

Estimated consolidated financial results for Q.2, 2022 and information regarding the influence of the war in Ukraine on the operations in that period

The Management Board of Grupa Kęty S.A. (hereinafter referred to as the Issuer or the Company) discloses in public the selected estimated financial results of the Issuer's Capital Group for Q.2, 2022, which have not been audited by a statutory auditor.

The financial figures for Q.2, 2022 disclosed in this current report are only estimations and may change by the time of publishing the consolidated annual report for the first half of 2022, which is going to take place on 2 August 2022, in accordance with the binding schedule of current reports publication.

Consolidated data (PLN million)	Q.2, 2022P	Q.2, 2021	Change (%)
Sales revenue	1,660	1,151	44%
EBITDA*	324	252	29%
Net profit on operating activities	281	214	32%
Net profit	220	162	36%

* EBITDA – net operating profit plus depreciation and amortisation

Despite the war in Ukraine, the demand for the products offered by the Capital Group Segments remained on a high level in Q.2, 2022. High sales volumes and growing raw material prices enabled generation of consolidated sales revenue of PLN 1,660 million in the discussed period. Based on the current estimations, all Segments are going to record high sales revenue increases, ranging from roughly 30% y/y at the Flexible Packaging Segment, through about 40% y/y at the Aluminium Systems Segment, to approximately 60% y/y at the Extruded Products Segment.

Thanks to the skilful purchasing policy in the conditions of limited availability of some products and materials, as well as a strong demand, the Group recorded an above-average profitability in Q.2, 2022, specifically at the Extruded Products Segment and the Flexible Packaging Segment.

In effect, the estimated EBITDA will reach approximately PLN 324 million in Q.2, 2022 (29% growth y/y). Considering the costs of depreciation and amortisation, the profit on operating activities in the discussed period will reach PLN 281 million (32% growth y/y).

The Company estimates that net financial costs in Q.2, 2022 will amount to approximately PLN (-) 10 million.

Upon consideration of tax charges, the consolidated net profit in Q.2, 2022 is estimated to be PLN 220 million (36% growth y/y).

The estimated net debt at the end of Q.2, 2022 will amount to PLN 940 million.

The disclosed estimated value of EBITDA and net profit on operating activities in Q.2, 2022 comprise a positive effect of PLN 6 million on account of reduction of a write-down of the Group's assets in Ukraine, which were threatened with impairment loss owing to the Russian army invasion of the territory of Ukraine on 24 February 2022.

The Group runs its business in Ukraine through the companies of Alupol Ukraina LLC with its registered office in Borodianka (within the Extruded Products Segment), and Aluprof System Ukraina LLC with its registered office in Kiev (within the Aluminium Systems Segment). Owing to the situation referred to above, the companies suspended their operations on 24 February 2022.

Retreat of the Russian army from the area where the companies are located enabled a limited resumption of production activities at Alupol Ukraina LLC at the present moment (interrupted one-shift operation), as well as the commercial activities of Aluprof System Ukraina LLC.

The situation in Ukraine has been analysed on a current basis, which may result in a further update of the estimations regarding write-downs of assets in Ukraine within the preparation of the consolidated financial statements for the first half of 2022.

The above estimates have been prepared based on the following assumptions related to the actual quotations for Q.2, 2021 and Q.2, 2022, by the date of 22 June, and on the projection for the period from 23 to 30 June.

	Q.2, 2022P	Q.2, 2021	Change (%)
EUR/PLN mean exchange rate	4.64	4.53	2%
USD/PLN mean exchange rate	4.36	3.76	16%
average 3M aluminium price (USD/t)	2,920	2,411	21%

The 'EBITDA' parameter applied in the report represents the total profit on operating activities (an item of the profit and loss account for the respective reporting period) and depreciation (an item of the profit and loss account for the respective reporting period). The 'EBITDA' parameter is a measure presenting the capability of the Company to generate cash on basic activities. The 'EBITDA' ratio calculated in accordance with the above mentioned guidelines amounted to PLN 899.7 million in the consolidated financial statements for 2021.

The 'net debt' parameter applied in the report represents the total of long-term loan payables and long-term lease liabilities (items of the balance-sheet equity/liabilities), plus short-term loan payables and short-term lease liabilities (items of the balance-sheet equity/liabilities), less the value of cash and cash equivalents (an item of the balance-sheet assets). The 'net debt' ratio presents the value of bank loans and other interest-bearing liabilities, in consideration of the cash available, which may be allocated to the debt repayment. In the consolidated financial statements for 2021, the 'net debt' ratio calculated in accordance with the above mentioned guidelines amounted to PLN 899 million as at 31 December 2021.

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