditures of the Company within the Polish Investment Zone [Polska Strefa Inwestycji] programme (Q.1, 2023: amount higher by PLN 33,182,000).

By 30 June 2024, as set forth in the decision on aid for a new investment project, the Company incurred the total capital expenditure of PLN 234,447,000. Minimum capital expenditure set forth in the aforesaid decision amounts to PLN 220,000,000. The Company assumes that all other conditions of the aid decision will be fulfilled. Therefore, the Company recognises future tax benefits in their full value. As at 30 June 2024, these benefits amount to PLN 86,951,000 (31 December 2023: PLN 57,807,000). Complete disclosure of the aid conditions was made in the separate financial statements for the year 2023, note 15.

Assumptions and estimates for deferred income have been presented in note 15 of the separate financial statements for the year 2023.

12. Property, plant and equipment

12.1. Purchase and sale

	I H 2024	I H 2023
Acquisition of property, plant and equipment	64,297	50,381
Net value of property, plant and equipment sold	59	82
Profit (loss) on sale of property, plant and equipment	91	53

In the first half of 2024 and in the first half of 2023 the Company recognised no impairment losses for property, plant and equipment.

12.2. Impairment losses for property, plant and equipment

In the first half of 2024 and the first half of 2023 the Company did not carry out impairment tests of property, plant and equipment, as there were no indicators of impairment.

13. Trade and other receivables

In the first half of 2024 and in the first half of 2023 the Company did not recognise any additional write-downs of receivables. In the first half of 2024, owing to payment receipt, the Company reversed PLN 307,000 of write-downs of receivables. In the first half of 2023 the Company did not reverse write-downs of receivables. The recognised and reversed write-downs of receivables are presented in the item of 'Remeasurement of trade receivables IFRS 9'. In the first half of 2024 there was no change in the estimates concerning write-downs of receivables.

	30.06.2024	31.12.2023
Trade receivables from related parties	144,906	111,997
Trade receivables from other entities	247,885	166,931
Public law receivables (except for income tax)	23	1,880
Prepayments (trade-related) to suppliers – associates	0	62
Prepayments (trade-related) to suppliers – other companies	1,145	830
Receivables related to settlement of closed transactions hedging the aluminium price	3,453	3,424
Dividends from subsidiaries	554,655	0
Prepaid expenses	2,804	2,116
Other	53	205
Net receivables	954,924	287,445

The fair value of receivables is close to their book value. Details concerning receivables from associates are presented in note 28.

14. Inventories

	30.06.2024	31.12.2023
Materials	64,367	71,018
Work in progress	80,800	68,638
Finished products	29,758	42,459
Total	174,925	182,115

In the first half of 2024, the Company did not recognise or reverse write-downs of inventories.

The assumptions and estimates concerning the measurement of inventories and write-downs of inventories were presented in note 12.14 to the separate financial statements for the year 2023. In the first half of 2024 there was no change in the estimates concerning write-downs of inventories.

15. Provisions and accruals

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

	31.12.2022	Increases	Utilisation /Reversal	30.06.2023
Provisions and accruals	17,142	14,958	(13,464)	18,636
Long-term part of the provision for retirement and disability benefits	2,426	70	0	2,496
Short-term part of the provision for retirement and disability benefits	180	0	0	180
Indemnities	352	0	0	352
Costs of unused holiday	3,687	5,520	(3,687)	5,520
Costs of annual bonus	9,597	8,953	(9,597)	8,953
Other	900	415	(180)	1,135

	31.12.2022	Increases	Utilisation /Reversal	30.06.2023
Provisions and accruals	19,584	13,624	(13,322)	19,886
Long-term part of the provision for retirement and disability benefits	1,737	62	0	1,799
Short-term part of the provision for retirement and disability benefits	168	0	0	168
Indemnities	3,537	0	0	3,537
Costs of unused holiday	3,089	4,977	(3,089)	4,977
Costs of annual bonus	10,045	8,355	(10,045)	8,355
Other	1,008	230	(188)	1,050

16. Bank loans and borrowings

Long-term	Lender	Loan currency	31.12.2023	Increases/ (decreases)	30.06.2024
Long-term	BNP Paribas Bank Polska S.A.	PLN/EUR/USD	0	4,277	4,277
Long-term	Bank PKO BP	PLN/EUR/USD	125,188	30,348	155,536
Long-term	ING Bank Polska S.A.	PLN/EUR	39,565	119,542	159,107
Total			164,753	154,167	318,920

Short-term	Lender	Loan currency	31.12.2023	Increases/ (decreases)	30.06.2024
Short-term	ING Bank Polska S.A. - short-term part	PLN/EUR	6,342	22,104	28,446
Short-term	Bank PeKaO S.A.	PLN, EUR, USD	46,826	(24,035)	22,791
Short-term	BNP Paribas Bank Polska S.A.	PLN/EUR/USD	145,952	(145,952)	0
Short-term	ING Bank Polska S.A.	PLN/EUR/USD	0	1,315	1,315
Short-term	Alupol Packaging S.A.	PLN	51,903	41,500	93,403
Short-term	Alupol Packaging Kęty sp. z o.o.	PLN	40	(20)	20
Short-term	Dekret Centrum Rachunkowe sp. z o.o.	PLN	0	1,508	1,508
Short-term	Aluform sp. z o.o.	PLN	0	12,067	12,067
Total			251,063	(91,513)	159,550

Loans and borrowings bear interest at the WIBOR/EURIBOR rates + bank/lender's margin.

Changes in the balance of loans and borrowings resulted from the repayment schedule and management of the Company liquidity. As at the balance-sheet date and as at 31 December 2023, the Company complied with all credit/loan covenants.

17. Lease liabilities

Changes in the balance of the particular discounted values of lease liabilities (land perpetual usufruct rights) are presented in the table below.

Characteristics	Type	Currency	31.12.2023	Increase (decrease)	30.06.2024
Non-current	Payments on account of land perpetual usufruct rights	PLN	14,642	162	14,804
Current	Payments on account of land perpetual usufruct rights	PLN	315	0	315
Total			14,957	162	15,119

18. Leases

Value of future lease payments

	30.06.2024	31.12.2023
Value of future lease payments, of which:	47,977	48,152
Within up to 1 year	315	315
From 2 to 5 years	2,757	2,757
Over 5 years	44,905	45,080
Discount	(32,996)	(33,195)
Present value of lease liabilities	15,119	14,957
Including short-term lease	315	315

The weighted average incremental borrowing rate for the Company lease is 4.5% (31 December 2023: 4.5%).

The judgement with regard lease contracts classification has not changed compared with the status as at 31 December 2023. Disclosure in that regard has been presented in note 20 of the separate financial statements of the Company for the year 2023.

18.1. Company as a lessor

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

19. Equity securities – employee share plans

In the first half of 2024, within the exercise of the first tranche of 2020 plan (amended in 2023), the key personnel of the capital group obtained the right to acquire 88,000 shares at the price of PLN 361.50 per share. In the first half of 2024, the key personnel of the capital group acquired 81,800 shares for the amount of PLN 29,571,000.

On 28 September 2023, the Act of 16 August 2023 on Amending Some Acts in Relation to Ensuring Financial Market Development and Protection of Investors on That Market entered into force, which modified the existing regulations and affected the performance of incentive plans.

The amendment reduced the ability of acquiring bonds by retail customers who are natural persons – starting from 29 September 2023 a retail customer who is a natural person may acquire bonds if their nominal value is not lower than 40,000 EUR or equivalent of the amount expressed in the Polish currency or another currency.

On 13 December 2023, an Extraordinary General Meeting amended the 2020 plan, by way of redeeming bonds convertible to shares and issuing warrants in their place. In that regard there were also amended the Company Articles of Association, enabling the issue of shares under the first tranche of the 2020 plan. Such resolutions were not taken in reference to tranches two and three of the plan.

Therefore, the Management Board convened an Extraordinary General Meeting on 4 September, where it is going to resubmit the relevant draft resolutions along with additional information in the matter.

Based on the expectations with regard to adopting the aforesaid amendments, the Group disclosed the costs of the plan on a current basis.

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

Detailed information on share option plans is provided in note 24.1 of the separate financial statements for the year 2023.

20. Trade payables and other liabilities

20.1. Other non-current liabilities

	30.06.2024	31.12.2023
Licence payables	15,055	15,764

The liability refers to fees payable by the end of 2034, related to the purchase of a licence for the use of computer software.

20.2. Trade payables and other liabilities

	30.06.2024	31.12.2023
Trade payables to related parties	23,464	18,362
Trade payables to other companies	137,252	96,248
Public law payables (except for income tax payables)	21,595	13,491
Payroll payables	11,983	10,572
On account of property, plant and equipment purchase	7,615	54,336
Dividends	539,303	0
Other	1,858	1,726
Total	743,070	194,735

Trade payables do not bear interest and are usually settled within 30 to 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. Explanation of the reasons for material changes in the items of revenue and costs

In first half of 2024 as compared with the first half of 2023, material changes in the particular items of revenue and costs included:

(PLN '000)

- decrease in revenue from sales by PLN 149,365,000, mainly related to lower aluminium prices and lower sales volume by roughly 10%, worsened with foreign exchange rates fluctuation;
- decrease in the total costs of operation by PLN 95,009,000, of which:
 - increase in depreciation by PLN 5,119,000, in relation to project performance;
 - decrease in the costs of materials and energy consumption by PLN 97,228,000, resulting mainly from lower aluminium prices;
 - increase in tax payables and fees by PLN 8,106,000, resulting from higher rates of the tax on property and construction of new buildings and structures;
 - increase in the costs of employee benefits by PLN 13,924,000, resulting mainly from higher payroll payables and higher headcount due to extended scale of operation;
 - change in inventories of finished products and work in progress amounted to PLN (432,000) in the first half of 2024, compared with PLN (25,481,000) in the first half of 2023, which reflects lower value of finished products and work in progress.

As a consequence, profit on sales in the first half of 2024 amounted to PLN 44,510,000 and was lower by PLN 54,356,000 compared with the corresponding period of the preceding year.

Moreover, in the first half of 2024, as compared with the first half of 2023, higher dividend income by PLN 111,982,000 was recorded, resulting from distribution of profit generated by subsidiaries in the preceding year and lower by PLN 1,465,000 net result on other operating activities.

As a consequence, profit on operating activities in the first half of 2024 amounted to PLN 601,218,000 and was higher by PLN 56,161,000 compared with the corresponding period of the preceding year.

The increase in net finance costs by PLN 2,216,000 results mainly from higher costs of interest in effect of changes in the debt level and interest rates.

Upon consideration of tax charges lower by PLN 9,888,000, including recognition of deferred tax assets within the Polish Investment Zone [Polska Strefa Inwestycji] programme in the amount of PLN 29,144,000, net profit for the first half of 2024 amounted to PLN 611,159,000 and was higher by PLN 63,833,000 compared with the corresponding period of the preceding year.

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

As at 30 June 2024, compared with 31 December 2023, major changes in the balance-sheet items comprise:

- increase in the value of property, plant and equipment as well as intangible assets and right-of-use assets by PLN 31,515,000, which resulted from the purchase of assets in the amount of PLN 69,315,000 and covered depreciation charges in the first half of 2024, which amounted to PLN 33,726,000;
- decrease in prepayments for the purchase of property, plant and equipment by PLN 1,679,000, which resulted from the completion on 30 June 2024 of an investment project under a new project aid decision [PSI – Polish Investment Zone];
- increase in deferred tax assets by PLN 30,532,000, which resulted mainly from recognition of deferred tax assets within the Polish Investment Zone [Polska Strefa Inwestycji] programme in the amount of PLN 29,114,000;
- decrease in the value of inventories by PLN 7,190,000;

- increase in the value of receivables by PLN 667,479,000, which resulted mainly from the higher dividend receivables from subsidiaries, amounting to PLN 554,655,000. The remaining growth is mainly related to higher trade receivables;
- decrease in the value of derivative financial instruments in assets by PLN 4,196,000 and decrease in the value of derivative financial instruments in equity/liabilities by PLN 39,000, which resulted from changes in the measurement of aluminium prices and exchange rates hedging transactions;
- decrease in loan payables by PLN 62,654,000 and decrease in the balance of cash by 3,642,000, which reflects the scale of cash flows on operating activities and net capital expenditure;
- increase in trade payables and other liabilities by PLN 548,335,000, which resulted mainly from dividend payables from 2023 profit of the Company in the amount of PLN 539,303,000;
- increase in the value of equity by PLN 105,728,000, which resulted mainly from the Company net profit generated in the first half of 2024 and the shareholders' decision on payment of dividend from 2023 profit.

23. Derivative financial instruments

Financial assets	30.06.2024	31.12.2023
Currency forward contracts hedging cash flows	938	3,511
Futures contracts and swaps hedging cash flows for the purchase of aluminium	352	1,975
Total	1,290	5,486

Financial liabilities	30.06.2024	31.12.2023
Currency forward contracts hedging cash flows	8	0
Futures contracts hedging cash flows for the purchase of aluminium	43	90
Total	51	90

24. Objectives and principles of financial risk management

The objectives and principles of financial risk management are described in the separate financial statements for the year 2023, note 38. Compared with the objectives and principles of risk management described in those statements, there have been no material changes.

Below presented is 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 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.

25. Capital management

Capital management takes place at the level of the Capital Group of Grupa Kęty S.A. – description in note 26 of these interim condensed consolidated financial statements.

26. Contingent liabilities and assets

Security bonds and guarantees obtained or granted by the Company are presented below. According to the present estimates, the guarantees and security bonds presented below will not be realised.

Guarantees and security bonds granted to subsidiaries:

- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., and Alupol Packaging Kęty Sp. z o.o. entered into an agreement with PKO BP 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 amounts of the said loan drawn by other companies as at the balance-sheet date amounted to PLN 12,368,000. The agreement is valid till 31 May 2026.
- 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., Glassprof Sp. z o.o., Aluprof System UK LTD and Aluminium Kęty Emmi d.o.o. entered into an agreement with Bank Pekao S.A. for an overdraft facility up to the total amount of PLN 530 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 23,909,000. The agreement is valid till 29 October 2024.
- Grupa Kęty S.A. and Aluform Sp. z o.o. entered into a loan agreement with ING Bank S.A. for the amount of PLN 200 million. The companies are jointly and severally liable for the liabilities under the agreement. As at the balance sheet date, Aluform Sp. z o.o. was indebted in the amount of PLN 6,575,000 on account of the aforementioned agreement. The agreement is valid till 30 April 2031.
- Grupa Kęty S.A. and Aluprof S.A. entered into an agreement with ING Bank S.A. for an overdraft facility and guarantee limit 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 in the amount of PLN 38,109,000 on account of the aforementioned agreement. The agreement is valid till 31 December 2031. The value of guarantees issued under the agreement amounted to PLN 4,446,000 (solely to Aluprof S.A.). The guarantees issued under the agreements expire on or before 31 August 2028.
- Grupa Kęty S.A., Aluprof S.A., Alupol Packaging S.A., Alupol Packaging Kęty Sp. z o.o., and Alupol Films Sp. z o.o. 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 amounts of the said loan drawn by other companies of the Capital Group of Grupa Kęty S.A. as at the balance-sheet date amounted to PLN 63,666,000. The agreement is valid till 18 November 2025.
- Grupa Kęty S.A., Aluprof S.A. and Aluform Sp. z o.o. entered into an agreement with Bank PEKAO S.A. with regard to a guarantee facility up to the total amount of PLN 50 million. The companies are jointly and severally liable for the liabilities under the agreement. As at 30 June 2024, the value of guarantees issued under the agreement to Grupa Kęty S.A. amounted to PLN 1,088,000, and to Aluprof S.A. – PLN 3,096,000. The guarantees issued under the agreement expire on or before 31 March 2025 or have no specific expiry date.
- Grupa Kęty S.A. and Aluprof S.A. entered into an agreement with Bank BNP Paribas regarding a guarantee limit to the total amount of PLN 20 million. The companies are jointly and severally liable for the liabilities under the agreement. As at 30 June 2024, the value of guarantees issued under the agreement to Aluprof S.A. amounted to PLN 4,761,000). The guarantees issued under the agreement expire on or before 30 June 2030.

27. Future investment liabilities

As at 30 June 2024 and 31 December 2023, contractual liabilities related to the purchase of property, plant and equipment amounted to PLN 15,589,000 and PLN 43,113,000, respectively.

28. Related party transactions

Data regarding the Company transactions with related companies in the period from 1 January 2023 to 30 June 2024, and as at 30 June 2024 is presented in the table below.

Related company	Sales	Purchases	Receivables	Liabilities	Dividends	Borrowings received	Interest on borrowings
Aluform Sp. z o.o.	702	36,331	329	9,755	1,553	12,067	63
Aluminium Kęty EMMI d.o.o.	5,965	686	2,067	58	0	0	0
Aluminium Kęty Deutschland GmbH	0	1,187	0	507	0	0	0
Aluminium Kęty CSE S.R.L.	0	750	0	91	0	0	0
Alupol LLC	19,521	5,335	3,371	12,046	0	0	0
Grupa Kęty Italia S.R.L.	0	1,023	0	486	0	0	0
Aluprof S.A.	225,465	562	137,377	205	276,275	0	0
Glassprof Sp. z o.o.	67	0	28	0	0	0	0
Aluprof System Romania S.R.L.	53	0	11	0	0	0	0
Aluprof System Czech s.r.o.	32	0	5	0	0	0	0
Aluprof Deutschland GmbH	0	0	0	0	0	0	0
Aluprof Netherlands B.V.	0	0	0	0	0	0	0
Aluprof Hungary Kft.	9	57	10	0	0	0	0
Aluprof UK Ltd.	91	0	22	0	0	0	0
Aluprof Belgium N.V	51	0	17	0	0	0	0
Alupol Packaging S.A.	1,017	0	402	0	278,381	93,403	1,979
Alupol Packaging Kęty Sp. z o.o.	3,310	38	934	0	0	20	200
Alupol Films Sp. z o.o.	407	0	171	0	0	0	0
Dekret Sp. z o.o.	586	1,670	162	316	137	1,508	8
Total	257,276	47,639	144,906	23,464	556,346	106,998	2,250

28.1. 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 28.1.

28.2. Remuneration of the Company key management staff

Management Board*	I H 2024	I H 2023
Basic remuneration at the parent company*	2,093	1,644
Variable remuneration at the parent company**	7,890	7,975
In-kind benefits****	17	9
Total remuneration of the Management Board at Grupa Kęty S.A.	10,000	9,628
Remuneration at other Group companies***	1,475	916
Total remuneration of the Management Board	11,475	10,544

* Since 1 January 2024 the membership of the Management Board was increased from 4 to 5 people.

Fixed remuneration comprises: basic remuneration under employment contract, and remuneration for appointment among the Management Board members.

** Variable remuneration comprises: annual incentive paid in the respective year in reference to the preceding year.

*** Fixed remuneration at other companies of the Capital Group comprises: basic remuneration under employment contract, remuneration for appointment among the Management Board members, variable remuneration, sick-leave remuneration, and in-kind benefits.

**** In-kind benefits comprise: Employee Pension Scheme (PPE) premium, health-care premium.

Moreover, in the first half of 2024 there was recognised a provision for the potential incentives for the Management Board Members in reference to 2024, to be paid out in 2025, in the total amount of PLN 4,727,000 (in the first half of 2023: PLN 4,340,000).

Supervisory Board	I H 2024	I H 2023
Remuneration for the functions fulfilled	730	667
In-kind benefits*	6	6
Total	736	673

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

There are no agreements between the parent company and the managing persons except for the conditions applicable to the term of notice or resulting from non-competition agreements.

28.3. Group Management Options Plan

Number of share options in the vesting period granted to members of the Management Board	Number of options granted	End date of the vesting period	Estimated number of options meeting the vesting conditions
Share options under the second tranche of the 2020 plan	30,000	30.09.2024	30,000
Share options under the third tranche of the 2020 plan	30,000	30.09.2025	12,000
Share options under the first tranche of the 2023 plan	30,000	30.09.2026	30,000

Moreover, in the first half of 2024, the Management Board exercised the right to take 30,000 shares under the first tranche of 2020 plan, at the price of PLN 361.50 each.

29. Issue of shares

	30.06.2024	31.12.2023
Share premium	89,620	60,254
Total	89,620	60,254

In the first half of 2024, within the exercise of the first tranche of the 2020 options plan, the Group issued 81,800 shares at the issue price of PLN 361.50 each. Moreover, within the exercise of the first tranche of the 2020 plan, on 10 July 2024 the Group issued 1,700 shares at the price of PLN 361.50 per share.

30. 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.

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	30.06.2024	31.12.2023
Assets			
Hedging derivatives	2	1,290	5,486
Liabilities			
Hedging derivatives	2	51	90

(PLN '000)

31. Earnings per share

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

	I H 2024	I H 2023
Net profit	611,159	547,326
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,664,206	9,650,152
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share	9,696,143	9,650,152
Basic earnings per share (PLN)	63.24	56.72
Diluted earnings per share (PLN)	63.03	56.72

In the reporting period, the eligible employees acquired 81,800 shares of Grupa Kęty S.A.

Moreover, the eligible employees hold 6,200 options to acquire shares under the first tranche of the 2020 plan, at the price of PLN 361.50 per share. The average market price of the Company shares in the first half of 2024 was PLN 775.64. The closing price as at 30 June 2024 was PLN 895.

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 31,937.

32. Post-balance-sheet events

On 18 July 2024, the Company received a consent of the Office for Competition and Consumer Protection with regard to the transaction of purchase of 100% shares in SELT Sp. o.o. with its registered office in Opole. More details about the matter are provided in note 24 to the interim condensed consolidated financial statements.

Apart from those referred to in these statements, there were no significant events post the balance-sheet date which would affect these statements.

III. REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS OF THE CAPITAL GROUP OF GRUPA KĘTY S.A. IN THE FIRST HALF OF 2024

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 70 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 1992 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 of the Company shares took place on 16 January 1996. In 2001, the Company name 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 of the Capital Group of Grupa KĘTY S.A. (‘the Capital Group’, ‘the Group’) 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 mainly for the food industry as well as unprinted BOPP films.

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.

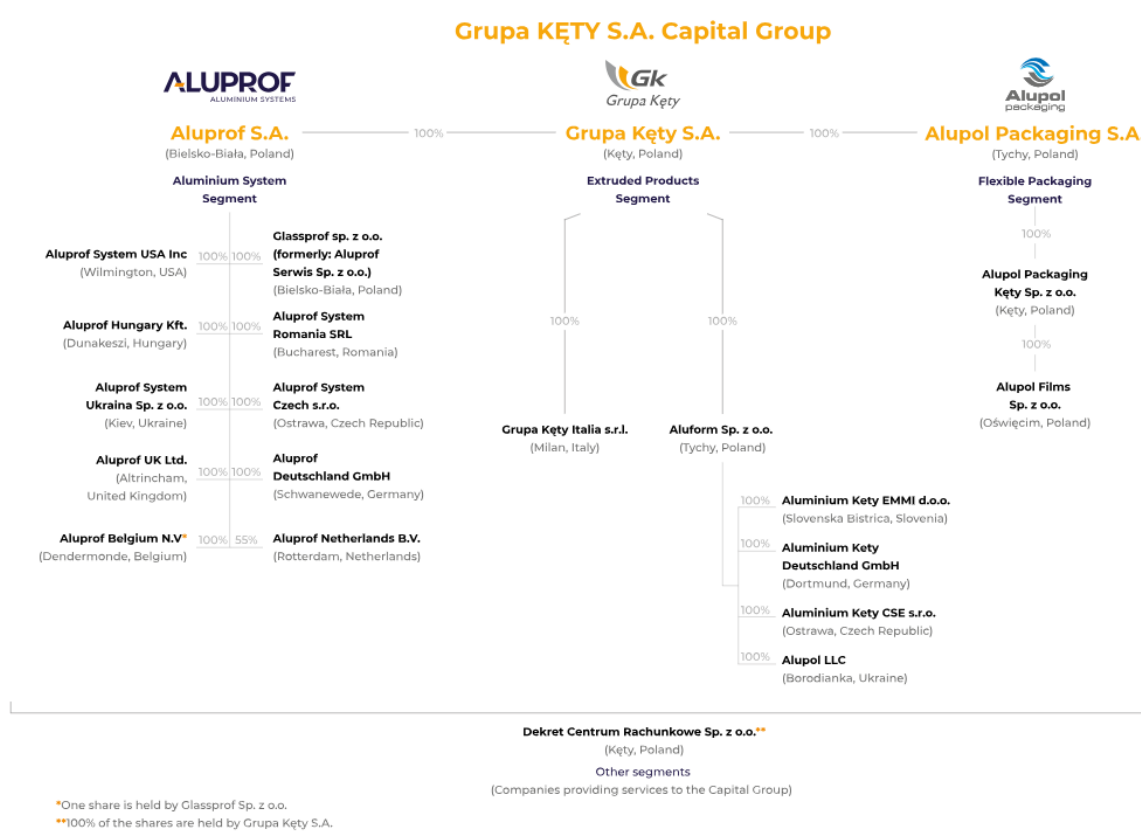


We declare that within our operations we have made and will continue to make efforts to ensure the creation of a better society, retaining balance and protecting the environment. We believe that the long-term success of the Group depends on its cooperation with a broadly-defined group of stakeholders. 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 of the Capital Group of Grupa Kęty S.A. consisting of 22 companies, running business in three 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. 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 functions operating for the benefit of all segments and coordinating work within the Capital Group have been concentrated in the form of the Corporate Centre of Grupa KĘTY S.A. The central areas comprise, among other things: human resources, occupational health and safety, sustainable development, communication with the stakeholders, investor relations, IT, finance, controlling and management reporting, corporate supervision and capital investments, risk management and compliance, internal audit, development strategy and sales in new areas. Accounting and payroll services are provided by the Shared Services Centre – the company of Dekret Centrum Rachunkowe, which belongs to Grupa Kęty S.A.

In the first half of 2024 the Capital Group’s organisational structure did not change. It is presented in the below chart.



The supervision of the particular areas of the Capital Group operations and execution of all tasks within the areas of operation is vested in the Management Board of Grupa Kęty S.A. headed by the CEO, President of the Management Board, in compliance with the internal distribution of responsibility presented in the chart below.

Internal distribution of responsibility for the particular areas of the Company operations among the Management Board Members				
Dariusz Mańko	Roman Przybylski	Rafał Warpechowski	Piotr Wysocki	Tomasz Grela
President of the Management Board CEO	Vice President of the Management Board in charge of Investments and Development	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's work Coordination of the operating segments activities Sustainable development (ESG) Human resources (HR) and occupational health and safety (OHS) Internal audit Legal service Dialogue with the stakeholders Supervision of strategic affairs at the Flexible Products Segment (FPS) 	<ul style="list-style-type: none"> Supervision of sales strategy implementation and creation of sales strategies in new areas Creation of development strategies, including through mergers and acquisitions (M&A) projects Creation and supervision of investment strategy Cooperation with other operating segments 	<ul style="list-style-type: none"> Accounting and statutory reporting Controlling and management reporting Treasury and insurance affairs IT Risk (ERM) and compliance management Investor relations (IR) Corporate supervision and capital investments Supervision of strategic affairs of the Shared Services Centre (accounting and payroll services) and cooperation with other operating segments 	<ul style="list-style-type: none"> Supervision and implementation of strategic and operational affairs at the Extruded Products Segment (EPS) Energy policy Cooperation with other operating segments 	<ul style="list-style-type: none"> Supervision and implementation of strategic and operational affairs at the Aluminium Systems Segment (ASS) Cooperation with other operating segments

2. Operations of the Company and the Capital Group in the first half of 2024

2.1. Discussion of basic economic and financial values disclosed in the interim consolidated financial statements

In the first half of 2024, revenue from contracts with customers amounted to PLN 2,540,300,000 and were lower by 6% compared with the corresponding period of 2023. This resulted mainly from lower prices of raw materials translated into PLN as well as pressure on margins, which were partially compensated with higher sales volume at all segments.

In the first half of 2024, the Capital Group recorded 8% growth of profit on operating activities, up to the amount of PLN 379,650,000 and 10% increase of net profit, to PLN 316,646,000. The main items of the statement of profit or loss are presented below.

PLN '000	I H 2024	I H 2023	Change
Revenue from contracts with customers	2,540,300	2,711,356	-6%
EBITDA (net operating profit plus depreciation and amortisation)	478,303	440,626	9%
Net profit on operating activities	379,650	352,037	8%
Profit before tax	351,570	316,537	11%
Net profit attributable to owners of the parent	316,646	286,752	10%
EBITDA margin ([net profit on operating activities + depreciation]/revenue from contracts with customers)	18.8%	16.3%	+2.5 p.p.
Operating margin (net profit on operating activities/revenue from contracts with customers)	14.9%	13.0%	+1.9 p.p.

(PLN '000)

Consolidated balance-sheet structure

ASSETS PLN '000	30.06.2024	31.12.2023	Structure as at 30.06.2024	Structure as at 31.12.2023
I. Non-current assets, of which:	2,160,784	2,096,884	56%	57%
Property, plant and equipment	1,848,324	1,828,296	48%	50%
II. Current assets, of which:	1,707,228	1,558,437	44%	43%
Inventories	750,519	744,618	19%	20%
Trade and other receivables	854,453	705,367	22%	19%
Cash and cash equivalents	97,196	89,356	3%	2%
Total assets	3,868,012	3,655,321	100%	100%

EQUITY/LIABILITIES PLN '000	30.06.2024	31.12.2023	Structure as at 30.06.2024	Structure as at 31.12.2023
I. Equity, of which:	1,701,396	1,890,387	44%	52%
Share capital	68,230	68,025	2%	2%
Retained earnings	1,518,031	1,740,688	39%	48%
Equity attributable to owners of the parent	1,700,657	1,889,895	44%	52%
II. Non-current liabilities, of which:	691,261	596,103	18%	16%
Loan payables	541,200	441,960	14%	12%
Lease liabilities	61,867	63,343	2%	2%
III. Current liabilities, of which:	1,475,355	1,168,831	38%	32%
Loan payables	182,983	508,971	5%	14%
Lease liabilities	6,389	6,156	0%	0%
Trade and other payables	1,137,041	529,974	29%	14%
Total equity/liabilities	3,868,012	3,655,321	100%	100%

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 2024. As at the balance-sheet date they accounted for 48% of total assets (drop by 2 p.p. in reference to 30 December 2023 – mainly as a result of net capital expenditure and depreciation in the first half of 2024).

The current assets value as at 30 June 2024 amounted to PLN 1,707,228,000 and accounted for 44% of total assets (growth by 1 p.p. in reference to 30 December 2023 – mainly owing to higher receivables).

On the equity/liabilities side, the largest item is equity, which represents 44% of total equity/liabilities (drop by 8 p.p. in reference to 30 December 2023 – mainly as a result of net profit in the first half of 2024 and the decision of the shareholders regarding dividend payment from 2023 profit).

Owing to high generated EBITDA and absence of major changes in demand for net working capital finance, the share of loans (both long- and short-term ones) dropped from 26% to 19% of total equity/liabilities and is maintained on safe level. Positive cash flows enabled financing of projects and reduction of net debt.

Basic liquidity and debt ratios

	30.06.2024	31.12.2023
Current liquidity ratio (current assets/current liabilities)	1.2	1.3
Quick liquidity ratio (current assets - inventories)/current liabilities)	0.6	0.7
Debt/equity ratio (total liabilities/equity attributable to owners of the parent)	1.3	0.9

The Management Board positively assesses the financial results generated in the first half of 2024 in all material respects. The levels of consolidated profit on operating activities and net profit reflect the assumptions for that period of 2024 made in the Group budget.

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, it shall react adequately to the reasons and consequences of the existing situation. In order to limit the liquidity risk, the Capital Group companies undertake a series of actions limiting the risk level. These include, among other things:

- preparing and current analysing of the performance of financial plans;
- analysing and adjusting the level of expenditures to the ability to cover them;
- current monitoring of the level of the particular components of current assets, and specifically inventories and receivables;
- maintaining a liquidity buffer within the available credit limits;
- transferring some of the risk related to the lack of payment for the goods sold, by way of taking out insurance policies.

The 'EBITDA' parameter applied in the report represents the total profit on operating activities (an item of the statement of profit or loss for the respective reporting period) and depreciation (an item of the statement of profit or loss 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 868.0 million in the consolidated financial statements for 2023.

The 'net debt' parameter applied in the report represents the total of non-current loan payables and non-current lease liabilities (items of the balance-sheet equity/liabilities), plus current loan payables and current 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 2023, the 'net debt' ratio calculated in accordance with the above mentioned guidelines amounted to PLN 931.1 million as at 31 December 2023.

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

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

Higher sales volume – higher production capacity utilisation

Despite weak economic situation on many markets, the Capital Group segments increased sales volume y/y, which translated into high production capacity utilisation at the particular segments (85-90%).

Aid for new investment projects at the FPS within the Polish Investment Zone programme

In March 2024, Alupol Packaging Kęty Sp. o.o. obtained a decision on aid in the form of income tax allowance amounting to 50% of eligible costs (with the maximum eligible costs level of PLN 32 million). The costs should be incurred by 31 December 2025.

Continuation of key development projects in the area of aluminium processing

At the Extruded Products Segment installation and commissioning of 4 MN press was completed. It is a second such machine installed within the project of constructing a production line and a warehouse hall. The first press of 2 MN was commissioned in Q.2, 2023.

At the Aluminium Systems Segment the furnishing of a new production hall in Złotów was completed and commissioning of the particular production processes was carried out.

Prestigious titles for Members of the Management Board of Grupa Kęty S.A.

Mr Dariusz Mańko, Grupa Kęty CEO, has been awarded the title of the 'CEO Of The Year' in the 'Bulls and Bears' competition organised by the 'Parkiet' daily of the Warsaw Stock Exchange. Mr Tomasz Grela, Member of the Management Board of Grupa Kęty S.A. and CEO of Aluprof S.A., was honoured with the title of 'Personality of the Sector' at the Building Awards final gala. At the same time, Aluprof received the title of the 'Building Company of the Year'.

Recommendation of the Company Management Board with regard to dividend payment

On 22 April 2024, the Management Board of Grupa Kęty S.A. passed a resolution on recommending to the Annual General Meeting the payment of dividend for 2023 in the total amount of PLN 539.3 million. The recommendation was accepted by the AGM.

Conclusion of preliminary conditional agreement on the purchase of 100% shares in SELT Sp. z o.o.

In June 2024, the Group entered into a preliminary conditional agreement on the purchase of 100% shares in SELT Sp. z o.o. with its registered office in Opole. The purchase price of SELT was determined at PLN 420 million. The price will be reduced for the value of the net debt, understood as the company's financial indebtedness less cash, as at the balance-sheet date specified in the agreement.

On 18 July 2024, the Group obtained a consent for the concentration from the Polish Office for Competition and Consumer Protection. At the same time, on the basis of the analyses carried out and the opinions obtained, it was determined that there is no need to obtain a consent for the concentration from the antitrust authority in the Czech Republic, which was one of the additional conditions indicated in the agreement. Therefore, the transaction is subject to obtaining a consent for the concentration from the antitrust authority in Austria on or before 7 October 2024.

2.3. Factors with significant impact on the results of the first half of 2024

Demand for the Company products

In the first half of 2024, despite maintained weak economic situation, all segments of the Group recorded sales volume increases. The highest volume increase of 11% y/y was observed at the Extruded Products Segment, whereas at the Aluminium Systems Segment it sales volume increased by 9% y/y and at the Flexible Products Segment by 5% y/y. As regards values, the Extruded Products Segment recorded a 14% drop and the Flexible Packaging Segment a 6% drop in revenue from sales y/y, mainly due to lower prices of raw materials translated into PLN. In the discussed period, the Aluminium Systems Segment generated 1% growth in the revenue from sales.

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 4.32 and was by about 7% lower than in the corresponding period of the preceding year (4.63). The average USD/PLN rate in the discussed period was 3.99, compared with 4.28 in the first half of the preceding year, which represents a drop by 7%.

With regard to the FX position of the Capital Group (EUR surplus exceeding USD shortage), 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 payables 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 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 2024 the average aluminium price was about 2,401 USD per ton, which means an increase by about 2% in USD and a drop by roughly 5% when translated into PLN compared with 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 stabilising the generated results are transactions hedging aluminium purchase prices and, partially, a natural hedge in the form of quoting products based on the current prices of raw materials.

Debt

As at the end of the reporting period, the Capital Group had PLN 541,200,000 of long-term loans and PLN 182,983,000 of short-term loans. Roughly 40% of the value of loans is in foreign currencies (mainly in 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 2024, the Group received PLN 26,015,000 of interest on borrowings and loans.

In the first half of 2024 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 the consolidated financial statements for the first half of 2024.

2.4. 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, both in Poland and on the European markets, where over 50% of the consolidated revenue of the Capital Group comes from. The Management Board has not observed any major symptoms of the economic situation improvement further this year, so it has been assumed that the level of demand in the second half of the year will be similar to that observed in the first half of the year, which means that significant competition putting pressure on margins will continue to prevail.

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 Group intends to maintain a part of debt in foreign currencies and continue the policy of hedging currency risk with forward and futures contracts.

Prices of basic raw materials

With regard to the lack of symptoms of the economic situation improvement, it has been expected that stable raw materials prices will prevail in the coming months of 2024, close to the levels of the end of the first half of 2024.

Debt

It has been estimated that the value of the Capital Group's net debt will be higher by PLN 600 million in the second half of 2024, mainly in reference to the planned capital expenditure (including also the acquisition of SELT sp. z o.o. providing that the required consents are obtained), and payment of dividend from 2023 profit. The costs of debt servicing in the coming quarters will increase due to the aforesaid changes in debt level. It has been assumed that interest rates will remain on the level close to that of the first half of 2024.

2.5. The Management Board's stand regarding the published forecasts

The Management Board maintains the forecast of 2024 results published on 19 December 2023 in the current report No. 33/2023.

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

In accordance with the information provided as at the date of this interim report publication, the persons managing the Company held 265,888 ordinary bearer shares of Grupa Kęty S.A., including: Dariusz Mańko – 173,363 shares (no shares directly and 173,363 shares indirectly through closely related entity of Seven Trees Family Foundation), Roman Przybylski – 0 shares, Rafał Warpechowski – 7,000 shares, Piotr Wysocki – 58,873 shares (no shares directly and 58,873 shares indirectly through closely related entity of Wysoccy Family Foundation), Tomasz Grela – 26,652 shares.

In the period from the disclosure of the latest interim report, i.e. 17 April 2024, to the date of publication of this interim report the Group received information about:

- taking up by Mr Dariusz Mańko of 9,000 shares under the binding incentive plan, and further transfer of the shares as a donation to a closely related entity, i.e. Seven Trees Family Foundation;
- taking up by Mr Piotr Wysocki of 7,000 shares under the binding incentive plan, and further transfer of the shares as a donation to a closely related entity, i.e. Wysoccy Family Foundation;
- taking up by Mr Rafał Warpechowski of 7,000 shares under the binding incentive plan,
- taking up by Mr Tomasz Grela of 7,000 shares under the binding incentive plan, as well as sale of 2,096 shares on the regulated market.

Within the incentive plan adopted by the Extraordinary General Meeting on 13 December 2023, amending the principles of implementation of the plan which had been initially adopted by the Annual General Meeting on 20 August 2020, the Management Board Members held the rights to acquire the following warrants:

- 30,000 series E warrants entitling to the take-up of L series ordinary bearer shares, of which: Dariusz Mańko – 9,000 warrants, Rafał Warpechowski – 7,000 warrants, Piotr Wysocki – 7,000 warrants, Tomasz Grela – 7,000 warrants, providing that the conditions specified in the plan rules are fulfilled, which will be verified upon the approval of the 2023 financial statements of Grupa KĘTY S.A. by the Annual General Meeting;
- 30,000 series F warrants entitling to the take-up of L series ordinary bearer shares, of which: Dariusz Mańko – 9,000 warrants, Rafał Warpechowski – 7,000 warrants, Piotr Wysocki – 7,000 warrants, Tomasz Grela – 7,000 warrants, providing that the conditions specified in the plan rules are fulfilled, which will be verified upon the approval of the 2024 financial statements of Grupa KĘTY S.A. by the Annual General Meeting.

The exercise of the right to take-up series E and F warrants depends on whether the Annual General Meeting of the Company passes a resolution on issuing the warrants, conditional share capital increase, and amendment of the Company Articles of Association. Therefore, the Management Board convened an Extraordinary General Meeting on 4 September, where it is going to submit the relevant draft resolutions along with additional information in the matter.

Under the incentive plan adopted by the Annual General Meeting on 21 June 2023, the Management Board members held the right to acquire 30,000 A series warrants entitling to the take-up of J series ordinary bearer shares, of which: Dariusz Mańko – 9,000 warrants, Rafał Warpechowski – 7,000 warrants, Piotr Wysocki – 7,000 warrants, Tomasz Grela – 7,000 warrants, providing that the conditions specified in the plan rules are fulfilled, which will be verified upon the approval of the 2025 financial statements of Grupa KĘTY S.A. by the Annual General Meeting.

In accordance with the information provided as at the date of this interim report publication, the supervising personnel 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).

2.7. Important court litigations, arbitration proceedings or administrative proceedings

In 2023 Alupol Packaging S.A. and Alupol Packaging KĘTY Sp. z o.o. (subsidiaries of the Flexible Packaging Segment within the Issuer's Capital Group) received summons in relation to the customs and fiscal control carried out by the Śląski Customs and Fiscal Authority in Katowice and Pomorski Customs and Fiscal Authority in Gdynia [jointly UCS]. The control was devoted to aluminium foil imports in the years 2021-2022 and the doubts on the part of the UCS regarding the certificates of origin of goods issued by the state authorities of Thailand. The customs authorities claim that the imported goods, contrary to the certificates issued, should be treated as originating in China.

On 10 April 2024, the Capital Group received a notification from the Head of the Pomorski Customs and Fiscal Authority in Gdynia regarding the possibility of getting familiar with the materials gathered in proceedings with regard to the planned issue of a decision unfavourable to the Capital Group. On 14 May 2024, the Capital Group received a notification from the Head of the Śląski Customs and Fiscal Authority in Katowice regarding the intent of issuing of an unfavourable decision to the Capital Group. Alupol Packaging S.A. and Alupol Packaging KĘTY Sp. z o.o. replied to both of the notifications presenting their stands.

On 25 July 2024, the Group received a decision issued by the Pomorski Customs and Fiscal Authority with regard to some of the transactions subject to control, specifying the amount of PLN 1,186,000 of anti-dumping duty and PLN 273,000 of VAT and interest.

The Group does not share the view of the customs authorities and may appeal against the decisions received or even litigate in need.

Apart from the aforesaid issue, in the period covered with this interim report 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.

2.8. 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 information on related party transactions is presented in note 28 of the condensed separate financial statements for the first half of 2024.

2.9. 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.

The information on contingent liabilities is presented in note 26 of the condensed separate financial statements for the first half of 2024.

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

Apart from the information disclosed in this interim report, the Management Board of the Issuer 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 Grupa Kęty S.A. Capital Group.

2.11. 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 have been 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 9,733,652 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 previous interim report (17 April 2024) and this interim report is presented below.

Entity	Number of shares as at the date of this interim report publication (31 July 2024)	Percentage of share capital and total number of votes	Number of shares as at the date of the previous interim report publication (17 April 2024)	Percentage of share capital and total number of votes
Nationale – Nederlanden OFE	1,464,717**	15.05%	1,504,853*	15.54%
Allianz Polska OFE	1,376,241**	14.14%	1,481,409*	15.30%
OFE PZU ŻŁOTA JESIEŃ	861,573**	8.85%	860,515*	8.89%
Generali OFE	785,038**	8.07%	784,074*	8.10%
Vienna OFE	586,601**	6.03%	627,891*	6.48%
Others	4,659,482	47.87%	4,423,534	45.69%
Total	9,733,652	100%	9,682,276	100.00%

* Data presented based on OFE reports regarding the annual assets structure as at 29 December 2023.

**Data presented based on OFE [Open Pension Funds] reports regarding the semi-annual assets structure as at 28 June 2024.

On 21 May 2024, Grupa Kęty S.A. received from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A., managing the Allianz Polska Otwarty Fundusz Emerytalny (hereinafter referred to as Allianz OFE) a notification informing about the sale of Grupa Kęty S.A. shares by Allianz OFE, about which the Company informed in the current report No. 17/2024.

Except for the above events, in the period from the disclosure of the previous interim report to the date of publication of this interim report there were no other changes in the ownership structure of major stakes of the Company shares.

IV. DECLARATION OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A.

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 2024, 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.

The 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

Roman Przybylski
Vice President of the Management Board

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 of
Dekret Centrum Rachunkowe sp. z o.o.*