POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated annual report SRR 2024

(in accordance with § 60 sec. 2 of the Decree regarding current and periodic information)

for issuers of securities involved in production, construction, trade or services activities

for the financial year **2024** comprising the period **from 1 January 2024** to **31 December 2024** containing the consolidated financial statements according to International Financial Reporting Standards in PLN.

publication date: 26 March 2025

KGHM Polska Miedź Spółka Akcyjna
(name of the issuer)

KGHM Polska Miedź S.A.	**Mining**
(name of the issuer in brief)	(issuer branch title per the Warsaw Stock Exchange)
59 – 301	**LUBIN**
(postal code)	(city)
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PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.
(auditing company)

	SELECTED FINANCIAL DATA	in PLN mn		in EUR mn	
		2024	**2023**	**2024**	**2023**
I.	Revenues from contracts with customers	35 320	33 467	8 206	7 390
II.	Profit/(loss) on sales	3 767	(1 640)	875	(362)
III.	Profit/(loss) before income tax	4 608	(3 600)	1 071	(795)
IV.	Profit/(loss) for the period	2 870	(3 691)	666	(815)
V.	Profit/(loss) for the period attributable to shareholders of the Parent Entity	2 868	(3 698)	666	(817)
VI.	Profit for the period attributable to non-controlling interest	2	7	-	2
VII.	Other comprehensive income	(144)	373	(33)	82
VIII.	Total comprehensive income	2 726	(3 318)	633	(733)
IX.	Total comprehensive income attributable to shareholders of the Parent Entity	2 725	(3 324)	633	(734)
X.	Total comprehensive income attributable to non-controlling interest	1	6	-	1
XI.	Number of shares issued	200 000 000	200 000 000	200 000 000	200 000 000
XII.	Earnings per ordinary share attributable to shareholders of the Parent Entity	14.34	(18.49)	3.33	(4.09)
XIII.	Net cash generated from/(used in) operating activities	4 690	6 051	1 090	1 336
XIV.	Net cash generated from/(used in) investing activities	(5 506)	(4 798)	(1 279)	(1 060)
XV.	Net cash generated from/(used in) financing activities	(217)	(747)	(50)	(165)
XVI.	Total net cash flow	(1 033)	506	(239)	111
XVII.	Non-current assets	42 285	37 981	9 896	8 736
XVIII.	Current assets	11 607	13 402	2 716	3 082
XIX.	Total assets	53 892	51 383	12 612	11 818
XX.	Non-current liabilities	11 828	11 136	2 768	2 561
XXI.	Current liabilities	11 006	11 617	2 576	2 672
XXII.	Equity	31 058	28 630	7 268	6 585
XXIII.	Equity attributable to shareholders of the Parent Entity	30 990	28 565	7 252	6 570
XXIV.	Equity attributable to non-controlling interest	68	65	16	15

Average EUR/PLN exchange rate announced by the National Bank of Poland

	2024	**2023**
Average exchange rate for the period*	4.3042	4.5284
Exchange rate at the end of the period	4.2730	4.3480

**Exchange rates are the arithmetical average of the current average exchange rates announced by the National Bank of Poland on the last day of each month respectively of 2024 and 2023.*

Polish Financial Supervision Authority

This report is a direct translation from the original Polish version.
In the event of differences resulting from the translation, reference should be made to the official Polish version

CONSOLIDATED FINANCIAL STATEMENTS FOR 2024

Lubin, March 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 2.3	Revenues from contracts with customers	35 320	33 467
Note 4.1	Cost of sales	(29 348)	(32 907)
	Gross profit on sales	**5 972**	**560**
Note 4.1	Selling costs and administrative expenses	(2 205)	(2 200)
	Profit/(loss) on sales	**3 767**	**(1 640)**
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	226	101
Note 6.2	Interest income on loans granted to a joint venture calculated using the effective interest rate method	552	597
	Profit or loss on involvement in a joint venture	778	698
Note 4.2	Other operating income, including:	1 562	906
	other interest calculated using the effective interest rate method	63	56
Note 4.2	Other operating costs, including:	(1 118)	(3 723)
	impairment losses on financial instruments	(1)	(4)
Note 4.3	Finance income	135	529
Note 4.3	Finance costs	(516)	(370)
	Profit/(loss) before income tax	**4 608**	**(3 600)**
Note 5.1	Income tax expense	(1 738)	(91)
	PROFIT/(LOSS) FOR THE PERIOD	**2 870**	**(3 691)**
	Profit/(loss) for the period attributable to:		
	shareholders of the Parent Entity	2 868	(3 698)
	non-controlling interest	2	7
	Weighted average number of ordinary shares (million)	**200**	**200**
	Basic/diluted earnings per share (in PLN)	**14.34**	**(18.49)**

in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Profit/(loss) for the period	**2 870**	**(3 691)**
Note 8.2.2	Measurement and settlement of hedging instruments net of the tax effect	(445)	451
	Exchange differences from translation of statements of operations with a functional currency other than PLN	15	(79)
	Other comprehensive income, which will be reclassified to profit or loss	**(430)**	**372**
Note 8.2.2	Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	6	253
	Actuarial gains/(losses) net of the tax effect	271	(252)
	Surplus from the fair value remeasurement of investment properties, as at the day of reclassification from fixed assets, net of the tax effect	9	-
	Other comprehensive income which will not be reclassified to profit or loss	**286**	**1**
	Total other comprehensive net income	**(144)**	**373**
	TOTAL COMPREHENSIVE INCOME	**2 726**	**(3 318)**
	Total comprehensive income attributable to:		
	shareholders of the Parent Entity	2 725	(3 324)
	non-controlling interest	1	6

in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CASH FLOWS

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Cash flow from operating activities		
	Profit/(loss) before income tax	4 608	(3 600)
Note 9.3	Depreciation/amortisation recognised in profit or loss	2 006	2 311
Note 6.2	Interest on loans granted to a joint venture	(552)	(597)
	Other interest	183	97
Part 3	Impairment losses on property, plant and equipment and intangible assets	312	4 036
	Gain on reversal of impairment losses on property, plant and equipment and intangible assets	(74)	(56)
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	(226)	(101)
	Losses on disposal of property, plant and equipment and intangible assets	25	21
	Exchange differences, of which:	(411)	958
	from investment activities and cash	(495)	1 314
	from financing activities	84	(356)
	Change in provisions for decommissioning of mines, liabilities related to future employee benefits programs and other provisions	425	464
	Change in other receivables and liabilities other than working capital	163	(288)
	Change in assets and liabilities due to derivatives	180	906
Note 7.2	Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(628)	(285)
	Other adjustments	(33)	30
	Exclusions of income and costs, total	1 370	7 496
	Income tax, of which:	(413)	(1 646)
	payments of income tax	(1 027)	(1 678)
	refunds of income tax	614	32
Note 10.4	Changes in working capital, including:	(875)	3 801
	change in trade payables within the reverse factoring mechanism	(1 007)	2 868
	Net cash generated from/(used in) operating activities	**4 690**	**6 051**
	Cash flow from investing activities		
Note 9.1.3	Expenditures on mining and metallurgical assets, including:	(5 176)	(4 112)
Note 8.4.2	paid capitalised interest on borrowings	(331)	(353)
	proceeds on settlement of an instrument hedging interest rate of bonds	70	102
	Expenditures on other property, plant and equipment and intangible assets	(679)	(664)
	Expenditures on financial assets designated for decommissioning of mines and other technological facilities	(45)	(40)
	Expenditures on acquisition of subsidiaries	(63)	(7)
	Advances granted on property, plant and equipment and intangible assets	(31)	(156)
	Proceeds from financial assets designated for decommissioning of mines and other technological facilities	-	2
	Proceeds from repayment of loans granted to a joint venture (principal)	346	28
	Proceeds from disposal of property, plant and equipment and intangible assets	46	41
	Interest received on loans granted to a joint venture	118	135
	Other	(22)	(25)
	Net cash generated from/(used in) investing activities	**(5 506)**	**(4 798)**

in PLN millions, unless otherwise stated

	Cash flow from financing activities		
Note 8.4.2	Proceeds from issuance of debt financial instruments	1 000	-
Note 8.4.2	Proceeds from borrowings	1 940	1 673
	Proceeds from derivatives related to sources of external financing	64	70
Note 8.4.2	Redemption of debt financial instruments	(400)	-
Note 8.4.2	Repayment of borrowings	(2 154)	(2 051)
Note 8.4.2	Repayment of lease liabilities	(97)	(83)
	Expenditures due to derivatives related to sources of external financing	(75)	(81)
	Interest paid, of which:	(202)	(81)
	due to trade payables within the reverse factoring mechanism	(164)	(50)
Note 8.4.2	due to borrowings	(38)	(31)
	Expenditures due to dividends paid to shareholders of the Parent Entity	(300)	(200)
	Other	7	6
	Net cash generated from/(used in) financing activities	**(217)**	**(747)**
	NET CASH FLOW	**(1 033)**	**506**
	Exchange gains/(losses)	19	23
	Cash and cash equivalents at beginning of the period	1 729	1 200
	Cash and cash equivalents at end of the period, including:	**715**	**1 729**
	restricted cash	24	27

in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2024	As at 31 December 2023
	ASSETS		
	Mining and metallurgical property, plant and equipment	24 050	20 798
	Mining and metallurgical intangible assets	2 830	2 697
Note 9.1	Mining and metallurgical property, plant and equipment and intangible assets	26 880	23 495
	Other property, plant and equipment	3 087	2 941
	Other intangible assets	213	313
Note 9.2	Other property, plant and equipment and intangible assets	3 300	3 254
Note 6.2	Involvement in joint ventures – loans granted	9 800	9 096
Note 7.2	Derivatives	286	233
Note 7.3	Other financial instruments measured at fair value	883	905
Note 7.4	Other financial instruments measured at amortised cost	557	475
	Financial instruments, total	1 726	1 613
Note 5.1.1	Deferred tax assets	302	137
Note 12.3	Other non-financial assets	277	386
	Non-current assets	**42 285**	**37 981**
Note 10.1	Inventories	8 063	8 425
Note 10.2	Trade receivables, including:	1 345	932
	trade receivables measured at fair value through profit or loss	707	414
Note 5.3	Tax assets	453	985
Note 7.2	Derivatives	219	760
Note 12.3	Other financial assets	317	296
Note 12.3	Other non-financial assets	366	275
Note 8.5	Cash and cash equivalents	715	1 729
Note 9.9	Non-current assets held for sale (disposal group)	129	-
	Current assets	**11 607**	**13 402**
	TOTAL ASSETS	**53 892**	**51 383**
	EQUITY AND LIABILITIES		
Note 8.2.1	Share capital	2 000	2 000
Note 8.2.2	Other reserves from measurement of financial instruments	(162)	277
Note 8.2.2	Accumulated other comprehensive income, other than from measurement of financial instruments	1 778	1 482
Note 8.2.2	Retained earnings	27 374	24 806
	Equity attributable to shareholders of the Parent Entity	30 990	28 565
	Equity attributable to non-controlling interest	68	65
	Equity	**31 058**	**28 630**
Note 8.4.1	Borrowings and leases	2 310	3 161
Note 8.4.1	Debt securities	2 600	1 600
Note 7.2	Derivatives	269	202
Note 11.1	Employee benefits liabilities	2 784	3 117
Note 9.4	Provisions for decommissioning costs of mines and other technological facilities	2 084	1 923
Note 5.1.1	Deferred tax liabilities	1 384	646
Note 12.4	Other liabilities	397	487
	Non-current liabilities	**11 828**	**11 136**
Note 8.4.1	Borrowings and leases	1 259	562
Note 8.4.1	Debt securities	2	402
Note 7.2	Derivatives	44	499
Note 10.3	Trade and other payables	5 132	6 188
Note 11.1	Employee benefits liabilities	2 019	1 709
Note 5.3	Tax liabilities	1 049	611
Note 12.5	Provisions for liabilities and other charges	280	194
Note 12.4	Other liabilities	1 061	1 452
Note 9.9	Liabilities related to disposal group	160	-
	Current liabilities	**11 006**	**11 617**
	Non-current and current liabilities	**22 834**	**22 753**
	TOTAL EQUITY AND LIABILITIES	**53 892**	**51 383**

in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to shareholders of the Parent Entity						
		Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total	Equity attributable to non-controlling interest	Total equity
	As at 31 December 2022	**2 000**	**(427)**	**1 812**	**28 704**	**32 089**	**57**	**32 146**
	Transactions with non-controlling interest	-	-	-	-	**-**	2	**2**
Note 12.2	Transactions with owners – dividend approved and paid	-	-	-	(200)	**(200)**	-	**(200)**
	Profit/(loss) for the period	-	-	-	(3 698)	**(3 698)**	7	**(3 691)**
Note 8.2.2	Other comprehensive income	-	704	(330)	-	**374**	(1)	**373**
	Total comprehensive income	**-**	**704**	**(330)**	**(3 698)**	**(3 324)**	**6**	**(3 318)**
	As at 31 December 2023	**2 000**	**277**	**1 482**	**24 806**	**28 565**	**65**	**28 630**
	Transactions with non-controlling interest	-	-	-	-	**-**	2	**2**
Note 12.2	Transactions with owners – dividend approved and paid	-	-	-	(300)	**(300)**	-	**(300)**
	Profit for the period	-	-	-	2 868	**2 868**	2	**2 870**
Note 8.2.2	Other comprehensive income	-	(439)	296	-	**(143)**	(1)	**(144)**
	Total comprehensive income	**-**	**(439)**	**296**	**2 868**	**2 725**	**1**	**2 726**
	As at 31 December 2024	**2 000**	**(162)**	**1 778**	**27 374**	**30 990**	**68**	**31 058**

Part 1 – General information

Note 1.1 Corporate information

KGHM Polska Miedź S.A. ("the Parent Entity", "the Company") with its registered office in Lubin at 48 M. Skłodowskiej-Curie Street is a joint stock company registered at the Regional Court for Wrocław Fabryczna in Wrocław, Section IX (Economic) of the National Court Register, entry no. KRS 23302, on the territory of the Republic of Poland.

KGHM Polska Miedź S.A. has a multi-divisional organisational structure, comprised of a Head Office and 10 divisions: 3 mines (Lubin Mine Division, Polkowice-Sieroszowice Mine Division, Rudna Mine Division), 3 metallurgical plants (Głogów Smelter/Refinery, Legnica Smelter/Refinery, Cedynia Wire Rod Division), the Concentrator Division, the Tailings Division, the Mine-Smelter Emergency Rescue Division and the Data Center Division.

The shares of KGHM Polska Miedź S.A. are listed on the Warsaw Stock Exchange.

The Parent Entity's principal activities include:

- the mining of copper and non-ferrous metals ores; and
- the production of copper, precious and non-ferrous metals.

In addition, the KGHM Polska Miedź S.A. Group ("the Group") conducts other activities, which are described in Note 2.1.

The KGHM Polska Miedź S.A. Group carries out exploration and the mining of copper, nickel and precious metals based on concessions given for the Polish deposits to KGHM Polska Miedź S.A., and also based on legal titles held by companies of the KGHM INTERNATIONAL LTD. Group for the exploration for or mining of these resources in the USA, Canada and Chile. Detailed information is presented in the Management Board's report on the activities of KGHM Polska Miedź S.A and of the KGHM Polska Miedź S.A. Group in 2024 (sections 1.3.1 and 1.3.2).

In 2024, the Parent Entity of the Group consolidated 63 subsidiaries and used the equity method to account for the shares of two joint ventures (Sierra Gorda S.C.M. and NANO CARBON Sp. z o.o. in liquidation).

in PLN millions, unless otherwise stated

Note 1.2 Composition of the Group

Company	Head office	Percentage of Group's share As at 31 December 2024	As at 31 December 2023
BIPROMET S.A.	Katowice	100	100
CBJ sp. z o.o.	Lubin	100	100
CENTROZŁOM WROCŁAW S.A.	Wrocław	100	100
Polska Grupa Uzdrowisk sp. z o.o.	Wrocław	100	100
"Energetyka" sp. z o.o.	Lubin	100	100
Fundusz Hotele 01 Sp. z o.o.	Wrocław	-	100
Fundusz Hotele 01 Sp. z o.o. S.K.A.	Wrocław	-	100
INOVA spółka z o.o.	Lubin	100	100
KGHM CUPRUM sp. z o.o. - CBR	Wrocław	100	100
CUPRUM Development sp. z o.o.	Wrocław	100	100
KGHM Kupfer AG i. L.	Weißwasser	100	100
KGHM Metraco S.A.	Legnica	100	100
KGHM (SHANGHAI) COPPER TRADING CO., LTD.	Shanghai	100	100
KGHM ZANAM S.A.	Polkowice	100	100
"MIEDZIOWE CENTRUM ZDROWIA" S.A.	Lubin	100	100
NITROERG S.A.	Bieruń	87.12	87.12
NITROERG SERWIS Sp. z o.o.	Wilków	87.12	87.12
PeBeKa S.A.	Lubin	100	100
MERCUS Logistyka sp. z o.o.	Polkowice	100	100
PHU "Lubinpex" Sp. z o.o.	Lubin	100	100
Future 1 Sp. z o.o.	Lubin	100	100
KGHM Centrum Analityki Sp. z o.o.	Lubin	-	100
Future 3 Sp. z o.o.	Lubin	100	100
Future 4 Sp. z o.o.	Lubin	100	100
Future 5 Sp. z o.o.	Lubin	100	100
PMT Linie Kolejowe Sp. z o.o.	Owczary	100	100
POL-MIEDŹ TRANS Sp. z o.o.	Lubin	100	100
Uzdrowisko Cieplice Sp. z o.o. - Grupa PGU	Jelenia Góra	99.12	98.85
Uzdrowiska Kłodzkie S.A. - Grupa PGU	Polanica Zdrój	100	100
Uzdrowisko Połczyn Grupa PGU S.A.	Połczyn Zdrój	100	100
Uzdrowisko Świeradów-Czerniawa Sp. z o.o. - Grupa PGU	Świeradów Zdrój	99.46	99.48
WMN "ŁABĘDY" S.A.	Gliwice	84.98	84.98
WPEC w Legnicy S.A.	Legnica	100	100
Zagłębie Lubin S.A.	Lubin	100	100
OOO ZANAM VOSTOK	Gay (Russia)	100	100
Invest PV 7 Sp. z o.o.	Lubin	100	100
Invest PV 40 Sp. z o.o.	Lubin	100	-
Invest PV 58 Sp. z o.o.	Lubin	100	-
Invest PV 59 Sp. z o.o.	Lubin	100	-
TUW Cuprum	Lubin	99.49	99.49

in PLN millions, unless otherwise stated

Company	Head office	Percentage of Group's share As at 31 December 2024	As at 31 December 2023
KGHM INTERNATIONAL LTD. Group			
KGHM INTERNATIONAL LTD.	Canada	100	100
KGHM AJAX MINING INC.	Canada	80	80
Sugarloaf Ranches Ltd.	Canada	80	80
KGHMI HOLDINGS LTD.	Canada	100	100
Quadra FNX Holdings Chile Limitada	Chile	100	100
Aguas de la Sierra Limitada	Chile	100	100
Quadra FNX FFI S.à r.l.	Luxembourg	100	100
Robinson Holdings (USA) Ltd.	USA	100	100
Wendover Bulk Transhipment Company	USA	100	100
Robinson Nevada Mining Company	USA	100	100
Carlota Holdings Company	USA	100	100
Carlota Copper Company	USA	100	100
FNX Mining Company Inc.	Canada	100	100
DMC Mining Services Ltd.	Canada	100	100
Quadra FNX Holdings Partnership	Canada	100	100
DMC Mining Services Mexico, S.A. de C.V.	Mexico	100	100
FNX Mining Company USA Inc.	USA	100	100
DMC Mining Services Corporation	USA	100	100
Centenario Holdings Ltd.	Canada	100	100
Minera Carrizalillo SpA	Chile	100	100
KGHM Chile SpA	Chile	100	100
FRANKE HOLDINGS LTD.	Canada	100	100
0899196 B.C. Ltd.	Canada	100	100
DMC Mining Services (UK) Ltd.	The United Kingdom	100	100
DMC Mining Services Colombia SAS	Colombia	100	100
DMC Mining Services Chile SpA	Chile	100	100
Project Nikolas Company INC.	Canada	100	-

Changes in the organisational structure of the KGHM Polska Miedź S.A. Group

Acquisition of Companies: INVEST PV 40 sp. z o.o., INVEST PV 58 sp. z o.o. and INVEST PV 59 sp. z o.o.

On 29 February 2024, KGHM Polska Miedź S.A. acquired 100% of the shares of companies: INVEST PV 40 sp. z o.o., INVEST PV 58 sp. z o.o. and INVEST PV 59 sp. z o.o. The value of the transaction amounted to PLN 215 million (PLN 141 million paid in 2023, PLN 74 million paid in the current reporting period), of which PLN 41 million was a payment for the acquisition of shares, while PLN 174 million concerned subrogation of liabilities (owner loans). As at the end of the reporting period, the final acquisition price of shares was determined to amount to PLN 31 million. The transaction's value included the working capital of companies in the amount of PLN 19 million. The total value of shares (enterprise value) for the three aforementioned companies amounted to PLN 186 million.
In accordance with the requirements of IFRS 3 *Business Combinations*, an analysis was conducted as to whether the acquired assets and liabilities meet the definition of a business and the transaction should be settled in accordance with IFRS 3 as a business combination, or whether the acquired assets do not constitute a business and the transaction should be settled as an acquisition of assets. After conducting a concentration test and further quality analysis, the Group concluded that the transaction constituted an acquisition of assets and was recognised as such in these consolidated financial statements.
The acquired assets are property, plant and equipment mainly constituting expenditures incurred on the construction of photovoltaic farms (i.e. steel structures, Energy Performance Contracting costs) and land usufruct under tenancy agreements. (Note 9.2 Other property, plant and equipment and intangible assets).

Merger of Companies: KGHM CUPRUM sp. z o.o. – CBR (Acquiring Company) and KGHM Centrum Analityki Sp. z o.o. (Acquired Company)

On 18 September 2024, the Extraordinary Shareholders Meetings of the companies: KGHM CUPRUM sp. z o.o. – CBR and KGHM Centrum Analityki Sp. z o.o. adopted resolutions on consent to the merger of the above-mentioned companies in the manner specified in art. 492 § 1 point 1 of the Commercial Partnerships and Companies Code.

On 30 September 2024, the above merger was registered in the National Court Register. Due to the nature of the transaction (merger of entities under joint control), it had no impact on the Group's consolidated financial statements as at 31 December 2024.

Merger of Companies: Polska Grupa Uzdrowisk sp. z o.o. (Acquiring Company) and Fundusz Hotele 01 sp. z o.o. and Fundusz Hotele 01 sp. z o.o. S.K.A. (Acquired Companies)

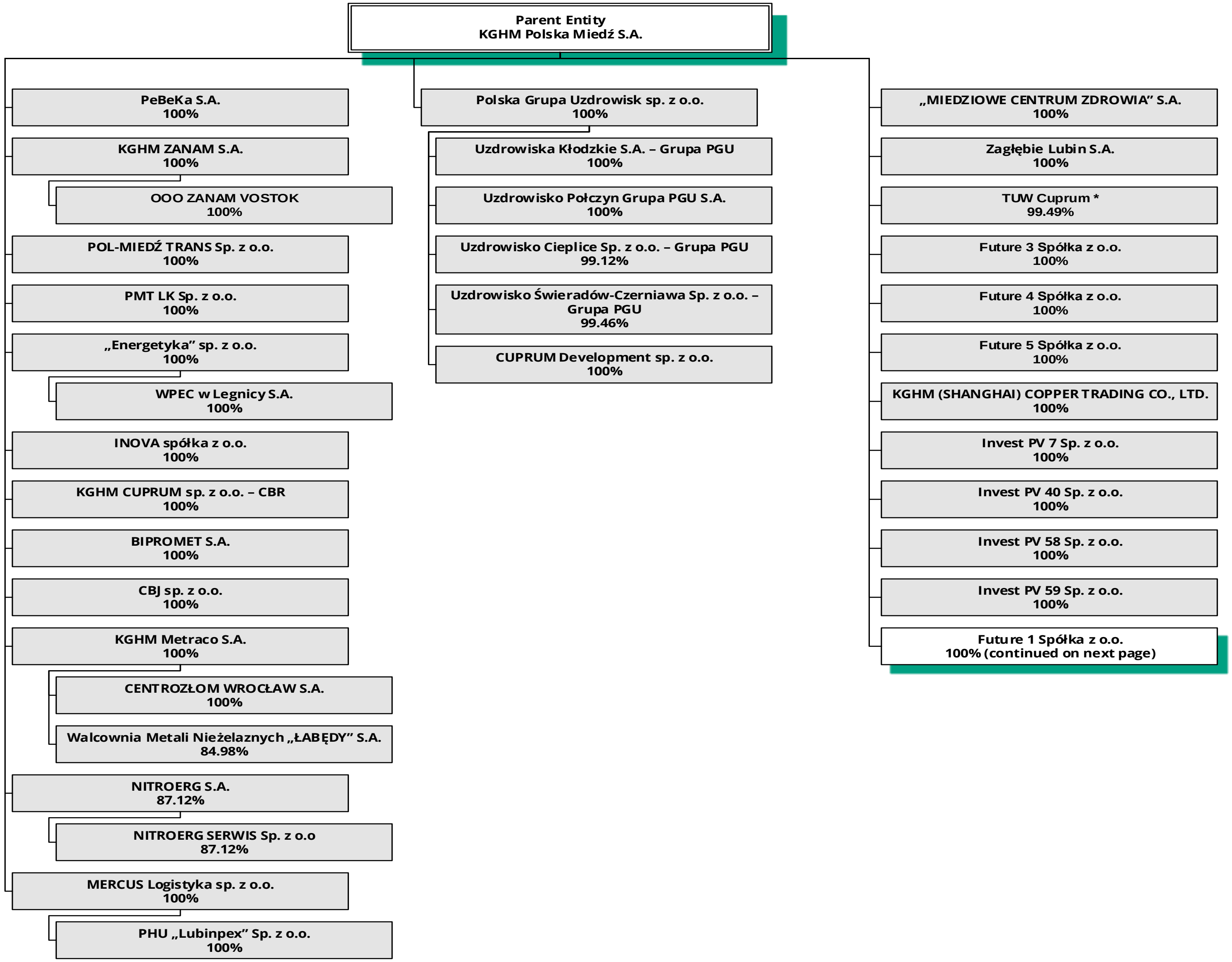
On 30 October 2024, the Extraordinary Shareholders Meetings of the company Polska Grupa Uzdrowisk sp. z o.o. adopted a resolution on consent to its merger with two subsidiaries: Fundusz Hotele 01 sp. z o.o. and Fundusz Hotele 01 sp. z o.o. S.K.A. in the manner specified in art. 492 § 1 point 1 of the Commercial Partnerships and Companies Code.

On 2 December 2024, the above merger was registered in the National Court Register. Due to the nature of the transaction (the Acquiring Company has 100% share in the Acquired Companies), it had no impact on the Group's consolidated financial statements as at 31 December 2024.

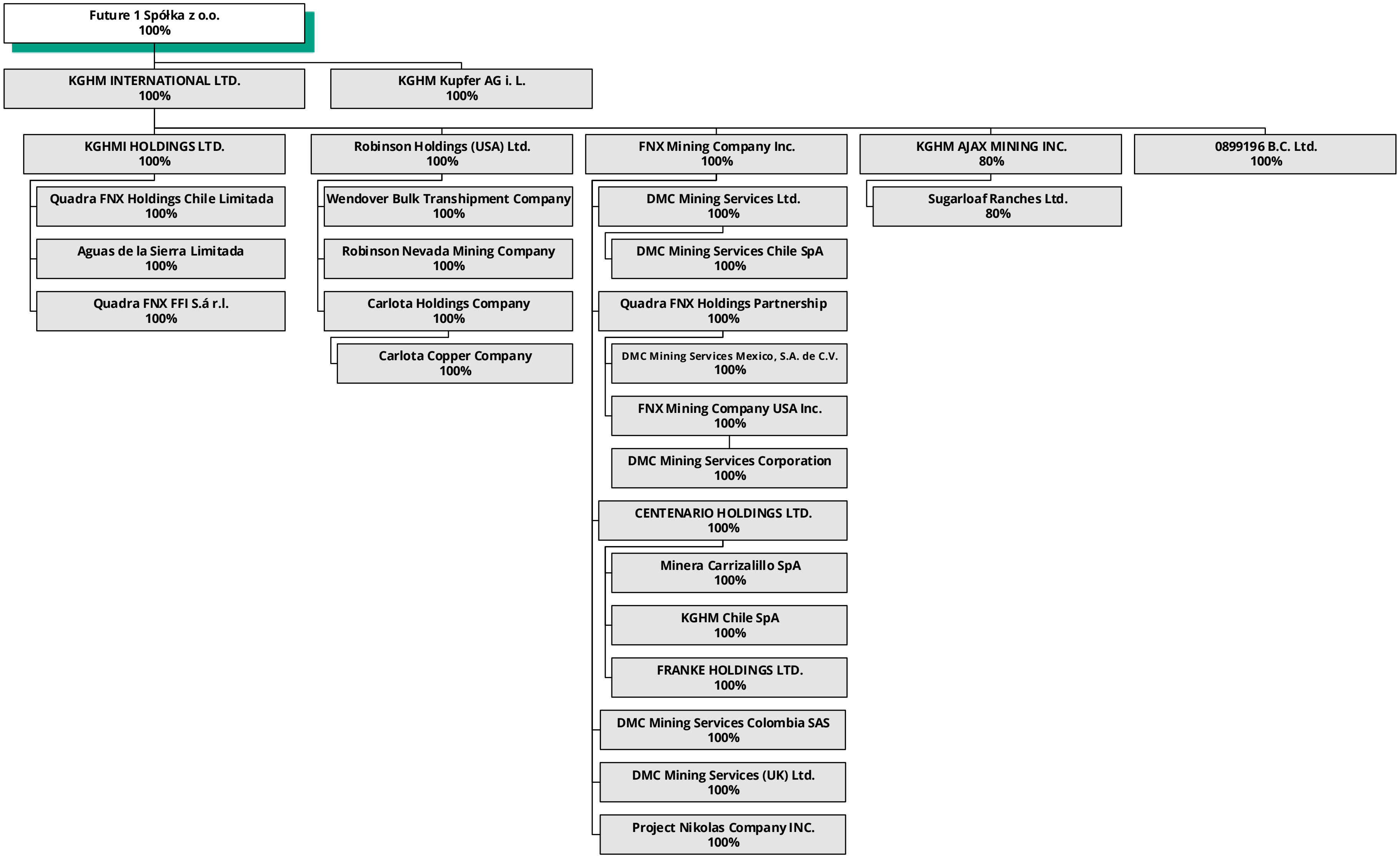
Establishment of Project Nikolas Company INC., a special purpose company

Project Nikolas Company INC. is a special purpose company established by the Group for the purpose of carrying out a particular transaction – further information is presented in Note 9.9.1.

Diagram of the KGHM Polska Miedź S.A. Group as at 31 December 2024



** entity excluded from consolidation due to its insignificant impact on the consolidated financial statements.*


Future 1 Spółka z o.o.
100%
KGHM INTERNATIONAL LTD.
100%
KGHM Kupfer AG i. L.
100%
KGHMI HOLDINGS LTD.
100%
Robinson Holdings (USA) Ltd.
100%
FNX Mining Company Inc.
100%
KGHM AJAX MINING INC.
80%
0899196 B.C. Ltd.
100%
Quadra FNX Holdings Chile Limitada
100%
Aguas de la Sierra Limitada
100%
Quadra FNX FFI S.á r.l.
100%
Wendover Bulk Transhipment Company
100%
Robinson Nevada Mining Company
100%
Carlota Holdings Company
100%
Carlota Copper Company
100%
DMC Mining Services Ltd.
100%
DMC Mining Services Chile SpA
100%
Quadra FNX Holdings Partnership
100%
DMC Mining Services Mexico, S.A. de C.V.
100%
FNX Mining Company USA Inc.
100%
DMC Mining Services Corporation
100%
CENTENARIO HOLDINGS LTD.
100%
Minera Carrizalillo SpA
100%
KGHM Chile SpA
100%
FRANKE HOLDINGS LTD.
100%
DMC Mining Services Colombia SAS
100%
DMC Mining Services (UK) Ltd.
100%
Project Nikolas Company INC.
100%
Sugarloaf Ranches Ltd.
80%

Note 1.3 Going concern

The consolidated financial statements were prepared under the assumption that the Group's companies will continue as a going concern during a period of at least 12 months from the end of the reporting period in a significantly unaltered form and business scope, and there are no reasons to suspect any intentional or forced discontinuation or significant limitation of its current activities. As at the date of signing of the consolidated financial statements the Management Board of the Parent Entity is not aware of any facts or circumstances that may cast doubt about the going concern in the foreseeable future.

The Management Board of KGHM Polska Miedź S.A. continuously monitors individual business areas in terms of indications of significant uncertainty as to the capacity to continue operations or a threat to the continuance of the Company's and the Group's operations in the foreseeable future.

During the assessment of the Company's and the Group's capacity to continue operations, forecasts of financial liquidity, debt levels, key debt ratios and profitability were taken into account.

The Group identifies and actively manages the liquidity risk understood as the possibility of losing the capacity or limitation of the ability to cover its current expenses, ensuring the appropriate level of cash and availability of a wide portfolio of flexible sources of financing in order to ensure capacity to timely meeting the current and future financial obligations. In order to minimise the risk of occurrence of a liquidity gap, the Group takes actions aimed at ensuring safety and financial stability by diversifying the sources of financing and ensuring their long-term maturities. The Group monitors the level of financial security by, among others, the Net Debt/Adjusted EBITDA ratio. The level of this ratio achieved in 2024 is in line with the assumptions adopted by the Group and confirms its stable financial condition. During the process of managing the liquidity and capital, the Group also pays attention to the adjusted operating profit, which is the basis of calculating the Net Debt/EBITDA financial covenant, the value of which as at 31 December 2024 met the conditions stipulated in the bank loans agreements. The Group is fully capable of meeting its payment obligations on time. The selected questions on liquidity management, with particular emphasis on ratios, debt level and available sources of financing, are described in Part 8 Borrowings and the management of liquidity and capital. Moreover, during the assessment of capacity to continue operations, of significance is the analysis of profitability by monitoring the EBITDA Margin ratio, which is one of the measures of assessing the activities of individual reporting segments (Part 2 Information on segments and revenues).

To assess the capacity to continue operations by the Company and the Group, the Management Board analysed the current risks, assessed the impact of armed conflicts throughout the world, including the war in Ukraine (Note 1.2.2) and the impact of risks associated with the climate change on activities of the Group (Note 1.2.3).

As at the date of signing of these financial statements, no indications of circumstances were identified pointing out the threat to the continuance of the Company's and the Group's operations in the foreseeable future, that is in the period of no less than 1 year from the end of the reporting period.

Note 1.3.1 Monitored areas – macroeconomic conditions

The following macroeconomic factors have the most significant impact on the activities and financial results of the Group: copper and silver prices, prices of fuel, electricity and energy carriers as well as market interest rates, USD/PLN exchange rate, inflation manifested by fluctuations in prices of materials and services, which results in a salary pressure.

Stock prices of copper, silver and gold as well as the USD/PLN exchange rate shape the amount of revenues from sales and constitute a part of a market risk which is managed by the Group by, among others, derivatives transactions hedging the price as well as the exchange rate. Moreover, they have a significant impact on some of the Group's costs, while the following prices have a direct impact on the level of costs: fuels, energy carriers and electricity. Furthermore, the level of market interest rates was reflected in the level of discount rates used by the Group in the balance sheet measurement of assets and liabilities recognised in the statement of financial position.

All of the aforementioned risk factors have an impact on the measurement of recoverable amount of the Group's assets, where of significance is not only the current volatility of commodities and exchange rates shaping the amount of revenues and a significant part of costs, but above all volatility of forecasts on shaping these factors in subsequent periods, since they have an impact on production and investment plans. Moreover, due to the long-term nature of mining and metallurgical assets, the applied discount rate, which remains under the influence of market interest rates, is of particular importance.

The description of impact of macroeconomic factors on individual areas of operations as well as assets and liabilities of the Group was presented in the following notes:

in PLN millions, unless otherwise stated

Impact observation areas	Note/Part
Operating segments and information on revenues – onerous contracts and variable overheads	2.3
Impairment of assets	Part 3
Receivables due to loans granted	6.2
Financial instruments – fair value	7.1
Market risk – price of commodities, exchange rate, interest rates, prices of energy and energy	7.5.1
Liquidity risk	8.1
Provision for decommissioning costs of mines and other technological facilities	9.4
Future employee benefits liabilities	Part 11

Note 1.3.2 Monitored areas – impact of war in Ukraine

In the reporting period, the Group did not record any negative impact from factors related to the war in Ukraine, and the uncertainty related to their impact in subsequent periods is assessed as low.

Key risk categories

The most significant risk factors related to the war in Ukraine and impacting the Group's activities are:

- change in the supply chain and the availability of materials and components, fuels and energy on international markets,
- volatility in copper and silver prices on the metals market,
- volatility in the USD/PLN exchange rate,
- volatility in prices of energy carriers and electricity, and
- the general uncertainty on financial markets.

To assess the impact of the above-mentioned risk categories on the Group's operations, a detailed analysis of information on production, sales, supply chain, personnel management and finance is carried out on an ongoing basis.

Impact on the metals market and shares price

From the Group's point of view, the war in Ukraine had an impact on market risk associated with volatility in metals prices and stock exchange indices during the reporting period. More information is presented in the note 3.1 Assessment of the risk of impairment of production assets of KGHM Polska Miedź S.A. in the context of the market capitalisation of KGHM Polska Miedź S.A.

Impact on the fuels and energy carriers markets and on the availability of raw and other materials

Currently, the Group does not experience a significantly negative impact of volatility of supply chains on its business activities. It cannot be ruled out that the continuation of this armed conflict as well as the system of economic sanctions may have a significantly negative impact in subsequent periods on suppliers and customers of the Group and may lead to unfavourable deviations in the continuity of materials and services supply chains in the KGHM Polska Miedź S.A. Group as well as in the receipt of products, caused among others by logistical restrictions and the availability of materials, fuels and energy on international markets. Taking into consideration the continuity of supply of energy carriers (natural gas, coal, coke), at the present time, the KGHM Polska Miedź S.A. Group is fully capable of maintaining the continued operation of the core production business and of all production processes.

Impact on the activities of the Parent Entity and other companies of the Group

The geopolitical situation associated with the direct aggression of Russia on Ukraine and the implemented system of sanctions currently does not limit the operations of KGHM Polska Miedź S.A. or other companies of the Group, while the risk of interruptions to the operational continuity of the Company and the KGHM Polska Miedź S.A. Group in this regard continues to be considered as low.

The ongoing war in Ukraine and limited availability of Russian cathodes on European markets had been discounted by the market, and did not constitute an additional factor affecting the sales results of basic copper products in 2024. At the same time, the situation associated with the war in Ukraine is not a significant factor in shaping the demand for copper semi-finished products (ETP wire rod and OFE wire). In this product market, the good economic situation is mainly driven by significant investments related to the energy transformation in Europe.

In terms of the availability of capital and the level of debt, the Group holds no bank loans drawn from institutions threatened with sanctions.

In KGHM Polska Miedź S.A. as well as in all international mines of the KGHM Polska Miedź S.A. Group as well as in Sierra Gorda S.C.M., no production stoppages which would have been directly attributable to the war in Ukraine were recorded.

There have been no significant changes in the payment morality of customers, and therefore the inflow of receivables in the Parent Entity takes place without any major disturbances.

Preventive actions in the Group

The strategy of diversification of suppliers applied by the entire KGHM Polska Miedź S.A. Group and the use of alternative solutions effectively, at this point in time, mitigates the risk of interruptions in the supply chains of raw and other materials.

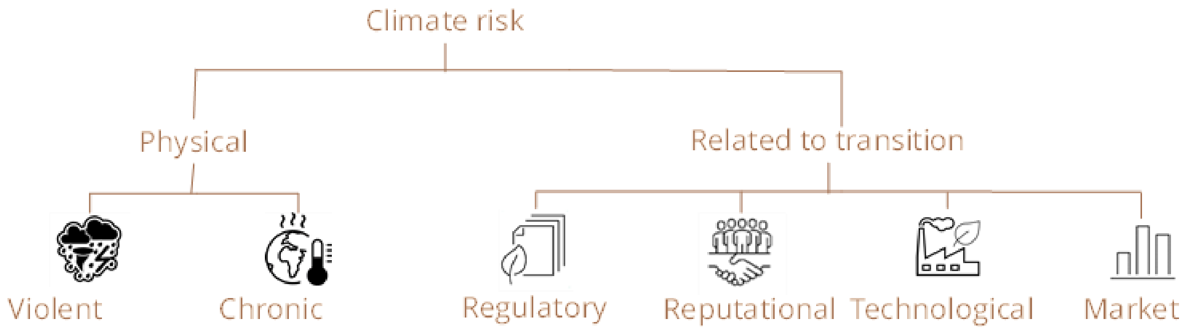
Due to the centralisation of the process of obtaining external financing for the entire Group's needs, the realisation of intra-group liquidity transfers is made using a debt instrument in the form of owner loans, which support the process of investment activities, and to support current activities the Group uses local and international cash pooling.

The Group continues to advance its investment projects in accordance with established schedules and therefore does not identify any increase in risk related to their continuation due to the war in Ukraine.

No significant, negative impact of the aforementioned factors has been recorded on the continued operations of the core production business, sales or continuity of the supply chain for materials and services yet. The Parent Entity continuously monitors the global economic situation in order to assess its potential negative impact on the KGHM Polska Miedź S.A. Group and to take preventive actions to mitigate this impact.

Note 1.3.3 Monitored areas – risks and hazards associated with the climate

The KGHM Polska Miedź S.A. Group (the KGHM Group) is a conscious and responsible participant in the energy transition, and considers adaptation to climate changes and the management of climate risk to be of key importance. The KGHM Group continuously evaluates the risk associated with the climate and the impact on its operations under the process of Corporate Risk Management of the KGHM Polska Miedź S.A. Group, which was described in more detail in the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2024, section 1.5 Risk Management/1.5.1 Corporate risk – key risks and risk factors and mitigation.
The negative impact of climate change on the activities of the KGHM Group is analysed using the classification presented below:



The KGHM Group is exposed to physical climate risk, arising from specific events, in particular related to violent and chronic weather phenomena resulting from changes in the climate, such as rainless days (droughts), strong/violent winds, increases in average daily temperature as well as permanent changes in weather patterns, which could impact the operations of the KGHM Group by, among others, through disruptions in the supply chain, the continuity of the core production business and an increase in operating costs directly related to the core business as well as through more difficult working conditions. The climate risk related to the transition, to which the KGHM Group is exposed, arises from the need to adapt the economy to gradual climate change. This risk category comprises questions related to legal requirements, technological progress towards a low-carbon economy and changes in demand and supply for certain products and services, whose production is associated with the climate risk as well as the growing expectations of stakeholders regarding the KGHM Group as to the reduction of its impact on the climate. A detailed description of identified, key climate risks associated with the negative impact of climate changes on the activities of the KGHM Group, including description of actions undertaken by the KGHM Group to mitigate their impact, is presented in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2024, section 1.5 Risk Management/1.5.1 Corporate risk – key risks and risk factors and mitigation.

Framework rules for identification and assessment of the impact of climate risk on financial and non-financial reporting of the Group were established in the KGHM Group. As part of the analyses carried out, in particular in the case of volatile costs of CO_2 emission allowances, the increase in costs of electricity purchase, costs associated with research and additional expenditures on development of internal energy sources, the following areas were subjected to detailed assessment:

- adopted periods of economic utility of fixed assets and their residual values,
- existence of indications of the possibility of impairment of property, plant and equipment and intangible assets and assumptions adopted for impairment testing of these assets,
- assumptions adopted for the measurement of loans granted,
- revaluation of the provision for future decommissioning costs of mines and other technological facilities,
- revaluation of provisions for additional costs of sales, selling costs and administrative expenses,
- liabilities and liabilities due to guarantees associated with potential fines and environmental penalties.

As a result of the aforementioned work, as at 31 December 2024 no material impact of climate risk on the aforementioned areas was identified.

Note 1.3.4 Monitored areas – impact of risk associated with activities in other countries

Within the KGHM Polska Miedź S.A. Group, a risk management process is realised, under which the current and future, actual and potential impact of risk on the Group's operations is assessed. In companies of the Group, including entities conducting business activities in countries other than Poland, the documents regulating this area are consistent with the ones in force within the Parent Entity. A detailed description of approach to the corporate risk management and key risk categories, including among others risks specific to the KGHM INTERNATIONAL LTD. Group, may be found in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2024, section 1.5 Risk Management. The key risk categories, which are characteristic due to diversified locations of production assets of the KGHM Polska Miedź S.A. Grout outside Poland, that is USA, Chile and Canada are presented below.

Key risk categories

The most significant risk categories related to conducting business activities in other countries which impact the Group's operations are:

- the regulatory environment specific for a given country,
- the geopolitical situation,
- cultural and social differences,
- the exchange risk (USD/CLP, USD/CAD),
- the specific location impacting the technical and production infrastructure,
- the risk associated with climate changes.

The Group continuously and in detail analyses factors influencing the increase in exposure to the aforementioned risk categories. Within KGHM Polska Miedź S.A., there is a dedicated organisational division responsible for, among others, supervision over international production and development assets.

Regulatory environment specific for a given country

One of the most complex aspects of global operations is ensuring conformity with Polish, European as well as local regulations in force in a given country/jurisdiction. Functioning in many legal systems requires not only the familiarisation with local regulations, but also the ability to adapt to dynamically changing requirements, and the lack of compliance with regulations may lead to sanctions, fines and negatively impact the Group's reputation, and in the worst case limit the activities of individual entities. The most important questions regarding the specifics of regulatory environment in diversified locations concern ensuring conformity with environmental requirements, labour law, taxation and associated with mine restoration and closure. These questions are characterised by being significantly different from the Polish and European legal system.

First of all, in order to mitigate, legislative changes are monitored, compliance with law in force is analysed and cooperation is ensured with specialised entities providing legal and consulting services. The above also aimed at enabling, in advance, the undertaking of actions necessary to obtain new or updating held administrative decisions.

Geopolitical situation

The geopolitical situation, which nowadays is characterised by a significant uncertainty, may have an impact on the Group's operations by, among others, potential changes on global markets, increased restrictions in customs policies, tightening economic sanctions and on-going armed conflicts. The following may serve as examples: the ongoing conflict in Ukraine, conflicts in the Middle East, unpredictable international and trade politics of USA.
One of the important aspects is the announced increase of tariffs on imports by USA (Mexico, Canada, China), which may have an impact on the European Union and global supply chains. Currently, it is hard to estimate the direct consequences of these actions due to their very early phase. At the same time, USA's scepticism towards questions related to the climate change and policies of the European Union towards the European Green Deal may be observed, which was reflected in, among others, USA's withdrawal from the Paris Agreement. The above may have an indirect impact on meeting the climate reporting obligations of the Group, including the realisation of goals of the Group's climate policy.

The Group continuously monitors the international economic situation in order to assess its potential negative impact on the KGHM Polska Miedź S.A. Group and to undertake actions mitigating this impact in advance.

Cultural and social differences

Cultural and social differences are an important aspect of conducting activities and have a significant impact on the manner in which a company functions, communication, team management and decision making. These elements may concern not only the Group's employees, but also broadly understood stakeholders. The above also has an impact on the availability of highly qualified personnel, which may differ depending on the location.

KGHM Polska Miedź S.A., as a company aware of the existing differences, takes care to adapt its actions in individual parts of the world to their local specifics. At the same time the Group actively supports the development of local communities and respects their culture by respecting rights of indigenous people (which is of particular importance in case of international companies of the Group). In order to secure the realisation of the company's strategic goals in terms of international assets, for many years the Group consistently invests in employee development while respecting their diversity. Human resources play a key role in development of all areas within the business model, contribute to the global position of the company and the Group supports local communities and closely cooperates with schools and academic communities.

Currency risk (USD/CLP, USD/CAD)

International assets of the KGHM Polska Miedź S.A. Group are exposed to the market risk associated with volatility of exchange rates, in particular of the USD/CLP and USD/CAD exchange rates.

More information on currency risk, including on principles and techniques of managing this risk may be found in these consolidated financial statements, note 7.5.1 Market risk and in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2024, section 1.5 Risk Management/1.5.1 Corporate risk – key risks and risk factors and mitigation and 1.5.4 Market, credit and liquidity risks.

Specific location impacting the technical and production infrastructure

International assets of the KGHM Polska Miedź S.A. Group are exposed to the risk associated with the specific location of individual production assets (e.g. desert areas). Risk factors concern, among others, the availability and maintenance of appropriate technical infrastructure (for example: access to water, energy sources, railway infrastructure/automotive infrastructure) or issues related to supply chain and availability of materials necessary for basic operations.
The strategy of diversifying suppliers, applied throughout the entire KGHM Polska Miedź S.A. Group and the application of alternative solutions is currently effective in mitigating the risk associated with disruptions in supply chains of resources and materials. In the case of infrastructure, it was designed while taking into account local conditions which may affect its availability, and operations are conducted pursuant to instructions and procedures in force, alongside a simultaneous realisation of inspections and maintenance work aimed at keeping individual elements at appropriate technical condition, including investments and modernisation work.

Risk associated with climate change

Exposure to risk associated with climate change may differ depending on the continent, or even a region, in which a given entity conducts its operations. Due to the above, in its approach to the management of climate risk the Group takes into account different factors and conditions due to the location, both in respect of violent and chronic physical risks.

More information on the impact of identified, key categories of climate risk associated with negative impact of climate change on the Group's operations, including factors specific for international entities, may be found in:

1) The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2024, in the following sections:
   - 1.5 Risk Management/1.5.1 Corporate risk – key risks and risk factors and mitigation,
   - 4 Sustainable development reporting/4.1 General information/4.1.1 [ESRS 2] General information disclosure/[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model,

2) the Note 1.3.3 of these consolidated financial statements: Monitored areas – risks and hazards associated with the climate.

Note 1.4 Declaration by the Management Board on the accuracy of the prepared financial statements

The Management Board of KGHM Polska Miedź S.A. declares that, according to its best judgement, the annual consolidated financial statements for 2024 and the comparative data have been prepared in accordance with accounting principles currently in force, and give a true, fair and clear view of the financial position of the KGHM Polska Miedź S.A. Group and the profit or loss for the period of the Group.

The Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2024 presents a true picture of the development and achievements, as well as the condition, of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group, including a description of the basic exposures and risks.

The consolidated financial statements were authorised for publication and signed by the Management Board of the Parent Entity on 25 March 2025.

Note 1.5 Basis of preparation and presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, on the basis of historical cost, except for financial instruments classified as measured at fair value and investment properties measured at fair value.

Accounting Policies

The accounting policies of the Group which apply to the consolidated financial statements as a whole, as well as significant estimates and their impact on amounts presented in the consolidated financial statements, are presented in the following note.

Topic	Accounting policies	Significant estimates and judgments
Consolidation principles	The consolidated financial statements include the financial statements of the Parent Entity and its subsidiaries. Subsidiaries are understood as being entities which are either directly controlled by the Parent Entity or indirectly through its subsidiaries. Obtaining control of a subsidiary, which is a business, is accounted for using the acquisition method. Subsidiaries are fully consolidated from the date on which control is obtained to the date on which control is lost. Balances, incomes, expenses and unrealised gains recognised in assets from intra-group transactions, are eliminated.	Determining whether the Parent Entity has control over a company requires an assessment as to whether it has rights to direct relevant activities of the company. Determining what constitutes relevant activities of the company and by which investor it is controlled requires a judgment. Among others, the following factors are taken into consideration when assessing the situation and determining the nature of relationships: voting rights, relative voting power, dilution of voting rights of other investors and their ability to appoint members of key management personnel or members of the supervisory board.

<table>
<tr>
<td>Fair value measurement</td>
<td>Fair value is the price that would be received from selling an asset or would be paid for a transfer of a liability in an orderly transaction between market participants at the measurement date. For financial reporting purposes, a fair value hierarchy was established that categorises the inputs into three levels:

Level 1 Value is based on inputs from active markets, as they are seen as the most reliable source of data.

Level 2 Value is based on inputs other than from active markets, which are nevertheless observable (unbiased, measurable).

Level 3 Value is based on unobservable inputs, used when appropriate observable input data is not available. Unobservable input data reflect assumptions that would be adopted by market participants in order to calculate the price of an asset or a liability, including risk assumptions.

Transfer between levels of the fair value hierarchy takes place if there is a change of sources of input data used for fair value measurement, such as:
• active market,
• lack of an active market, but there is observable data on the market,
• subjective input data.
It is acknowledged that transfers between levels of the fair value hierarchy take place at the end of the reporting period.</td>
<td>Fair value presents current estimates which may be subject to change in subsequent reporting periods due to market conditions or due to other factors. There are many methods of measuring fair value, which may result in differences in fair values.

Moreover, assumptions constituting the basis of fair value measurement may require estimating the changes in costs/prices over time, the discount rate, inflation rate or other significant variables.

Certain assumptions and estimates are necessary to determine to which level of fair value hierarchy a given instrument should be classified.</td>
</tr>
<tr>
<td>Financial statements of operations with a functional currency other than PLN</td>
<td>For purposes of preparing the consolidated financial statements in the presentation currency of the KGHM Polska Miedź S.A. Group, i.e. in PLN, individual items of financial statements of foreign operations whose functional currencies are other than PLN are translated in the following manner:
(i) assets and liabilities – at the closing rate, i.e. at the average exchange rate for that currency announced by the NBP at the end of the reporting period,
(ii) items of the statement of profit or loss, the statement of comprehensive income and the statement of cash flows - at the arithmetical average of average exchange rates announced for a given currency by the NBP at the end of each month of a given reporting period. If there is a significant volatility of exchange rates in a given period, revenues and costs in the statement of profit or loss and the statement of comprehensive income are translated using the exchange rates as at the transaction date.

Exchange differences from the translation of statements of operations with a functional currency other than PLN are recognised in other comprehensive income of a given period.</td>
<td>The consolidated financial statements are presented in PLN, which is also the functional currency of the Parent Entity and the Group's subsidiaries, with the exception of: the subsidiary Future 1 Sp. z o.o. and entities of the subgroup KGHM INTERNATIONAL LTD. in which mainly the US dollar (USD) is the functional currency.

The balance of exchange differences from the translation of statements of the aforementioned operations amounted to:
in 2024 – PLN 2 491 million,
in 2023 – PLN 2 476 million
(see Note 8.2.2 Changes of other equity items).</td>
</tr>
</table>

Foreign currency transactions and the measurement of items denominated in foreign currencies	At the moment of initial recognition, foreign currency transactions are translated into the functional currency: • at the average exchange rate prevailing on the date of conclusion of the transaction, where the exchange rate prevailing on the date of conclusion of the transaction is the average NBP exchange rate (for Group entities in which PLN is the functional currency) from the last working day preceding the transaction date in the case of conversion of currency sale and purchase transactions as well as of payments of receivables and liabilities on bank accounts in a currency of the transaction (including in the measurement of transactions involving the receipt, granting or repayment of borrowings) and for recognition of other transactions (including sales and purchases), • at the actual exchange rate applied, i.e. at the buy or sell exchange rate applied by the bank in which the transaction occurs, in the case of the sale or purchase of currencies and the payment of receivables or liabilities on a bank account in a currency other than the operation currency. At the end of each reporting period, foreign currency monetary items are translated at the closing rate prevailing on that date. Foreign exchange gains or losses on the settlement of foreign currency transactions, and on the measurement of foreign currency monetary assets and liabilities (other than derivatives), are recognised in profit or loss. Foreign exchange gains or losses on the measurement of foreign currency derivatives are recognised in profit or loss as a fair value measurement, provided they do not represent a change in the fair value of the effective cash flow hedge. In such a case, they are recognised in other comprehensive income in accordance with hedge accounting policies. Foreign exchange gains or losses on non-monetary items, such as equity instruments classified as financial assets measured at fair value through other comprehensive income, are recognised in other comprehensive income and are presented in measurement at fair value. Foreign exchange gains or losses on monetary items measured at fair value through profit or loss (e.g. loans granted measured at fair value) are recognised as a part of the fair value measurement.	-

As compared to the reporting period ended on 31 December 2023, there were no significant changes to the estimation methods. Changes in estimates as at 31 December 2024 as compared to the aforementioned period arise from changes in assumptions as a result of changes in business circumstances and/or other variables.

For a greater understanding of the data recognised in these consolidated financial statements, individual detailed notes contain important information on the accounting policies and important estimates, assumptions and judgments, pursuant to the information presented in the table below.

in PLN millions, unless otherwise stated

Note	Title	Amount recognised in the financial statements		Accounting policies	Important estimates, assumptions and judgements
		2024	2023		
2.3	Revenues from contracts with customers	35 320	33 467	X	X
3	Impairment of assets	(400)	(4 482)		X
5.1	Income tax in the statement of profit or loss	(1 738)	(91)	X	
5.1.1	Deferred income tax in the period	(551)	466	X	X
5.3	Tax assets	453	985	X	
5.3	Tax liabilities	(1 049)	(611)	X	
6.1	Joint ventures accounted for using the equity method	-	-	X	X
6.2	Loans granted to a joint venture	9 800	9 096	X	X
7.2	Derivatives	192	292	X	X
7.3	Other financial instruments measured at fair value	883	905	X	X
7.4	Other financial instruments measured at amortised cost	557	475	X	X
8.2	Equity attributable to shareholders of the Parent Entity	(30 990)	(28 565)	X	
8.4	Borrowings	(6 171)	(5 725)	X	
8.5	Cash and cash equivalents	715	1 729	X	
8.6	Labilities due to guarantees granted	(1 373)	(1 389)	X	X
9.1	Mining and metallurgical property, plant and equipment and intangible assets	26 880	23 495	X	X
9.2	Other property, plant and equipment and intangible assets	3 300	3 254	X	
9.4	Provisions for decommissioning costs of mines and other facilities*	(2 128)	(1 974)	X	X
9.7	Lease disclosures – the Group as a lessee	666	704	X	X
9.8	Greenhouse gas emissions allowances	589	882	X	
10.1	Inventories	8 063	8 425	X	X
10.1.1	Property rights arising from certificates of origin of energy from renewable sources and from energy efficiency	11	40	X	
10.2	Trade receivables	1 345	932	X	
10.3	Trade and other payables	(5 327)	(6 385)	X	X
10.4	Changes in working capital	(875)	3 801	X	X
11.1	Employee benefits liabilities	(4 803)	(4 826)	X	X
12.3	Other assets	960	957	X	
12.4	Other liabilities	(1 458)	(1 939)	X	

* *Current provisions for decommissioning costs of mines and other technological facilities are recognised in the statement of financial position, in the item Provisions for liabilities and other charges.*

The accounting policies described in this note and in individual notes were applied by the Group in a continuous manner to all presented periods.

Note 1.6 Impact of new and amended standards and interpretations

Amendments to standards applied for the first time in the consolidated financial statements for 2024:

- **Amendments to IFRS 16 Leases** on lease liabilities in a sale and leaseback, effective on or after 1 January 2024,
- **Amendments to IAS 1 Presentation of financial statements** on:
  - classification of liabilities as current or non-current (including changes due to deferral of effective date), effective on or after 1 January 2024, and
  - non-current liabilities associated with covenants, effective on or after 1 January 2024,
- **Amendments to IAS 7 and IFRS 7** on disclosure requirements regarding supplier finance arrangements, effective on or after 1 January 2024.

Up to the date of publication of these consolidated financial statements, the aforementioned amendments to the standards were adopted for use by the European Union.

In the Group's opinion, the aforementioned amendments to the standards:

- **IFRS 16** do not have an impact on these consolidated financial statements or on the comparable period,
- **IAS 1** do not have an impact on the current classification of liabilities due to borrowing, since the Group presents these liabilities in a manner similar to new requirements, that is during the classification of liabilities as non-current or current, it adheres to contractual maturity dates and classifies liabilities as non-current only if, at the reporting date, the Group has the right to defer settlement of a liability for over 12 months after the reporting date and at the same time the potential Group's intent as to the early repayment does not have an impact on this classification.
- **IAS 1** on disclosure of information on non-current liabilities with covenants, in particular whose conditions have to be met by an entity after the reporting date, and which refer to the rights of an entity to defer settlement of a liability by at least twelve months from the end of the reporting period, do not have an impact on the classification of liabilities of the Group as current or non-current as at the end of the reporting period. On the basis of bank loan agreements held, the Group is obliged to maintain a certain level of covenants at the end of the half-year and annual reporting periods. Disclosures regarding covenants and related obligations are presented in Part 8 of these consolidated financial statements.
- **IAS 7 and IFRS 7** on disclosure requirements regarding supplier finance arrangements, were included in these consolidated financial statements as part of the information disclosed on reverse factoring utilised in the Group in notes: 8.3 Liquidity management policy, 10.3 Trade and other payables and 10.4 Changes in working capital. The scope of disclosed information did not significantly increase as compared to information presented in prior years on the impact of the reverse factoring mechanism applied in the Group on consolidated financial statements.

However, the Group points out that in order to adjust to nomenclature used to describe supplier finance arrangements applied in the amended IAS 7 and IFRS 7, it resolved to replace the current description of the item used in the financial statements from "faktoring dłużny (reverse factoring)" to „mechanizm faktoringu odwrotnego (reverse factoring mechanism)" or "faktoring odwrotny (reverse factoring)" and slightly adjusted the description of the item in the statement of financial position, in which trade payables subject to supplier finance arrangements are presented, to: "Trade and other payables" (previously: "Trade and similar payables"), and trade payables subject to reverse factoring are presented in the category "other". The Group emphasises that the aforementioned changes do not have an impact on principles of operation of this factoring or on the management of working capital or liquidity by the Group.

In addition, in terms of the decision of the International Financial Reporting Interpretations Committee (IFRIC) of July 2024 on Disclosure of Revenues and Expenses for Reportable Segments, as a result of which entities should verify the adequacy of the information disclosed within the reportable segments in relation to the requirements of IFRS 8 and IAS 1 in the context of the scope and nature of the business activities conducted, the Group, after performed verification, slightly corrected the scope of disclosures in Note 2.2 by extending the disclosure by the amount of costs of sales, selling costs and administrative expenses.

Note 1.7 Published standards and interpretations, which are not yet in force and were not applied earlier by the Group

Published standards and interpretations which are not yet in force, adopted for use by the European Union:

- **Amendments to IAS 21 – the Effects of changes in foreign exchange rates,** on how to approach the issue of assessment as to whether a given currency is exchangeable and how to determine a spot exchange rate if it is not exchangeable, effective on or after 1 January 2025.

Published standards and interpretations which are not yet in force, awaiting the adoption for use by the European Union:

- **IFRS 14 Regulatory deferral accounts,** effective on or after 1 January 2016, however the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IFRS 10 and IAS 28** on the sale or contribution of assets between an Investor and its associate or joint venture (date of entry into force was postponed indefinitely by IASB),
- **The new standard IFRS 18 Presentation and disclosure in financial statements,** effective on or after 1 January 2027. IFRS 18 will replace IAS 1 Presentation of financial statements. The aim of the new standard is to improve the usefulness of the information presented in financial statements by providing investors with more transparent and comparable information on companies' financial results. IFRS 18 retains a significant amount of requirements transferred from IAS 1, and simultaneously introduces significant changes to the structure of the statement of profit or loss, disclosure of information on management-defined performance measures and rearrangement of selected nomenclature, by defining the so-called primary statements, in which the entity presents financial data and accompanying notes disclosing supplementary information to primary statements.

  In the case of the statement of profit or loss, entities will be obliged to classify their income and expenses recognised in the statement of profit or loss to one of the following five categories: operating, investing, financing, income taxes and discontinued operations. While IFRS 18 indicates which revenues and costs should be presented by entities in investing, financing, income taxes and discontinued operations categories, the operating category is a residual category, in which, first of all, income and expenses arising from entity's main business activities and the income and expenses which could not be presented within other categories. Moreover, this standard introduces three obligatory subtotals in the statement of profit or loss: operating profit or loss, profit or loss before financing and income taxes and profit or loss.

  The next significant area of changes to IFRS 18 concerns disclosure of information on management-defined performance measures. Currently, many entities use individualised performance measures defined by the management, which are not required by the IFRS accounting standards. IFRS 18 requires the disclosure of information on performance measures in a separate note and introduces new regulations on management-defined performance measures and defines them as appropriately aggregated items of income and expenses, which meet all of the following criteria:
  (i) are used in public communications outside financial statements, such as comments of the management board, press releases and investor presentations,
  (ii) are used to communicate to investors management's view of an aspect of the financial performance of the entity as a whole,
  (iii) are not listed in IFRS 18 (e.g. as subtotals) or specifically required by other IFRSs.

The introduction of IFRS 18 will have an impact on the Group's consolidated financial statements, in particular by introducing a new structure of the statement of profit or loss, that is a division of income and expenses on categories and presentation of certain subtotals. In the case of introduced categories, some items which are currently presented in other operating costs/income will be transferred to the investing category, which currently does not exist in the statement of profit or loss. These will be mainly income and costs generated by items such as loans granted, investment properties, deposited cash and involvement in a joint venture. In the Group's opinion, division by new categories will not have a significant impact on items classified to the financing category, since the requirements of IFRS 18 in this regard are in line with current rules of classification applied by the Group.

Moreover, in the Group's preliminary opinion, the performance measure currently disclosed by the Group and not defined by IFRSs, that is adjusted EBITDA, will meet the criteria of a management-defined performance measure pursuant to IFRS 18. As a result of publication of IFRS 18, other standards will also change significantly, among others: IAS 7, IAS 8.

Pursuant to the amended IAS 7, in the cash flow statement, operating profit/loss subtotal will be the starting point for reporting cash flows from operating activities using the indirect method rather than the current profit before income tax. It will have an impact on the categories of items recognised in cash flow from operating activities which adjust the output item. The amended IAS 7 will also remove the presentation alternatives for interest and dividend cash flows, which under the amended IAS 7 may be presented only in investing or financing categories, respectively. Moreover, IAS 7 indicates that interest paid that have been capitalised at initial value of fixed assets will be presented by entities in cash flows from financing activities. Currently, the Group recognises this interest in investing activities.

The scope of IAS 8 will be broadened by elements transferred from IAS 1 on general features of financial statements (that is: fair presentation, going concern, accrual basis of accounting (paragraphs 17-28 of IAS 1), and disclosure of accounting principles (policies), subjective judgments and sources of estimation uncertainty (paragraphs 117, 117A-117E, 122-133 of IAS 1). As a result of broadening the scope of IAS 8, its name was changed to *Basis of Preparation of Financial Statements.* The amendment to IAS 8 will not have an impact on the consolidated financial statements of the Group.

In the Group's opinion, the application of IFRS 18 will have a significant impact on the structure of the statement of profit or loss and on the statement of cash flows presented in the consolidated financial statements of the Group.

- **The new standard IFRS 19 Subsidiaries without public accountability: disclosures**, effective on or after 1 January 2027. The scope of this standard introduces requirements on limited disclosure of information in financial statements prepared pursuant to IFRSs and is dedicated to related parties which do not have public accountability and whose parent entity (intermediate or ultimate) publish consolidated financial statements pursuant to IFRSs (these are the so-called qualifying subsidiaries). The limitation of disclosures as compared to full disclosures required by individual IFRSs and their Interpretations is aimed at simplifying the reporting system and procedures associated with it, which in turn should result in lowering costs of preparing financial statements pursuant to IFRSs as well as contribute to disclosure of information more adequate to the scope of activities of a given qualifying associate, while keeping a sufficient level of utility of reports for their users At the same time, entities applying IFRS 19 should continue to fully apply other requirements of individual IFRSs, in particular in the scope of recognition, classification, measurement and presentation. IFRS 19 defines an entity with public accountability as an entity whose debt or equity instruments are traded in a public market (domestic or international), as well as in Over-The-Counter market, whether locally or regionally. The application of IFRS 19 by qualifying associates will be voluntary and will not have an impact on the Group's consolidated financial statements, because the Group does not meet the criterion of an entity without public accountability.

- **Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments**, effective on or after 1 January 2026. As a result of conducting a post-implementation review of the application of IFRS 9 *Financial Instruments* by the International Accounting Standards Board, the Board published amendments to IFRS 9 and IFRS 7 on:
  - classification of financial instruments (mainly loans granted) associated with ESG features, that is the interest of which is dependent on climate, environmental or social factors. The objective of the amendment to IFRS 9 is the elimination of discrepancies in approach of entities to the measurement of these instruments, that is whether to measure at amortised cost or at fair value (SPPI test). The amendment to IFRS 9 will not have an impact on the consolidated financial statements of the Group, since the Group does not have any such instruments.
  - principles of derecognition of a liability, when it is settled in cash using an electronic payment system. In 2021, the IFRS Interpretations Committee confirmed that in principle, an entity should derecognise financial liabilities and financial assets as at the date of settlement. This approach and current principles on derecognition of financial assets and liabilities described in IFRS 9 remain in force. However, due to problems raised by some stakeholders with adjustment to this requirement in terms of derecognition of financial liabilities regulated by electronic payment systems, the International Accounting Standards Board decided to permit an entity to apply a voluntary exception regarding the cancellation of financial liabilities, what gives a possibility to deem a financial liability to be discharged earlier, that is before the settlement date if the entity has initiated a payment instruction and the following conditions have been met:
    (a) the entity has no practical ability to withdraw, stop or cancel the payment instruction,
    (b) the entity has no practical ability to access the cash to be used for settlement as a result of the payment instruction, and
    (c) the settlement risk associated with the electronic payment system is insignificant (refers to the risk that a transaction will not be successfully settled).

  If this voluntary exception is chosen, the adopted solutions should be applied consequently to all settlements made using the same electronic payment system.
  Simultaneously, no such exception was introduced in relation to the settlement of receivables using electronic payment systems, therefore, receivables will be cancelled from the balance sheet only at the moment of cash inflow on the bank account of the Group entity.

  The Group derecognises financial liabilities that are settled in cash using an electronic payment system at the date of settlement, and receivables after receiving cash on the bank account of the Group entity, therefore the above changes will not affect the consolidated financial statements of the Group.

- introduction of additional information disclosure requirements to IFRS 7 paragraph 11A on equity instruments designated at fair value through other comprehensive income, by limiting the disclosure of fair value of each such investment at the end of the reporting period and simultaneous introduction of a requirement to disclose the change in fair value during the reporting period. The Group holds such instruments and will appropriately adjust the scope of disclosure to amended requirements.

- **Annual improvements to IFRS Accounting Standards –volume 11**, effective on or after 1 January 2026. As part of slight amendments, mainly of a clarificatory nature, changes were introduced to:
  - IFRS 1 First-time adoption of International Financial Reporting Standards, on retrospective designation of currently applied hedge accounting. This change will not have an impact on the Group.
  - IFRS 7 Financial Instruments: Disclosures, in paragraph B38 on gain or loss on derecognition, an erroneous reference was corrected and three amendments were introduced to IFRS 7 Implementation Guidance, that is in Introduction it was explained that Guidance on Implementing does not illustrate all the aspects of the application of IFRS 7; in case of disclosure on credit risk, editing of paragraph IG20B was corrected with no impact on the current wording; under the amendment to paragraph IG14 it was indicated that if, at the moment of initial recognition of an acquired asset for which an active market does not exist, there is a difference between its fair value calculated using the measurement techniques and the transaction price, this difference will be settled in subsequent periods in accordance with IFRS 9 guidelines and the appropriate accounting policy, which should be subsequently disclosed in the financial statements. Amendments to IFRS 7 will not have a significant impact on the consolidated financial statements of the Group.
  - IFRS 9 *Financial Instruments*, introducing the following amendments: in the case of derecognition of lease liabilities, in paragraph 2.1b(ii) a reference was added to paragraph 3.3.3 IFRS 9 and paragraph 5.1.3 on measurement, at the initial recognition, of trade receivables that do not contain a significant financing component, wording that they should be recognised at transaction price as defined in IFRS 15 was replaced by wording that they should be recognised at the amount determined by applying IFRS 15. Amendments to IFRS 9 will not have a significant impact on the consolidated financial statements of the Group.
  - IFRS 10 *Consolidated financial statements*, in paragraph B74, correcting wording that in certain situations could hinder the correct application of paragraph B73 on the basis of which, an entity being an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf, i.e. they are "de facto agents". Amendments to IFRS 10 will not have a significant impact on the consolidated financial statements of the Group.
  - IAS 7 *Statement of cash flows*, in paragraph 37, on accounting for an investment in a subsidiary, an associate or a joint venture, word "method" after "cost" was deleted, since the phrase "at cost method" is no longer used in IFRS accounting standards, and in return word "method" was added after the "equity", and therefore there are now two phrases used: "the equity method" and "at cost". The amendment to IAS 7 will not have an impact on the consolidated financial statements of the Group.
- **Amendments to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity**, effective on or after 1 January 2026. Amendments concern contracts, which expose the entity (purchaser of electricity) to variability in the underlying amount of electricity because the electricity is generated from a source dependent on uncontrollable natural conditions (such as wind and sun). Introduced changes concern:
  - explanation of application of requirements concerning the purchase of electricity "for own use", on the basis of which it is possible to exempt contracts for the purchase of renewable electricity from the scope of IFRS 9,
  - permission to apply hedge accounting if contracts referencing nature-dependent electricity are used as hedging instruments, and
  - an addition to IFRS 7 of new requirements on disclosure of information to enable investors to understand the impact of these contracts on financial results and cash flows of an entity.

  Amendments to IFRS 9 and IFRS 7 will not have a significant impact on the consolidated financial statements of the Group, since the Group does not have PPA – type agreements (Power Purchase Agreement) on the purchase of electricity from RES outside of the Group.

The Group intends to apply all of the aforementioned amendments at their entry into force. In the scope of impact of amendments to standards that were not described in detail in the information provided above, in the Group's opinion, amendments to the standards will be applicable to its activities in the scope of future economic operations, transactions or other events, towards which the amendments to the standards are applicable.

Impact of the international tax system reform – pillar 2 of the BEPS 2.0 project

Pillar 2 of the BEPS 2.0 project introduces a general framework of the global minimum tax, adopted during the forum of the Organisation for Economic Cooperation and Development (OECD, hereafter: OECD Framework). In the case of member states of the European Union, the first stage of implementation of new rules was the adoption of the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union (hereafter: the Directive). The Directive obliges the individual member states to implement rules of the Directive to their domestic legal systems, in accordance with legislative rules in force in individual states.

In the case of Poland, the regulations of the Directive were implemented to the Polish legal system by the Act of 6 November 2024 on top-up taxation of individual companies of international and Polish groups. The Polish legal regulations, which put obligations directly on liable entities, came into force on 1 January 2025 (for all three top-up taxes, that is a global top-up tax, Polish top-up tax and a top-up tax on undertaxed profits) with an option for voluntary application from 1 January 2024 (in the case of the global top-up tax and the Polish top-up tax), but KGHM Polska Miedź S.A. will not voluntarily apply these regulations from 1 January 2024.
The Polish act is based on OECD Model Rules of 2021 and the EU Directive of 2022 and incorporates provisions of OECD Administrative Guidance on the application of regulations on the BEPS 2.0 reform, which were published in 2023. The analysis of the OECD Framework, the Directive and the act leads to the conclusion that the Company KGHM Polska Miedź S.A., as a so-called MNE (multinational enterprise), will be obliged to report a specific level of the tax rate of subsidiaries at the level of individual jurisdictions.

The Group continuously monitors progress of the legislative work aimed at implementation of the rules of the reform of pillar 2 of the BEPS 2.0 project in all jurisdictions in which subsidiaries of the Group operate, and analyses their potential impact on the Company and the Group. As at the date of publication of these consolidated financial statements of the Group, regulations on the global and domestic top-up tax were implemented in several jurisdictions in which the Group operates, such as Canada, Luxembourg, the United Kingdom, Germany and Poland.

While the rules of the Directive should encompass the year 2024, the OECD Framework includes a transitional period, which postpones the obligations in this regard by 3 subsequent years. Based on an analysis of the assumptions stipulated in transitional rules, it is expected that the Group will be able to use them in all jurisdictions. In accordance with IAS 12 paragraph 88A, the Group has applied an exception that allows not to recognise deferred tax assets and liabilities related to income taxes of pillar 2 and not to disclose information about these assets and liabilities. In connection with the Group's use of safe harbours for 2024, these consolidated financial statements do not contain any amounts arising from the reform of the international tax system – pillar 2 and the Group does not have to pay the top-up tax for 2024.
As regards the assessment of the Group's future exposure to the risk of payment of top-up tax, the Group will be required to pay the top-up tax for the years 2025 and 2026 if the conditions of maintaining the exemption under the temporary safe harbours for these periods are not met and if in any of the jurisdictions, in which the Group is present, the effective tax rate, calculated in accordance with the BEPS (Base erosion and profit shifting) rules, is below 15%. In the years following 2026, the Group will be obliged to pay the top-up tax if in any of the jurisdictions, in which the Group is present, the effective tax rate, calculated in accordance with the BEPS rules, is below 15%. Since the Group's entities are generally located in high-tax jurisdictions, according to the Group's current assessment, the probability of paying the top-up tax in the future is assessed as low.

Part 2 – Information on segments and revenues

Note 2.1 Operating segments

The operating segments identified in the KGHM Polska Miedź S.A. Group reflect the structure of the Group, the manner in which the Group and its individual entities are managed and the regular reporting to the Parent Entity's Management Board.

Based on the aggregation of operating segments and taking into account the criteria stipulated in IFRS 8, the following reporting segments are currently identified within the KGHM Polska Miedź S.A. Group:

Reporting segment	Operating segments aggregated in a given reporting segment	Indications of similarity of economic characteristics of segments, taken into account in aggregations
KGHM Polska Miedź S.A.	KGHM Polska Miedź S.A.	Not applicable (it is a single operating and reporting segment)
KGHM INTERNATIONAL LTD.	Companies of the KGHM INTERNATIONAL LTD. Group, in which the following mines, deposits or mining areas and mining enterprises constitute operating segments: Sudbury Basin (held for sale), Robinson, Carlota, DMC, Victoria and Ajax projects.	Operating segments within the KGHM INTERNATIONAL LTD. Group are located in North and South America. The Management Board analyses the results of the following operating segments: Sudbury Basin (held for sale), Robinson, Carlota, Victoria and Ajax projects and other. In addition, the Management Board receives and analyses reports on the whole KGHM INTERNATIONAL LTD. Group. Operating segments are engaged in the exploration and mining of copper, molybdenum, silver, gold, nickel, platinum and palladium deposits. The operating segments were aggregated based on the similarity of long term margins achieved by individual segments, and the similarity of products, processes and production methods.
Sierra Gorda S.C.M.	Sierra Gorda S.C.M. (joint venture)	Not applicable (it is a single operating and reporting segment)
Other segments	This item includes other Group companies (every individual company is a separate operating segment).	Aggregation was carried out as a result of not meeting the criteria necessitating the identification of a separate additional reporting segment.

The following companies were not included in any of the aforementioned segments:

- Future 1 Sp. z o.o., which acts as a holding company with respect to the KGHM INTERNATIONAL LTD. Group,
- Future 3 Sp. z o.o., Future 4 Sp. z o.o., Future 5 Sp. z o.o., which operate in the structure related to the establishment of a Tax Group.

These companies do not conduct operating activities which could impact the results achieved by individual segments, and as a result their inclusion could distort the data presented in this part of the consolidated financial statements due to significant settlements with other Group companies.

Each of the segments KGHM Polska Miedź S.A., KGHM INTERNATIONAL LTD. and Sierra Gorda S.C.M. have their own Management Board, which reports the results of their business activities to the Management Board of the Parent Entity.

The segment KGHM Polska Miedź S.A. is composed only of the Parent Entity, and the segment Sierra Gorda S.C.M. is composed only of the joint venture Sierra Gorda S.C.M. Other companies of the KGHM Polska Miedź S.A. Group are presented below by segment: KGHM INTERNATIONAL LTD. and Other segments.

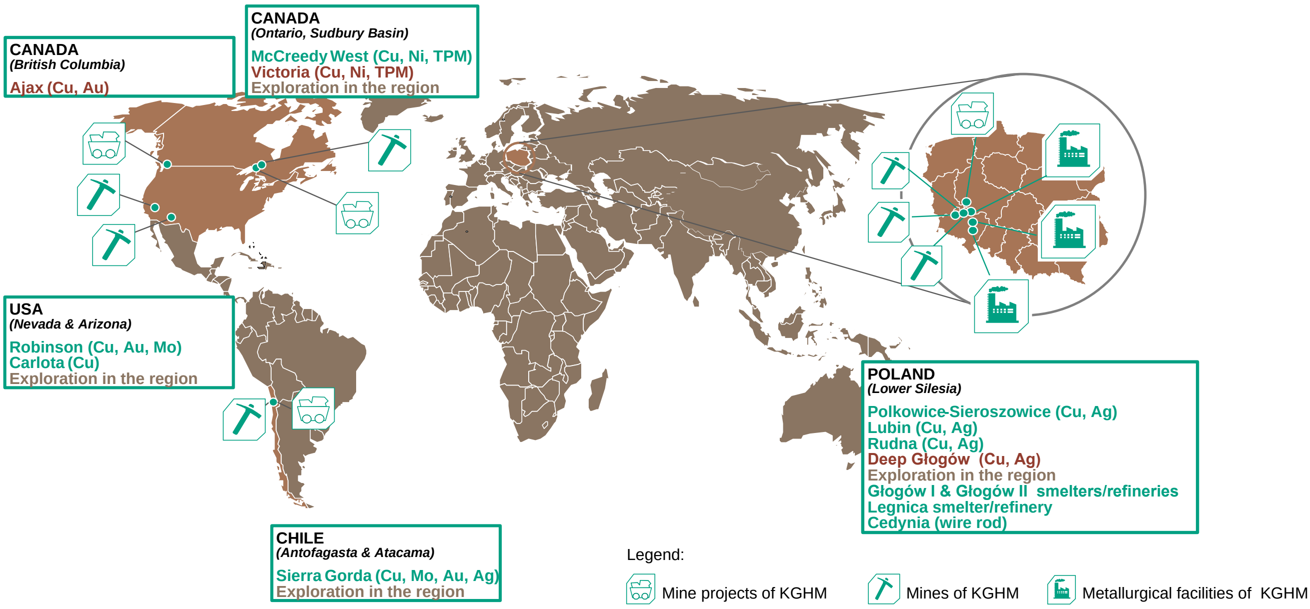
in PLN millions, unless otherwise stated

The SEGMENT KGHM INTERNATIONAL LTD.	
Location	**Company**
The United States of America	Carlota Copper Company, Carlota Holdings Company, DMC Mining Services Corporation, FNX Mining Company USA Inc., Robinson Holdings (USA) Ltd., Robinson Nevada Mining Company, Wendover Bulk Transhipment Company
Chile	Aguas de la Sierra Limitada, Minera Carrizalillo SpA, KGHM Chile SpA, Quadra FNX Holdings Chile Limitada, DMC Mining Services Chile SpA
Canada	KGHM INTERNATIONAL LTD., 0899196 B.C. Ltd., Centenario Holdings Ltd., DMC Mining Services Ltd., FNX Mining Company Inc., FRANKE HOLDINGS LTD., KGHM AJAX MINING INC., KGHMI HOLDINGS LTD., Quadra FNX Holdings Partnership, Sugarloaf Ranches Ltd., Project Nikolas Company INC.
Mexico	DMC Mining Services Mexico, S.A. de C.V.
Colombia	DMC Mining Services Colombia SAS
The United Kingdom	DMC Mining Services (UK) Ltd.
Luxembourg	Quadra FNX FFI S.à r.l.

OTHER SEGMENTS	
Type of activity	**Company**
Support of the core business	BIPROMET S.A., CBJ sp. z o.o., „Energetyka” sp. z o.o., INOVA Spółka z o.o., KGHM CUPRUM sp. z o.o. – CBR**, KGHM ZANAM S.A., KGHM Metraco S.A., PeBeKa S.A., POL-MIEDŹ TRANS Sp. z o.o., WPEC w Legnicy S.A.
Sanatorium-healing and hotel services	Uzdrowiska Kłodzkie S.A. - Grupa PGU, Uzdrowisko Cieplice Sp. z o.o. - Grupa PGU, Uzdrowisko Połczyn Grupa PGU S.A., Uzdrowisko Świeradów - Czerniawa Sp. z o.o. – Grupa PGU
Investment funds, financing activities	Fundusz Hotele 01 Sp. z o.o.***, Fundusz Hotele 01 Sp. z o.o. S.K.A.***, Polska Grupa Uzdrowisk sp. z o.o.***
Other activities	CENTROZŁOM WROCŁAW S.A., CUPRUM Development sp. z o.o., KGHM (SHANGHAI) COPPER TRADING CO., LTD., KGHM Kupfer AG i L., MERCUS Logistyka sp. z o.o., MIEDZIOWE CENTRUM ZDROWIA S.A., NITROERG S.A., NITROERG SERWIS Sp. z o.o., PHU "Lubinpex" Sp. z o.o., PMT LK Sp. z o.o., Walcownia Metali Nieżelaznych "ŁABĘDY" S.A., Zagłębie Lubin S.A., OOO ZANAM VOSTOK, KGHM Centrum Analityki Sp. z o.o.**, Invest PV 7 Sp. z o.o., Invest PV 40 Sp. z o.o.*, Invest PV 58 Sp. z o.o.*, Invest PV 59 Sp. z o.o.*

** Entities acquired on 29 February 2024 (Note 1.2)*
*** Entities merged on 30 September 2024 (Note 1.2).*
**** Entities merged on 2 December 2024 (Note 1.2).*

Location of mining assets of the KGHM Polska Miedź S.A. Group



The Parent Entity and the KGHM INTERNATIONAL LTD. Group (a subgroup) have a fundamental impact on the assets and the generation of revenues in the KGHM Polska Miedź S.A. Group. The activities of KGHM Polska Miedź S.A. are concentrated on the mining industry in Poland, while those of the KGHM INTERNATIONAL LTD. Group are concentrated on the mining industry in the countries of North and South America. The profile of activities of the majority of the remaining subsidiaries of the KGHM Polska Miedź S.A. Group differs from the main profile of the Parent Entity's activities.
The Parent Entity's Management Board monitors the operating results of individual segments in order to make decisions on allocating the Group's resources and to assess the financial results achieved.
Financial data prepared for management reporting purposes is based on the same accounting policies as those applied when preparing the consolidated financial statements of the Group, while the financial data of individual reporting segments constitutes the amounts presented in appropriate financial statements prior to consolidation adjustments at the level of the KGHM Polska Miedź S.A. Group, i.e.:

- The segment KGHM Polska Miedź S.A. – comprises data from the separate financial statements of the Parent Entity prepared in accordance with IFRSs. In the separate financial statements, investments in subsidiaries (including indirect interest in KGHM INTERNATIONAL LTD.) are measured at cost, including impairment losses,
- The segment KGHM INTERNATIONAL LTD. – comprises consolidated data of the KGHM INTERNATIONAL LTD. Group prepared in accordance with IFRSs. The involvement in Sierra Gorda S.C.M. is accounted for using the equity method,
- The segment Sierra Gorda S.C.M. – comprises the 55% share of assets, liabilities, revenues and costs of this venture presented in the financial statements of Sierra Gorda S.C.M. prepared in accordance with IFRSs,
- Other segments – comprises aggregated data of individual subsidiaries after excluding transactions and balances between them.

The Management Board of the Parent Entity assesses a segment's performance based on adjusted EBITDA and the profit or loss for the period.

The Group defines adjusted EBITDA as profit/loss for the period pursuant to IFRS, excluding taxes (current and deferred income tax as well as the mining tax), finance income and costs, other operating income and costs, profit or loss on involvement in joint ventures, depreciation/amortisation recognised in expenses by nature, recognition/reversal of impairment losses on property, plant and equipment and intangible assets included in the cost of sales, selling costs and administrative expenses.

Since adjusted EBITDA is not a measure defined by IFRS, it is not a standardised measure and therefore its method of calculation may vary between entities, and consequently the presentation and calculation of adjusted EBITDA applied by the Group may not be comparable to that applied by other market entities.

Revenues from transactions with external entities and inter-segment transactions are carried out at arm's length. Eliminations of mutual settlements, revenues and costs between segments were presented in the item "Consolidation adjustments".

Unallocated assets and liabilities concern companies which have not been allocated to any segment. Assets which have not been allocated to the segments comprise cash and trade receivables. Liabilities which have not been allocated to the segments comprise trade liabilities and deferred tax liabilities.

Note 2.2 Financial results of reporting segments

		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data: Elimination of data of the segment Sierra Gorda S.C.M	Reconciliation items to consolidated data: Consolidation adjustments****	Consolidated financial statements
		from 1 January 2024 to 31 December 2024						
Note 2.3	**Revenues from contracts with customers, of which:**	**29 894**	**3 394**	**3 556**	**12 910**	**(3 556)**	**(10 878)**	**35 320**
	- inter-segment	679	16	-	10 199	-	(10 878)	16
	- external	29 215	3 378	3 556	2 711	(3 556)	-	35 304
	Cost of sales, selling costs and administrative expenses	(27 038)	(2 398)	(2 529)	(12 908)	2 529	10 791	(31 553)
	Segment result – profit/(loss) for the period	**2 788**	**1 283**	**218**	**(50)**	**(218)**	**(1 151)**	**2 870**
	Additional information on significant revenues/costs items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(1 607)	(674)	(850)	(258)	850	26	(2 513)
	(Recognition)/reversal of impairment losses on non-current assets, including:	1 075	244	-	(216)	-	(1 115)	(12)
	reversal of impairment losses on investments in subsidiaries	1 169	-	-	-	-	(1 169)	-
	(recognition)/reversal of allowances for impairment of loans granted	(89)	226	-	-	-	89	226
		As at 31 December 2024						
	Segment assets	**50 405**	**16 422**	**14 245**	**6 889**	**(14 245)**	**(19 824)**	**53 892**
	Liabilities, including:	**19 251**	**19 990**	**13 742**	**3 848**	**(13 742)**	**(20 255)**	**22 834**
	Segment liabilities	19 251	19 990	13 742	3 848	(13 742)	(20 478)	22 611
	Liabilities unallocated to segments	-	-	-	-	-	223	223
	Other information	from 1 January 2024 to 31 December 2024						
	Cash expenditures on property, plant and equipment and intangible assets – cash flows	3 635	1 636	1 123	505	(1 123)	79	5 855
	Production and cost data	from 1 January 2024 to 31 December 2024						
	Payable copper (kt)	588.7	60.5	80.5				
	Molybdenum (million pounds)	-	0.1	3.3				
	Silver (t)	1 316.3	1.0	23.3				
	TPM (koz t)	86.8	53.5	33.1				
	C1 cash cost of producing copper in concentrate (USD/lb)**	3.07	1.52	1.60				
	Segment result - adjusted EBITDA	**4 463**	**1 643**	**1 877**	**474**	**-**	**-**	**8 457**
	EBITDA margin* **	**15%**	**48%**	**53%**	**4%**	**-**	**-**	**22%**

** 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data.*

*** Unit cash cost of payable copper production, reflecting ore mining and processing costs, transport costs, the minerals extraction tax, administrative expenses during the mining phase and smelter treatment and refining charges (TC/RC) less by-product value. C1 cost is in regard to payable copper in own concentrate in the case of the segment KGHM Polska Miedź S.A. and payable copper in end products of individual mines of the segment KGHM International Ltd. and the segment Sierra Gorda S.C.M. C1 cost in PLN/lb was calculated using the average exchange rate by the NBP (arithmetical average of daily quotations per the NBP's tables).*

**** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (22%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [8 457 / (35 320 + 3 556) * 100]*

***** Adjustments arise from consolidation eliminations and financial data of companies unallocated to any segment.*

Financial results of reporting segments for the comparable period

Note		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data: Elimination of data of the segment Sierra Gorda S.C.M	Reconciliation items to consolidated data: Consolidation adjustments****	Consolidated financial statements
		from 1 January 2023 to 31 December 2023						
Note 2.3	**Revenues from contracts with customers, of which:**	**29 084**	**2 451**	**3 319**	**12 585**	**(3 319)**	**(10 653)**	**33 467**
	- inter-segment	732	38	-	9 921	-	(10 653)	38
	- external	28 352	2 413	3 319	2 664	(3 319)	-	33 429
	Cost of sales, selling costs and administrative expenses	(30 004)	(3 306)	(2 286)	(12 521)	2 286	10 724	(35 107)
	Segment result – profit/(loss) for the period	**(1 153)**	**(1 120)**	**68**	**28**	**(68)**	**(1 446)**	**(3 691)**
	Additional information on significant revenues/costs items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(1 675)	(706)	(770)	(295)	770	35	(2 641)
	(Recognition)/reversal of impairment losses on non-current assets, including:	(2 935)	(150)	219	2	(219)	(796)	(3 879)
	(recognition)/reversal of impairment losses on investment in subsidiaries	827	-	-	-	-	(827)	-
	(recognition)/reversal of allowances for impairment of loans granted	15	101	-	-	-	(15)	101
		As at 31 December 2023						
	Segment assets	**48 896**	**13 916**	**12 597**	**6 671**	**(12 597)**	**(18 100)**	**51 383**
	Liabilities, including:	**20 078**	**18 581**	**12 905**	**3 771**	**(12 905)**	**(19 677)**	**22 753**
	Segment liabilities	20 078	18 581	12 905	3 771	(12 905)	(19 790)	22 640
	Liabilities unallocated to segments	-	-	-	-	-	113	113
	Other information	from 1 January 2023 to 31 December 2023						
	Cash expenditures on property, plant and equipment and intangible assets – cash flows	3 074	984	1 106	602	(1 106)	116	4 776
	Production and cost data	from 1 January 2023 to 31 December 2023						
	Payable copper (kt)	592.4	39.9	78.7				
	Molybdenum (million pounds)	-	0.1	3.5				
	Silver (t)	1 403.3	2.7	22.3				
	TPM (koz t)	111.0	40.6	32.9				
	(C1) cash cost of producing payable copper (USD/lb)**	2.98	4.15	1.68				
	Segment result - adjusted EBITDA	**3 563**	**(142)**	**1 584**	**357**	**-**	**-**	**5 362**
	EBITDA margin* **	**12%**	**(6%)**	**48%**	**3%**	**-**	**-**	**15%**

** 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data.*

*** Unit cash cost of payable copper production, reflecting ore mining and processing costs, transport costs, the minerals extraction tax, administrative expenses during the mining phase and smelter treatment and refining charges (TC/RC) less by-product value. C1 cost is in regard to payable copper in own concentrate in the case of the segment KGHM Polska Miedź S.A. and payable copper in end products of individual mines of the segment KGHM International Ltd. and the segment Sierra Gorda S.C.M. C1 cost in PLN/lb was calculated using the average exchange rate by the NBP (arithmetical average of daily quotations per the NBP's tables).*

**** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (23%) the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [5 362 / (33 467 + 3 319) * 100]*

***** Adjustments arise from consolidation eliminations and financial data of companies unallocated to any segment.*

in PLN millions, unless otherwise stated

Reconciliation of adjusted EBITDA	from 1 January 2024 to 31 December 2024						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Other segments	Consolidation adjustments*	Consolidated financial statements	Sierra Gorda S.C.M. **	Adjusted EBITDA (segments, total)
	1	2	3	4	5 (1+2+3+4)	6	7 (5+6-4)
Profit/(Loss) for the period	**2 788**	**1 283**	**(50)**	**(1 151)**	**2 870**	**218**	
[-] Profit or loss on involvement in joint ventures	-	778	-	-	778	-	
[-] Current and deferred income tax, mining tax***	(1 197)	(387)	(43)	(111)	(1 738)	(71)	
[-] Depreciation/amortisation recognised in expenses by nature	(1 607)	(674)	(258)	26	(2 513)	(850)	
[-] Finance income and (costs)	(425)	(1 050)	(59)	1 153	(381)	(755)	
[-] Other operating income and (costs)	1 554	946	50	(2 106)	444	17	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	27	(214)	(34)	(221)	-	
Segment result - adjusted EBITDA	**4 463**	**1 643**	**474**	**(79)**	**6 501**	**1 877**	**8 457**

Reconciliation of adjusted EBITDA	from 1 January 2023 to 31 December 2023						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Other segments	Consolidation adjustments*	Consolidated financial statements	Sierra Gorda S.C.M. **	Adjusted EBITDA (segments, total)
	1	2	3	4	5 (1+2+3+4)	6	7 (5+6-4)
Profit/(Loss) for the period	**(1 153)**	**(1 120)**	**28**	**(1 446)**	**(3 691)**	**68**	
[-] Profit or loss on involvement in joint ventures	-	698	-	-	698	-	
[-] Current and deferred income tax, mining tax***	(123)	250	(48)	(170)	(91)	(150)	
[-] Depreciation/amortisation recognised in expenses by nature	(1 675)	(706)	(295)	35	(2 641)	(770)	
[-] Finance income and (costs)	120	(1 028)	(51)	1 118	159	(778)	
[-] Other operating income and (costs)	(230)	(185)	63	(2 465)	(2 817)	(37)	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	(2 808)	(7)	2	88	(2 725)	219	
Segment result - adjusted EBITDA	**3 563**	**(142)**	**357**	**(52)**	**3 726**	**1 584**	**5 362**

** Adjustments arise from consolidation eliminations and financial data of companies unallocated to any segment.*
***55% share of the Group in the financial data of Sierra Gorda S.C.M.*
****Mining tax concerns only the segment Sierra Gorda S.C.M.*

A detailed description of the results of individual segments is presented in the following sections of the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2024:

- the segment KGHM Polska Miedź S.A. in section 2.5,
- the segment KGHM INTERNATIONAL LTD. in section 2.6,
- the segment Sierra Gorda S.C.M. in section 2.7.

Note 2.3 Revenues from contracts with customers of the Group – breakdown by products

Accounting policies

Revenues arising from ordinary operating activities of the Group, i.e. revenues from sales of products, merchandise and materials, are recognised in the statement of profit or loss as revenues from contracts with customers.

The Group generates its revenues mainly from the sale of: copper, silver and gold. Other, smaller streams of revenues arise from the sale of services (including distribution of electricity, other utilities and mine construction services) and other products (including electricity), merchandise and materials (including steel, petroleum and its derivatives).

The Group recognises revenue from contracts with customers when the Group satisfies a performance obligation by transferring a promised good or providing a service to a customer, which is when the customer obtains control of that asset, i.e. the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset, as well as the ability to prevent other entities from directing the use of, and obtaining the benefits from, the asset.

The Group recognises as a performance obligation every contractual promise to transfer to a customer a good or provide a service that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. For each performance obligation, the Group determines (based on contractual terms), whether the obligation will be performed over time or at a specified moment. In particular, in contracts for the sale of copper, silver and gold, every measurement unit of a transferred good (e.g. 1 tonne of copper or 1 kg of silver) is a separate performance obligation. Therefore, for every sale or transfer of goods, constituting a multiplication of a measurement unit of a transferred product, which is realised at the same time, the Group fulfils its performance obligation and at the same time recognises revenues. The performance obligation is fulfilled by the Group in the same manner as in the case of other Group products, such as: lead, salt, steel, petroleum, blasting materials, mining machinery, fuel additives and other products.

Since in the majority of sales transactions, following the shipment of the promised product or good and transferring control over it, the Group has an unconditional right to consideration from the customer, and the only condition of receiving it is time lapse, the Group recognises the consideration from contracts with customers as receivables and therefore the Group does not recognise contractual assets.

In trade contracts in which the performance obligation is met at a specified time, the Group uses various payment conditions, including prepayments of up to several days before delivery and deferred payments of up to 120 days, although the deferred payments do not concern silver. Payment dates depend on the evaluation of the recipient's credit risk and the possibility of securing receivables. The consideration becomes due depending on contractual conditions, that is prior to the realisation of the delivery (prepayment) by the Group or after the Group meets its performance obligation. If the Group receives payment from the customer before it meets its performance obligation, it recognises it as contractual payables. However, in the case of deferred payments terms, the Group recognises due consideration from the customer as a receivable only after the transfer of promised products to the customer and the issuance of the invoice.

Moreover, revenues from the sale of services are recognised by the Group in profit or loss over time if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance to the extent that it performs its obligations, or
- the Group satisfies a performance obligation and creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or
- the Group satisfies a performance obligation and creates an asset without an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the Group recognises revenues on the basis of assessment pursuant to the adopted method of measurement the degree of advancement, prior to the issue of the invoice, it recognises due consideration as a contractual asset and transfers it to receivables at the moment the right to consideration becomes unconditional.

The Group fulfils its performance obligation while performing the service and therefore it recognises revenues over time, under contracts for mine construction and other geological work, sanatorium-spa services and sale of electricity, including distribution of electricity.

Revenues from contracts with customers are recognised in the amount of the transaction price, consisting of the amount of consideration to which – in accordance with the Group's expectations – it will be given in return for the transfer of promised goods or services to the customer, excluding consideration collected on behalf of third parties.

The transaction price also reflects the effects of the time value of money if a contract with a customer contains a significant financing element, which is determined based on the contractual payment terms, regardless of whether the promise of financing is explicitly stated in the contract. In determining whether a financing component is significant for a given agreement, all of the facts and circumstances are taken into consideration, including the eventual difference between the promised consideration and the cash selling price of the promised goods and services, as well as the total impact of the following two factors: (i) the estimated period from the moment an entity transfers the promised goods or services to a customer to the moment the customer pays for these goods or services, and (ii) prevailing interest rates on a given market. In the realised contracts of sales to customers in the current year and the comparable period, the Group identified a significant financing component in the contract with Franco Nevada (contract described below in Important estimates, assumptions and judgments). The Group presents the results of financing (interest costs) separately from revenues from contracts with customers in the statement of comprehensive income. In the Franco Nevada contract, there is also an element of variable consideration. In such a situation, the Group recognises revenues by estimating the amount of consideration, to which it will be entitled to in exchange for transferring the good to the customer, and includes a part or all of the amount of variable consideration in the transaction price only to such an extent to which it is highly probable that there will not be a reversal of a significant part of previously recognised accumulated revenues at the moment when uncertainty as to the amount of consideration ceases to exist.

In the case of copper and silver products sales transactions, for which the price is set after the date of recognition of a given sale, at the moment of initial recognition of a transaction an adjustment of revenues from sales is made, arising from the difference between the forward price of a metal expressed in USD from the date of recognition of a sale in the period corresponding to the period of settlement of the transaction, and the price from provisional invoice. This adjustment brings the amount of the transaction to the expected amount as a transaction price at the moment of initial recognition. This only concerns cases where the change in transaction price arises from a change in the metal's price. For these types of variable revenues, the limitation of IFRS 15 on recognising variable consideration only to the amount in respect of which it is highly probable that a reversal will not be recognised, is not applicable. Changes to the booked amount after the moment of recognition do not impact the revenues from sales but are fair value gains/losses on measurement of receivables pursuant to the accounting policies presented in Note 10.2.

Sales revenue is adjusted for the gain or loss on the settlement of future cash flow hedging derivatives, in accordance with the general principle that the portion of gain or loss on a derivative hedging instrument that is determined to be an effective hedge is recognised in the same position of profit or loss in which the gain or loss on the hedged item is recognised at the moment when the hedged item affects profit or loss.

Important estimates, assumptions and judgments

The Group recognises revenues from the sale of products, merchandise and materials in profit or loss once, when the performance obligation is satisfied (in particular in accordance with the applied INCOTERMS principles. In the majority of contracts, control is transferred to the customer after delivery of the goods, which is also understood as delivery of the goods to the carrier or to a designated facility (DAP, FCA and EX WORKS bases). In other contracts, control is transferred to the customer at the moment it is handed over to the carrier and loaded aboard a ship (CFR, CIF, CPT and CIP bases). In these contracts, the Group is also obliged to organise the shipment. In these cases, the Group acts as a principal, as it has control over the service before its completion and transfer to the customer. At the same time, the Group allocates a part of the transaction price to the transport service and recognises these revenues over time.

The Group recognises revenues over time due to realised mine construction services and other geological work. The Group meets liabilities in time, because the customer simultaneously receives and makes use of economic benefits arising from the performed service as it is performed, or because components are made which do not have an alternative application for the Group and simultaneously the Group has an enforceable right to payment. To measure the degree of advancement of performance obligation, the Group applies a method based on expenses incurred while meeting the performance obligation on the basis of incurred costs and for other contracts, a method based on results, where the unit cost set in advance is applied to measure the unit of production (e.g. to measure meters of drilled tunnelling).

The contract with Franco Nevada

Performance obligation

The Group realises the streaming arrangement contract, which is a source of financing available on the market for entities operating in the mining sector.

The contract concerns the sale of half of the production of gold, platinum and palladium contained in the ore extracted during the lives of the following mines: Morrison, McCreedy West and Podolsky, which are within the CGU Sudbury. Pursuant to the terms of the contract, Quadra FNX Mining Ltd. received a prepayment in the amount of CAD 400 million. Moreover, in accordance with the contract, the selling price for one ounce of gold equivalent is the lower of these two amounts: (a) USD 400, increased by 1% each year beginning from 2011, or (b) the market price of gold. The received prepayment covers the difference between the market price of ore sold and its fixed selling price. The Group recognised a liability due to the contract in the amount of prepayment due to the obligation put on the entity to meet the obligation to transfer or be ready to transfer goods or services in the future. The balance of liability as at 31 December 2024 in the amount of PLN 122 million is presented in the note 9.9.1. The Group ceases to recognise this contractual obligation and recognises revenues at the moment it transfers these goods or services to the customer and therefore meets its performance obligation.

Variable consideration

In the contract with Franco Nevada the total transaction price is variable and depends on the amount of the raw material sold, and this in turn depends on ore extraction in the future throughout the life of the mine (including for example on the size of the deposit). Therefore, if in subsequent reporting periods the Group changes its judgment regarding the planned amount of ore to be extracted, and consequently to the amount of raw material sold, the transaction price will also be updated.

The Group recognises amounts related to satisfied performance obligations as revenue or as a decrease of revenue in the period in which the transaction price was changed.

Significant financing component

In the context of the contract with Franco Nevada, taking into consideration the expected period from the moment when prepayment is received to the moment when the Group transfers the promised good (the life of the mine, or several decades)

and the nature of this contract, it was determined that the extension of payments over time provides benefits to the Group due to the financing of deliveries of raw material by the buyer (Franco Nevada), and as a result the contract includes a significant financing element.
The Group presents the effects of financing (interest costs) separately from revenue from contracts with customers in the statement of profit or loss. Interest costs are recognised solely to the extent to which the liabilities related to the contract with Franco Nevada were recognised.

Determination of the transaction price allocated to other performance obligations

If the Group has other performance obligations at the end of the reporting period, it is required to disclose the transaction price allocated to these performance obligations (IFRS 15.120-122). The Group applies a practical expedient and does not disclose performance obligations which are a part of a contract that has an original expected duration of one year or less. Moreover, the Group has long-term contracts with prices based mainly on a variable consideration, which is not included by the Group when estimating the transaction price.

Moreover, the Group (via the company DMC) advances long-term contracts for mine construction, in which it uses a method based on expenditures to recognise revenues, which meets the criteria for recognising revenues in the amount, that the Group has a right to invoice. As at 31 December 2024, the total transaction price allocated to performance obligations, which remained unsatisfied at the end of the reporting period, amounted to PLN 1 164 million, of which the amount of PLN 682 million will be realised in 2025, the amount of PLN 325 million will be realised in 2026 and the amount of PLN 156 million will be realised in or after 2027 (in the comparable period the total transaction price allocated to performance obligations, which remained unsatisfied at the end of the reporting period, amounted to PLN 940 million, of which the amount of PLN 489 million will be realised in 2024, the amount of PLN 335 million will be realised in 2025 and the amount of PLN 116 million will be realised in or after 2026). These contracts do not have an element of variable consideration.

Onerous contracts and variable consideration

Taking into account the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* in case of identification of onerous contracts and the greater volatility of the macroeconomic environment, which has a significant impact on the Parent Entity's financial results, the Parent Entity periodically analyses concluded contracts in terms of the potential occurrence of a situation under which the contractual sales price does not exceed the estimated, unavoidable costs of realisation of such contracts.

For the sales contracts of main products (copper, silver, gold) the Parent Entity has limited options of transferring the potential increase in production costs to the sales price of its final products, since the level of revenues from sales of these products mainly depends on stock exchange quotations and currency exchange rates.
Stock quotations are the basis used to determine the sales price of copper products in physical contracts ("Cash Settlement" of the London Metal Exchange are the most commonly used). In the case of silver products, prices are based on quotations of the London Bullion Market Association. For other significant products of the Parent Entity, that is gold and lead products, the prices also depend on stock quotations.
It is possible to negotiate additional premiums to prices arising from stock quotations, however they are limited due to the influence of current market conditions as well as the negotiation position of the parties.

Some of the Parent Entity's products (among others: sulphuric acid, copper sulphate, nickel sulphate and refined lead) are by-products of the copper production process, which, after further processing, the Parent Entity sells to external clients. When making a decision to process and sell them, the Parent Entity takes into account both the potential, future economic benefits arising from sales as well as the level of costs that would have to be incurred in order to dispose of these by-products.
Despite the fact that the currently observed, and expected in the near future, prices of some by-products are not conducive to the achievement of positive profit margins, the results of this activity are more advantageous than the available alternative solutions, e.g. their disposal.
Therefore, the Parent Entity does not identify certain contracts as onerous contracts, because in a broader perspective, it generates profit for the overall copper production process, in which utilisation of by-products is an integral part and fits in the Parent Entity's actions aimed at protecting the natural environment as well as minimising the negative impact on this environment as a result of conducted economic activity.

On the basis of conducted analyses, the Parent Entity did not identify the occurrence of onerous contracts under IAS 37 as at 31 December 2024.

in PLN millions, unless otherwise stated

Revenues from contracts with customers of the Group – breakdown by products

	from 1 January 2024 to 31 December 2024						
					Reconciliation items to consolidated data		
Products	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Copper	22 789	2 055	2 839	9	(2 839)	(36)	**24 817**
Silver	4 917	14	88	-	(88)	-	**4 931**
Gold	853	439	333	-	(333)	-	**1 292**
Services	228	790	-	2 773	-	(2 086)	**1 705**
Energy	148	-	-	473	-	(348)	**273**
Salt	56	-	-	-	-	(2)**	**54**
Blasting materials and explosives	-	-	-	309	-	(143)	**166**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	370	-	(310)	**60**
Fuel additives	-	-	-	116	-	-	**116**
Lead	285	-	-	-	-	-	**285**
Products from other non-ferrous metals	-	-	-	113	-	(1)	**112**
Other products	221	96	296	878	(296)	(579)	**616**
Merchandise and materials							
Steel	-	-	-	447	-	(67)	**380**
Petroleum and its derivatives	-	-	-	413	-	(357)	**56**
Salt	-	-	-	54	-	(54)**	**-**
Other merchandise and materials	397	-	-	6 955	-	(6 895)	**457**
TOTAL	**29 894**	**3 394**	**3 556**	**12 910**	**(3 556)**	**(10 878)**	**35 320**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*

*** Including: PLN 54 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

in PLN millions, unless otherwise stated

	from 1 January 2023 to 31 December 2023						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Products							
Copper	22 290	1 409	2 677	10	(2 677)	(44)	**23 665**
Silver	4 389	34	72	-	(72)	-	**4 423**
Gold	932	211	277	-	(277)	-	**1 143**
Services	199	681	-	2 711	-	(2 070)	**1 521**
Energy	123	-	-	519	-	(388)	**254**
Salt	56	-	-	-	-	25**	**81**
Blasting materials and explosives	-	-	-	313	-	(152)	**161**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	383	-	(331)	**52**
Fuel additives	-	-	-	103	-	-	**103**
Lead	264	-	-	-	-	-	**264**
Products from other non-ferrous metals	-	-	-	141	-	(9)	**132**
Other products	184	116	293	883	(293)	(572)	**611**
Merchandise and materials							
Steel	-	-	-	440	-	(73)	**367**
Petroleum and its derivatives	-	-	-	435	-	(361)	**74**
Salt	-	-	-	81	-	(81)**	**-**
Other merchandise and materials	647	-	-	6 566	-	(6 597)	**616**
TOTAL	**29 084**	**2 451**	**3 319**	**12 585**	**(3 319)**	**(10 653)**	**33 467**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*

*** Including: PLN 81 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

in PLN millions, unless otherwise stated

Note 2.4 Revenues from contracts with customers of the Group – breakdown by category

	from 1 January 2024 to 31 December 2024						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers, of which:	**29 894**	**3 394**	**3 556**	**12 910**	**(3 556)**	**(10 878)**	**35 320**
Revenues from sales contracts, for which the sales price is set after the date of recognition of the sales (M+ pricing formula**), of which:	18 813	2 603	3 555	211	(3 555)	(308)	**21 319**
settled	18 209	996	1 788	-	(1 788)	(115)	**19 090**
unsettled	604	1 607	1 767	211	(1 767)	(193)	**2 229**
Revenues from realisation of long-term contracts for mine construction	-	774	-	190	-	(170)	**794**
Revenues from other sales contracts	11 081	17	1	12 509	(1)	(10 400)	**13 207**
Total revenues from contracts with customers, of which:	**29 894**	**3 394**	**3 556**	**12 910**	**(3 556)**	**(10 878)**	**35 320**
in factoring	8 871	-	-	279	-	(279)	**8 871**
not in factoring	21 023	3 394	3 556	12 631	(3 556)	(10 599)	**26 449**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*

***the M+ pricing formula means that for individual transactions for the sale of copper and silver products, the final sales price is determined after the date of recognition of the sale, based on, for example, the average of the stock exchange quotations of a given metal in the month of sale or in the month following the month of sale.*

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Total revenues from contracts with customers, of which:	**35 320**	**33 467**
transferred at a certain moment	33 175	31 356
transferred over time	2 145	2 111

in PLN millions, unless otherwise stated

	from 1 January 2023 to 31 December 2023						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers, of which:	**29 084**	**2 451**	**3 319**	**12 585**	**(3 319)**	**(10 653)**	**33 467**
Revenues from sales contracts, for which the sales price is set after the date of recognition of the sales (M+ pricing formula**), of which:	20 681	1 771	3 307	169	(3 307)	(141)	**22 480**
settled	20 294	975	1 621	167	(1 621)	(139)	**21 297**
unsettled	387	796	1 686	2	(1 686)	(2)	**1 183**
Revenues from realisation of long-term mine construction contracts	-	642	-	166	-	(128)	**680**
Revenues from other sales contracts	8 403	38	12	12 250	(12)	(10 384)	**10 307**
Total revenues from contracts with customers, of which:	**29 084**	**2 451**	**3 319**	**12 585**	**(3 319)**	**(10 653)**	**33 467**
in factoring	8 852	-	-	246	-	(246)	**8 852**
not in factoring	20 232	2 451	3 319	12 339	(3 319)	(10 407)	**24 615**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*

***the M+ pricing formula means that for individual transactions for the sale of copper and silver products, the final sales price is determined after the date of recognition of the sale, based on, for example, the average of the stock exchange quotations of a given metal in the month of sale or in the month following the month of sale.*

in PLN millions, unless otherwise stated

Note 2.5 Revenues from contracts with customers of the Group – geographical breakdown reflecting the location of end customers

	from 1 January 2024 to 31 December 2024							from 1 January 2023 to 31 December 2023
					Reconciliation items to consolidated data			
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M.	Consolidation adjustments	Consolidated data	KGHM Polska Miedź S.A. Group
Poland	7 453	-	-	12 574	-	(10 823)	9 204	8 718
Austria	307	-	-	24	-	-	331	423
Belgium	72	-	-	8	-	-	80	44
Bulgaria	171	-	-	26	-	-	197	267
Czechia	2 296	-	-	13	-	-	2 309	2 302
Estonia	33	-	-	2	-	-	35	26
Finland	37	-	-	6	-	-	43	14
France	713	-	-	6	-	-	719	885
Greece	197	-	-	13	-	-	210	12
Spain	14	190	-	3	-	-	207	13
The Netherlands	8	-	73	1	(73)	-	9	7
Lithuania	2	-	-	7	-	-	9	13
Germany	4 716	-	-	88	-	-	4 804	6 136
Romania	112	-	-	2	-	-	114	157
Slovakia	184	-	-	12	-	-	196	224
Slovenia	99	-	-	3	-	-	102	111
Sweden	672	-	-	32	-	-	704	175
Hungary	1 457	-	-	5	-	-	1 462	1 447
The United Kingdom	1 814	-	-	3	-	-	1 817	994
Italy	2 400	-	-	12	-	-	2 412	2 186
Australia	445	-	-	-	-	-	445	393
Bosnia and Herzegovina	24	-	-	2	-	-	26	14
Chile	-	372	655	1	(655)	(1)	372	276
China	2 683	1 274	2 112	-	(2 112)	-	3 957	4 058
India	70	-	107	-	(107)	-	70	-
Japan	3	-	538	-	(538)	-	3	-
Canada	56	1 098	-	-	-	(53)	1 101	945
South Korea	99	-	49	-	(49)	-	99	15
The United States of America	1 409	460	4	13	(4)	(1)	1 881	1 341
Switzerland	1 095	-	-	4	-	-	1 099	1 361
Türkiye	562	-	-	10	-	-	572	246
Saudi Arabia	181	-	-	6	-	-	187	103
Singapore	29	-	-	-	-	-	29	-
Malaysia	20	-	-	-	-	-	20	52
Algeria	72	-	-	-	-	-	72	79
Brazil	6	-	18	-	(18)	-	6	-
Morocco	18	-	-	-	-	-	18	-
Egypt	59	-	-	-	-	-	59	1
Taiwan	-	-	-	-	-	-	-	49
Thailand	300	-	-	-	-	-	300	327
Other countries	6	-	-	34	-	-	40	53
TOTAL	**29 894**	**3 394**	**3 556**	**12 910**	**(3 556)**	**(10 878)**	**35 320**	**33 467**

**55% of the Group's share in revenues of Sierra Gorda S.C.M.*

in PLN millions, unless otherwise stated

Note 2.6 Main customers

In the period from 1 January 2024 to 31 December 2024 and in the comparable period the revenues from no single customer exceeded 10% of the sales revenue of the Group.

Note 2.7 Non-current assets – geographical breakdown

	As at 31 December 2024	As at 31 December 2023
Poland	25 542	23 309
Canada	2 207	1 791
The United States of America	2 385	1 613
Chile	291	228
TOTAL*	**30 425**	**26 941**

**non-current assets, excluding: derivatives, other financial instruments, other non-financial assets and deferred tax assets (IFRS 8.33b) in the total amount of PLN 11 860 million as at 31 December 2024 (PLN 11 041 million as at 31 December 2023).*

Part 3 – Impairment of assets

Note 3.1 Impairment losses on assets as at 31 December 2024

Assessment of the risk of impairment of production assets of KGHM Polska Miedź S.A. in the context of the market capitalisation of KGHM Polska Miedź S.A.

In 2024, the share price of KGHM Polska Miedź S.A. remained under pressure of continued uncertainty as to the development of the global macroeconomic situation. As a consequence, the Company's share price in 2024 fell by 6.3% compared to the share price at the end of 2023 and as at 30 December 2024 amounted to PLN 115 (the average share price in 2024 was PLN 133.58). At the same time, the WIG 20 index fell by 6.4%, while WIG increased by 1.4%. As the result, the market capitalisation of the Company fell from PLN 24 540 million to PLN 23 000 million, which means that as at 31 December 2024 it remained 23.3% below the level of the Company's net assets. However, it should be noted that the average ratio between the market capitalisation and net assets throughout 2024 amounted to 91%.

As at 20 March 2025, the Company's share price amounted to PLN 138.20, which is an increase by 20.2% as compared to the price as at 30 December 2024 (the average share price in the period from the end of the financial year to 20 March 2025 amounts to PLN 129.48).

The analysis of Polish assets showed that not all factors that influence the level of market capitalisation of KGHM Polska Miedź S.A. are factors related to the conducted business activities.

From the point of view of the Company's operations, the key factor influencing the level of market capitalisation is the copper price. It continued to be in a sideways trend from the beginning of 2024 to the turn of the first and second quarter and did not deviate significantly from the level of 8 500 USD/t. In April, the weakening of USD and accumulation of information on limitation of expected supply and increase of metal deficit on the copper market sparked a new hope among investors as to the increase in copper price, and in May its price rose to the average level of 10 129 USD/t. In the following months of 2024, the investors' optimism did not last when confronted with arguments coming from the fundamentals of the copper market. Finally, the average price of copper in 2024 amounted to 9 147 USD/t, which is a level higher than prices noted in 2023 (average of 8 478 USD/t).

It should be pointed out that in the case of the Polish assets, of significance are PLN-expressed metals prices, which are also affected by the USD/PLN exchange rate. Fluctuations in the price of copper are usually to a large extent offset by changes in the USD/PLN exchange rate. The average USD/PLN exchange rate in 2024 amounted to PLN 3.98, which is at a lower level than the exchange rate noted in 2023 (average of PLN 4.20).

Finally, the average price of copper in 2024 amounted to 36 403 PLN/t, and was 2% higher than the price noted in 2023 (average of 35 632 PLN/t).

In the current period, there were no significant changes in the level of market interest rates. From the beginning of 2024 we may observe a stabilisation in WIBOR 1M, WIBOR 3M and WIBOR 6M at around 5.85%. The yield of 10-year bonds stabilised around the level of the NBP's reference rate.

The Management Board of KGHM Polska Miedź S.A. assessed the adequacy of assumptions adopted as at 31 December 2023 for impairment testing of Polish production assets (mining and metallurgical assets), including mainly macroeconomic assumptions, medium- and long-term production plans and the level of operating costs as well as planned capital expenditures. No indications were identified suggesting the necessity of revision of previously adopted key assumptions.

KGHM Polska Miedź S.A. maintains full operational capacity and consistently advances planned production, sales and investment budget targets. The financial results achieved by the Company exceed the budget targets, which is also a result of conducted optimisation initiatives and cost discipline applied in response to macroeconomic conditions.

The Company continued actions aimed at making the subsequent parts of the copper deposit available and at construction of the mining infrastructure. Current, long-term production plans are up to 2055 and in the current period no indications were identified that could negatively impact the future availability of deposits. KGHM Polska Miedź S.A. continues exploration work on the basis of its concessions and concession proceedings aimed at ensuring the resource base appropriate for operating activities and prolonging mine life.

In the context of risks and hazards associated with climate, in the current period, no material impact on the activities of KGHM Polska Miedź S.A. was identified. Detailed information are presented in Note 1.2.3 Monitored areas – risks and hazards associated with the climate.

The Company is discussing changes, with the Ministry of Finance and the Ministry of State Assets, to the formula for the so-called copper tax. At the present stage of advancement of discussions, the potential scope and term of legislative changes are not possible to set, likewise the assessment of the impact of legislative changes on the Company's cash flows.

As a result of the assessment made, no connection was identified between the decrease in the share price of KGHM Polska Miedź S.A. and the Company's activities in Poland. Consequently, there were no indications identified suggesting the risk of impairment of the Polish production assets as well as indications suggesting the possibility of reversing the impairment losses which were already made, and therefore there was no impairment testing of these assets as at 31 December 2024.

Test for the impairment of assets of the KGHM INTERNATIONAL LTD. Group - the Segment KGHM INTERNATIONAL LTD.
As at 31 December 2024, as a result of the identification of indications of a possible change in the recoverable amount of the pre-operational phase of the Victoria project within the KGHM INTERNATIONAL LTD. Group, an impairment test of this asset was performed. In order to estimate the recoverable amount, the Victoria project was identified as a Cash Generating Unit (CGU). The key indication that the recoverable amount may be lower than the carrying amount is the planned decrease in cash flows caused by: o changes to the technical assumptions in the model, o update of the mine construction schedule, o update of capital expenditures, alongside an increase in the carrying amount of the project. In order to estimate the recoverable amount of the Victoria project, in the conducted test the fair value (decreased by estimated costs to sell) was calculated using an income-based approach, i.e. the method of discounted cash flows.

Basic macroeconomic assumptions adopted for impairment testing as at 31 December 2024 – metal prices
Price paths were adopted on the basis of available long-term forecasts from financial and analytical institutions. A detailed forecast is being prepared for the period 2025-2029, while for the period 2030-2034 a technical adjustment of prices was applied between the last year of the detailed forecast and 2035, from which a long-term metal price forecast is used at the following levels: – for copper – 8 800 USD/t (3.99 USD/lb); – for nickel – 8.5 USD/lb (18 739 USD/t). In the detailed forecast period for the period 2025-2029 the following levels of metal prices were assumed: – for copper – from 9 500 USD/t to 10 000 USD/t; – for nickel – from 17 086 USD/t (7.75 USD/lb) to 18 739 USD/t (8.50 USD/lb).

Assumptions adopted for impairment testing as at 31 December 2024	**Victoria**
Mine life / forecast period	15
Level of copper production during mine life (kt)	266
Level of nickel production during mine life (kt)	218
Average operating margin during mine life	63%
Capital expenditures to be incurred during mine life [USD million]	1 637
Applied discount rate after taxation for assets in the pre-operational phase *	8.7%
Costs to sell	2%
Level of fair value hierarchy to which the measurement at fair value was classified	Level 3

** Discount rate of 9.4% was used in the last impairment testing as at 31 December 2023.*

Key factors responsible for the changes in technical and economic assumptions adopted for impairment testing as at 31 December 2024	
Victoria	Update of the mine construction schedule, production assumptions, update of capital expenditures and calculation of operating costs.

Results of the test performed as at 31 December 2024 are presented in the following table:

CGU	Segment (Part 2)	Carrying amount*		Recoverable amount		Impairment loss	
		USD mn	PLN mn	USD mn	PLN mn	USD mn	PLN mn
Victoria	KGHM INTERNATIONAL LTD.	430**	1 765	430	1 765	-	-

** The carrying amount of non-current assets decreased by the provision for future decommissioning costs of mines and the balance of deferred tax.*
*** Including the capitalised borrowing costs in the amount of PLN 68 million (USD 17 million)*

The results of the performed test confirmed that the recoverable amount of the Victoria project is equal to the carrying amount of the CGU.

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Discount rate 9.7%	317
Discount rate 8.7% (test)	**430**
Discount rate 7.7%	561

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Copper price -0.10 $/lb	417
Copper price (test)	**430**
Copper price +0.10 $/lb	444

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Nickel price -0.10 $/lb	419
Nickel price (test)	**430**
Nickel price +0.10 $/lb	441

Impairment testing of property, plant and equipment of companies INVEST PV 7 Sp. z o.o., INVEST PV 40 Sp. z o.o., INVEST PV 58 Sp. z o.o. and INVEST PV 59 Sp. z o.o. – Segment – Other segments

As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of property, plant and equipment of the following companies: INVEST PV 7 Sp. z o.o., INVEST PV 40 Sp. z o.o., INVEST PV 58 Sp. z o.o. and INVEST PV 59 sp. z o.o. which are involved in the generation and sale of electricity from photovoltaic installations, impairment testing of these assets was performed. In order to estimate the recoverable amount, assets of individual companies were identified as separate cash generating units (CGUs).

The key indications that the recoverable amounts of individual CGUs may be lower than their carrying amounts were:

- the continued unfavourable prices on the electricity market,
- the decisions regarding non-market redistribution, i.e. orders issued by power system operators to limit electricity generation to ensure the stability of the national power system.

In order to estimate the recoverable amount of individual CGUs, in the conducted test the value in use of their non-current assets was calculated using an income-based approach, i.e. the method of discounted cash flows.

in PLN millions, unless otherwise stated

Basic assumptions adopted for impairment testing				
Assumption	**CGU INVEST PV 7**	**CGU INVEST PV 40**	**CGU INVEST PV 58**	**CGU INVEST PV 59**
Detailed forecast period	2025-2053, that is to the end of life of the projects			
Electricity prices	Price paths were adopted on the basis of averages of available, long-term forecasts of analytical institutions covering the photovoltaics profile. The average price of electricity in the detailed forecast period amounts to 370 PLN/MWh.			
Level of electricity production in the detailed forecast period	142 792 MWh	269 749 MWh	359 842 MWh	502 206 MWh
Average EBITDA margin during the detailed forecast period	50%	64%	70%	71%
Average notional discount rate during the detailed forecast period*	7.54%	7.54%	7.54%	7.54%

** Assumptions are presented after taxation, despite the measurement model of value in use. The application of data before taxation would not have a significant impact on the recoverable amount.*

Results of the test performed as at 31 December 2024 are presented in the following table:

CGU	Carrying amount	Recoverable amount	Impairment loss
INVEST PV 7	23	11	12
INVEST PV 40	43	26	17
INVEST PV 58	60	38	22
INVEST PV 59	80	54	26

As a result of the conducted tests, an impairment loss on non-current assets was recognised in the total amount of PLN 77 million – by comparing the carrying amount with the recoverable amount. The impairment loss was recognised in the item “Cost of sales”.

The recoverable amounts of individual CGUs indicate a significant sensitivity to a change in adopted level of discount rates and electricity prices.

The following table presents the impact of changes in these parameters on the measurement:

	Recoverable amount		
Average electricity price	**decrease by 10%**	**per test**	**increase by 10%**
INVEST PV 7	9	11	13
INVEST PV 40	22	26	30
INVEST PV 58	33	38	43
INVEST PV 59	46	54	61
Discount rate 7.54% (test)	**decrease by 20%**	**per test**	**increase by 20%**
INVEST PV 7	13	11	10
INVEST PV 40	30	26	23
INVEST PV 58	44	38	33
INVEST PV 59	62	54	47

In order to monitor the risk of impairment of assets in the subsequent reporting periods and to monitor the possibility of reversal of the impairment loss it was determined that the recoverable amount would be equal to the carrying amount of assets if the discount rate or the average electricity price was as presented below:

in PLN millions, unless otherwise stated

	Discount rate	Average electricity price
INVEST PV 7	0.95%	+59%
INVEST PV 40	2.70%	+46%
INVEST PV 58	3.14%	+44%
INVEST PV 59	3.73%	+37%

Impairment testing of property, plant and equipment of the company POL-MIEDŹ TRANS Sp. z o.o. – Segment – Other segments

As at 31 December 2024, due to indications of changes in the recoverable amount of property, plant and equipment of the company POL-MIEDŹ TRANS Sp. z o.o., impairment testing on these assets was performed. The key indication to perform an impairment test were negative financial results which maintained the level below the assumed ones, including the loss in operating activities in 2024.

The carrying amount of property, plant and equipment of POL-MIEDŹ TRANS Sp. z o.o. as at 31 December 2024 amounted to PLN 313 million. In order to estimate the recoverable amount, in the conducted test the value in use of the property, plant and equipment was calculated using an income-based approach, i.e. the method of discounted cash flows.

Basic assumptions adopted for impairment testing as at 31 December 2024	
Assumption	**Level adopted in testing**
Detailed forecast period	January 2025 – December 2029
Operating margin	0.5% during the forecast period, 1.1% in the residual value
Capital expenditures during the forecast period	PLN 243 million
Discount rate	5.65% (real, after taxation)
Growth rate following the forecast period	0%

As a result of the impairment testing of the property, plant and equipment of POL–MIEDŹ TRANS Sp. z o.o., the recoverable amount of the tested assets was determined at the level of PLN 134 million, which was lower than the carrying amount of these assets, which provided a basis for the recognition of an impairment loss in the item "Cost of sales" in the amount of PLN 179 million.

The measurement of property, plant and equipment of POL–MIEDŹ TRANS Sp. z o.o. indicates a significant sensitivity to the adopted discount rates and the operating margin. The following table presents the impact of changes to these parameters on the measurement of the assets.

Sensitivity analysis of the recoverable amount of property, plant and equipment of POL-MIEDŹ TRANS Sp. z o.o.			
	Recoverable amount at a given discount rate		
	lower by 1 pp.	per test	higher by 1 pp.
Discount rate 5.65% (test)	147	**134**	124
	Recoverable amount at a given operating margin		
	lower by 1 pp.	per test	higher by 1 pp.
Operating margin 0.5%, 1.1% in residual value (test)	87	**134**	181

In order to monitor the risk of impairment of the property, plant and equipment in the subsequent reporting periods, it was determined that the recoverable amount would be equal to the carrying amount of the property, plant and equipment if the discount rate decreased to the level of 1.28% or if the operating margin increased by 3.8 pp.

in PLN millions, unless otherwise stated

Impairment testing of property, plant and equipment of the company CENTROZŁOM WROCŁAW S.A. – Segment – Other segments

As at 31 December 2024, as a result of the occurrence of indications of changes in the recoverable amount of property, plant and equipment of the company Centrozłom Wrocław S.A., impairment testing of these assets was performed. The key indication to perform impairment testing was an incurred loss for 2024 by the company in the amount of PLN 25 million.

To determine the recoverable amount of the company's property, plant and equipment, in accordance with IAS 36, the fair value measurement was adopted as a higher one of the two values (the fair value and the value in use).

The test was conducted using the fair value less costs to sell method, on the basis of available valuation reports and an expert's opinion, in order to determine the recoverable amount of non-current assets, taking into account the following assumptions:

1. buildings and land - the fair value was determined using valuation techniques consistent with the market approach (comparative), based on transactions on the local market for similar properties, the selling costs were assumed at the level of 3%, and through an expert opinion by the technical services of the company on the basis of determined market value of similar objects in individual locations,
2. machinery and equipment - the fair value was determined through an expert opinion by the technical services of the company and on the basis of auction websites and the level of achieved prices.

The fair value was classified to the level 3 of the fair value hierarchy.

Properties for which valuation reports were prepared at the company's request*	Carrying amount	Recoverable amount
in Chróścina	1	3
in Wrocław	9	75
in Poznań	11	17
in Konin	2	4
in Opole	1	2
in Łódź	9	14
Total	**33**	**115**

Properties for which valuation reports were prepared at the request of local municipal authorities*	Carrying amount	Recoverable amount
	8	15

**Costs to sell at the level of 3%*

Machinery and equipment	Carrying amount	Recoverable amount
	31	31

As a result of the performed tests, the recoverable amount of property, plant and equipment was determined to be significantly higher than their carrying amounts. Therefore, no impairment loss was recognised.

Sensitivity analysis of the recoverable amount of property to volatility of market prices for land and accompanying buildings, for which valuation reports were prepared:

At the company's request	Price lower by 5%	Recoverable amount (test)	Price higher by 5%
in Chróścina	2.9	3.1	3.2
in Wrocław	71.6	75.4	79.2
in Poznań	15.8	16.6	17.4
in Konin	4.0	4.2	4.4
in Opole	2.3	2.4	2.5
in Łódź	12.8	13.5	14.2
At the request of local municipal authorities	14.3	15.1	15.8
TOTAL	**123.7**	**130.3**	**136.7**

in PLN millions, unless otherwise stated

Impairment testing of non-current assets of the company ZAGŁĘBIE LUBIN S.A. – Segment – Other segments
As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of non-current assets of the company Zagłębie Lubin S.A., an impairment testing of these assets was performed. The key indications of a change in the recoverable amount of the assets included: • financial results worse than anticipated in forecasts, • value of net assets of Zagłębie Lubin S.A. lower than the value of investment in the statement of financial position of KGHM Polska Miedź S.A. In order to estimate the recoverable amount, in the conducted test the fair value of assets was estimated using the asset-based approach, i.e. the adjusted net assets method (a measurement classified to level 3 of the fair value hierarchy).
Basic assumptions adopted for impairment testing
The key assumptions adopted for the measurement: • revenues generated by the company from sponsoring and revenues from the sale of tickets and passes, • in the detailed forecast period, there are no planned capital expenditures on the stadium, • the value of rights to player cards and to the team were set on the basis of market values of football players published on the transfer website www.transfermarkt.de, which is recognised as one of the best sources of information on market value of players and is widely used by the European and international clubs as well as football federations, • the period of detailed forecast of cash flows was adopted on the basis of the 5-year financial plan of Zagłębie Lubin S.A., taking into account the residual value, • the growth rate following the period of detailed forecast was adopted at the conservative level of 0.0%, • the WACC real discount rate was adopted at the level of 5.63%.

As a result of the conducted testing, the recoverable amount of non-current assets was determined to be at the level of PLN 104 million, which is significantly higher than the carrying amount of these assets (PLN 53 million). Therefore, no impairment loss was recognised.

The conducted sensitivity analysis indicates that the recoverable amount is moderately vulnerable to changes in key parameters influencing the result of the measurement:

Sensitivity analysis of the recoverable amount of property, plant and equipment of Zagłębie Lubin S.A.			
	Recoverable amount at a given discount rate		
	lower by 1 pp.	**per test**	**higher by 1 pp.**
Stadium - discount rate 5.63% (test)	108	**104**	102
	Recoverable amount at a change in the published valuations according to the transfer website		
	lower by 5 pp.	**per test**	**higher by 5 pp.**
Rights to player cards and to the team	107	**104**	101

Impairment testing of property, plant and equipment of the company PeBeKa S.A. – Segment – Other segments
As at 31 December 2024, an analysis was performed in terms of the existence of indications of the possibility of impairment of PeBeKa S.A. assets. The following CGUs comprising the company's business activity were subjected to analysis: 1. Product 1 – Horizontal works (mining, construction, underground drilling), 2. Product 2 – Vertical works (shaft and assembly), 3. Product 3 – Construction, engineering and tunnelling works, 4. Product 4 – Surface drilling works, 5. Product 5 – Other business activities (property maintenance, sale of materials). As a result of the analysis, a decrease in profitability and a loss on the sale of Product 1 were identified as indications of possible impairment of assets. Taking the above into account, an impairment test was performed of buildings and perpetual usufruct rights to land – excluding investment properties – the fair value was determined using valuation methods consistent with the market approach (comparative), based on transactions on the local market of similar properties, the selling costs were assumed at the level of 2.5% of estimated market value of assets, The fair value was classified to level 3 of the fair value hierarchy.

As a result of the conducted tests, it was determined that the recoverable amount of non-current assets subject to measurement is significantly higher than the carrying amount, and therefore no impairment loss was recognised.

EVALUATION OF IMPAIRMENT OF WATER RIGHTS
In the Group, water rights in Chile are annually subjected to impairment testing by comparing their carrying amount to the recoverable amount, which is set at fair value decreased by costs to sell. The fair value of water rights is classified under level 2 of the fair value hierarchy, in which fair value measurements are based on significant observable input data, other than market prices. For the year ended on 31 December 2024, the Group assessed the factors impacting the recoverable amount of the asset and determined that there is no basis to recognise an impairment loss or reverse an impairment loss, since both the price as well as the estimated amount of water available for extraction did not change as compared to the levels of these factors adopted for testing as at 31 December 2023. The carrying amount of water rights amounted to PLN 92 million as at 31 December 2024 (as at 31 December 2023: PLN 88 million).

Note 3.2 Impairment losses on assets as at 31 December 2023

IMPAIRMENT TESTING OF THE POLISH PRODUCTION ASSETS (MINING AND METALLURGICAL ASSETS) OF KGHM POLSKA MIEDŹ S.A. – the Segment KGHM Polska Miedź S.A.

Pursuant to the adopted accounting policy, KGHM Polska Miedź S.A. recognises a significant or prolonged decrease in market capitalisation of an entity as compared to the carrying amount of its net assets as an indication to perform impairment testing of the carrying amount of the Company's assets. The Company's market capitalisation was below the carrying amount of net assets during the entire year 2023 and slightly decreased as compared to 31 December 2022, and at the end of the reporting period it amounted to approx. 79% of this amount. Moreover, other indications of impairment occurred, which may be found below.

As at 31 December 2023, due to the occurrence of indications of changes in the recoverable amount of the Company's assets, the Management Board of the Parent Entity performed impairment testing of the Polish production assets (mining and metallurgical assets) of KGHM Polska Miedź S.A. In order to estimate the recoverable amount, these assets constitute a single cash generating unit (CGU).

The main indications that the recoverable amount of the CGU may be lower than its carrying amount were the following:

- the forecasted increase in operating cost and planned increase in capital expenditures on replacement,
- the update of assumptions on medium-term production volumes,
- strengthening of the PLN exchange rate versus the USD.

Some of the analysed factors have a positive impact on the profitability of the CGU's activities, and therefore on the value of the Company's assets, and these are as follows:

- an increase in the forecasted price paths of copper, silver and gold,
- a decrease in market interest rates,
- rich deposits in the concession areas (current long-term production plans of the Company are up to the horizon of 2055 and this period does not arise from exhausting the deposit but from the current validity of mining concessions held).

In order to estimate the recoverable amount of the CGU, in the conducted test the value in use of its non-current assets was calculated using the DCF method, i.e. the method of discounted cash flows.

Basic macroeconomic assumptions adopted for impairment testing as at 31 December 2023 – metal prices and the exchange rate

The Company adopted price paths on the basis of internal macroeconomic assumptions prepared based on available long-term forecasts from financial and analytical institutions. A detailed forecast was prepared for the period 2024-2028, while for the period 2029-2033 a technical adjustment of prices was applied between the last year of the detailed forecast and 2034, for which a long-term metal price and exchange rate forecast was used at the following level:
- for copper– 8 250 USD/t;
- for silver – 22 USD/oz;
- for gold – 1 600 USD/oz,
- for the USD/PLN exchange rate – 4.10.

Other assumptions adopted for impairment testing as at 31 December 2023	
Assumption	**Level adopted in the test**
Detailed forecast period	A 5-year detailed forecast period was adopted for the years 2024-2028 on the basis of assumptions of the Budget of KGHM Polska Miedź S.A. for 2024 and the Company's assumptions on production in the years 2024-2028 arising from the Mine and Copper Concentrate Production Plan for the years 2024-2028.
Mine production level	The total mine production level adopted for testing in the detailed forecast period (2024-2028) amounted to 1 913 thousand tonnes of copper in concentrate.
Margin level	The average level of EBIT margin adopted for testing in the detailed forecast period and in the residual period does not differ significantly from the historically observable level of the Company's profitability in relatively stable macroeconomic conditions.
Capital expenditures on replacement	Total level of expenditures on replacement adopted for testing in the detailed forecast period (2024-2028) amounted to PLN 12 338 million; in the residual period, capital expenditures on replacement were adopted at a level which allows matching the Company's assets to the planned decrease in own mine production.
Rate of increase/decrease following the forecast period	-1.43%, resulting from the planned decrease in production of copper in ore and in own concentrates assumed in current long-term plans (up to 2055).
Discount rate*	7.0% - this is the level of the real discount rate after taxation (9.85% at the nominal rate), since the cash flows adopted in the model were estimated on the basis of the real rate. Discount rate prior to taxation amounts to 12.69%.

**The presented data are the amounts after taxation as an approach practically used in the model of value in use. The discount rate before taxation was calculated for disclosure purposes on the basis of the rate after taxation, which was applied in the test.*

Results of the test performed as at 31 December 2023 may be found in the following table:

CGU	Segment	Carrying amount as at 31 December 2023*	Recoverable amount as at 31 December 2023	Impairment loss
		PLN mn	PLN mn	PLN mn
Polish production assets (mining and metallurgical) of KGHM Polska Miedź S.A.	KGHM Polska Miedź S.A.	20 166	16 577	3 589

** The carrying amount of non-current assets adjusted by key non-production assets, decreased by employee benefits liabilities. The CGU's carrying amount does not include provisions for the decommissioning costs of mines, just as the calculation of value in use does not include losses on the decommissioning of mines.*

As a result of the performed test, as at 31 December 2023 the value in use of mining and metallurgical assets of KGHM Polska Miedź S.A. was lower than their carrying amount by PLN 3 589 million. The calculated impairment loss was recognised in the following items: "Cost of sales" in the amount of PLN 2 587 million, "Selling costs and administrative expenses" in the amount of PLN 131 million and "Other operating costs" in the amount of PLN 871 million. A deferred tax on impairment losses was recognised in the amount of PLN 666 million, which decreased deferred tax liabilities in the segment KGHM Polska Miedź S.A.

The impairment loss was allocated to the following types of assets: buildings and land (PLN 1 570 million), technical equipment, machines, motor vehicles and other fixed assets (PLN 1 102 million), fixed assets under construction (PLN 874 million), intangible assets – other (PLN 43 million).

Sensitivity analysis of the recoverable amount of operating assets of KGHM Polska Miedź S.A. determined that the key assumptions adopted for the impairment testing were the adopted price paths, the exchange rate and the discount rate. The assumptions regarding the price paths, the exchange rate and the discount rate were adopted while taking into account the professional judgment of the Management Board as to the performance of these amounts in the future, and was reflected in the estimated recoverable amount.

Sensitivity analysis of the recoverable amount of the CGU (PLN million)	Recoverable amount
Discount rate 7.5%	15 263
Discount rate 7.0% (test)	**16 577**
Discount rate 6.5%	18 080

Sensitivity analysis of the recoverable amount of the CGU (PLN million)	Recoverable amount
Copper price -5%	12 700
Copper price (test)	**16 577**
Copper price +5%	20 118

Sensitivity analysis of the recoverable amount of the CGU (PLN million)	Recoverable amount
USD/PLN exchange rate -5%	11 002
USD/PLN exchange rate (test)	**16 577**
USD/PLN exchange rate +5%	21 779

TEST FOR THE IMPAIRMENT OF ASSETS OF THE KGHM INTERNATIONAL LTD. GROUP - the Segment KGHM INTERNATIONAL LTD.

As at 31 December 2023, as a result of the identification of indications of a possible change in the recoverable amount of some of the international mining assets of the KGHM INTERNATIONAL LTD. Group, the Parent Entity's Management Board performed impairment testing of these assets. The following cash generating units (CGUs) have been selected to evaluate the recoverable amount of the assets of the KGHM INTERNATIONAL LTD. Group, in which indications of a possible change in the recoverable amount were identified:

- The Robinson mine,
- The Carlota mine,
- The Sudbury Basin, comprising the Morrison mine, the Podolsky mine and the McCreedy mine,
- The pre-operational Victoria project.

The key indications to perform impairment testing of the individual CGUs:

The Robinson mine:

- the following indications were identified that the recoverable amount may be higher than the carrying amount:
  - a change in market forecasts of commodities prices,
  - a change in technical and economic parameters in terms of production volumes,
  - a change in technical and economic parameters in terms of production volumes (including mining from the Ruth West 6 pit), planned operating costs and capital expenditures;
- the following indications were identified that the recoverable amount may be lower than the carrying amount:
  - a change in discount rates.

The Carlota mine:

- the following indications were identified that the recoverable amount may be higher than the carrying amount:
  - a change in market forecasts of commodities prices,
  - a decrease in a discount rate compared to the discount rate from the date of the last test;
- the following indications were identified that the recoverable amount may be lower than the carrying amount:
  - a change in technical and economic parameters in terms of production volumes (including mining from the Cactus pit – Phase III), planned operating costs, capital expenditures and a change of the life of the mine.

The Sudbury Basin:

- the following indications were identified that the recoverable amount may be higher than the carrying amount:
  - a change in market forecasts of commodities prices;
- the following indications were identified that the recoverable amount may be lower than the carrying amount:
  - a change in discount rates,
  - a change in technical and economic parameters in terms of production volumes, planned operating costs, capital expenditures and a change of the life of the mine.

The pre-operational Victoria project;

- the following indications were identified that the recoverable amount may be higher than the carrying amount:
  - a change in market forecasts of commodities prices,
  - a change in discount rates,
  - a change in technical assumptions in the model;
- the following indications were identified that the recoverable amount may be lower than the carrying amount:
  - an update of the mine construction schedule,
  - an update of capital expenditures,
  - a change in economic assumptions in the model.

In order to determine the recoverable amount of assets of individual CGUs, in the test conducted the fair value (decreased by estimated costs to sell) was calculated using the DCF method, i.e. the method of discounted cash flows, for the following CGUs: Sudbury, Victoria, Robinson and Carlota.
There was a change in the measurement model of recoverable amount of the CGU Robinson; in the last impairment testing of this asset as at 30 June 2021 the model of value in use was applied.

Basic macroeconomic assumptions adopted for impairment testing as at 31 December 2023 – metal prices

Price paths were adopted on the basis of available long-term forecasts from financial and analytical institutions. A detailed forecast is being prepared for the period 2024-2028, while for the period 2029-2033 a technical adjustment of prices was applied between the last year of the detailed forecast and 2034, from which a long-term metal price forecast is used at the following levels:

- for copper – 8 250 USD/t (3.74 USD/lb);
- for gold – 1 600 USD/oz;
- for nickel – 8.5 USD/lb (18 739 USD/t).

Assumptions adopted for impairment testing as at 31 December 2023	Victoria	Sudbury	Robinson	Carlota
Mine life / forecast period	16	5	13	4
Level of copper production during mine life (kt)	266	16	569	11
Level of nickel production during mine life (kt)	229	5	-	-
Level of gold production during mine life (koz t)	205	12	478	-
Average operating margin during mine life	64%	9%	41%	3%
Capital expenditures to be incurred during mine life [USD million]	1 686	8	1 236	31
Including capitalised stripping costs [USD million]	-	-	*745*	7
Applied discount rate after taxation for assets in the operational phase	-	7.9%	7.9%	9.9%
Applied discount rate after taxation for assets in the pre-operational phase	9.4%	-	-	-
Costs to sell	2%			
Level of fair value hierarchy to which the measurement at fair value was classified	Level 3			

CGU	Date of the last impairment testing	Discount rate used in the last impairment testing
Sudbury	31 December 2021	7.5%
Robinson	30 June 2021	7.5%
Carlota	31 December 2019	9.5%
Victoria	30 June 2021	10.5%

Key factors responsible for the modification of technical and economic assumptions adopted for impairment testing as at 31 December 2023	
Sudbury	The increase in the production volume of payable metal by the McCreedy West mine. The finance model was updated on the basis of a change in operational assumptions.
Robinson	An update of the production plan which includes mining from the Ruth West 6 pit and changes in mining sequence in the Liberty pit, which enabled the extension of LOM to 2036. The finance model was updated on the basis of a change in operational assumptions.
Carlota	An update of the production plan which includes mining from the Cactus pit – Phase 3, which enabled the extension of LOM to 2027. The finance model was updated on the basis of a change in operational assumptions.
Victoria	Update of the mine construction schedule, update of capital expenditures and calculation of operating costs.

Results of the test performed as at 31 December 2023 are presented in the following table:

CGU	Segment (Part 2)	Carrying amount*		Recoverable amount		Recognised impairment loss	
		USD mn	PLN mn	USD mn	PLN mn	USD mn	PLN mn
Victoria	KGHM INTERNATIONAL LTD.	428***	1 683	320	1 259	108	424
Sudbury		(50)	(197)	(46)**	(164)	-	-
Robinson		358***	1 409	431	1 696	-	-
Carlota		(47)	(185)	(47)	(185)	-	-

** The carrying amount of non-current assets decreased by the provision for future decommissioning costs of mines and the balance of deferred tax.*
*** Includes liabilities due to the Franco Nevada contract.*
**** Including the amount of activated borrowing costs for the Robinson of USD 7 million, for the Victoria Project of USD 44 million.*

As a result of the conducted test, an impairment loss was recognised on the assets of the CGU Victoria in the amount of PLN 424 million (USD 108 million), which was recognised in the item: "Other operating costs". Due to the recognition of an impairment loss, a deferred income tax was charged in the amount of PLN (75) million, which was recognised in the item "Income tax".

The results of tests performed as at 31 December 2023 for:

- the CGU Sudbury confirmed that the recoverable amount is higher than the CGU's carrying amount, however the difference between the recoverable and carrying amounts of the CGU is insignificant, and therefore the impairment loss recognised in previous periods was not reversed.
- the CGU Robinson indicated that the recoverable amount of the CGU exceeded the carrying amount. Due to the lack of impairment losses recognised in previous periods that could be reversed, the carrying amount of CGU Robinson did not change.

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Discount rate 10.4%	235
Discount rate 9.4% (test)	**320**
Discount rate 8.4%	461

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Copper price -0.10 $/lb	327
Copper price (test)	**320**
Copper price +0.10 $/lb	351

Sensitivity analysis of the recoverable amount of CGU Victoria (USD mn)	Recoverable amount
Nickel price -0.10 $/lb	329
Nickel price (test)	**320**
Nickel price +0.10 $/lb	350

Sensitivity analysis of the recoverable amount of CGU Robinson (USD mn)	Recoverable amount
Discount rate 8.9%	396
Discount rate 7.9% (test)	**431**
Discount rate 6.9%	469

Sensitivity analysis of the recoverable amount of CGU Robinson (USD mn)	Recoverable amount
Copper price -0.10 $/lb	355
Copper price (test)	**431**
Copper price +0.10 $/lb	507

The sensitivity analysis of the recoverable amount of the CGUs Sudbury and Carlota, due to the low carrying amount of assets, was not presented.

in PLN millions, unless otherwise stated

EVALUATION OF IMPAIRMENT OF WATER RIGHTS
In the Group, water rights in Chile are annually subjected to impairment testing by comparing their carrying amount to the recoverable amount, which is set at fair value decreased by costs to sell. The fair value of water rights is classified under level 2 of the fair value hierarchy, in which fair value measurements are based on significant observable input data, other than market prices. For the year ended on 31 December 2023, the Group assessed the factors impacting the recoverable amount of the asset. The Group engaged an independent advisor that, by using a polynomial model taking into account technical, legal and administrative aspects, performed a measurement of water rights held by the Group. As a result of the conducted analysis, taking into account a change in water price and the estimated amount of water available for extraction as compared to the level of these factors adopted for the measurement as at 31 December 2022, an impairment loss was reversed on this asset in the amount of PLN 23 million (USD 6 million) which was recognised in the item "Other operating income". The carrying amount of water rights amounted to PLN 88 million as at 31 December 2023 (as at 31 December 2022: PLN 73 million).

IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT OF THE COMPANY CENTROZŁOM WROCŁAW S.A. – Segment – Other segments

As at 31 December 2023, as a result of the identification of indications of a possible change in the recoverable amount of property, plant and equipment of the company Centrozłom Wrocław S.A., the company performed impairment testing of these assets in 2023. The key indication to perform impairment testing was the achievement of a loss for 2023 by the company in the amount of PLN 42 million. The test was conducted using the fair value less costs to sell method, on the basis of available valuation reports and an expert's opinion, in order to confirm the recoverable amount of non-current assets.

The basis used to determine the recoverable amount during impairment testing:

1) land:
   - valuation reports prepared by external entities at the company's request,
   - valuation reports prepared at the request of local municipal authorities,

2) buildings and structures:
   - valuation reports prepared by external entities at the company's request,
   - an expert opinion by the technical services of the company on the basis of determined market value of similar objects in individual locations

3) machinery and equipment:
   - an expert opinion by the technical services of the company on the basis of auction websites and the level of achieved prices

Properties for which valuation reports were prepared at the company's request*	Carrying amount	Recoverable amount
in Chróścina	1	3
in Wrocław	9	76
in Poznań	11	16
in Konin	2	4
in Opole	1	2
in Łódź	9	14
Total	**33**	**115**

Properties for which valuation reports were prepared at the request of local municipal authorities*	Carrying amount	Recoverable amount
	8	15

** cost to sell at the level of 3%*

in PLN millions, unless otherwise stated

Sensitivity analysis of the recoverable amount of property to volatility of market prices for land and accompanying buildings, for which valuation reports were prepared:			
At the company's request	**Price lower by 5%**	**Recoverable amount (test)**	**Price higher by 5%**
in Chróścina	2.9	3.1	3.2
in Wrocław	71.6	75.4	79.2
in Poznań	15.1	15.9	16.7
in Konin	4.0	4.2	4.4
in Opole	2.3	2.4	2.5
in Łódź	12.8	13.5	14.2
At the request of local municipal authorities	14.3	15.1	15.8
TOTAL	**123.0**	**129.6**	**136.0**

Sensitivity analysis of the fair value of machinery and equipment to volatility of market prices for machinery and equipment	**Price lower by 5%**	**Recoverable amount (test)**	**Price higher by 5%**
	31	32	34

As a result of the performed tests, the recoverable amount of property, plant and equipment was determined to be at the level of PLN 176 million, which is significantly higher than the carrying amount of property, plant and equipment (PLN 87 million). Therefore, no impairment loss was recognised.

in PLN millions, unless otherwise stated

Part 4 - Explanatory notes to the statement of profit or loss

Note 4.1 Expenses by nature

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 9.3	Depreciation of property, plant and equipment and amortisation of intangible assets	2 513	2 641
Note 11.1	Employee benefits expenses	8 965	8 296
	Materials and energy, including:	13 328	14 872
	purchased metal-bearing materials	7 439	7 712
	External services	3 091	2 960
Note 5.2	Minerals extraction tax	3 865	3 496
	Other taxes and charges	939	874
	Advertising costs and representation expenses	75	96
	Property and personal insurance	92	87
Note 4.4	Reversal of impairment losses on property, plant and equipment and intangible assets	(69)	(3)
Note 4.4	Reversal of write-downs of inventories	(14)	(19)
Part 3 Note 4.4	Recognition of impairment losses on property, plant and equipment and intangible assets	290	2 728
Note 4.4	Recognition of write-downs of inventories	84	429
	Other costs	83	83
	Total expenses by nature	**33 242**	**36 540**
	Cost of merchandise and materials sold (+)	547	679
	Change in inventories of finished goods and work in progress (+/-)	180	(275)
	Cost of products for internal use of the Group (-) *	(2 416)	(1 837)
	Total costs of sales, selling costs and administrative expenses, of which:	**31 553**	**35 107**
	Cost of sales	29 348	32 907
	Selling costs	529	481
	Administrative expenses	1 676	1 719

**The amount is mainly comprised of cost of manufacturing non-current assets by the Group*

in PLN millions, unless otherwise stated

Note 4.2 Other operating income and (costs)

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 7.1	Gains on derivatives, of which:	617	367
	measurement	68	202
	realisation	549	165
Note 7.1	Exchange differences on financial assets and liabilities other than borrowings	555	-
	Interest income calculated using the effective interest rate method	63	56
	Reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	5	53
	Fair value gains on other financial assets	9	-
	Release of provisions	133	54
	Gain on disposal of intangible assets	4	7
	Government grants received	16	17
	Income from servicing of letters of credit and guarantees	18	21
	Compensation, fines and penalties received	35	47
	Assistance under the government program "Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2024 and 2023"*	14	178
	Other	93	106
	Total other operating income	**1 562**	**906**
Note 7.1	Losses on derivatives, of which:	(566)	(634)
	measurement	(14)	(188)
	realisation	(552)	(446)
Note 4.4	Impairment losses on financial instruments	(1)	(4)
	Fair value losses on trade receivables	(136)	(104)
Part 3 Note 4.4	Impairment losses on fixed assets under construction and intangible assets not yet available for use	(22)	(1 308)
Note 7.1	Exchange differences on financial assets and liabilities other than borrowings	-	(1 414)
	Provisions recognised	(220)	(36)
	Losses on disposal of property, plant and equipment	(29)	(28)
	Donations granted	(68)	(66)
	Other	(76)	(129)
	Total other operating costs	**(1 118)**	**(3 723)**
	Other operating income and (costs)	**444**	**(2 817)**

* *The Group recognises grants in the year in which it receives the confirmation of the grant from the funding body.*

in PLN millions, unless otherwise stated

Note 4.3 Finance income and (costs)

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 7.1	Exchange differences on measurement and realisation of borrowings	-	356
Note 7.1	Gains on derivatives - realisation	134	173
	Other	1	-
	Total finance income	**135**	**529**
Note 7.1	Interest on lease liabilities	(10)	(1)
	Interest on trade payables within the reverse factoring mechanism	(150)	(75)
	Unwinding of the discount effect	(92)	(72)
	Bank fees and charges on drawn borrowings	(23)	(26)
Note 7.1	Losses on derivatives - realisation	(146)	(183)
Note 7.1	Exchange differences on measurement and realisation of borrowings	(84)	-
	Other	(11)	(13)
	Total finance costs	**(516)**	**(370)**
	Finance income and (costs)	**(381)**	**159**

Note 4.4 Reversal and (recognition) of impairment losses recognised in the statement of profit or loss

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Reversal of impairment losses on assets recognised in:		
	cost of sales, of which:	**85**	**24**
Note 4.1	reversal of impairment loss on property, plant and equipment and intangible assets	69	3
Note 10.1	reversal of write-down of inventories	16	21
Note 6.2	**gain due to reversal of allowances for impairment of loans granted to a joint venture**	**226**	**101**
	other operating income, of which:	**5**	**53**
	reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	5	53
	Reversal of impairment losses, total	**316**	**178**
	Impairment losses on assets, recognised in:		
	cost of sales and selling costs, of which:	**(377)**	**(3 170)**
Note 4.1	impairment loss on property, plant and equipment and intangible assets	(290)	(2 728)
Note 10.1	write-down of inventories	(87)	(442)
	other operating costs, of which:	**(23)**	**(1 312)**
Note 4.2	impairment losses on fixed assets under construction and intangible assets not yet available for use	(22)	(1 308)
Note 4.2	allowance for impairment of trade receivables	(1)	(4)
	Impairment losses, total	**(400)**	**(4 482)**

in PLN millions, unless otherwise stated

Part 5 – Taxation

Note 5.1 Income tax in the consolidated statement of profit or loss

Accounting policies
Income tax recognised in profit or loss comprises current income tax and deferred income tax. Current income tax is calculated in accordance with current tax laws.

Taking into account the tax optimisation within the KGHM Polska Miedź S.A. Group, the "PGK KGHM I" Tax Group was founded, which operated in the years 2016-2018. Real benefits were noted in the period of operation of PGK KGHM, including the possibility of current utilisation of losses generated by some of the companies within PGK to settle them with the profits of other companies, and the positive result of an analysis of companies of the Group with respect to meeting the criteria indicated in the act on corporate income tax were a basis to found a new tax group – PGK KGHM II. It operated in the years 2019-2021, and in October 2021 an agreement was signed to extend its operations by a subsequent 3 tax years, that is from 2022 to 2024.
On 17 October 2024, an agreement was signed to indefinitely extend the operations of PGK KGHM II, which is in force from 1 January 2025. The following companies joined the agreement:

1) KGHM Polska Miedź S.A.
2) „Energetyka" sp. z o.o.
3) Zagłębie Lubin S.A.
4) Miedziowe Centrum Zdrowia S.A.
5) KGHM CUPRUM sp. z o.o. – Centrum Badawczo-Rozwojowe
6) INOVA Centrum Innowacji Technicznych sp. z o.o.
7) PeBeKa S.A.
8) KGHM ZANAM S.A.
9) POL-MIEDŹ TRANS Sp. z o.o.
10) Mercus Logistyka sp. z o.o.
11) KGHM Metraco S.A.
12) Special purpose companies: Future 1 Sp. z o.o., Future 3 Sp. z o.o., Future 4 Sp. z o.o., Future 5 Sp. z o.o.,
13) Centrum Badań Jakości Sp. z o.o.
14) BIPROMET S.A.

Income tax

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Current income tax	1 153	682
Note 5.1.1	Deferred income tax	590	(569)
	Current tax adjustments for prior periods	(5)	(37)
	Income tax on controlled foreign companies	-	15
	Income tax	**1 738**	**91**

The increase in current income tax in 2024 as compared to 2023 was solely the result of an increase in taxable income.

In 2024, Group entities paid income tax in the amount of PLN 1 027 million (in 2023: PLN 1 678 million) to the appropriate tax offices.

In 2024, the Parent Entity received the refund from the annual income tax settlement for 2023 in the amount of PLN 458 million and the refund due to an adjustment to the tax settlement for the years 2017, 2018, 2020 and 2021 in the amount of PLN 154 million.

in PLN millions, unless otherwise stated

The table below presents differences between income tax from profit before income tax for the Group and the income tax which could be achieved if the Parent Entity's tax rate was applied:

Reconciliation of effective tax rate

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Profit/(loss) before income tax	**4 608**	**(3 600)**
Tax calculated using the Parent Entity's rate (2024: 19%, 2023: 19%)	876	(684)
Effect of applying other tax rates abroad	41	(88)
Tax effect of non-taxable income	(65)	(9)
Tax effect of expenses not deductible for tax purposes, including:	798	723
minerals extraction tax	734	664
Unrecognised deferred tax assets on deductible temporary differences	234	76
Utilisation in the period of previously-unrecognised tax losses	(44)	(45)
Adjustments of current tax for prior periods	(5)	(37)
Tax losses and tax credits in the period from which there was no recognition of deferred tax assets	23	53
Deferred tax on eliminated interest on intra-Group loans	(80)	(72)
Income tax on controlled foreign companies	-	15
Other	(40)	159
Income tax in profit or loss	**1 738**	**91**

In Poland, tax bodies are empowered to audit tax declarations for a period of five years, although during this period companies may offset tax assets with tax liabilities being the income of the State Treasury (including due to current income tax). In Canada, tax declarations may be audited for a period of three years without the right to offset assets with liabilities due to current income tax.

in PLN millions, unless otherwise stated

Note 5.1.1 Deferred income tax

Accounting policies	Significant estimates, assumptions and judgments
Deferred income tax is determined using tax rates and tax laws that are expected to be applicable when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities and deferred tax assets are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the exception of temporary differences arising from initial recognition of assets or liabilities in transactions other than business combinations, which do not have an impact either on profit/(loss) before tax or on the taxable profit/(tax loss) at the moment they are concluded, and at the date of the transaction does not result in the occurrence of equal amounts of taxable and deductible temporary differences. Deferred tax assets are recognised if it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets and deferred tax liabilities are offset if the company has a legally enforceable right to set off current tax assets and current tax liabilities, and if the deferred tax assets and deferred tax liabilities relate to income taxes levied on a given entity by the same tax authority.	The assessment of probability of realising deferred tax assets with future tax income is based on the budgets of the companies of the Group. Companies of the Group recognised deferred tax assets in their accounting books to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Companies of the Group which historically have generated losses, and whose financial projections do not foresee the achievement of taxable profit enabling the deduction of deductible temporary differences, do not recognise deferred tax assets in their accounting books.

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Deferred net income tax at the beginning of the period, of which:	**(509)**	**(1 014)**
Deferred tax assets	137	137
Deferred tax liabilities	(646)	(1 151)
Deferred income tax due to obtaining control of subsidiaries:	**1**	**-**
Deferred tax assets	1	-
Deferred income tax during the period, of which:	**(551)**	**466**
Recognised in profit or loss	(590)	569
Recognised in other comprehensive income	39	(103)
Exchange differences from translation of balances of deferred income tax of statements of operations with a functional currency other than PLN	**(23)**	**39**
Deferred net income tax at the end of the period, of which:	**(1 082)**	**(509)**
Deferred tax assets	302	137
Deferred tax liabilities	(1 384)	(646)

in PLN millions, unless otherwise stated

Maturities of deferred tax assets and deferred tax liabilities were as follows:

	Deferred tax assets		Deferred tax liabilities	
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023
Maturity over the 12 months from the end of the reporting period	198	42	(1 529)	(615)
Maturity of up to 12 months from the end of the reporting period	104	95	145	(31)
Total	**302**	**137**	**(1 384)**	**(646)**

Expiry dates of unused tax losses and tax credits, for which deferred tax assets were not recognised in individual countries, are presented in the following table:

	As at 31 December 2024				As at 31 December 2023			
	Unused tax losses	Expiry date	Unused tax credits	Expiry date	Unused tax losses	Expiry date	Unused tax credits	Expiry date
Luxembourg	339	2037	-	-	325	2037	-	-
Chile	103	indefinite	-	-	97	indefinite	-	-
Canada	1 814	2044	55	2039	1 663	2043	53	2039
Other	74	2025-2029	-	-	5	2024-2028	-	-
Total	**2 330**		**55**		**2 090**		**53**	

As at 31 December 2024, the Group did not recognise a deferred tax asset on deductible temporary differences in the amount of PLN 1 768 million (as at 31 December 2023: PLN 556 million) because there is low possibility that they will be reversed in the foreseeable future and that taxable income, on which it could be recognised, will be achieved. The deductible temporary differences from which the deferred tax asset was not recognised mainly relate to the provisions for decommissioning costs of mines and other technological facilities in the Robinson and Carlota mines in the KGHM INTERNATIONAL LTD. Group, as well as the difference in interest on loans granted by the Parent Entity and the subsidiary Future 1 to the KGHM INTERNATIONAL LTD. Group for accounting and tax purposes.

As at 31 December 2024, at the level of the consolidated financial statements, there was no recognition of deferred tax liabilities on taxable temporary differences in the amount of PLN 1 990 million (as at 31 December 2023: PLN 1 273 million) related to investments in subsidiaries and shares in joint ventures, as the conditions stipulated in IAS 12.39 were met, i.e. the Parent Entity is able to control the dates of reversal of these differences and it is probable that they will not reverse in the foreseeable future.

The following tables present deferred income tax assets and liabilities before their compensation at the level of individual companies of the Group.

in PLN millions, unless otherwise stated

Deferred tax assets (deferred tax assets prior to offsetting with deferred tax liabilities at the level of individual companies of the Group)

	As at 31 December 2022	Credited/(Charged)			As at 31 December 2023	Credited/(Charged)				As at 31 December 2024
		profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN		changes due to obtaining control of subsidiaries	profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN	
Provision for decommissioning of mines and other technological facilities	**194**	17	-	(2)	**209**	-	(3)	-	1	**207**
Measurement of forward transactions other than hedging instruments	**44**	1	-	-	**45**	-	(40)	-	-	**5**
Differences between the value of property, plant and equipment for accounting and tax purposes	**95**	141	-	-	**236**	-	9	-	-	**245**
Future employee benefits	**545**	33	59	-	**637**	-	11	(63)	-	**585**
Equity instruments measured at fair value	**123**	1	(56)	-	**68**	-	-	(1)	-	**67**
Lease liabilities	**94**	6	-	-	**100**	-	(19)	-	-	**81**
Accrued and unpaid interest on borrowings	**297**	44	-	(32)	**309**	-	1	-	13	**323**
Recognition/reversal of impairment losses on assets	**40**	167	-	-	**207**	-	(37)	-	-	**170**
Short-term accruals for remuneration	**125**	(30)	-	-	**95**	-	31	-	-	**126**
Re-measurement of hedging instruments	**13**	-	(3)	-	**10**	-	-	(3)	-	**7**
Liabilities related to fixed fee due to setting mining usufruct	**35**	3	-	-	**38**	-	(1)	-	-	**37**
Employee benefits (holidays)	**13**	5	-	-	**18**	-	3	-	-	**21**
Unpaid remuneration with surcharges	**27**	(25)	-	-	**2**	-	-	-	-	**2**
Tax losses from prior periods	**-**	54	-	(3)	**51**	-	93	-	4	**148**
Other	**199**	(45)	-	-	**154**	3	41	-	-	**198**
Total	**1 844**	**372**	**-**	**(37)**	**2 179**	**3**	**89**	**(67)**	**18**	**2 222**

in PLN millions, unless otherwise stated

Deferred tax liabilities (deferred tax liabilities prior to offsetting with deferred tax assets at the level of individual companies of the Group)

		(Credited)/Charged					(Credited)/Charged			
	As at 31 December 2022	profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN	As at 31 December 2023	changes due to obtaining control of subsidiaries	profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN	As at 31 December 2024
Measurement of forward transactions other than hedging instruments	**41**	6	-	-	**47**	-	(28)	-	-	**19**
Differences between the value of property, plant and equipment for accounting and tax purposes, including:	**1 840**	(418)	-	(36)	**1 386**	-	400	-	19	**1 805**
related to depreciation of right-to-use assets	**89**	(13)	-	-	**76**	-	(12)	-	-	**64**
Accrued and unpaid interest on loans	**643**	158	-	(42)	**759**	-	145	-	19	**923**
Re-measurement of hedging instruments	**25**	-	103	-	**128**	-	-	(108)	-	**20**
Equity instruments measured at fair value	**84**	29	-	-	**113**	-	(4)	-	-	**109**
Other	**225**	28	-	2	**255**	2	166	2	3	**428**
Total	**2 858**	**(197)**	**103**	**(76)**	**2 688**	**2**	**679**	**(106)**	**41**	**3 304**

As at 31 December 2024, the deferred tax assets and liabilities that will be subject to offsetting within the companies of the Tax Group amount to PLN 1 935 million and PLN 2 556 million, respectively (as at 31 December 2023: PLN 2 026 million and PLN 2 399 million).

in PLN millions, unless otherwise stated

Note 5.2 Other taxes and charges

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023	Basis for calculating tax	Tax rate	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023	
Minerals extraction tax, of which:	**3 865**	**3 496**					
- copper	3 157	2 946	Amount of copper in produced concentrate, expressed in tonnes	tax rate calculated for every reporting period*	3 855	3 405	tax recognised in cost of sold products
- silver	708	550	Amount of silver in produced concentrate, expressed in kilograms		9	91	tax recognised in inventories

** In accordance with conditions specified by the Act dated 2 March 2012 on the minerals extraction tax, the amount of tax depends on the amount of copper and silver in concentrate as well as the tax rates. Tax rates are set separately for copper (Cu) and silver (Ag) on the basis of formulas specified in the Act and depend on average prices of these metals (stock quotations from LME/LBMA) as well as the USD exchange rate.*

The minerals extraction tax paid by the Parent Entity is calculated from the amount of copper and silver in produced concentrate and depends on the stock prices of these metals as well as on the USD/PLN exchange rate. The tax is accounted for under manufacturing costs of basic products and is not deductible for corporate income tax purposes.

Other taxes and charges, with a breakdown by geographical location, were as follows:

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Poland	**836**	**803**
Real estate tax	320	293
Royalties	143	127
Excise tax	8	7
Environmental fees	67	96
Costs of redemption of CO_2 emission allowances	199	190
Contributions to the State Fund for the Rehabilitation of the Disabled People (PFRON)	38	34
Other taxes and charges	61	56
Other countries	**153**	**78**
Total	**989**	**881**

in PLN millions, unless otherwise stated

Note 5.3 Tax assets and liabilities

Accounting policies
Tax assets comprise current income tax assets and the settlement related to VAT. Assets not representing financial assets are initially recognised at nominal value and are measured at the end of the reporting period at the amount due. Tax liabilities comprise the Group's liabilities towards the tax office arising from the corporate income tax, including due to the withholding tax, personal income tax and liabilities due to the minerals extraction tax and the excise tax. Liabilities not representing financial liabilities are measured at the amount due.

	As at 31 December 2024	As at 31 December 2023
Current corporate income tax assets	20	558
Assets due to other taxes	433	427
Tax assets	**453**	**985**

The receivables due to other taxes comprise mainly VAT receivables.

	As at 31 December 2024	As at 31 December 2023
Current corporate income tax liabilities	325	-
Liabilities due to other taxes	724	611
Tax liabilities	**1 049**	**611**

The other tax liabilities comprise mainly liability due to the minerals extraction tax of the Parent Entity.
A significant factor for the increase in other tax liabilities was the increase in a liability due to the minerals extraction tax of the Parent Entity, which was determined by the increase in taxable volume of copper and silver as well as the real tax rate of copper and silver.

in PLN millions, unless otherwise stated

Part 6 – Involvement in joint ventures

Accounting policies

The item "involvement in joint ventures" comprises investments in joint ventures accounted for using the equity method and loans granted to joint ventures.
The Group classifies as investments accounted for using the equity method interests in joint ventures which are joint contractual arrangements, in which the parties sharing control have the right to the net assets of a given entity. Joint control occurs when decisions on the relevant activities of joint ventures require the unanimous consent of the parties sharing control.
Investments are initially recognised at cost. The Group's share in the profit or loss of entities accounted for using the equity method (assessed while taking into account the impact of measurements to fair value at the investment's acquisition date) from the acquisition date is recognised in profit or loss, while its share in changes of accumulated other comprehensive income from the acquisition date is recognised in the relevant item of accumulated comprehensive income.
Unrealised gains and losses on transactions between the investor and the joint venture are eliminated in an amount proportional to the investor's share in these profits/(losses), and correspond with the carrying amount of the Group's share in this unit. If, at the end of the reporting period, the Group's share in the unrealised gains on transactions between the Group and the joint venture exceeds the carrying amount of the investment in this unit, the Group's share in these gains is eliminated to the level of the carrying amount of the Group's interest in this unit. Elimination of unrealised gains, proportionally to the Group's share, unsettled in the period in which the transaction occurred, is performed in subsequent reporting period at the moment the carrying amount of the Group's interest in this unit exceeds zero.
If there are any indications of a possibility of impairment, an investment is tested for impairment by calculating the recoverable amount.

Significant estimates, assumptions and judgments

Joint control
The Group classifies Sierra Gorda S.C.M. with its head office in Chile as a joint venture under IFRS 11, in which KGHM INTERNATIONAL LTD.'s share equals 55%. Classification of Sierra Gorda S.C.M. as a joint venture, despite the 55% share of the Group, was made based on analysis of the terms of the agreements between the parties and contractual stipulations which indicated joint control. Pursuant to the terms of the agreements, all relevant activities of Sierra Gorda S.C.M. require the unanimous consent of both owners. The Group and other owners have three members each in the appointed Owners Council.
The Owners Council makes strategic decisions and is responsible for overseeing their execution. Moreover, it approves the appointment of senior management. In the reporting period, there were no changes to provisions that were the basis of classifying the investment as a joint venture.
Pursuant to the Group's judgment, loans granted to the joint venture Sierra Gorda S.C.M. do not meet the criteria of recognition as net investments in a joint venture, because the loans' settlement is planned and probable in the foreseeable future.

Note 6.1 Joint ventures accounted for using the equity method

Value of the investment in the consolidated statement of financial position	2024	2023
As at 1 January	-	-
Share of profit for the reporting period	218	68
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	(209)	(120)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(9)	52
As at 31 December	-	-

in PLN millions, unless otherwise stated

Unrecognised share of the Group of the losses of Sierra Gorda S.C.M.	2024	2023
As at 1 January	**(1 054)**	**(1 174)**
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	209	120
As at 31 December	**(845)**	**(1 054)**

As at 31 December 2024, the KGHM Polska Miedź S.A. Group's share of the unsettled accumulated losses of Sierra Gorda S.C.M. amounted to PLN 845 million (USD 287 million), as at 31 December 2023: PLN 1 054 million (USD 342 million). The Group stopped recognising its share of losses of Sierra Gorda S.C.M. at the moment the value of this share exceeded the carrying amount of the interest in the investment in Sierra Gorda S.C.M. Recognition of the Group's share of losses of Sierra Gorda S.C.M. caused the carrying amount of shares in Sierra Gorda S.C.M. to be equal to PLN 0. After reducing the share to zero, the Group performed an analysis as to whether there is a legal or customary obligation to pay on Sierra Gorda S.C.M.'s behalf, which would result in an obligation of the Group to recognise a liability for this reason. On the basis of conducted analyses, the Group does not identify the existence of a legal or customary obligation to pay on Sierra Gorda S.C.M.'s behalf, which is described in IAS 28.39.

Moreover, the Group analysed the terms of the guarantee granted to Sierra Gorda S.C.M. to secure repayment of an instalment of the credit facility, which meets the definition of a financial guarantee pursuant to IFRS 9. Details on the guarantees granted to Sierra Gorda S.C.M. are described in Note 8.6.

in PLN millions, unless otherwise stated

Condensed financial data of Sierra Gorda S.C.M. is presented in the table below

	As at 31 December 2024	As at 31 December 2023
Non-current assets	**22 559**	**20 752**
Current assets, including:	**2 244**	**2 151**
Cash and cash equivalents	477	609
Non-current liabilities, including:	**23 276**	**669**
Borrowings and leases	2 091	525
Liabilities due to loans granted by jointly-controlling entities	20 595	-
Current liabilities, including:	**1 710**	**22 795**
Borrowings and leases	105	1 667
Liabilities due to loans granted by jointly-controlling entities	-	19 504
Carrying amount of net assets (incorporating the fair value measurement from the date of obtaining joint control)	**(183)**	**(561)**
The Group's share in net assets (55%)	(100)	(309)
Total unrecognised accumulated share of losses of Sierra Gorda S.C.M. (accumulated comprehensive losses)	845	1 054
Balance of impairment loss on interest in Sierra Gorda S.C.M.	(671)	(671)
Unrecognised adjustment due to unrealised gains on a transaction between the Group and the joint venture (sale of the Oxide project)	(74)	(74)
Value of the investment in the consolidated statement of financial position	**-**	**-**
	from 1 January 2024 to 31 December 2024	**from 1 January 2023 to 31 December 2023**
Revenues from contracts with customers	6 466	6 035
Depreciation/amortisation	(1 546)	(1 400)
Reversal of an impairment loss on property, plant and equipment	-	399
Interest costs	(1 318)	(1 391)
Other incomes/(costs)	(3 077)	(3 247)
Profit before income tax	**525**	**396**
Income tax	(129)	(273)
Profit for the period	**396**	**123**
Exchange differences from the translation of Sierra Gorda S.C.M.'s net assets to the PLN presentation currency	**(18)**	**96**
Total comprehensive income	**378**	**219**

Other information on the Group's involvement in the joint venture Sierra Gorda S.C.M.

		As at 31 December 2024	As at 31 December 2023
	Group's share in commitments (investment and operating)	7 629	7 758
	Group's share in the total amount of future lease gross payments due to lease agreements for mining equipment	442	480
Note 8.6	Guarantees granted by the Group	904	866

in PLN millions, unless otherwise stated

Note 6.2 Loans granted to a joint venture (Sierra Gorda S.C.M.)

Accounting policies	Significant estimates, assumptions and judgments
Loans granted to Sierra Gorda S.C.M. were classified as credit-impaired financial assets due to the high credit risk at the moment of initial recognition (POCI). POCI loans are measured at amortised cost using the effective interest rate, adjusted by the credit risk using the scenario analysis and available free cash of Sierra Gorda S.C.M.	The terms of repayment of loans granted to finance operations abroad, including planned repayment dates, were set in individual agreements. Thanks to the signed agreement with South32 and the annexation of loan agreements granted to Sierra Gorda S.C.M. by the Owners, in accordance with the current terms of the agreement, the principal and interest are paid on demand in the contractual order, i.e. interest first, then principal, unless the Lenders agree otherwise, but no later than up to 31 December 2032. Due to the lack of expected repayment of the loan within 12 months from the end of the reporting period, and due to the fact that each repayment requires the consent of both partners of the joint venture, and such consents did not exist as at the reporting date and as at the date of signing of the consolidated financial statements, the Group presents the balance of loans as a non-current receivable. Due to the implementation of IFRS 9, as at 1 January 2018, the expected, undiscounted credit loss at the moment of initial recognition was estimated at the amount of PLN 6 105 million (USD 1 754 million per the 3.4813 USD/PLN exchange rate of NBP dated 29 December 2017). As at 31 December 2024 and 31 December 2023, the expected credit losses estimated at the moment of initial recognition has decreased and gains on reversal of these expected credit losses increased the loan's balance. The repayments of loans by Sierra Gorda S.C.M. depend on that company's financial standing. In 2023, there were repayments in the total amount of USD 39 million (PLN 163 million). Further payments were made in 2024 in the total amount of USD 116 million (PLN 464 million). Due to the fact that settling the loan is planned and probable in the foreseeable future, the loan is not a net investment under IAS 21.15. Pursuant to the requirements of IFRS 9.5.5.17, the Group performed impairment testing of the loan. To estimate the expected credit losses, scenario analysis (IFRS 9.5.5.18) was used, comprising the Group's assumptions on the repayment of the loan granted. The scenario analysis was based on cash flows of Sierra Gorda S.C.M., estimated on the basis of current market paths of commodities price forecasts, which were subsequently discounted using the effective interest rate adjusted by the credit risk, determined at the initial recognition of the loan pursuant to IFRS 9.B5.5.45 at the level of 6.42%. Other important assumptions used in the measurement of the loan concern the following: • the probability of realisation of individual measurement scenarios, • the level of production, • the level of costs, • the level of capital expenditures, • the external financing of Sierra Gorda S.C.M., • the form and level of financing of Sierra Gorda S.C.M. by the owners, • taxation at the level of Sierra Gorda S.C.M., • the distribution of cash. Future realisation, or not, of assumptions will depend on many macroeconomic, operational and financial factors, as well as on the agreements made between the JV partners (sensitivity analysis of the carrying amount of the loan is presented in Note 7.5.2.4).

		2024	2023
	As at 1 January	**9 096**	**9 603**
	Repayment of loans (principal and interest)	(464)	(163)
	Accrued interest	552	597
Note 4.4	Gain due to the reversal of allowances for impairment on loans granted to a joint venture	226	101
	Exchange differences	390	(1 042)
	As at 31 December	**9 800**	**9 096**

The loan granted to Sierra Gorda S.C.M. has a fixed interest rate of 8%.

As at 31 December 2024, the Group estimated the expected cash flows on repayment of receivables due to loans granted to Sierra Gorda S.C.M., as a result of which, pursuant to IFRS 9.5.5.14, a gain on reversal of an allowance for impairment was recognised in the amount of PLN 226 million (USD 55 million), in particular due to a change in the scenario analysis of loans and annexing the loan agreements. In the comparable period, a gain due to the reversal of an allowance for impairment was recognised in the amount of PLN 101 million (USD 26 million).

The Group adopted price paths on the basis of internal macroeconomic assumptions prepared based on available, long-term forecasts from financial and analytical institutions to estimate cash flows of Sierra Gorda S.C.M. A detailed forecast was prepared for the period 2025-2029, while for the period 2030-2034 a technical adjustment of prices was applied between the last year of the detailed forecast and 2035, for which a long-term metals price forecast was used at the following level:

- for copper– 8 800 USD/t;
- for gold – 1 900 USD/oz.

In the detailed forecast period for the period 2025-2029 the following levels of metal prices were assumed:

- for copper – from 9 500 USD/t to 10 000 USD/t;
- for gold – from 1 800 USD/oz to 2 600 USD/oz.

As at 31 December 2023, the Group adopted price paths on the basis of internal macroeconomic assumptions prepared based on available long-term forecasts from financial and analytical institutions to estimate cash flows of Sierra Gorda S.C.M. A detailed forecast was prepared for the period 2024-2028, while for the period 2029-2033 a technical adjustment of prices was applied between the last year of the detailed forecast and 2034, for which a long-term metals price forecast was used at the following level:

- for copper– 8 250 USD/t;
- for gold – 1 600 USD/oz.

In the detailed forecast period for the period 2024-2028 the following levels of metal prices were assumed:

- for copper – from 8 500 USD/t to 9 200 USD/t;
- for gold – from 1 600 USD/oz to 1 900 USD/oz.

Other key assumptions used for estimation of cash flows		
	2024	2023
Mine life / forecast period	23	23
Level of copper production during mine life (kt)	3 488	3 578
Level of molybdenum production during mine life (mn lbs)	214	223
Level of gold production during mine life (koz)	966	996
Average operating margin during mine life	47.6%	43.8%
Applied discount rate after taxation (used to calculate the fair value for disclosure purposes in Part 7)	8.31%	9.13%
Capital expenditures to be incurred during mine life (USD million)	2 021	1 399
Capitalised stripping costs during mine life (USD million)	4 204	3 820

in PLN millions, unless otherwise stated

PART 7 – Financial instruments and financial risk management

Note 7.1 Financial Instruments

Financial assets	As at 31 December 2024					As at 31 December 2023				
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	837	46	10 357	286	**11 526**	829	114	9 571	195	**10 709**
Loans granted to a joint venture	-	-	9 800	-	**9 800**	-	-	9 096	-	**9 096**
Derivatives	-	-	-	286	**286**	-	38	-	195	**233**
Other financial instruments measured at fair value	837	46	-	-	**883**	829	76	-	-	**905**
Other financial instruments measured at amortised cost	-	-	557	-	**557**	-	-	475	-	**475**
Current	-	808	1 595	193	**2 596**	-	919	2 475	323	**3 717**
Trade receivables	-	707	638	-	**1 345**	-	414	518	-	**932**
Derivatives	-	26	-	193	**219**	-	437	-	323	**760**
Cash and cash equivalents	-	-	715	-	**715**	-	-	1 729	-	**1 729**
Other financial assets	-	75	242	-	**317**	-	68	228	-	**296**
Total	**837**	**854**	**11 952**	**479**	**14 122**	**829**	**1 033**	**12 046**	**518**	**14 426**

in PLN millions, unless otherwise stated

Financial liabilities	As at 31 December 2024				As at 31 December 2023			
	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	12	5 130	257	**5 399**	38	4 991	164	**5 193**
Borrowings, leases and debt securities	-	4 910	-	**4 910**	-	4 761	-	**4 761**
Derivatives	12	-	257	**269**	38	-	164	**202**
Other financial liabilities	-	220	-	**220**	-	230	-	**230**
Current	14	6 517	33	**6 564**	480	7 433	26	**7 939**
Borrowings, leases and debt securities	-	1 261	-	**1 261**	-	964	-	**964**
Derivatives	11	-	33	**44**	473	-	26	**499**
Trade payables	-	3 132	-	**3 132**	-	3 167	-	**3 167**
Trade payables within the reverse factoring mechanism	-	2 000	-	**2 000**	-	3 021	-	**3 021**
Other financial liabilities	3	124	-	**127**	7	281	-	**288**
Total	**26**	**11 647**	**290**	**11 963**	**518**	**12 424**	**190**	**13 132**

in PLN millions, unless otherwise stated

Gains/(losses) on financial instruments recognised in profit/(loss) for the period

	from 1 January 2024 to 31 December 2024	Financial assets/liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Hedging instruments	Total
Note 4.2 Note 6.2	Interest income	-	615	-	-	**615**
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	-	226	-	-	**226**
Note 4.3	Interest income/(costs)	-	-	(160)		**(160)**
Note 4.2	Foreign exchange gains/(losses) on instruments other than borrowings	-	581	(26)	-	**555**
Note 4.3	Foreign exchange losses on borrowings	-	-	(84)	-	**(84)**
Note 4.4	Impairment losses	-	(1)	-	-	**(1)**
Note 7.2	Revenues from contracts with customers	-	-	-	608	**608**
Note 4.2 Note 4.3	Gains on measurement and realisation of derivatives	731	-	-	20	**751**
Note 4.2 Note 4.3	Losses on measurement and realisation of derivatives	(712)	-	-	-	**(712)**
Note 4.3	Fees and charges on bank loans drawn	-	-	(23)	-	**(23)**
Note 4.2	Fair value (losses)/gains on financial assets	(127)	-	-	-	**(127)**
	Other gains/(losses)	-	4	(10)	-	**(6)**
	Total net gain/(loss)	**(108)**	**1 425**	**(303)**	**628**	**1 642**

in PLN millions, unless otherwise stated

	from 1 January 2023 to 31 December 2023	Financial assets/liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Hedging instruments	Total
Note 4.2 Note 6.2	Interest income	-	653	-	-	**653**
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	-	101	-	-	**101**
Note 4.3	Interest income/(costs)	-	-	(76)	-	**(76)**
Note 4.2	Foreign exchange gains/(losses) on instruments other than borrowings	-	(1 455)	41	-	**(1 414)**
Note 4.3	Foreign exchange gains on borrowings	-	-	356	-	**356**
Note 4.4	Impairment losses	-	(4)	-	-	**(4)**
Note 7.2	Revenues from contracts with customers	-	-	-	635	**635**
Note 4.2 Note 4.3	Gains on measurement and realisation of derivatives	540	-	-	-	**540**
Note 4.2 Note 4.3	Losses on measurement and realisation of derivatives	(467)	-	-	(350)	**(817)**
Note 4.3	Fees and charges on bank loans drawn	-	-	(26)	-	**(26)**
Note 4.2	Fair value losses on financial receivables	(104)	-	-	-	**(104)**
	Other gains	-	6	-	-	**6**
	Total net gain/(loss)	**(31)**	**(699)**	**295**	**285**	**(150)**

in PLN millions, unless otherwise stated

The fair value hierarchy of financial instruments measured at fair value in the statement of financial position

	As at 31 December 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
Classes of financial instruments	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	21	-	21	-	22	-	22
Listed shares	705	-	-	705	703	-	-	703
Unquoted shares	-	132	-	132	-	126	-	126
Trade receivables	-	707	-	707	-	414	-	414
Assets due to derivatives	-	505	-	505	-	993	-	993
Liabilities due to derivatives	-	(313)	-	(313)	-	(701)	-	(701)
Other financial assets	-	34	66	100	-	48	74	122
Other financial liabilities	-	(3)	-	(3)	-	(7)	-	(7)

The fair value hierarchy of financial instruments measured at amortised cost in the statement of financial position

	As at 31 December 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
Classes of financial instruments	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	-	8 780	9 800	-	-	7 778	9 096
Received long-term bank and other loans	-	(1 686)	-	(1 686)	-	(2 486)	-	(2 486)
Long-term debt securities	(2 657)	-	-	(2 600)	(1 627)	-	-	(1 600)

The Group does not disclose the fair value of other than presented in the table above financial instruments measured at amortised cost in the statement of financial position, because it makes use of the exemption arising from IFRS 7.29. (Disclosure of information on fair value is not required when the carrying amount is approximate to the fair value).

There was no transfer in the Group of financial instruments between individual levels of the fair value hierarchy in the current reporting period.

Methods and measurement techniques used by the Group in determining fair values of each class of financial assets or financial liabilities.

Level 1

Listed shares
Shares are measured based on quotations from the Warsaw Stock Exchange and the TSX Venture Exchange in Toronto.

Long-term debt securities
Long-term debt securities are measured based on quotations from the Catalyst Market of the Warsaw Stock Exchange.

Level 2

Unquoted shares
Unquoted shares are measured using the adjusted net assets. Observable input data other than the ones from the active market were used in the measurement (e.g. transaction prices of real estate similar to the one subjected to measurement, market interest rates of State Treasury bonds and term deposits in financial institutions, and the risk-free discount rate published by the European Insurance and Occupational Pensions Authority).

Trade receivables
Receivables arising from the realisation of sales under contracts which are finally settled using future prices were measured using forward prices, depending on the period/month of contractual quoting. Forward prices are from the Reuters system. For trade receivables transferred to non-recourse factoring, a fair value is assumed at the level of the amount of the trade receivables transferred to the factor (nominal value from the invoice) less interest, which are the factor's compensation. Due to the short term between the transfer of receivables to the factor and their payment, fair value is not adjusted by the credit risk of the factor and the impact of time lapse.

Loans granted
This item comprises loans measured at fair value, the fair value of which was estimated on the basis of contractual cash flows (per the contract) using the model of discounted cash flows, including the borrower's credit risk.

Other financial assets/liabilities
Receivables/payables due to the settlement of derivatives, whose date of payment falls two working days after the end of the reporting period, were recognised in this item. These instruments were measured at fair value set per the reference price applied in the settlement of these transactions.

Currency and currency-interest derivatives
In the case of derivatives on the currency market and currency-interest transactions (CIRS), the forward prices from the maturity dates of individual transactions were used to determine their fair value. The forward price for currency exchange rates was calculated on the basis of fixing and appropriate interest rates. Interest rates for currencies and the volatility ratios for exchange rates are taken from the Reuters system. The standard Garman-Kohlhagen model is used to measure European options on currency markets.

Metals derivatives
In the case of derivatives on the commodity market, forward prices from the maturity dates of individual transactions were used to determine their fair value. In the case of copper, official closing prices from the London Metal Exchange were used, and with respect to silver and gold - the fixing price set by the London Bullion Market Association. Volatility ratios and forward prices for measurement of derivatives at the end of the reporting period were obtained from the Reuters system. Levy's approximation to the Black-Scholes model was used for Asian options pricing on metals markets.

Long-term bank and other loans received
The fair value of bank and other loans is estimated by discounting the cash flows associated with these liabilities in timeframes and under conditions arising from agreements, and by applying current rates.

Level 3

Loans granted
Loans granted measured at amortised cost in the statement of financial position are included in this category, because of the use of unobservable assumptions in the fair value measurement. With respect to estimating the fair value of these loans, a significant element of the estimation are the forecasted cash flows of Sierra Gorda S.C.M., which are unobservable input data, and pursuant to IFRS 13 the fair value of these assets is classified to level 3 of the hierarchy. The discount rate adopted to calculate the fair value of loans measured at amortised cost is 8.31% (as at 31 December 2023: 9.13%).

Detailed disclosures on the assumptions adopted for the measurement of loans were presented in Note 6.2, while the sensitivity of the fair value classified to level 3 for loans granted – in Note 7.5.2.4. As at 31 December 2024, assumptions adopted for forecasted cash flows which were applied to measurement of fair value are consistent with assumptions adopted for the calculation of the carrying amount, while the difference between the carrying amount and the fair value arises from the adoption of different discount rates.

<u>Other financial assets</u>

This item includes receivables due to conditional payments associated with the agreement on the sale of a subsidiary S.C.M. Franke, which were estimated based on a probabilistic model stipulated in the binding offer and including the discount of payments for subsequent years.

Note 7.2 Derivatives

Accounting policies
Derivatives are classified as financial assets/liabilities measured at fair value through profit or loss, unless they have not been designated as hedging instruments. Purchases or sales of derivatives are recognised at the transaction date. Derivatives not designated as hedges, defined as trade derivatives, are initially recognised at fair value and at the end of the reporting period are measured at fair value, with recognition of the gains/losses on measurement in profit or loss. In the KGHM Polska Miedź S.A. Group, the Parent Entity applies hedge accounting for cash flows according to the requirements of IFRS 9. Hedge accounting aims at reducing volatility in the Parent Entity's net result, arising from periodic changes in the measurement of transactions hedging individual types of market risk to which the Parent Entity is exposed. Hedging instruments may be derivatives as well as bank and other loans in foreign currencies. The designated hedges relate to the future sales transactions forecasted as assumed in the Sales Plan for a given year. These plans are prepared based on the production capacities for a given period. The Parent Entity estimates that the probability that transactions included in the production plan will occur is very high, as from the historical point of view sales were always realised at the levels assumed in Sales Plans. Future cash flows arising from interest on bonds issued in PLN also represent a hedged position. The Parent Entity may use natural currency risk hedging through the use of hedge accounting for bank and other loans denominated in USD, and designates them as positions hedging foreign currency risk, which relates to future revenues of the Parent Entity from sales of copper, silver and other metals, denominated in USD. Gains and losses arising from changes in the fair value of the cash flow hedging instrument are recognised in other comprehensive income, to the extent by which the change in fair value represents an effective hedge of the associated hedged item. The Group recognises in other reserves from measurement of financial instruments a part of the change of the hedging instrument arising from changes in the time value of the option, the forward element and currency margin. The portion which is ineffective is recognised in profit or loss as other operating income or costs. Gains or losses arising from the cash flow hedging instrument are recognised in profit or loss as a reclassification adjustment, in the same period or periods in which the hedged item affects profit or loss. Derivatives are no longer accounted for as hedging instruments when they expire, are sold, terminated or settled, or when the goal of risk management for a given relation has changed. The Parent Entity may designate a new hedging relationship for a given derivative, change the intended use of the derivative, or designate it to hedge another type of risk. In such a case, for cash flow hedges, gains or losses which arose in the periods in which the hedge was effective are retained in accumulated other comprehensive income until the hedged item affects profit or loss. If the hedge of a forecasted transaction ceases to function because it is probable that the forecasted transaction will not occur, then the net gain or loss recognised in other comprehensive income is immediately transferred to profit or loss as a reclassification adjustment. If a hybrid contract has an underlying instrument which is not a financial asset, the derivative is separated from an underlying instrument and is measured pursuant to the rules for derivatives only if (i) the economic characteristic and risk of the embedded instrument are not strictly related to the character of the host contract and its risks, (ii) a separate instrument, whose characteristics reflect the traits of the embedded derivative, would fulfil the conditions of the derivatives, and (iii) the combined instrument is not classified to financial assets measured at fair value, whose results of revaluation are recognised in other income or other operating costs in the reporting period. If an embedded derivative is separated, the underlying instrument is measured pursuant to appropriate accounting principles. The Parent Entity separates embedded derivatives in commodities transactions with settlement periods in the future, after the date of recognising a purchase invoice in the books up to the date of final settlement of the transaction. If a hybrid contract has an underlying instrument, which is a financial asset, the criteria for classification of financial assets are applied to the whole contract.

Important estimates, assumptions and judgments
Assumptions and estimates adopted for the measurement of fair value of derivatives were presented in note 7.1, in the item „Methods and measurement techniques used by the Group in determining fair values of each class of financial assets or financial liabilities" and in tables in Note 7.2. below.

in PLN millions, unless otherwise stated

Derivatives – open items as at the end of the reporting period

Type of derivative	As at 31 December 2024					As at 31 December 2023				
	Financial assets		Financial liabilities			Financial assets		Financial liabilities		
	Non-current	Current	Non-current	Current	**Total**	Non-current	Current	Non-current	Current	**Total**
Hedging instruments (CFH), of which:	**286**	**193**	**(257)**	**(33)**	**189**	**195**	**323**	**(164)**	**(26)**	**328**
Derivatives – Metals (price of copper, silver)										
Options – *seagull** (copper)	55	132	(12)	(7)	**168**	-	-	-	-	**-**
Options – *collar* (silver)	19	25	(6)	(4)	**34**	-	-	-	-	**-**
Derivatives – Currency (USDPLN exchange rate)										
Options – *collar*	34	29	(23)	(13)	**27**	-	-	-	-	**-**
Options – *seagull**	1	5	(1)	(5)	**-**	-	-	-	-	**-**
Options – *collar + purchased call options**	-	2	-	(4)	**(2)**					
Options – *put spread*	-	-	-	-	**-**	28	315	(2)	(7)	**334**
Derivatives – Currency-interest rate										
Cross Currency Interest Rate Swap CIRS	177	-	(215)	-	**(38)**	167	8	(162)	(19)	**(6)**
Trade instruments, of which:	**-**	**26**	**(12)**	**(11)**	**3**	**-**	**1**	**(38)**	**(473)**	**(510)**
Derivatives – Metals (price of copper, gold)										
Sold put option (copper)	-	-	(12)	(9)	**(21)**	-	-	-	-	**-**
QP adjustment *swap* transactions (copper)	-	9	-	-	**9**	-	-	-	(5)	**(5)**
QP adjustment *swap* transactions (gold)	-	1	-	(1)	**-**	-	1	-	(6)	**(5)**
Derivatives – Currency										
Sold put option (USDPLN)	-	-	-	(1)	**(1)**	-	-	(38)	(436)	**(474)**
Purchased call option (USDPLN)	-	1	-	-	**1**	-	-	-	-	**-**
Embedded derivatives (price of copper, gold)										
Purchase contracts for metal-bearing materials	-	15	-	-	**15**	-	-	-	(26)	**(26)**
Instruments initially designated as hedging instruments excluded from hedge accounting, of which:	**-**	**-**	**-**	**-**	**-**	**38**	**436**	**-**	**-**	**474**
Derivatives – Currency (USDPLN exchange rate)										
Options - *collar*	-	-	-	-	**-**	38	436	-	-	**474**
TOTAL OPEN DERIVATIVES	**286**	**219**	**(269)**	**(44)**	**192**	**233**	**760**	**(202)**	**(499)**	**292**

** Collar structures, i.e. purchased put options and sold call options were designated as hedging under seagull options structures and collar + purchased call options (CFH – Cash Flow Hedge).*

The table below presents detailed data on derivative transactions designated as hedging, held by the Parent Entity as at 31 December 2024.

Open hedging derivatives	**Notional**	**Average weighted price /exchange rate/interest rate**	**Maturity settlement period**		**Period of profit/loss impact*****	
Type of derivative	copper [t] silver [mn ounces] currency [USD mn] CIRS [PLN mn]	[USD/t] [USD/ounce] [USD/PLN] [USD/PLN, fixed interest rate for USD]	from	to	from	to
Commodity option structures						
Copper – *seagull**	46 500	9 579 – 11 311	Jan'25	- June'26	Jan'25	- July'26
Silver – *collar*	5.25	28.96 – 43.50	Jan'25	- June'26	Jan'25	- July'26
Currency option structures						
USD/PLN – *collar + purchased call**	120	3.92-4.32	Jan'25	- June'25	Jan'25	- July'25
USD/PLN – *collar*	720	4.04-4.54	Jan'25	- June'26	Jan'25	- July'26
USD/PLN – *seagull* *	120	3.92-4.52	July'25	- Dec'25	July'25	- Jan'26
Currency-interest rate transactions						
CIRS**	1 600	3.81 and 3.94%		June'29	June'29	- July'29

** Collar structures, i.e. purchased put options and sold call options were designated as hedging under seagull options structures and collar + purchased call options (CFH – Cash Flow Hedge).*

*** Settlements of interest payments are made periodically, on a half-year basis, until the moment of the realisation of the transaction.*

**** Reclassification of profits or losses on a cash flow hedging instrument from other comprehensive income to the statement of profit or loss takes place in the reporting period in which the hedged position impacts profit or loss (as an adjustment of a hedged position and to other operating income/costs for the settled hedging cost). However, the recognition of the result on the settlement of the transaction takes place on the date of its settlement.*

The table below presents detailed data on derivative transactions designated as hedging, held by the Parent Entity as at 31 December 2023.

Open hedging derivatives	**Notional**	**Average weighted price /exchange rate/interest rate**	**Maturity settlement period**		**Period of profit/loss impact****	
Type of derivative	currency [USD mn] CIRS [PLN mn]	[USD/PLN] [USD/PLN, fixed interest rate for USD]	from	to	from	to
Currency option structures						
USD/PLN – *put spread*	660	3.60 - 4.48	Jan'24	- Dec'24	Jan'24	- Jan'25
Currency-interest rate transactions						
CIRS*	400	3.78 and 3.23%		June'24		June'24
CIRS*	1 600	3.81 and 3.94%		June'29	June'29	- July'29

** Settlements of interest payments are made periodically, on a half-year basis, until the moment of the realisation of the transaction.*
*** Reclassification of profits or losses on a cash flow hedging instrument from other comprehensive income to the statement of profit or loss takes place in the reporting period in which the hedged position impacts profit or loss (as an adjustment of a hedged position and to other operating income/costs for the settled hedging cost). However, the recognition of the result on the settlement of the transaction takes place on the date of its settlement.*

The impact of derivatives and hedging transactions on the items of the statement of profit or loss and on the items of the statement of other comprehensive income is presented below.

Statement of profit or loss	**from 1 January 2024 to 31 December 2024**	**from 1 January 2023 to 31 December 2023**
Revenues from contracts with customers (reclassification adjustment)	608	635
Other operating income / (costs) (including the reclassification adjustment):	51	(267)
realisation of derivatives	(3)	(281)
measurement of derivatives	54	14
Finance income / (costs) (including the reclassification adjustment) due to realisation of derivatives	(12)	(11)
Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect)	**647**	**357**

The Parent Entity reclassifies the amounts corresponding to the effective portion of hedging of the copper and silver sales price and the USD exchange rate to revenues from contracts with customers.

in PLN millions, unless otherwise stated

The Company reclassifies the settled hedging cost (mainly time value of options hedging the revenues from sales), changes in fair value of trade and embedded derivatives, and also settlements of trade derivatives to other operating income / (costs).

The Parent Entity reclassifies the settlement of interest payments of the hedging instrument CIRS in the interest part to the finance income / (costs).

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Statement of other comprehensive income		
Measurement of hedging transactions (effective portion)	148	944
Reclassification to revenues from contracts with customers due to realisation of a hedged item	(608)	(635)
Reclassification to non-current assets due to realisation of a hedged item*	(70)	(102)
Reclassification to other operating (income)/costs due to realisation of a hedged item (settlement of the hedging cost)	(20)	350
Impact of hedging transactions (excluding the tax effect)**	**(550)**	**557**
TOTAL COMPREHENSIVE INCOME	**97**	**914**

**Reclassification to non-current assets due to capitalisation of borrowing costs under the hedge accounting in the cost of non-current assets.*
***Amounts of income tax corresponding to individual items of other comprehensive income are presented in Note 8.2.2.*

in PLN millions, unless otherwise stated

Note 7.3 Other financial instruments measured at fair value

Accounting policies
The item "Other financial instruments measured at fair value" mainly includes: shares (listed and unquoted) which were not acquired for trading purposes, for which the option of measurement at fair value through other comprehensive income was selected in order to limit the volatility of the financial result, and loans granted measured at fair value through profit or loss, as they did not pass the contractual cash flow test (SPPI), because in the financing structure at the last stage of the target recipient of funds, debt is changed into a share, and that is why they were obligatorily classified to this measurement category. Shares are initially recognised at fair value increased by transaction costs, and at the end of the reporting period they are measured at fair value with recognition of gains/losses from measurement in other comprehensive income. The amounts recognised in accumulated other comprehensive income are not transferred later to profit or loss, while accumulated gains/losses on a given equity instrument are transferred within equity to retained earnings at the moment an equity instrument ceases to be recognised. Dividends from such investments are recognised in profit or loss. The translation of items expressed in a foreign currency is performed according to the accounting policies described in Note 1.5.

Important estimates, assumptions and judgments
The fair value of unquoted shares is calculated using the adjusted net assets method. The application of this method is due to the specific nature of the assets of companies whose shares are subject to measurement. Observable Input data other than the ones from the active market were used in the measurement (e.g. transaction prices of real estate similar to one subjected to measurement, market interest rates of State Treasury bonds and fixed-term deposits in financial institutions, and the risk-free discount rate published by the European Insurance and Occupational Pensions Authority). The fair value of listed shares is calculated based on the closing price as at the end of the reporting period. The loan's fair value is set at the present value of future cash flows, including any change in market risk and credit risk factors during the loans' life.

	As at 31 December 2024	As at 31 December 2023
Other financial instruments measured at fair value through other comprehensive income	**837**	**829**
Shares of listed companies (Warsaw Stock Exchange and TSX Venture Exchange), of which:	705	703
TAURON POLSKA ENERGIA S.A.	685	680
GRUPA AZOTY S.A.	15	19
Other listed shares	5	4
Unquoted shares	132	126
Other financial instruments measured at fair value through profit or loss	**46**	**76**
Loans granted	21	22
Receivables due to conditional payments associated with the agreement on the sale of a subsidiary S.C.M. Franke	25	54
Total other financial instruments measured at fair value	**883**	**905**

The measurement of listed shares is classified to level 1 of the fair value hierarchy (i.e. measurement is based on the prices of these shares listed on an active market at the measurement date), while the measurement of unquoted shares is classified to level 2 (i.e. measurement based on observable data, not deriving from an active market).

The measurement of loans granted is classified to level 2 of the fair value hierarchy.

In 2024 as well as in 2023, there were no dividends from companies in which the Group had shares classified as other financial instruments measured at fair value.

In 2024 as well as in 2023, there were no transfers of accumulated gain or loss within equity in respect of companies in which the Group holds shares classified as other financial instruments measured at fair value.

in PLN millions, unless otherwise stated

Due to investments in listed companies, the Group is exposed to price risk. Changes in the listed share prices of these companies resulting from the current macroeconomic situation may have a significant impact on the level of other comprehensive income and on the accumulated amount recognised in equity.

The following table presents the sensitivity analysis of the measurement of listed companies' shares to price changes.

	As at 31 December 2024	Percentage change of share price		As at 31 December 2023	Percentage change of share price	
		15%	-15%		13%	-13%
	Carrying amount	Other comprehensive income	Other comprehensive income	Carrying amount	Other comprehensive income	Other comprehensive income
Listed shares	**705**	106	(106)	**703**	91	(91)

Sensitivity analysis for significant types of market risk to which the Group is exposed presents the estimated impact of potential changes in individual risk factors (at the end of reporting period) on other comprehensive income.

Potential changes in share prices at the end of the reporting period were determined at the level of standard deviations from the WIG20 and mWIG40 indices respectively for a period of 3 calendar years ended at the end of the reporting period.

Note 7.4 Other financial instruments measured at amortised cost

Accounting policies	Important estimates, assumptions and judgements
The item other financial instruments measured at amortised cost includes financial assets (mainly cash and cash equivalents which were included in non-current assets because of the restrictions on their use for at least 12 months from the end of the reporting period), designated to cover the costs of decommissioning mines (accounting policies with respect to the obligation to decommission mines are presented in Note 9.4) and other financial assets not classified to other items. Assets included, in accordance with IFRS 9, in the category "measured at amortised cost", are initially recognised at fair value adjusted by transaction costs, which can be directly attributed to the purchase of these assets and measured at amortised cost at the end of the reporting period using the effective interest rate method, reflecting impairment.	Sensitivity analysis of the risk of changes in interest rates of cash accumulated on a bank account of the Mine Closure Fund and of investments in debt securities is presented in Note 7.5.1.4.

		As at 31 December 2024	As at 31 December 2023
	Cash held in the Mine Closure Fund	489	439
	Other non-current financial receivables	68	36
Note 7.1	**Total**	**557**	**475**

Financial assets designated for decommissioning mines and restoring tailings storage facilities are exposed to the credit risk described in Note 7.5.2.5.

Details regarding revaluation of the provision for the decommissioning costs of mines and other technological facilities are described in Note 9.4.

Note 7.5 Financial risk management

In the course of its business activities the Group is exposed to the following main financial risks:

- market risks:
  - commodity risk,
  - risk of changes in foreign exchange rates,
  - risk of changes in interest rates,
  - risk of changes in other merchandise, including energy and energy carriers,
  - price risk related to investments in shares of listed companies (Note 7.3),
- credit risk, and
- liquidity risk (the process of financial liquidity management is described in Note 8).

The Group identifies and measures financial risk on an ongoing basis, and also takes actions aimed at minimising its impact on the financial position.

The Parent Entity manages identified financial risk factors in a conscious and responsible manner, using the adopted Market Risk Management Policy, the Financial Liquidity Management Policy and the Credit Risk Management Policy. The process of financial risk management in the Parent Entity is supported by the work of the Market Risk Committee, the Energy Committee, the Financial Liquidity Committee and the Credit Risk Committee.

Note 7.5.1 Market risk

The market risk to which the Group is exposed to is understood as the possible occurrence of negative impact on the Group's results arising from changes in the market prices of commodities, exchange rates, interest rates, and debt securities, as well as the share prices of listed companies.

Note 7.5.1.1 Principles and techniques of market risk management

In market risk management (especially commodity and currency risk) the scale and profile of activities of the Parent Entity and of production companies of KGHM INTERNATIONAL LTD. is of the greatest significance and impact the results of the KGHM Polska Miedź S.A. Group.

The Parent Entity actively manages market risk by taking actions and making decisions in this regard within the context of the KGHM Polska Miedź S.A. Group's global exposure as a whole.

In accordance with the adopted policy, the goals of the market risk management process in the Group are as follows:

- decrease the probability of losing financial liquidity;
- increase the probability of meeting budget targets;
- maintain the good financial condition of the Group;
- limit the negative impact of volatility in prices of market factors on cash flows and financial results of the Group;
- support the process of strategic decision making related to Group's investment activities, including financing sources of investments.

All objectives of market risk management should be considered as a whole, and the manner of their realisation is determined mainly by the appetite for risk, the Group's internal situation and market conditions.

The goals of market risk management at the Group level are achieved through their realisation in individual production companies of the Group, with the coordination of these activities at the Parent Entity's level, in which key tasks related to the process of market risk management in the Group were centralised (such as coordination of the identification of sources of exposure to market risk, proposing hedging strategies, contacting financial institutions in order to sign, confirm and settle derivative transactions, and calculating measurements to fair value).
One of the market risk management techniques in the Parent Entity are hedging strategies using derivatives. The natural hedging is also used. The Parent Entity uses hedging transactions under the hedge accounting.

Taking into account the potential scope of their impact on the Group's results, market risk factors were divided into the following groups:

	Group	Market risk	Approach to risk management
Note 7.2	Group I – factors with the greatest impact on the Group's total exposure to market risk	Copper price	A strategic approach is applied to this group, aimed at systematically building up a portfolio of instruments mitigating the market risk identified in the area of costs and revenues from sales while taking into account the long-term cyclical nature of various markets. A portfolio of open instruments may be restructured before it expires.
Note 7.2		Silver price	
Note 7.2		USD/PLN exchange rate	
		Prices of energy and energy carriers	
Note 7.2		Prices of other metals and merchandise	From the Group's point of view, this group is comprised of less significant risks, although sometimes these risks are significant

Note 7.2	Group II – other exposure to market risk	Other exchange rates	from an individual entity's point of view. Therefore, it is tactically managed - on an ad-hoc basis, depending on the market conditions.
Note 7.2		Interest rates	

In market risk management various approaches are applied for particular, identified exposure groups. The Parent Entity considers the following factors when selecting hedging strategies or restructuring hedging positions: current and forecasted market conditions, the internal situation of the Parent Entity, the effective level and cost of hedging, and the impact of the minerals extraction tax.

The Parent Entity applies an integrated approach to managing the market risk to which it is exposed. This means a comprehensive approach to market risk, and not to each element individually. An example is the hedging transactions on the currency market, which are closely related to contracts entered into on the metals market. The hedging of metals sales prices determines the probability of achieving specified revenues from sales in USD, which represent a hedged position for the strategy on the currency market.

The Parent Entity only executes those derivatives which it has the ability to evaluate internally, using standard pricing models appropriate for a particular type of derivative, and which can be traded without significant loss of value with a counterparty other than the one with whom the transaction was initially entered into. In the market valuation of a given instrument, the Parent Entity uses information obtained from leading information services, banks, and brokers.

The Market Risk Management Policy in the Group permits the use of the following types of derivatives:

- swaps,
- forwards and futures,
- options, and
- structures combining the above instruments.

The instruments applied may be, therefore, either of standardised parameters (publicly traded instruments) or non-standardised parameters (over-the-counter instruments). The primary instruments applied are cash flow hedging instruments meeting the requirements for effectiveness as understood by hedge accounting. The effectiveness of the financial hedging instruments applied by the Parent Entity in the reporting period is continually monitored and assessed (details in Note 7.2 Derivatives - accounting policies).

The economic relationship between a hedging instrument and a hedged position is based on the sensitivity of the value of the position to the same market factors (metals prices, exchange rates or interest rates) and on matching appropriate key parameters of the hedging instrument and the hedged position (volume/notional amount, maturity date).

The hedge ratio of the established hedging relationship is set at the amount ensuring the effectiveness of the relationship and is consistent with the actual volume of the hedged position and the hedging instrument. Sources of potential ineffectiveness of the relationship arise from a mismatch of the parameters of the hedging instrument and the hedged position (e.g. the notional amount, maturity, base instrument, impact of credit risk). When structuring a hedging transaction, the Parent Entity aims to ensure a maximal match between these parameters to minimise the sources of ineffectiveness.

The Parent Entity quantifies its market risk exposure using a consistent and comprehensive measure. Market risk management in the Group is supported by simulations (such as scenario analysis, stress-tests, backtests) and calculated risk measures. The risk measures being used are mainly based on mathematical and statistical modelling, which uses historical and current market data concerning risk factors and takes into consideration the current exposure to market risk.

One of the measures used as an auxiliary tool in making decisions in the market risk management process in the Parent Entity is EaR - Earnings at Risk. This measure indicates the lowest possible level of profit for the period for a selected level of confidence (for example, with 90% confidence the profit for a given year will be not lower than…). The EaR methodology enables the calculation of profit for the period incorporating the impact of changes in market prices of copper, silver and foreign exchange rates in the context of budget plans. EBITDA-at-Risk ratio is calculated for both the KGHM INTERNATIONAL LTD. Group and the JV Sierra Gorda S.C.M.

Due to the risk of production cutbacks (for example because of force majeure) or failure to achieve planned foreign currency revenues, as well as purchases of metals contained in purchased materials, limits with respect to commitment in derivatives have been set.

For the Parent Entity limits on metals and currency markets were set at:

- with respect to instruments representing the rights of the Company - up to 85% of planned, monthly sales volumes of copper, silver and gold from own concentrates, and up to 85% of planned, monthly revenues from the sale of products from own concentrates in USD or of the monthly, contracted net foreign currency cash flows in case of other currencies,

in PLN millions, unless otherwise stated

- with respect to instruments representing the obligations of the Company (transactions financing the hedging strategies) - up to 50% of planned, monthly sales volumes of copper and silver from own concentrates, and up to 50% of planned, monthly revenues from the sale of products from own concentrates in USD.

Whereby expenses for servicing the debt denominated in USD decrease the nominal amount of exposure to hedge the planned revenues from sales of metals.

With respect to the risk of changes in interest rates, the Parent Entity has set a limit of commitment in derivatives of up to 100% of the debt's nominal value in every interest period, as stipulated in the signed agreements.

For selected production companies in the Group, limits were set for commitment in derivatives on the currency markets at the same levels as those functioning in the Parent Entity or lower (75%), while with respect to transactions on the copper market the limit of 75% was set for instruments representing the rights of a company and 40% for instruments representing obligations of a company. The limit with respect to commitment in derivatives on nickel, silver and gold markets amounts up to 60% of planned, monthly sales volume from own concentrates of selected production companies.

The maximum time horizon within which the Group decides to limit market risk is set in accordance with the technical and economic planning process and amounts to 5 years, whereas in terms of interest rate risk, the time horizon reaches up to the maturity date of the long-term financial liabilities of the Group.

Note 7.5.1.2 Commodity risk

The Parent Entity is exposed to the risk of changes in the prices of the metals it sells: copper, silver, gold and lead. Furthermore, the KGHM INTERNATIONAL LTD. Group is exposed to the risk of changes in the prices of copper, gold, nickel, molybdenum, platinum and palladium.

In the Parent Entity and the KGHM INTERNATIONAL LTD. Group, the price formulas used in physical delivery contracts are mainly based on average monthly quotations from the London Metal Exchange for copper and other common metals and from the London Bullion Market for precious metals. Within the commercial policy, the Parent Entity and the KGHM INTERNATIONAL LTD. Group set the price base for physical delivery contracts as the average price of the appropriate future month.

The permanent and direct link between sales proceeds and metals prices, without similar relationships on the expenditures side, results in a strategic exposure. In turn, operating exposure is a result of possible mismatches in the pricing of physical contracts with respect to the Group's benchmark profile, in particular in terms of the reference prices and the quotation periods.

On the metals market, the Group has a so-called long position, which means it has higher sales than purchases. The analysis of the Group's strategic exposure to market risk should be performed by deducting from the volume of metals sold the amount of metal in purchased materials.

The Group's strategic exposure to the risk of changes in the price of copper and silver in the years 2023-2024 is presented in the table below.

	from 1 January 2024 to 31 December 2024			from 1 January 2023 to 31 December 2023		
	Net	Sales	Purchase	Net	Sales	Purchase
Copper [t]	445 440	649 886	204 446	416 122	628 130	212 008
Silver [t]	1 337	1 349	12	1 343	1 361	18

The notional amount of copper price hedging strategies settled in 2024 represented approx. 2% (32% in 2023) of the total sales of this metal realised by the Parent Entity (it represented approx. 2% of net sales[1] in 2024 and 50% in 2023).

The notional amount of silver price hedging strategies settled in 2024 represented approx. 2% of the total sales of this metal realised by the Parent Entity (10% in 2023).

In 2024, pursuant to the Market Risk Management Policy, the Parent Entity monitored and analysed on an ongoing basis the macroeconomic environment and the situation on financial markets, and also identified and measured market risk related to changes in metals prices (testing the impact of market risk factors on the financial result, balance sheet and the statement of cash flows). As part of the realisation of the strategic hedging plan of the Parent Entity against market risk, in 2024, transactions hedging the planned revenues from copper and silver sales were implemented. On the copper market, *seagull* option structures (Asian options) for the period from July 2024 to June 2026 for the total tonnage of 56.25 thousand tonnes were entered into, while on the silver market, *collar* option structures (Asian options) for the period from July 2024 to June 2026 for the total tonnage of 6.3 million troy ounces were implemented.

[1] *Copper sales less copper in purchased metal-bearing materials.*

in PLN millions, unless otherwise stated

In 2024 QP adjustment swap transactions were entered into on the copper and gold markets with maturities of up to June 2025, as part of the management of a net trading position[2].

As a result, as at 31 December 2024, the Parent Entity held an open derivatives position for:
- 53.1 thousand tonnes of copper (of which 46.5 thousand tonnes arose from the strategic management of market risk, while 6.6 thousand tonnes came from the management of a net trading position),
- 5.25 million troy ounces of silver, and
- 16.5 thousand troy ounces of gold.

As at 31 December 2023 the Parent Entity held open derivatives positions on metals market entered into solely under strategic management of a net trading position for 9.2 thousand tonnes of copper and 18.3 thousand ounces of gold.

In 2023 and in 2024, neither the KGHM INTERNATIONAL LTD. Group nor any of the production companies implemented any forward transactions on the commodity market.

As at 31 December 2023 and 2024, the risk of changes in metals prices was also related to derivatives embedded in the purchase contracts for metal-bearing materials entered into by the Parent Entity.

Condensed tables of open transactions in derivatives held by the Company on the copper and silver markets as at 31 December 2024, entered into as part of the strategic management of market risk, are presented below (the hedged notional amounts of transactions in the presented periods are allocated evenly on a monthly basis).

Hedging against copper price risk – open derivatives as at 31 December 2024

	Instrument/ option	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price
			sold put option	purchased put option	sold call option		
			hedge limited to	*copper price hedging*	*participation limited to*		
		[tonnes]	[USD/t]	[USD/t]	[USD/t]	[USD/t]	[USD/t]
1st half	seagull	9 750	7 489	9 549	11 049	-	9 549
	seagull	9 000	7 500	9 600	11 500	(100)	9 500
2nd half	seagull	9 750	7 489	9 549	11 049	-	9 549
	seagull	9 000	7 500	9 600	11 500	(100)	9 500
TOTAL I-XII 2025		**37 500**					
1st half	seagull	9 000	7 500	9 600	11 500	(100)	9 500
TOTAL I-VI 2026		**9 000**					

Hedging against silver price risk – open derivatives as at 31 December 2024

	Instrument/ option	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price
			sold put option	purchased put option	sold call option		
			hedge limited to	*silver price hedging*	*participation limited to*		
		[mn ounces]	[USD/ounce]	[USD/ounce]	[USD/ounce]	[USD/ounce]	[USD/ounce]
1st half	collar	1.05	-	26.43	40.29	-	26.43
	collar	1.05	-	30.64	45.64	(0.50)	30.14
2nd half	collar	1.05	-	26.43	40.29	-	26.43
	collar	1.05	-	30.64	45.64	(0.50)	30.14
TOTAL I-XII 2025		**4.20**					
1st half	collar	1.05	-	30.64	45.64	(0.50)	30.14
TOTAL I-VI 2026		**1.05**					

As at 31 December 2023 the Company has not held open derivatives on the copper and silver markets entered into as part of the strategic management of market risk.

[2] *Applied in order to react to changes in contractual arrangements with customers, non-standard pricing terms as regards metals sales and the purchase of copper-bearing materials.*

in PLN millions, unless otherwise stated

An analysis of the Company's sensitivity to the risk of changes in commodity prices in the years 2023-2024

In order to determine the potential changes in metals prices for purposes of sensitivity analysis of commodity risk factors (copper - Cu, silver - Ag, gold - Au), the mean reverting Schwarz model (the geometrical Ornstein-Uhlenbeck process) was used.

	Assumed changes as at 31 December 2024		Assumed changes as at 31 December 2023	
	increase in metals prices	decrease in metals prices	increase in metals prices	decrease in metals prices
Copper forward prices [USD/t]	+16%	-17%	+21%	-21%
Silver forward prices [USD/ounce]	+21%	-24%	-	-
Gold forward prices [USD/ounce]	+12%	-12%	+16%	-16%

Financial assets and liabilities exposed to risk of changes in metals prices as at 31 December 2024	Value at risk	Carrying amount as at 31 December 2024	Impact of price increases		Impact of price decreases	
			financial result	other comprehensive income	financial result	other comprehensive income
Copper price risk						
Derivatives	**156**	**156**	9	(115)	(121)	309
Embedded derivatives	**20**	**20**	(51)	-	63	-
Silver price risk						
Derivatives	**34**	**34**	-	(59)	-	100
Gold price risk						
Derivatives	**-**	**-**	(9)	-	19	-
Embedded derivatives	**(5)**	**(5)**	(20)		28	
		Impact on financial result	**(71)**	**-**	**(11)**	**-**
		Impact on other comprehensive income	**-**	**(174)**	**-**	**409**

Financial assets and liabilities exposed to risk of changes in metals prices as at 31 December 2023	Value at risk	Carrying amount as at 31 December 2023	Impact of price increases		Impact of price decreases	
			financial result	other comprehensive income	financial result	other comprehensive income
Copper price risk						
Derivatives	**(5)**	**(5)**	(28)	-	47	-
Embedded derivatives	**(17)**	**(17)**	(78)	-	99	-
Gold price risk						
Derivatives	**(5)**	**(5)**	(19)	-	28	-
Embedded derivatives	**(9)**	**(9)**	(24)	-	26	-
		Impact on profit or loss	**(149)**	**-**	**200**	**-**
		Impact on other comprehensive income	**-**	**-**	**-**	**-**

Note 7.5.1.3 Risk of changes in foreign exchange rates

Regarding the risk of changes in foreign exchange rates within the KGHM Polska Miedź S.A. Group, the following types of exposures were identified:

- transaction exposure related to the volatility of cash flows in the base (functional) currency,
- exposure related to the volatility of selected items of the statement of financial position in the base (functional) currency.

The transaction exposure to currency risk derives from cash flow-generating contracts, whose values expressed in the base (functional) currency depend on future levels of exchange rates of the foreign currencies with respect to the base (functional) currency. Cash flows exposed to currency risk may possess the following characteristics:

- denomination in the foreign currency – cash flows are settled in foreign currencies other than the functional currency, and
- indexation in the foreign currency – cash flows may be settled in the base currency, but the price (i.e. of a metal) is set in a different foreign currency.

The key source of exposure to currency risk in the Parent Entity's business operations are the proceeds from sales of products (with respect to metals prices, processing and producer margins).

The exposure to currency risk also derives from items in the consolidated statement of financial position denominated in foreign currencies, which under the existing accounting regulations must be translated, upon settlement or periodic valuation, including the translation of foreign operations statements, by applying the current exchange rate of the foreign

currencies versus the base (functional) currency. Changes in the carrying amounts of such items between valuation dates result in the volatility of profit or loss for the period or of other comprehensive income.
Items in the consolidated statement of financial position which are exposed to currency risk include in particular:

- trade receivables and trade payables related to purchases and sales denominated in foreign currencies;
- financial receivables due to loans granted in foreign currencies;
- financial liabilities due to borrowings in foreign currencies;
- cash and cash equivalents in foreign currencies; and
- derivatives on metals market.

As for the currency market, the notional amount of settled transactions hedging revenues from metals sales amounted to approx. 19% (in 2023: 26%) of the total revenues from sales of copper and silver realised by the Parent Entity in 2024.

In 2024, as part of the strategic management of currency risk, the Parent Entity purchased collar option structures for the total amount of USD 720 million of planned revenues from sales for the period from January 2025 to June 2026, and also *collar + purchased call options* structures (i.e. collar with participation opened in potential exchange rate rises) for USD 120 million for the period from January 2025 to June 2025 and seagull option structures for USD 120 million of planned revenues from sales in the period from July 2025 to December 2025.

As a result, as at 31 December 2024 the Parent Entity held an open position on the currency market for the notional amount of USD 960 million (USD 660 million as at 31 December 2023), and *Cross Currency Interest Rate Swap* (CIRS) transactions for the notional amount of PLN 1.6 billion, and a redemption in June 2029, hedging revenues from sales in the currency as well as the variable interest of issued bonds (as at 31 December 2023 for the notional amount of PLN 2 billion).

The condensed tables of open transactions in derivatives of the Parent Entity on the currency market as at 31 December 2024 and 31 December 2023 are presented below (the hedged notional in the presented periods is allocated evenly on a monthly basis).

Hedging against USD/PLN currency risk – open derivatives as at 31 December 2024

			Average weighted option strike price				Average weighted premium	Effective hedge price
	Instrument/ option	Notional	sold put option *hedge limited to*	purchased put option *exchange rate hedging*	sold call option *participation limited to*	purchased call option *participation opened*		
		[USD mn]	[USD/PLN]	[USD/PLN]	[USD/PLN]	[USD/PLN]	[PLN per USD 1]	[USD/PLN]
1st half	collar + purchased call option	120	-	3.92	4.32	4.62	(0.04)	3.88
1st half	collar	240	-	4.04	4.54	-	(0.05)	3.99
2nd half	seagull	120	3.60	3.92	4.52	-	(0.04)	3.88
2nd half	collar	240	-	4.04	4.54	-	(0.05)	3.99
	TOTAL I-XII 2025	**720**						
1st half	collar	240	-	4.04	4.54	-	(0.05)	3.99
	TOTAL I-VI 2026	**240**						

Hedging against USD/PLN currency risk – open derivatives as at 31 December 2023

			Average weighted option strike price			Average weighted premium	Effective hedge price
	Instrument/ option	Notional	sold put option *hedge limited to*	purchased put option *exchange rate hedging*	sold call option *participation limited to*		
		[USD mn]	[USD/PLN]	[USD/PLN]	[USD/PLN]	[PLN per USD 1]	[USD/PLN]
1st half	put spread	330	3.60	4.48	-	(0.01)	4.47
2nd half	put spread	330	3.60	4.48	-	0.01	4.49
	TOTAL 2024	**660**					

Hedging against currency risk on revenues from sales in USD and interest rate risk connected with the issuance of bonds with a variable interest rate in PLN – open derivatives as at 31 December 2024

	Instrument	Notional [PLN mn]	Average interest rate [fixed interest rate for USD]	Average exchange rate [USD/PLN]
≤ 2029	CIRS	1 600	3.94%	3.81
	TOTAL	**1 600**		

Hedging against currency risk on revenues from sales in USD and interest rate risk connected with the issue of bonds with a variable interest rate in PLN – open derivatives as at 31 December 2023

	Instrument	Notional [PLN mn]	Average interest rate [fixed interest rate for USD]	Average exchange rate [USD/PLN]
≤ 2024	CIRS	400	3.23%	3.78
≤ 2029	CIRS	1 600	3.94%	3.81
	TOTAL	**2 000**		

The table of open derivative transactions entered into by Polish companies on the currency market is not presented, due to its immateriality for the Group.

As for managing currency risk, the Parent Entity applies natural hedging by borrowing in the currency in which it has revenues. As at 31 December 2024, following their translation to PLN, the bank loans and the investment loans which were drawn in USD amounted to PLN 2 420 million (as at 31 December 2023: PLN 2 737 million).

The currency structure of financial instruments exposed to currency risk (change in the USD/PLN, EUR/PLN and CAD/PLN exchange rates) of the KGHM Polska Miedź S.A. Group and sensitivity analysis to the risk of changes in the exchange rates are presented in the tables below. In order to determine the potential changes in the USD/PLN, EUR/PLN and CAD/PLN exchange rates for sensitivity analysis purposes, the Black-Scholes model (the geometrical Brownian motion) was used.

Financial instruments	Value at risk as at 31 December 2024			
	total PLN million	USD million	EUR million	CAD million
Shares	**5**	-	-	2
Trade receivables	**960**	200	27	9
Cash and cash equivalents	**416**	75	8	25
Long-term loans granted to a joint venture	**9 800**	2 390	-	-
Other financial assets	**228**	40	1	21
Derivatives*	**192**	50	-	-
Trade and other payables	**(2 050)**	(151)	(320)	(24)
Borrowings	**(2 556)**	(604)	(7)	(17)
Other financial liabilities	**(17)**	(2)	(2)	-

**Transactions on the commodities market which are denominated in USD and translated to PLN at the exchange rate as at the end of the reporting period are presented in the item "derivatives", in the column "USD million", while the column "total PLN million" also includes the fair value of derivatives which are denominated solely in PLN and their value depends on exchange rates.*

Financial instruments	Value at risk as at 31 December 2023			
	total PLN million	USD million	EUR million	CAD million
Shares	**4**	-	-	1
Trade receivables	**524**	89	34	8
Cash and cash equivalents	**1 306**	280	31	24
Long-term loans granted to a joint venture	**9 096**	2 311	-	-
Other financial assets	**174**	30	1	17
Derivatives*	**292**	9	-	-
Trade and other payables	**(2 238)**	(229)	(298)	(14)
Borrowings	**(2 828)**	(695)	(10)	(16)
Other financial liabilities	**(18)**	(1)	(3)	-

**Transactions on the commodities market which are denominated in USD and translated to PLN at the exchange rate as at the end of the reporting period are presented in the item "derivatives", in the column "USD million", while the column "total PLN million" also includes the fair value of derivatives which are denominated solely in PLN and their value depends on exchange rates.*

in PLN millions, unless otherwise stated

An analysis of the Group's sensitivity to the currency risk in 2024 and 2023

Financial assets and liabilities exposed to the currency risk as at 31 December 2024	Value at risk	Carrying amount 31 December 2024	Change in the USD/PLN exchange rate				Change in the EUR/PLN exchange rate		Change in the CAD/PLN exchange rate	
			4.48 (+9%)		3.74 (-9%)		4.55 (+6%)	4.11 (-4%)	3.14 (+10%)	2.66 (-7%)
			profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	profit or loss	profit or loss	profit or loss
Shares	**5**	**837**	-	-		-	-	-	1	-
Trade receivables	**960**	**1 345**	75	-	(72)	-	8	(5)	3	(2)
Cash and cash equivalents	**416**	**715**	28	-	(27)	-	2	(1)	7	(5)
Long-term loans granted to a joint venture	**9 800**	**9 800**	897	-	(858)	-	-	-	-	-
Other financial assets	**228**	**920**	15	-	(14)	-	-	-	6	(2)
Derivatives	**192**	**192**	9	(285)	(7)	390	-	-	-	-
Trade and other payables	**(2 050)**	**(5 327)**	(57)	-	54	-	(89)	53	(7)	5
Borrowings	**(2 556)**	**(6 171)**	(227)	-	217	-	(2)	1	(5)	3
Other financial liabilities	**(17)**	**(152)**	(1)	-	1	-	(1)	-	-	-
		Impact on profit or loss	**739**	**-**	**(706)**	**-**	**(82)**	**48**	**5**	**(1)**
		Impact on other comprehensive income	**-**	**(285)**	**-**	**390**	**-**	**-**	**-**	**-**

Financial assets and liabilities exposed to the currency risk as at 31 December 2023	Value at risk	Carrying amount 31 December 2023	Change in the USD/PLN exchange rate				Change in the EUR/PLN exchange rate		Change in the CAD/PLN exchange rate	
			4.46 (+13%)		3.50 (-11%)		4.79 (+10%)	4.13 (-5%)	3.27 (+10%)	2.77 (-7%)
			profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	profit or loss	profit or loss	profit or loss
Shares	**4**	**829**	-	-	-	-	-	-	-	-
Trade receivables	**524**	**932**	47	-	(38)	-	15	(7)	2	(2)
Cash and cash equivalents	**1 306**	**1 729**	148	-	(121)	-	14	(7)	7	(5)
Long-term loans granted to a joint venture	**9 096**	**9 096**	1 223	-	(997)	-	-	-	-	-
Other financial assets	**174**	**847**	16	-	(13)	-	-	-	5	(3)
Derivatives	**292**	**292**	(4)	(500)	4	413	-	-	-	-
Trade and other payables	**(2 238)**	**(6 385)**	(121)	-	99	-	(131)	64	(4)	3
Borrowings	**(2 828)**	**(5 725)**	(368)	-	300	-	(4)	2	(5)	3
Other financial liabilities	**(18)**	**(321)**	(1)	-	1	-	(1)	1	-	-
		Impact on profit or loss	**940**	**-**	**(765)**	**-**	**(107)**	**53**	**5**	**(4)**
		Impact on other comprehensive income	**-**	**(500)**	**-**	**413**	**-**	**-**	**-**	**-**

in PLN millions, unless otherwise stated

Note 7.5.1.4 Interest rate risk

In 2024 the Group was exposed to the risk of changes in interest rates due to loans granted to a joint venture, investing cash, the reverse factoring program and using borrowings.

Positions with variable interest rates expose the Group to the risk of changes in cash flow from a given position as a result of changes in interest rates (i.e. it has an impact on the interest costs or income recognised in profit or loss). Positions with fixed interest rates expose the Group to the risk of fair value changes of a given position, excluding positions measured at amortised cost, for which the change in fair value does not affect their measurement and profit or loss.

The main items which are exposed to interest rate risk are presented below:

		As at 31 December 2024			As at 31 December 2023		
		Cash flow risk	Fair value risk	Total	Cash flow risk	Fair value risk	Total
	Cash and cash equivalents	715	-	**715**	1 729	-	**1 729**
	Loans granted	-	21	**21**	-	22	**22**
Note 7.1	Borrowings	(3 960)	(2 211)	**(6 171)**	(2 714)	(3 011)	**(5 725)**
	Trade payables within the reverse factoring mechanism	(2 000)	-	**(2 000)**	(3 021)	-	**(3 021)**

As at 31 December 2024 the Parent Entity had CIRS transactions (*Cross Currency Interest Rate Swap*) in the notional amount of PLN 1.6 billion with maturity falling in June 2029, hedging both the sales revenues in the USD currency, as well as the variable interest rate of issued bonds (as at 31 December 2023, in the notional amount of PLN 2 billion). The open hedging position as at 31 December 2024 and as at 31 December 2023 is presented in the table in Note 7.5.1.3.

An analysis of the Group's sensitivity to interest rate risk, assuming changes in interest rates for the balance sheet items in PLN, USD and EUR (presented in basis points, bps) is presented in the following table. An expert method including recommendations of the ARMA model was used to determine the potential volatility of interest rates.

	31 December 2024 change in interest rate				31 December 2023 change in interest rate			
	+100 bp (PLN, USD, EUR)		-100 bp (PLN, USD, EUR)		+50 bp (PLN, USD, EUR)		-150 bp (PLN, USD, EUR)	
	profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	other comprehensive income
Cash and cash equivalents	7	-	(7)	-	9	-	(26)	-
Borrowings	(40)	-	40	-	(14)	-	41	-
Financial derivatives – interest rate	-	56	-	(63)	-	31	-	(107)
Trade payables within the reverse factoring mechanism	(20)	-	20	-	(15)	-	45	-
Impact on profit or loss	**(53)**	**-**	**53**		**(20)**	**-**	**60**	**-**
Impact on other comprehensive income	-	**56**		**(63)**	**-**	**31**	**-**	**(107)**

Impact of the reference rates reform

In 2024 the Group used the financial instruments based on SOFR, CME TERM SOFR and EURIBOR (instruments in foreign currencies) and WIBOR (instruments in PLN).

In December 2024, the Steering Committee of the National Working Group on the reform of reference rates, which was appointed in connection with the reform of reference rates in Poland, chose the reference rate which will replace WIBOR. An index from the WIRF family was chosen, based on unsecured deposits of credit and financial institutions, and on 24 January 2025, an announcement was made on the selection of the target name POLSTR (Polish Short Term Rate) for the proposed index. The planned changes shall come into force in 2027.

Until 2027, the IBOR reform will not have an impact on the interest rate applied in the Group's derivatives, because the CIRS transactions entered into (open cross currency interest rate swaps) and bonds issued by the Parent Entity are based on the WIBOR reference rate. In the case of this benchmark, until 2027 the transitional period continues, during which adjustments to transactions entered into before the reform will not be required. After 2027, the IBOR reform may have an impact on cash flow hedging of variable interest of issued bonds (Tranche B) in the amount of PLN 1.6 billion, based on WIBOR 6M, that is CIRS transactions (cross currency swap) with maturity falling in 2029. The Group applied temporary exemptions from application of specific requirements of hedge accounting under IFRS 9 due to the IBOR reform and adopted an assumption that it may continue the hedge relationships. The notional amounts of hedging instruments to which these exemptions apply are disclosed in the following table.

in PLN millions, unless otherwise stated

As at 31 December 2024, the Group estimated that the impact of IBOR reform on the financial statements will be immaterial.

As at 31 December 2024 and 31 December 2023, the Group held financial instruments based on variable interest rates, which were not yet replaced by alternative rates. The amount of financial instruments that are based on a rate subject to planned reform are presented in the following table.

Type of financial instrument		Carrying amount as at 31 December 2024	Carrying amount as at 31 December 2023
Bank loans	WIBOR 1M, 3M	(201)	(39)
Debt securities	WIBOR 6M	(2 602)	(2 002)
Trade payables within the reverse factoring mechanism	WIBOR 1M	(970)	(1 757)
Derivatives (CIRS for 2029, PLN 1 600 million)	WIBOR 6M	(38)	5
Total		**(3 811)**	**(3 793)**

Note 7.5.1.5 Risk of changes in prices of energy and energy carriers

In market risk management resulting from changes in prices of energy and energy carriers, the scale and profile of activities of the Parent Entity is of the greatest significance and impact on the results of the KGHM Polska Miedź S.A. Group. The risk of changes in prices of electricity and energy commodities is a commodity risk for the Parent Entity, the measurement of which is based on its impact on cash flow.

The Parent Entity's exposure to the risk of volatility in electricity prices, energy commodities and related merchandise involves the following markets:

- **electricity and natural gas,** which are required to engage in mining and processing operations, including natural gas used to generate electricity to meet the Parent Entity's needs in its own generating sources,
- **CO_2 emission allowances**, which need to be redeemed due to the level of greenhouse gas emissions by installations operated by the Parent Entity being higher than the level of greenhouse gas emissions for which the Parent Entity received freely-granted rights to emit CO_2,
- **property rights to energy** resulting from certificates of origin of energy from renewable sources (RES) and **energy efficiency certificates** (hereafter: property rights), subject to redemption (required for purposes of redemption due to the sale of electricity by the Parent Entity to end users as well as the consumption of purchased electricity for own needs).

The management of commodity price risk with respect to planned purchases of electricity and natural gas is based on the management of exposure to the risk of changes in the prices of electricity and natural gas in a time horizon of up to 36 subsequent months, resulting from electricity and gas purchase plans, less previously-signed purchase contracts with delivery in future periods.

In the case of the risk of changes in electricity prices, the source of exposure are sales prices in bilateral contracts and energy sales prices on the Polish Power Exchange, where the Parent Entity purchases electricity in forward products (RTEE) as well as on the intra-day and next-day market.

In the case of the risk of changes in gas prices, the source of exposure is a contract entered into with ORLEN S.A., according to which the price of the purchased gas depends to a large degree on the prices quoted on the Polish Power Exchange for E-type gas (as regards both forward and SPOT contracts).

Commodity risk related to CO_2 emission allowances is connected with the exposure to changes in the prices of emission allowances quoted in EUR on an exchange (e.g. European Energy Exchange) and in the EUR/PLN exchange rate, as well as differences in the utilization of CO_2 emission allowances by the Parent Entity from planned amounts. In terms of changes in the prices of CO_2 emission allowances, the Parent Entity has a net short position, resulting from the obligation to redeem rights due to CO_2 systemic emissions which occur as a result of the combustion of coal within coal-bearing materials in installations functioning in the copper smelters, and also as a result of the combustion of gas in the CCGT (Combined Cycle Gas Turbine) blocks generating electricity to meet the Parent Entity's needs. In 2024 and 2023, the Parent Entity purchased

in PLN millions, unless otherwise stated

CO_2 emission allowances in forward transactions to secure its own needs. Such derivatives, which are acquired and maintained to secure own needs, are excluded under IFRS 9 Financial Instruments and are not subject to measurement as at the end of the reporting period.

In terms of the risk of changes in property rights, the Parent Entity has a net short position resulting from the obligation to redeem property rights due to the sale of electricity to an end user as well as to the consumption of purchased electricity for own needs, while the source of exposure are mainly the prices of property rights on the wholesale market, (i.e. on the Polish Power Exchange). KGHM Polska Miedź S.A. sells electricity mostly to customers which provide services to the Parent Entity on properties belonging to KGHM Polska Miedź S.A..

Exposure of the Parent Entity to a given risk – demand volume for own needs (purchase) by titles

Merchandise	Unit	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
CO_2 emission allowances*	EUA	206 851	282 901
Property rights, so-called green certificates	GWh	101	251
Property rights, so-called blue certificates	GWh	10	10
Property rights, so-called white certificates	TOE	2 531	2 403
Gas	GWh	2 450	2 282
Electricity	GWh	2 517	2 614

**Redemption of CO_2 emission allowances (in line with the actual emission in a given year) less settled allowances received free of charge.*

in PLN millions, unless otherwise stated

Note 7.5.1.6 Impact of hedge accounting on the financial statements

The following table contains information on changes in the fair value of hedging instruments, as well as corresponding changes in the fair value of hedged positions during the reporting period, being the basis for recognising the effective and ineffective portions of changes in the fair value of hedging instruments in the years 2024-2023 (excluding the tax effect).

In hedging relations, only the intrinsic value of the option is designated as a hedging instrument. The time value approximates zero in the horizon of a hedging relation. The hedge's inefficiency recognised in the statements of profit or loss in the reporting periods 2023-2024 was immaterial.

	As at 31 December 2024		from 1 January 2024 to 31 December 2024	from 1 January 2024 to 31 December 2024	As at 31 December 2023		from 1 January 2023 to 31 December 2023	from 1 January 2023 to 31 December 2023
	Balance of other comprehensive income due to cash flow hedging for relations				Balance of other comprehensive income due to cash flow hedging for relations			
relation type *risk type* *instrument type – hedged item*	remaining in hedge accounting	for which hedge accounting was ceased	Change in the value of hedged item	Change in the value of hedging instrument	remaining in hedge accounting	for which hedge accounting was ceased	Change in the value of hedged item	Change in the value of hedging instrument
Cash flow hedging								
Commodity risk (copper)								
Options – Sales revenue	137	-	(128)	137	-	-	-	-
intrinsic value	128	-	-	128	-	-	-	-
time value	9	-	-	9	-	-	-	-
Commodity risk (silver)								
Options – Sales revenue	28	-	(9)	28	-	-	-	-
intrinsic value	9	-	-	9	-	-	-	-
time value	19	-	-	19	-	-	-	-
Currency risk (USD)								
Options – Sales revenue	(17)	-	-	(17)	77	604	(623)	469
intrinsic value	-	-	-	-	107	545	-	619
time value	(17)	-	-	(17)	(30)	59	-	(150)
Loans – Sales revenue	-	(32)	-	-	-	(48)	-	-
intrinsic value	-	(32)	-	-	-	(48)	-	-
Currency-interest rate risk								
CIRS – Sales revenue	(215)	-	50	(54)	(180)	-	(439)	388
intrinsic value	(215)	-	-	(54)	(180)	-	-	388
CIRS – Finance income/costs	177	-	(5)	10	175	-	172	(140)
intrinsic value	177	-	-	10	175	-	-	(140)
Total, including:	**110**	**(32)**	**(92)**	**104**	**72**	**556**	**(890)**	**717**
Total intrinsic value	99	(32)	-	93	102	497	-	867
Total time value	11	-	-	11	(30)	59	-	(150)

in PLN millions, unless otherwise stated

The table below presents information on the impact of hedge accounting on the statement of profit or loss and other comprehensive income (excluding the tax effect).

relation type / risk type / instrument type	from 1 January 2024 to 31 December 2024			from 1 January 2023 to 31 December 2023		
	Profit or (loss) due to hedging recognised in other comprehensive income	Amount reclassified from other comprehensive income as a reclassification adjustment, due to realisation of a hedged item in the period		Profit or (loss) due to hedging recognised in other comprehensive income	Amount reclassified from other comprehensive income as a reclassification adjustment, due to realisation of a hedged item in the period	
		to statement of profit or loss	to non-current assets		to statement of profit or loss	to non-current assets
Cash flow hedging						
Commodity risk (copper)						
Options*	146	9	-	(128)	(160)	-
Commodity risk (silver)						
Options*	28	-	-	(6)	13	-
Currency risk (USD)						
Options*	(26)	672	-	738	459	-
Loans**	-	(16)	-	-	(16)	-
Currency-interest rate risk						
CIRS***	-	(37)	70	340	(11)	102
Total	**148**	**628**	**70**	**944**	**285**	**102**

Item of the statement of profit or loss which includes a reclassification adjustment:
** Revenues from contracts with customers, other operating income and (costs)*
*** Revenues from contracts with customers*
**** Revenues from contracts with customers, other finance income and (costs) and non-current assets*

The following table contains information on changes in other comprehensive income (excluding the tax effect) in the period in connection with the application of hedge accounting in 2023 and 2024.

	2024			2023		
	Effective value *	Cost of hedging **	Total	Effective value *	Cost of hedging **	Total
Other comprehensive income due to cash flow hedging – as at 1 January	**603**	**25**	**628**	**68**	**3**	**71**
Impact of measurement of hedging transactions (effective part)	145	3	148	1 272	(328)	944
Reclassification to the statement of profit or loss and non-current assets due to realisation of hedged item	(678)	(20)	(698)	(737)	350	(387)
Other comprehensive income due to cash flow hedging – as at 31 December	**70**	**8**	**78**	**603**	**25**	**628**

** Effective portions of changes in the fair value of hedging instruments due to hedged risk - intrinsic value of option*
*** Time value of option + CCBS (Cross Currency Basis Swap)*

in PLN millions, unless otherwise stated

Note 7.5.2 Credit risk

Credit risk is defined as the risk that the Group's counterparties will not be able to meet their contractual liabilities and involves three main areas:

- the creditworthiness of the customers with whom physical sales transactions are undertaken,
- the creditworthiness of the financial institutions (banks/brokers) with whom, or through whom, hedging transactions are undertaken, as well as those in which free cash and cash equivalents are deposited, and
- the financial standing of subsidiaries - borrowers.

In particular, the sources of exposure to credit risk are:

- cash and cash equivalents and deposits,
- derivatives,
- trade receivables,
- loans granted (Note 6.2),
- guarantees granted (Note 8.6), and
- other financial assets.

Accounting policies
The Group recognises impairment loss on expected credit losses on financial assets measured at amortised cost. Expected credit losses are credit losses weighed by the default probability. The Group applies the following models for designating impairment losses: - the simplified model – for trade receivables, - the general (basic) model – for other financial assets. Under the general model the Group monitors changes in the level of credit risk related to a given financial asset and classifies financial assets to one of three stages of determining impairment losses – based on observations of changes in the level of credit risk compared to an instrument's initial recognition. In particular, the following are monitored: the credit rating and the financial condition of the customer and the payment delay period. Depending on which degree it is classified to, an impairment loss is estimated for a 12-month period (degree 1) or in the horizon of lifetime (degree 2 and degree 3). The absolute indicator of default is an overdue period of more than 90 days. Under the simplified model the Group does not monitor changes in the level of credit risk during an instrument's life and estimates the expected credit loss over the time horizon of maturity of the instrument based on historical data respecting the repayments of receivables.

Note 7.5.2.1 Credit risk related to cash, cash equivalents and bank deposits

The Group allocates periodically free cash in accordance with the requirements to maintain financial liquidity and limit risk and in order to protect capital and maximise interest income.

As at 31 December 2024, the total amount of free and restricted cash and cash equivalents of PLN 711 million was held in bank accounts and in short-term deposits (in total as at 31 December 2023: PLN 1 724 million).

All entities with which deposit transactions are entered into by the Group operate in the financial sector. Analysis of exposure to this type of risk indicated that these are solely banks with the highest, medium-high and medium ratings, and which have an appropriate level of equity and a strong, stable market position. The credit risk in this regard is monitored through the on-going review of the financial standing and by maintaining an appropriately low concentration levels in individual financial institutions.

The following table presents the level of concentration of cash and deposits allocated to financial institutions,, including the assessment of their creditworthiness.

Rating level		As at 31 December 2024	As at 31 December 2023
Highest	from AAA to AA- according to S&P and Fitch, and from Aaa to Aa3 according to Moody's	21%	8%
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	48%	84%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	31%	8%

The risk level of a financial institution arising from depositing cash on bank accounts or deposits in the said institution, and taking into consideration the risk of these instruments, is almost the same, and therefore they are presented jointly.

in PLN millions, unless otherwise stated

As at 31 December 2024 the maximum single entity share of the amount exposed to credit risk arising from cash and bank deposits amounted to 29%, or PLN 207 million (as at 31 December 2023: 35%, or PLN 608 million).

	As at 31 December 2024			As at 31 December 2023	
	Amount	Rating		Amount	Rating
Counterparty 1	207	A2/Moody's	Counterparty 1	608	A2/Moody's
Counterparty 2	174	BBB/Fitch	Counterparty 2	317	A+/S&P
Counterparty 3	92	AA-/S&P	Counterparty 3	315	A/S&P
Counterparty 4	54	A-/S&P	Counterparty 4	102	BBB/Fitch
Counterparty 5	39	A+/Fitch	Counterparty 5	80	A-/S&P
Other	145	-	Other	302	-
Total	**711**		**Total**	**1 724**	

Impairment losses on cash and cash equivalents were determined individually for each balance of a given financial institution. External bank ratings were used to measure credit risk. The analysis determined that these assets have a low credit risk at the reporting date. The Group used a simplification permitted by the standard and the impairment loss was determined on the basis of 12-month credit losses. The calculation of impairment determined that the amount of impairment loss is insignificant. These assets are classified to Degree 1 of the impairment model.

Note 7.5.2.2 Credit risk related to derivative transactions

All entities with which derivative transactions (excluding embedded derivatives) are entered into by the Group operate in the financial sector.

The Group's credit exposure related to derivatives by main counterparties is presented in the table below[3].

Exposure to credit risk by main counterparties

	As at 31 December 2024			As at 31 December 2023		
	Open derivatives	Settled derivatives		Open derivatives	Settled derivatives	
	Financial receivables	*Net financial receivables*[4]	Exposure to credit risk	*Financial receivables*	*Net financial receivables*[3]	Exposure to credit risk
Counterparty 1	148	3	**151**	238	8	**246**
Counterparty 2	63	2	**65**	236	5	**241**
Counterparty 3	63	2	**65**	149	6	**155**
Other	216	27	**243**	370	29	**399**
Total	**490**	**34**	**524**	**993**	**48**	**1 041**

Taking into consideration the receivables due to open derivatives transactions entered into by the Group (excluding embedded derivatives) as at 31 December 2024 and net receivables due to settled derivatives, the maximum single entity share of the amount exposed to credit risk arising from these transactions amounted to 29%, or PLN 151 million (as at 31 December 2023: 24%, or PLN 246 million).

In order to reduce cash flows and at the same time to limit credit risk, the Parent Entity carries out net settlements (based on standard framework agreements entered into with its customers, regulating the trade of financial instruments, meaning ISDA or based on a formula of the Polish Bank Association). Moreover, the resulting credit risk is continuously monitored by reviewing the credit ratings and is limited by striving to diversify the portfolio while implementing hedging strategies.

[3] *Excludes embedded derivatives.*
[4] *The Company offsets receivables and liabilities due to settled derivatives (that is for which the future cash flows are known at the end of the reporting period) pursuant to the principles of net settlements of cash flows adopted in framework agreements with individual customers.*

in PLN millions, unless otherwise stated

Settled derivatives by main counterparties

	As at 31 December 2024					
			Subject to compensation			
	Gross financial receivables	*Gross financial liabilities*	*Financial receivables*	*Financial liabilities*	*Net financial receivables*	*Net financial liabilities*
Counterparty 1	3	-	-	-	3	-
Counterparty 2	2	-	-	-	2	-
Counterparty 3	7	(8)	5	(8)	2	(3)
Other	52	(25)	39	(25)	27	-
Total	**64**	**(33)**	**44**	**(33)**	**34**	**(3)**

	As at 31 December 2023					
			Subject to compensation			
	Gross financial receivables	*Gross financial liabilities*	*Financial receivables*	*Financial liabilities*	*Net financial receivables*	*Net financial liabilities*
Counterparty 1	15	(7)	15	(7)	8	-
Counterparty 2	19	(14)	19	(14)	5	-
Counterparty 3	13	(7)	12	(7)	6	-
Other	38	(16)	9	(14)	29	(7)
Total	**85**	**(44)**	**55**	**(42)**	**48**	**(7)**

Despite the concentration of credit risk associated with derivatives' transactions, the Parent Entity has determined that, due to its cooperation solely with renowned financial institutions, as well as continuous monitoring of their ratings, it is not materially exposed to credit risk as a result of transactions concluded with them.

The following table presents the structure of ratings of the financial institutions with whom the Group had derivatives transactions, representing exposure to credit risk.

Rating level		**As at 31 December 2024**	**As at 31 December 2023**
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	92%	71%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	8%	29%

Note 7.5.2.3 Credit risk related to trade receivables

The following Group companies had significant trade receivables as at 31 December 2024:

	As at 31 December 2024	**As at 31 December 2023**
KGHM Polska Miedź S.A.	759	322
The KGHM INTERNATIONAL LTD. Group	282	283
CENTROZŁOM WROCŁAW S.A.	69	70
WPEC w Legnicy S.A.	63	70
KGHM Metraco S.A.	13	35
NITROERG S.A.	38	30
„MCZ" S.A.	35	33
WMN "Łabędy" S.A.	16	18
KGHM ZANAM S.A.	13	10
Energetyka Sp. z o.o.	10	10

The total net amount of trade receivables of the Group as at 31 December 2024, excluding the fair value of accepted collateral, up to the amount of which the Group may be exposed to credit risk, amounts to PLN 1 345 million (as at 31 December 2023: PLN 932 million).

The Parent Entity limits its exposure to credit risk related to trade receivables by evaluating and monitoring the financial condition of its customers, setting credit limits, requiring collateral, and non-recourse factoring. The terms of factoring agreements entered into meet the criteria of removing receivables from the books at the moment of their purchase by the factor. As at 31 December 2024, the amount of receivables transferred to factoring, for which payment from factors was not received, amounted to PLN 13 million (as at 31 December 2023: PLN 10 million). Information on the amount of revenues from sales subjected to factoring in the financial period is presented in Note 2.4.

in PLN millions, unless otherwise stated

An inseparable element of the credit risk management process performed by the Parent Entity is the continuous monitoring of receivables and the internal reporting system.

Buyer's credit is only provided to proven customers. In the case of new customers, an effort is made to ensure that sales are based on prepayments or trade financing instruments which transfer the credit risk to financial institutions.

The Parent Entity makes use of the following forms of collateral:

- registered pledges, bank guarantees, promissory notes, notarial enforcement declarations, corporate guarantees, cessation of receivables, mortgages and documentary collection;
- ownership rights to goods to be transferred to the buyer only after payment is received;
- a receivables insurance contract, which covers receivables from entities with buyer's credit which have not provided strong collateral or have provided collateral which does not cover the total amount of the receivables.

Taking into account the above forms of collateral and the credit limits received from the insurance company, as at 31 December 2024 the Parent Entity had secured 80% of its trade receivables (as at 31 December 2023, 56%).

Although KGHM INTERNATIONAL LTD. does not use collateral, credit risk connected with trade receivables is subject to monitoring, and the majority of sales are to proven, long-term customers conducting international activities.

Assessment of concentration of credit risk in the Group:

Sector concentration	While KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD. operate in the same sector, these two companies are different both in terms of their portfolios of products as well as in terms of the geographic location and nature of their customers, and consequently this sector concentration of credit risk is considered to be acceptable. Other companies of the Group operate in various economic sectors, such as transport, construction, commerce, industrial production and energy. As a consequence, in the case of most Group companies, in terms of sectors, there is no concentration of credit risk.
Customers concentration	As at 31 December 2024 the balance of receivables from the 7 largest customers represented 51% of trade receivables (2023: 25%). Despite the concentration of this type of risk, it is believed that due to the availability of historical data and the many years of experience cooperating with its customers, as well as to the securing used, the level of credit risk is low.
Geographical concentration	Companies of the Group have been cooperating for many years with a large number of customers, which affects the geographical diversification of trade receivables. Geographical concentration of credit risk for trade receivables is presented in the table below.

Trade receivables (net)	As at 31 December 2024	As at 31 December 2023
Poland	27%	43%
Canada	8%	14%
European Union (excluding Poland)	8%	8%
Asia	34%	23%
Other countries	23%	12%

in PLN millions, unless otherwise stated

Accounting policies
The Group applies the simplified model of calculating the allowance for impairment of trade receivables (regardless of their maturity). The expected credit loss on trade receivables is calculated at the closest ending date of the reporting period after the moment of recognition of a receivable in the statement of financial position and is updated at every subsequent reporting period ending date. In order to estimate the expected credit loss on trade receivables, the Group's entities apply provision matrices, made on the basis of historical levels of payment of trade receivables, which are periodically recalibrated in order to update them. The Group adopted an assumption that the receivable risk is characterised by the number of days of delay and this parameter determines the estimated PD, i.e. the probability of a delay in payment of trade receivables by at least 90 days. For the purpose of estimating PD, 5 risk groups have been selected based on the criteria of number of days in payment, according to ranges presented below as "Important estimates and assumptions". *Default* is defined as being a failure by a customer to meet its liabilities after a period of 90 days from the due date. In order to estimate the loss allowance for expected credit losses, collateral is also taken into account by allocating expected recovery rates to the particular types of collateral. Moreover, forward-looking information is taken into account in the applied parameters of the model for estimating expected losses, by adjusting the base coefficients of default probability. This means that if as a result of analysis of macroeconomic data, such as for example: current GDP dynamics, inflation, unemployment rate, or WIG index, the Group recognises any deterioration in them in comparison to the previous period, in the ECL calculation the *forward looking* factor, which corrects risk connected with any decrease in receivables recovery, is taken into account. As at the end of the reporting period, on 31 December 2024, no deterioration of macroeconomic factors was noted.

Important estimates and assumptions

	31 December 2024			31 December 2023		
Time frame in days	Percent of allowance for impairment*	Gross amount of receivables	Allowance for impairment in individual time frames**	Percent of allowance for impairment*	Gross amount of receivables	Allowance for impairment in individual time frames**
Not overdue	0.04-7.2	604	(4)	0.1-4.4	487	(2)
<1,30)	0.3-50	34	(1)	0.3-9.0	29	(1)
<30,60)	0.4-77.7	4	-	5.4-41.4	9	(4)
<60,90)	6-88.8	1	-	34.1-70.7	-	-
Default	100	35	(35)	100	32	(32)
Total		**678**	**(40)**		**557**	**(39)**

**Probability of default is represented in thresholds, calculated individually by Group companies on the basis of real historical data as respects the number of days of delay, pursuant to the model for calculating expected credit losses adopted by the Group for trade receivables.*
***The amount of allowance for impairment includes the recovery due to collateral.*

The following table presents the change in trade receivables measured at amortised cost.

		2024	2023
	Gross amount as at 1 January	**557**	**466**
	Change in the balance of receivables	121	95
	Utilisation of a loss allowance in the period	-	(4)
Note 10.2	**Gross amount as at 31 December**	**678**	**557**

The following table presents the change in the estimation of expected credit losses on trade receivables measured at amortised cost.

		2024	2023
	Loss allowance for expected credit losses as at 1 January	**39**	**39**
	Change in allowance in the period recognised in profit or loss	1	4
	Utilisation of a loss allowance in the period	-	(4)
Note 10.2	**Loss allowance for expected credit losses as at 31 December**	**40**	**39**

As at 31 December 2024, disputed receivables amounted to PLN 27 million (as at 31 December 2023, PLN 30 million). The Group is taking actions aimed at recovering these receivables or explaining the validity of pursuing claims.

Note 7.5.2.4 Credit risk related to loans granted to the joint venture Sierra Gorda S.C.M. (POCI)

Credit risk related to loans granted depends on risk related to the realisation of the joint mining venture in Chile (Sierra Gorda S.C.M.). These loans, as a result of the impairment recognised at the moment of initial recognition due to credit risk, were classified as POCI, and are measured at the end of the subsequent reporting periods at amortised cost using the effective interest rate method and the effective discount rate adjusted by credit risk.
The basis for accruing interest on POCI loans is their gross value less any allowance for impairment at the moment of initial recognition.

The loan granted does not have collateral limiting the exposure to credit risk, therefore the maximum amount exposed to potential loss due to credit risk is the gross amount of the loan, less expected credit losses recognised pursuant to IFRS 9.

Changes in the value of POCI loans in the reporting and comparable periods are presented in Note 6.2.

Neither in the reporting period nor in the comparable period was there any expected impairment of POCI loans.

Sensitivity analysis of the fair value of loans due to the change in forecasted cash flows of Sierra Gorda S.C.M.

As at 31 December 2024, the Group classified the measurement to fair value of loans granted to level 3 of the fair value hierarchy because of the utilisation in the measurement of a significant unobservable parameter, being the forecasted cash flows of Sierra Gorda S.C.M. These cash flows are the most sensitive to changes in copper prices, which implies other assumptions such as forecasted production and operating margin. Therefore, pursuant to IFRS 13 p.93.f, the Group performed a sensitivity analysis of the fair value (level 3) of loans to changes in copper prices.

Price paths adopted to estimate the cash flows of Sierra Gorda S.C.M. are presented in Note 6.2.

Classes of financial instruments	Fair value as at 31 December 2024	Sensitivity analysis of the fair value to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
Loans granted measured at amortised cost	**8 780**	9 039	8 624
Loans granted measured at amortised cost (USD million)	**2 141**	2 204	2 103

Classes of financial instruments	Carrying amount as at 31 December 2024	Sensitivity analysis of the carrying amount to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
Loans granted measured at amortised cost	**9 800**	10 023	9 701
Loans granted measured at amortised cost (USD million)	**2 390**	2 444	2 365

Classes of financial instruments	Fair value as at 31 December 2023	Sensitivity analysis of the fair value to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
Loans granted measured at amortised cost	**7 778**	7 969	7 567
Loans granted measured at amortised cost (USD million)	**1 977**	2 025	1 923

Classes of financial instruments	Carrying amount as at 31 December 2023	Sensitivity analysis of the carrying amount to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
Loans granted measured at amortised cost	**9 096**	9 223	8 956
Loans granted measured at amortised cost (USD million)	**2 311**	2 344	2 276

Note 7.5.2.5 Credit risk related to other financial assets

As at 31 December 2024, the most significant item in other financial assets was cash accumulated on the separate bank account of the special purpose Mine Closure Fund in the amount of PLN 491 million (as at 31 December 2023: PLN 442 million).

All special purpose deposits of the Group, which are dedicated to collection of cash for future decommissioning costs of mines, are carried out by banks with the highest or medium-high ratings confirming the security of the deposited cash.

The following tables present the level of cash concentration within special purpose funds dedicated to the collection of cash by the Group for future decommissioning costs of mines, according to the credit ratings of financial institutions in which cash is held on special purpose accounts.

Rating level		As at 31 December 2024	As at 31 December 2023
Highest	AAA to AA- according to S&P and Fitch, and from Aaa to Aa3 according to Moody's	10%	10%
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	90%	90%

	As at 31 December 2024	As at 31 December 2023
Counterparty 1	443	398
Counterparty 2	48	44
Total	**491**	**442**

Impairment losses on cash accumulated on the bank accounts of special purpose funds: the Mine Closure Fund, were determined individually for each balance of a given financial institution. External bank ratings were used to measure credit risk. The analysis determined that these assets have a low credit risk at the end of the annual reporting period. The Group used a simplification permitted by the standard and the impairment loss was determined on the basis of 12-month credit losses. The calculation of impairment determined that the amount of impairment loss is insignificant. These assets are classified to Degree 1 of the impairment model.

in PLN millions, unless otherwise stated

Part 8 – Borrowings and the management of liquidity and capital

Note 8.1 Capital management policy

Capital management in the Group is aimed at securing funds for business development and maintaining the appropriate level of liquidity.

In accordance with market practice, the Group monitors the level of financial security, among others on the basis of the Net Debt/Adjusted EBITDA ratio presented in the table below:

Ratios	Calculations	31 December 2024	31 December 2023
Net Debt/Adjusted EBITDA	Relation of net debt to adjusted EBITDA	**0.81**	**1.02**
Net Debt	Borrowings, debt securities and lease liabilities less free cash and its equivalents, taking into account the impact of derivatives related to external sources of financing	5 303	3 848
Adjusted EBITDA*	Profit/(loss) for the period pursuant to IFRS, excluding taxes (current and deferred income tax and mining tax), finance income and costs, other operating income and costs, profit or loss on involvement in joint ventures, depreciation/amortisation recognised in expenses by nature, recognition/reversal of impairment losses on property, plant and equipment and intangible assets recognised in the cost of sales, selling costs and administrative expenses.	6 580	3 778

**Adjusted EBITDA for the period of 12 months ending on the last day of the reporting period excluding adjusted EBITDA of the joint venture Sierra Gorda S.C.M.*

The level of the Net Debt/Adjusted EBITDA ratio achieved in 2024 is consistent with the assumptions adopted by the Group in the reporting period and confirms its stable financial condition.

The Group forecasts the coverage ratio of financial needs by available sources of financing, in order to identify, at a sufficiently early stage, the possible occurrence of a liquidity gap.

The overriding principle in this process is to ensure the Group's financial security and stability, while the main tool used to limit risk is the diversification of financing sources and ensuring they are of long-term maturities.

When making decisions about the use of financial instruments, the Group analyses factors of significance for managing liquidity, amongst which the basic parameter is the level of interest rates and forecasts regarding their future direction.

The level of interest rates primarily has an impact on the Group's borrowing potential, understood as the possibility of obtaining and servicing debt, and consequently its subsequent refinancing. To limit the unfavourable impact of increases in market interest rates, some of the Group's borrowings are based on fixed interest rates.

Details regarding the impact of changes in interest rates on the occurrence of liquidity risks are presented in Note 7.5.1.4.

In the management of liquidity and capital, the Group also pays attention to adjusted operating profit, which is the basis for calculating EBITDA pursuant to the definition of financial covenant and which is comprised of the following items:

in PLN millions, unless otherwise stated

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Profit/(loss) on sales	3 767	(1 640)
Interest income on loans granted to a joint venture	552	597
Other operating income and (costs)	444	(2 817)
Adjusted operating profit/(loss)*	**4 763**	**(3 860)**

** Presented amount does not include the profit due to reversal of allowances for impairment of loans granted to a joint venture.*

Financial covenant Net debt/EBITDA is calculated based on consolidated data, pursuant to definitions stipulated in borrowing agreements. Information on liabilities for which covenants apply is presented in Note 8.4.

As at 31 December 2024 the carrying amount of liabilities drawn under the agreements containing the financial covenant amounted to PLN 1 794 million.
As at the end of the reporting period, in the financial year and after the end of the reporting period, up to the date of publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2024 and 31 December 2024, met the conditions stipulated in the credit agreements. There are no indications that the Group will have difficulties with fulfilling the liabilities due to meeting the covenants when they will be checked again on 30 June 2025.

Note 8.2 Equity

Accounting policies
Other reserves from the measurement of financial instruments arise from the measurement of cash flow hedging instruments (Note 7.2, Accounting policies) and the measurement of financial assets at fair value through other comprehensive income (Note 7.3, Accounting policies) less any deferred tax effect. Accumulated other comprehensive income consists of exchange differences from the translation of statements of operations with a functional currency other than PLN (Note 1.5, Accounting policies) and actuarial gains/losses on post-employment benefits programs less any deferred tax effect (Part 11, Accounting policies).

Note 8.2.1 Share capital

As at 31 December 2024 and at the date of signing of these financial statements, the Company's share capital, in accordance with the entry in the National Court Register, amounted to PLN 2 000 million and was divided into 200 000 000 shares, series A, fully paid, each having a face value of PLN 10. All of the shares are bearer shares. The Company has not issued preference shares. Each share grants the right to one vote at the general meeting. The Company does not have treasury shares.

In the years ended 31 December 2024 and 31 December 2023, there were no changes in either registered share capital or in the number of issued shares.

In 2024, there were no changes in the ownership of significant blocks of shares of KGHM Polska Miedź S.A.

The Company's shareholder structure as at 31 December 2024 and at the date these consolidated financial statements were signed, established on the basis of notifications received by the Company pursuant to art. 69 of the Act on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, was as follows:

The Company's shareholder structure as at 31 December 2024 and at the date these consolidated financial statements were signed

Shareholder	number of shares/votes	total nominal value of shares (PLN)	percentage held in share capital/total number of votes
State Treasury [1)]	63 589 900	635 899 000	31.79%
Allianz Polska Otwarty Fundusz Emerytalny[2)]	11 961 453	119 614 530	5.98%
Nationale-Nederlanden Otwarty Fundusz Emerytalny[3)]	10 104 354	101 043 540	5.05%
Other shareholders	114 344 293	1 143 442 930	57.18%
Total	**200 000 000**	**2 000 000 000**	**100.00%**

[1)] based on a notification received by the Company dated 12 January 2010
[2)] based on a notification received by the Company dated 16 May 2023
[3)] based on a notification received by the Company dated 18 August 2016

in PLN millions, unless otherwise stated

Note 8.2.2 Changes of other equity items

		Other reserves from measurement of financial instruments					
		Investments in equity instruments measured at fair value through other comprehensive income	Other reserves from measurement of future cash flow hedging financial instruments	Total other reserves from measurement of financial instruments	Actuarial gains /(losses) on post-employment benefits programs	Exchange differences from the translation of statements of operations with a functional currency other than PLN	Retained earnings
	As at 1 January 2023	**(486)**	**59**	**(427)**	**(742)**	**2 554**	**28 704**
	Transactions with owners – Dividend approved and paid	-	-	-	-	-	(200)
	Loss for the period	-	-	-	-	-	(3 698)
	Fair value gains on financial assets measured at fair value through other comprehensive income	309	-	309	-	-	-
Note 7.2	Impact of the effective part of cash flow hedging transactions	-	944	944	-	-	-
Note 7.2	Amount transferred to profit or loss and non-current assets due to settlement of hedging instruments	-	(387)	(387)	-	-	-
Note 11.2	Actuarial losses on post-employment benefits	-	-	-	(311)	-	-
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	-	-	-	-	(78)	-
Note 5.1.1	Deferred income tax	(56)	(106)	(162)	59	-	-
	Other comprehensive income	253	451	704	(252)	(78)	-
	Total comprehensive income	253	451	704	(252)	(78)	(3 698)
	As at 31 December 2023	**(233)**	**510**	**277**	**(994)**	**2 476**	**24 806**

in PLN millions, unless otherwise stated

		Other reserves from measurement of financial instruments						
		Investments in equity instruments measured at fair value through other comprehensive income	Other reserves from measurement of future cash flow hedging financial instruments	Other reserves from measurement of financial instruments, total	Actuarial gains /(losses) on post-employment benefits programs	Surplus from the fair value remeasurement of investment properties, as at the day of reclassification from fixed assets	Exchange differences from the translation of statements of operations with a functional currency other than PLN	Retained earnings
	As at 1 January 2024	**(233)**	**510**	**277**	**(994)**	**-**	**2 476**	**24 806**
	Transactions with owners – Dividend approved and paid	-	-	-	-	-	-	(300)
	Profit for the period	-	-	-	-	-	-	2 868
	Fair value gains on financial assets measured at fair value through other comprehensive income	7	-	7	-	-	-	-
Note 7.2	Impact of the effective part of cash flow hedging transactions	-	148	148	-	-	-	-
Note 7.2	Amount transferred to profit or loss and non-current assets due to settlement of hedging instruments	-	(698)	(698)	-	-	-	-
Note 11.2	Actuarial gains on post-employment benefits	-	-	-	335	-	-	-
	Gains on measurement of investment properties	-	-	-	-	11	-	-
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	-	-	-	-	-	15	-
Note 5.1.1	Deferred income tax	(1)	105	104	(63)	(2)	-	-
	Other comprehensive income	6	(445)	(439)	272	9	15	-
	Total comprehensive income	6	(445)	(439)	272	9	15	2 868
	As at 31 December 2024	**(227)**	**65**	**(162)**	**(722)**	**9**	**2 491**	**27 374**

Based on the Act of 15 September 2000, i.e. the Commercial Partnerships and Companies Code, the Parent Entity is required to create reserve capital for any potential (future) or existing losses, to which no less than 8% of a given financial year's profit is transferred until the reserve capital has been built up to no less than one-third of the registered share capital. The reserve capital created in this manner may not be employed otherwise than in covering the loss reported in the financial statements. As at 31 December 2024 the statutory reserve capital in the Group's entities amounted to PLN 773 million, of which PLN 667 million relates to the Parent Entity, and is recognised in retained earnings.

Information related to dividends paid may be found in Note 12.2.

Note 8.3 Liquidity management policy

Liquidity management in the Group is the process based on assuring an adequate level of cash and access to a broad portfolio of flexible sources of financing in order to ensure the capacity to meet the current as well as future financial obligations, taking into account the costs of obtaining liquidity.

The Group continuously forecasts and monitors the liquidity based on expected cash flows. In order to minimise the risk of a liquidity gap, the Group takes actions which guarantee safety and financial stability through diversification of sources of financing and assuring their long-term maturity period.

The Management Board of the Parent Entity is responsible for financial liquidity management in the Group and it is performed based on the approved, appropriate Policy. The Financial Liquidity Committee is a body supporting the Management Board in this regard.
The basic principles arising from the Financial Liquidity Management Policy in the Group are:

- assuring the stable and effective financing of the Group's activities,
- continuous monitoring of the Group's debt level,
- effective management of working capital, and
- coordination, by the Parent Entity, of processes of financial liquidity management in the Group companies.

In order to support the process of liquidity management, the Group makes use of the reverse factoring program under which it continuously transfers trade payables to factors. The available reverse factoring program is treated by the Group as an efficient tool supporting the process of working capital management and is aimed at diversification of sources of financing working capital.
The Group identifies the concentration of liquidity risk due to the application of reverse factoring. In order to limit the concentration of the risk, reverse factoring contracts are entered into with different factors for an indefinite period. All entities which concluded reverse factoring agreements with the Group are renowned financial institutions.
The level of utilisation of factoring limits for an individual factor is continuously monitored.

Under the liquidity management process, the Group utilises also other instruments which enhance its effectiveness. One of the instruments used by the Group to deal with on-going operating activities is cash pooling – locally in PLN, USD and EUR, and internationally - in USD. The cash pooling service is aimed at optimising the management of cash resources, limiting interest costs, the effective financing of current working capital needs and the support of short-term financial liquidity in the Group.

In order to support current liquidity and to optimise the service of cash management in a group of accounts, the Parent Entity fulfils the function of the Coordinator and extended the availability of an overdraft facility agreement in the amount of PLN 250 million by another period, i.e. until 30 June 2025, with the bank in which the cash pooling system operates.

In 2024, the Parent Entity carried out the process of obtaining short-term financing and continued actions connected with developing the reverse factoring program.

In 2024, the Parent Entity acquired additional external financing in the form of bilateral bank loans in the amount of USD 150 million and PLN 200 million.

Moreover, work connected with prolonging the availability of long-term financing was carried out in the reporting period. Actions were continued aimed at conducting safe and responsible financial policy by basing the financing on diversified and long-term financial instruments.

In 2024, a credit facility agreement was entered into with Bank Gospodarstwa Krajowego in the amount of USD 450 million and an availability period of 5 years and the option to extend it by a further 2 years. The resources acquired from this agreement serve to finance the working capital and support the management of current financial liquidity.

On 29 May 2024, the Parent Entity concluded a Bond Issuance Program agreement, up to the amount of PLN 4 000 million for a period of 10 years, under which on 26 June 2024 the 7-year bonds, with a nominal value of PLN 1 000 million were issued with a redemption date of 26 June 2031.

in PLN millions, unless otherwise stated

Note 8.3.1 Contractual maturities for financial liabilities

Financial liabilities – as at 31 December 2024

Contractual maturities from the end of the reporting period	Maturity period				Total (without discounting)	Carrying amount
	up to 3 months	over 3 months to 12 months	over 1 to 3 years	over 3 years		
Borrowings	174	1 053	941	948	**3 116**	**2 836**
Debt securities liabilities	-	189	377	3 022	**3 588**	**2 602**
Lease liabilities	32	86	231	1 186	**1 535**	**733**
Trade payables	3 063	24	29	338	**3 454**	**3 311**
Other payables – reverse factoring	1 378	622	-	-	**2 000**	**2 000**
Derivatives – currency contracts*	-	-	-	-	**-**	**47**
Derivatives – commodity contracts – metals*	-	1	-	-	**1**	**51**
Derivatives – interest rates*	-	-	-	134	**134**	**215**
Other financial liabilities	96	31	19	5	**151**	**165**
Total	**4 743**	**2 006**	**1 597**	**5 633**	**13 979**	**11 960**

**Financial liabilities arising from derivatives are calculated at their intrinsic values excluding the discount effect.*

Overdue liabilities	Overdue period				
	up to 1 month	over 1 months to 12 months	over 1 year to 3 years	over 3 years	Total/Carrying amount
Trade payables	9	4	1	2	**16**

The above tables regarding maturities do not include financial guarantees in the amount of PLN 915 million, which are due if there is a breach in contractual terms by parties to which the guarantees were granted and toward which the Group cannot postpone payments, that is they must be paid on demand within 3 months. Details on financial guarantees and their maturity dates were described in Note 8.6.

Financial liabilities – as at 31 December 2023

Contractual maturities from the end of the reporting period	Maturity period				Total (without discounting)	Carrying amount
	up to 3 months	over 3 months to 12 months	over 1 to 3 years	over 3 years		
Borrowings	143	419	1 029	1 833	**3 424**	**2 939**
Debt securities liabilities	-	534	240	1 899	**2 673**	**2 002**
Lease liabilities	32	91	206	1 274	**1 603**	**784**
Trade payables	3 061	41	37	338	**3 477**	**3 319**
Other payables – reverse factoring	2 268	753	-	-	**3 021**	**3 021**
Derivatives – currency contracts*	83	362	39	-	**484**	**483**
Derivatives – commodity contracts – metals*	5	6	-	-	**11**	**11**
Derivatives – interest rates*	-	-	-	80	**80**	**181**
Embedded derivatives	26	-	-	-	**26**	**26**
Other financial liabilities	253	34	23	9	**319**	**321**
Total	**5 871**	**2 240**	**1 574**	**5 433**	**15 118**	**13 087**

**Financial liabilities arising from derivatives are calculated at their intrinsic values excluding the discount effect.*

in PLN millions, unless otherwise stated

Overdue liabilities	Overdue period				
	up to 1 month	over 1 months to 12 months	over 1 year to 3 years	over 3 years	Total/Carrying amount
Trade payables	28	15	1	1	**45**

The above tables on maturity periods do not contain financial guarantees in the amount of PLN 872 million, which are due if contractual terms are breached by the parties towards which the guarantee was granted and the Group cannot postpone payments, that is they must be paid on demand within 3 months.

Note 8.4 Borrowings

Accounting policies
Liabilities arising from borrowings are initially recognised at fair value, less (in the case of payment) or plus (in the case of accrual) transaction costs which are an integral part of the financing drawn, and are measured at amortised cost at the reporting date using the effective interest rate method. Accrued interest is recognised in finance costs, unless it is capitalised through property, plant and equipment or intangible assets.

Note 8.4.1 Net debt

			As at 31 December 2024	As at 31 December 2023
		Bank loans	130	637
		Loans	1 556	1 849
		Debt securities	2 600	1 600
		Leases	624	675
Note 7.1		**Total non-current liabilities due to borrowings**	**4 910**	**4 761**
		Bank loans	726	30
		Loans	424	423
		Debt securities	2	402
		Leases	109	109
Note 7.1		**Total current liabilities due to borrowings**	**1 261**	**964**
		Total borrowings	**6 171**	**5 725**
Note 8.5	[-]	Free cash and cash equivalents	691	1 702
	[-]	Derivatives related to external sources of financing	177	175
	[=]	**Net debt**	**5 303**	**3 848**

Liabilities due to borrowings, debt securities and leases - breakdown by currency (translated into PLN) and by type of interest rate

	As at 31 December 2024	As at 31 December 2023
PLN/WIBOR	2 769	2 083
EUR/EURIBOR	-	17
EUR/fixed	31	25
USD/SOFR	1 033	982
PLN/fixed	834	802
USD/fixed	1 443	1 755
CAD/fixed	49	49
other	12	12
Total	**6 171**	**5 725**

As at 31 December 2024, the Group's liabilities due to borrowing, debt securities issued and leases, translated into PLN, amounted to PLN 6 171 million, or broken down by currencies: USD 604 million, PLN 3 603 million, EUR 7 million, CAD 17 million and in other currencies in the amount of PLN 12 million (as at 31 December 2023 liabilities, translated into

in PLN millions, unless otherwise stated

PLN, amounted to PLN 5 725 million, or broken down by currencies: USD 695 million, PLN 2 885 million, EUR 10 million, CAD 16 million and in other currencies in the amount of PLN 12 million).

As at 31 December 2024, the balance of trade payables transferred to reverse factoring by the Group amounted to PLN 2 000 million (as at 31 December 2023: PLN 3 021 million).
Trade payables within the reverse factoring mechanism are presented in the statement of financial position as "Trade and other payables" and are in the category of "other", as due to the significant judgment of the Group presented in Note 10.3 of these consolidated financial statements, such a presentation most accurately presents the nature of these transactions.

The structure of debt confirms the effective advancing of the strategy of the Group, aimed at ensuring long term financial stability by basing the financial structure on diversified and long term financing sources.

Note 8.4.2 Net debt changes

		As at 31 December 2023	Cash flows related to debt	Accrued interest	Exchange differences	Other changes	As at 31 December 2024
[+]	Bank loans	667	82	82	19	6	856
[+]	Loans	2 272	(454)	82	77	3	1 980
[+]	Debt securities	2 002	429	171	-	-	2 602
[+]	Leases	784	(137)	42	-	44*	733
[=]	**Total debt**	**5 725**	**(80)**	**377**	**96**	**53**	**6 171**
[-]	Free cash and cash equivalents	1 702	(1 011)	-	-	-	691
[-]	Derivatives related to sources of external financing	175	59			(57)	177
[=]	**Net debt, including:**	**3 848**	**872**	**377**	**96**	**110**	**5 303**
	*Net debt excluding derivatives***	4 023					5 480

** A conclusion and modification of lease agreements.*
***Net debt excluding derivatives is presented for the purposes of covenants calculation in bank loans agreements.*

		As at 31 December 2022	Cash flows related to debt	Accrued interest	Exchange differences	Other changes*	As at 31 December 2023
[+]	Bank loans	1 263	(572)	75	(95)	(4)	667
[+]	Loans	2 434	23	90	(264)	(11)	2 272
[+]	Debt securities	2 002	(172)	172	-	-	2 002
[+]	Leases	744	(124)	41	(1)	124**	784
[=]	**Total debt**	**6 443**	**(845)**	**378**	**(360)**	**109**	**5 725**
[-]	Free cash and cash equivalents	1 179	523	-	-	-	1 702
[-]	Derivatives related to sources of external financing		175				175
[=]	**Net debt, including:**	**5 264**	**(1 543)**	**378**	**(360)**	**109**	**3 848**
	*Net debt excluding derivatives****	5 264					4 023

**Including at the date of obtaining control of INVEST PV 7 Sp. z o.o. - leases PLN (2) million.*
*** Including PLN 126 million due to modification and conclusion of new lease agreements.*
***Net debt excluding derivatives is presented for the purposes of covenants calculation in bank loans agreements.*

in PLN millions, unless otherwise stated

Reconciliation of cash flows associated with borrowing following the inclusion of impact of derivatives in the consolidated statement of cash flows

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Financing activities		
[+] Proceeds from the issuance of debt financial instruments	1 000	-
[+] Proceeds from borrowings	1 940	1 673
[-] Proceeds from derivatives related to sources of external financing	64	70
[+] Redemption of debt financial instruments	(400)	-
[+] Repayment of borrowings	(2 154)	(2 051)
[+] Repayment of lease liabilities	(97)	(83)
[-] Expenditures on derivatives related to sources of external financing	(75)	(81)
[+] Repayment of interest on borrowings and debt securities	(28)	(30)
[+] Repayment of interest on leases	(10)	(1)
Investing activities		
[+] Paid capitalised interest on borrowings	(331)	(353)
[-] Proceeds on settlement of an instrument hedging interest rate of bonds	70	102
[-] **Change in free cash and cash equivalents**	(1 011)	523
[=] TOTAL	**872**	**(1 459)**

Unsecured, revolving syndicated credit facility		
A credit facility in the amount of USD 1 438 million (PLN 5 898 million), obtained on the basis of a financing agreement concluded by the Parent Entity with a syndicate of banks in 2019 with a maturity of 20 December 2024 and an option to extend it by a further 2 years (5+1+1). In the years 2020-2021 the Parent Entity received consent from Syndicate Members to extend the term of the agreement by 2 years in total, i.e. to 20 December 2026. The limit of available financing during the extension period amounts to USD 1 438 million (PLN 5 898 million). The funds acquired through this credit facility are used to finance general corporate purposes. Interest is based on SOFR plus a margin, depending on the Consolidated Net Total Debt/ Consolidated EBITDA financial ratio. The credit facility agreement obliges the Group to comply with the financial covenant and non-financial covenants. Financing parameters meet the standard conditions of these types of transactions. Pursuant to contractual terms and conditions, the Parent Entity is obliged to report the level of financial covenant for the reporting periods, i.e. as at 30 June and as at 31 December. The Parent Entity continuously monitors the risk of exceeding the level of the financial covenant stipulated in the credit facility agreement. As at the reporting date, during the financial year and after the reporting date, up to the publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2024 and as at 31 December 2024, complied with the provisions of the agreement.		
	2024	**2023**
Amount granted	5 898	5 903
Amount of the liability	-	-

Investment loans		
Loans, including investment loans granted to the Parent Entity by the European Investment Bank in the total amount of PLN 3 340 million: 1. Investment loan in the amount of PLN 2 000 million, with three instalments drawn and the payback periods expiring on 30 October 2026, 30 August 2028 and 23 May 2029 and utilised to the maximum available amount. The funds acquired through this loan were used to finance Parent Entity investment projects related to modernisation of metallurgy and development of the Żelazny Most tailings storage facility. The loan's instalments are based on a fixed interest rate. 2. Investment loan in the amount of PLN 1 340 million granted in December 2017 with a financing period of 12 years. The Parent Entity has drawn four instalments under this loan with maturities on 28 June 2030, 23 April 2031, 11 September 2031 and 6 March 2035. The funds acquired through this loan are used to finance the Parent Entity's projects related to development and replacement at various stages of the production process. Interest on the loan's three instalments is based on a fixed interest rate. The last instalment received in 2023 was drawn based on the variable SOFR rate plus a bank margin, which is dependent on the net debt/EBITDA financial ratio. The loan agreements with the European Investment Bank oblige the Group to comply with the financial covenant and non-financial covenants commonly stipulated in such types of agreements. Pursuant to contractual terms and conditions, the Parent Entity is obliged to report the level of the financial covenant for the reporting periods, i.e. as at 30 June and as at 31 December. The Parent Entity continuously monitors the risk of exceeding the levels of the financial covenant stipulated in the loan agreements. As at the reporting date, during the financial year and after the reporting date, up to the publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2024 and as at 31 December 2024, complied with the provisions of the loan agreements.		
	2024	**2023**
Amount granted	3 521	3 582
Amount of the liability	1 980	2 272

Other bank loans		
Bilateral bank loans in the total amount of PLN 4 294 million, are used to finance working capital and are a supporting tool in the management of financial liquidity and support financing of advanced investment undertakings. The Group holds lines of credit in the form of short-term and long-term credit agreements. The funds under open lines of credit are available in PLN, USD and EUR, with interest based on a fixed interest rate or variable WIBOR, SOFR and EURIBOR plus a margin.		
	2024	**2023**
Amount granted	4 294	3 452
Amount of the liability	856	667

in PLN millions, unless otherwise stated

Debt securities

The Parent Entity carried out two bond issuances on the Polish market:

1. The issuance dated 27 June 2019 under which bonds were issued with a maturity of 5-year in the amount of PLN 400 million which were redeemed by the Parent Entity on 27 June 2024 and bonds with a maturity of 10-year in the amount of PLN 1 600 million and a redemption date of 27 June 2029.
2. The issuance dated 26 June 2024 in the nominal amount of PLN 1 000 million which was carried out under the bonds issuance program, up to the amount of PLN 4 000 million established by an issuance agreement from 29 May 2024. The Parent Entity issued bonds with a maturity of 7-year and a redemption date of 26 June 2031.

The nominal value of one bond is PLN 1 000, and the issuance price is equal to the nominal value. Interest on the bonds is based on variable WIBOR plus a margin.
The funds from the issuance of the bonds are used to finance general corporate purposes.

Due to the requirement, resulting from art. 35 sec. 1 point 2 of the Act on bonds, to disclose information as regards forecasts of financial liabilities due to borrowings, the issuance of debt securities and leases on the last day of the reporting year, the Parent Entity has presented on its website the forecasted amount of liabilities of the Group, i.e. PLN 7 275 million (the unaudited amount). The actual amount of financial liabilities based on consolidated financial statements as at 31 December 2024 is PLN 6 171 million.
The deviation of the actual amount of financial liabilities of the Group as at the end of 2024 from the published estimated amounts results from an achievement of EBITDA at the level higher than forecasted.

	2024	2023
Nominal value of the issue	2 600	2 000
Amount of the liability	2 602	2 002

Total bank and other loans, debt securities	2024	2023
Amount granted / Nominal value of the issue	**16 313**	**14 937**
Amount of the liability	**5 438**	**4 941**

The aforementioned sources ensure the availability of external financing in the amount of PLN 16 313 million. The funds available for use from these sources fully cover the liquidity needs of the Group.
The syndicated credit in the amount of USD 1 438 million (PLN 5 898 million), the investment loans in the amount of PLN 3 340 million, and the bilateral bank loans granted to the Parent Entity in the amount of PLN 4 244 million, are unsecured.
Repayment of a part of the liabilities of other Group companies due to bilateral bank loans and other loans are secured amongst others by statements on submitting to an enforcement regime, contractual mortgages, registered pledges or the assignment of receivables. The carrying amount of guarantees of repayment of external financing as at 31 December 2024 amounted to PLN 238 million, including property, plant and equipment in the amount of PLN 122 million (as at 31 December 2023: PLN 230 million, including property, plant and equipment in the amount of PLN 114 million).

in PLN millions, unless otherwise stated

Note 8.5 Cash and cash equivalents

Accounting policies
Cash and cash equivalents include mainly cash in bank accounts and deposits with maturities of up to three months from the date of their placement (the same applies to the statement of cash flows). Cash is measured at its nominal amount plus interest, including a loss allowance for expected credit losses (Note 7.5.2.1).

		As at 31 December 2024	As at 31 December 2023
	Cash in bank accounts	534	602
	Other financial assets with a maturity of up to 3 months from the date of acquisition - deposits	160	1 119
	Other cash	21	8
	Total cash and cash equivalents, of which:	**715**	**1 729**
	Restricted cash	24	27
Note 8.4.1	**Free cash and cash equivalents**	**691**	**1 702**

As at 31 December 2024, the Group had cash in bank deposits in the amount of PLN 61 million (as at 31 December 2023 PLN 73 million), which are funds in separate VAT accounts, designated for servicing split payments. These funds are gradually used to pay the VAT payables to suppliers and other payments mandated by law.

Note 8.6 Liabilities due to guarantees granted

Guarantees are an essential financial liquidity management tool of the Group, thanks to which the Group's companies and the joint venture Sierra Gorda S.C.M. do not have to use their cash in order to secure their liabilities towards other entities.

Accounting policies

The Group issued guarantees which meet the definition of contingent liabilities pursuant to IAS 37 and recognises them in contingent liabilities and guarantees, which meet the definition of financial guarantees under IFRS 9, and which are measured and recognised as financial instruments pursuant to this standard.

At the moment of initial recognition, the Group recognises in the statement of financial position a financial guarantee at its fair value, in the item:
- financial assets measured at amortised cost (other financial assets),
- other liabilities (deferred income)

The liability due to the financial guarantee granted as at the end of the reporting period is recognised at the higher of two amounts: the initial value of the issued guarantee less the amount of profits recognised in profit or loss on guarantees, or the amount of an allowance for expected credit losses – set pursuant to the principles of the general model, described in accounting policies in Note 7.5.2.

Important estimates, assumptions and judgements

For the calculation of expected credit losses – ECL - the Group adopts estimates for the rating, PD (probability of default) and LGD (loss given default) parameters. Calculation of the expected credit losses takes place in the horizon remaining to the end of the guarantee, while the rating of a guarantee's beneficiary is adopted as the rating of the entity used for the purposes of calculating the PD parameter.

As at 31 December 2024, the liabilities of the Group due to guarantees and letters of credit granted amounted to a total of PLN 1 150 million (as at 31 December 2023, PLN 1 132 million) and due to promissory note payables amounted to PLN 223 million (as at 31 December 2023, PLN 257 million).

in PLN millions, unless otherwise stated

The most significant items of liabilities due to guarantees granted - contingent liabilities

Guarantees - contingent liabilities (IAS 37)	Amount of guarantees		Validity period
	As at 31 December 2024	As at 31 December 2023	
Security on the proper execution by the Parent Entity of future environmental obligations related to the obligation to restore terrain, following the conclusion of operations of the Żelazny Most tailings storage facility	PLN 109 mn	PLN 107 mn	up to 1 year
Security on the obligations incurred by Brokerage House due to settlements of transactions entered into by the Parent Entity on the markets run by Towarowa Giełda Energii S.A	PLN 70 mn	PLN 100 mn	up to 1 year
Security on claims to cover by the Group costs related to collecting and processing waste	PLN 17 mn	PLN 16 mn	up to 2 years
Security on the obligations related to proper execution of agreements concluded by the Group	PLN 26 mn (PLN 3 mn, CAD 3 mn, EUR 2 mn, USD 1 mn)	PLN 35 mn (PLN 15 mn, EUR 3 mn, CAD 2 mn)	up to 5 years

The most significant items of liabilities due to financial guarantees granted

Financial guarantees (IFRS 9)	Carrying amount*		Amount of guarantees		Validity period
	As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023	
Guarantee set as security on a bank loan drawn by Sierra Gorda S.C.M.	PLN 47 mn (USD 11 mn)	PLN 18 mn (USD 5 mn)	PLN 904 mn (USD 220 mn)	PLN 866 mn (USD 220 mn)	until September 2027

** The carrying amount was set at the initial value of the guarantee granted less the amount of revenues recognised in profit or loss due to guarantees*

The most significant items of liabilities due to guarantees granted – off-balance-sheet liabilities

Guarantees - off-balance-sheet liabilities	Amount of guarantees		Validity period
	As at 31 December 2024	As at 31 December 2023	
Guarantee securing potential claims against the Parent Entity in connection with the obligation of a manger of a tailings storage facility to create a restoration fund. The fund may be in the form of a separate bank account, a provision or a bank guarantee.	PLN 128 mn	PLN 120 mn	up to 1 year
Bank guarantees securing funds to execute obligations of related to closure, restoration and oversight, including monitoring of the tailings storage facilities in accordance with the regulatory requirements of countries where KGHM INTERNATIONAL LTD. has mines and projects.	PLN 750 mn	PLN 623 mn	up to 1 year

Part 9 – Non-current assets and related liabilities

Note 9.1 Mining and metallurgical property, plant and equipment and intangible assets

Accounting policies – property, plant and equipment

The most important property, plant and equipment of the Group is property, plant and equipment related to the mining and metallurgical operations, comprised of land, buildings, water and civil engineering structures, such as: primary mine tunnels (including, in underground mines: shafts, wells, galleries, drifts, primary chambers), backfilling, drainage and firefighting pipelines, piezometric holes and electricity, signal and optical fiber cables. Pre-stripping costs in open pit mines and machines, technical equipment, motor vehicles and other movable fixed assets, as well as right-to-use assets recognised in accordance with IFRS 16 Leases, including perpetual usufruct rights to land, are also included in mining and metallurgical property, plant and equipment.

Property, plant and equipment, excluding usufruct right-to-use assets, are recognised at cost less accumulated depreciation and accumulated impairment losses.

In the initial cost of items of property, plant and equipment the Group includes discounted decommissioning costs of fixed assets related to underground and surface mining and other facilities which, in accordance with binding laws, will be incurred following the conclusion of activities. Principles of recognition and measurement of decommissioning costs are presented in Note 9.4.

An asset's carrying amount includes costs of significant components, regular, major overhauls and significant periodic repairs, the performance of which determines further use of the asset.

Costs are increased by borrowing costs (i.e. interest and exchange differences in the part representing an adjustment to interest cost) that were incurred for the purchase or construction of a qualifying item of property, plant and equipment.

Right-to-use assets are initially measured at cost, which comprises the initial lease liability and all lease payments paid on the date the lease began and before that date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs which will be incurred by the lessee due to the disassembly or removal of a base asset or restoration of the site in which it was placed.
The perpetual usufruct right to land is measured at the amount of the liability on the perpetual usufruct right to land, which is measured using the perpetual rent method and all lease payments paid on the date the lease began or before that date (including payments for acquisition of the perpetual usufruct right to land on the market).
After the initial recognition, a right-to-use asset, excluding the perpetual usufruct right to land measured using the perpetual rent method, is measured at cost decreased by accumulated depreciation/amortisation and accumulated impairment losses, adjusted by the updated measurement of lease liabilities.

Items of property, plant and equipment (excluding land and perpetual usufruct rights to land) are depreciated by the Group, pursuant to the model of consuming the economic benefits from the given item of property, plant and equipment:

- using the **straight-line method**, for items which are used in production at an equal level throughout the period of their usage,
- using the **units of production method**, for items in respect of which the consumption of economic benefits is directly related to the quantity of ore extracted from the deposit or quantity of units produced, and this extraction or production is not spread evenly through the period of their usage. In particular it relates to buildings and structures of the mines machines and mining equipment, except for the items of property, plant and equipment used in metallurgical plants, where their usage results from the useful economic life of the given item of property, plant and equipment.

The useful lives, and therefore the depreciation rates of fixed assets used in the production of copper are adapted to the plans for the closure of operations, and in the case of right-to-use assets to the earlier of these dates – either to the useful life end date or to the lease end date, unless the ownership of an asset is transferred to the Group before the end of the lease, in which case depreciation rates are adjusted to the estimated useful life end date.

For individual groups of fixed assets, the following useful lives have been adopted, estimated based on the anticipated useful lives of mines and metallurgical plants with respect to deposit content:

in PLN millions, unless otherwise stated

For own fixed assets:

Group	Fixed assets type	Total useful lives
Buildings and land	Land	Not subject to depreciation
	Buildings:	
	– buildings in mines and metallurgical plants,	40-100 years
	– sheds, reservoirs, container switchgears	20-30 years
	Primary mine tunnels	22-90 years
	Pipelines:	
	– backfilling to transfer sand with water,	6-9 years
	– technological, drainage, gas and firefighting	22-90 years
	Electricity, signal and optical fibre cables	10-70 years
Technical equipment, machines, motor vehicles and other fixed assets	Technical equipment, machines:	
	– mining vehicles, mining roof support	4-10 years
	– conveyor belts, belt weigher	10-66 years
	– switchboards, switchgears	4-50 years
	Motor vehicles:	
	– underground electric locomotives,	20-50 years
	– mining vehicles, railway vehicles, tankers, transportation platforms	7-35 years
	– trolleys, forklift, battery-electric truck	7-22 years
	– cars, trucks, special vehicles	5-22 years
	– underground diesel locomotives	10-20 years
	Other fixed assets, including tools and equipment	5-25 years
Pre-stripping costs	Total useful life depends on the expected individual mine life:	
	– Robinson	14 years
	– Carlota	2 years

The individual significant parts of a fixed asset (significant components), whose useful lives are different from the useful life of the given fixed asset as a whole are depreciated separately, applying a depreciation rate which reflects its anticipated useful life.

For the property, plant and equipment due to right-to-use assets:

Group	Type of right-to-use	Total period of use
Buildings and land	Perpetual usufruct right to land measured using the perpetual rent method	Not subject to depreciation
	Transmission easements	6-54 years (period of depreciation depends on the period of depreciation of an asset in respect of which a transmission easement was established)
	Land	5-30 years
	Buildings and Structures	3-5 years
	Computer sets	3 years
Technical equipment, machines, motor vehicles and other fixed assets	Machines and technical equipment	3-4 years
	Motor vehicles	3 years
	Equipment and other	5 years

Accounting policies – intangible assets
Mining and metallurgical intangible assets are mainly comprised of exploration and evaluation assets, and water rights in Chile. <u>Exploration and evaluation assets</u> The following expenditures are classified as exploration and evaluation assets: • geological projects, • obtaining environmental decisions, • obtaining concessions and mining usufruct for geological exploration, • work related to drilling (drilling; geophysical and hydrogeological research; geological, analytical and geotechnical services; etc.), • the purchase of geological information, • the preparation of geological documentation and its approval, • the preparation of economic and technical assessments of resources for the purpose of making decisions regarding applying for mine operating concessions, and • equipment usage costs (property, plant and equipment) used in exploratory work. Expenditures on exploration and evaluation assets are measured at cost less accumulated impairment losses and are recognised as intangible assets not yet available for use. The Group is required to test an individual entity (project) for impairment when: • the technical feasibility and commercial viability of extracting mineral resources is demonstrable; and • the facts and circumstances indicate that the carrying amount of exploration and evaluation assets may exceed their recoverable amount. Any potential impairment losses are recognised prior to reclassification resulting from the demonstration of the technical and economic feasibility of extracting the mineral resources.

Significant estimates, assumptions and judgments
Significant estimates and assumptions relating to impairment of mining and metallurgical property, plant and equipment and intangible assets are presented in Note 3. The net value of mining and metallurgical property, plant and equipment which are subject to depreciation using the natural method as at 31 December 2024 amounted to PLN 1 454 million (as at 31 December 2023: PLN 1 156 million).

in PLN millions, unless otherwise stated

Mining and metallurgical property, plant and equipment and intangible assets

		Property, plant and equipment			Intangible assets			
		Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Water rights	Exploration and evaluation assets	Other	Total
	As at 1 January 2023							
	Gross carrying amount	23 383	17 466	6 147	274	3 480	1 411	**52 161**
	Accumulated depreciation/amortisation	(11 463)	(9 449)	-	-	-	(362)	**(21 274)**
	Impairment losses	(2 838)	(328)	(24)	(201)	(1 803)	(27)	**(5 221)**
	Net carrying amount, of which:	**9 082**	**7 689**	**6 123**	**73**	**1 677**	**1 022**	**25 666**
	own fixed assets and intangible assets	**8 521**	**7 652**	**6 123**	**73**	**1 677**	**1 022**	**25 068**
	leased fixed assets (right-to-use)	**561**	**37**	**-**	**-**	**-**	**-**	**598**
	Changes in 2023 net							
	Settlement of fixed assets under construction	1 392	2 110	(3 502)	(2)	-	2	**-**
	Purchase	-	-	2 313	2	167	91	**2 573**
	Leases – new contracts, modification of contracts	11	53	-	-	-	-	**64**
	Stripping cost in surface mines	174	-	-	-	-	-	**174**
	Self-constructed	-	-	1 290	-	110	2	**1 402**
	Capitalised borrowing costs	-	-	177	-	69	1	**247**
Note 9.4	Change in provisions for decommissioning costs of mines and other technological facilities	100	-	-	-	-	-	**100**
Note 4.1	Depreciation/amortisation, of which:	(898)	(1 369)	-	-	-	(29)	**(2 296)**
	own fixed assets and intangible assets	(855)	(1 348)	-	-	-	(29)	**(2 232)**
	leased fixed assets (right-to-use)	(43)	(21)	-	-	-	-	**(64)**
Note 4.4	(Recognition)/reversal of impairment losses, of which:	(1 542)	(1 109)	(946)	23	(365)	(43)	**(3 982)**
	own fixed assets and intangible assets	(1 453)	(1 103)	(946)	23	(365)	(43)	**(3 887)**
	leased fixed assets (right-to-use)	(89)	(6)	-	-	-	-	**(95)**
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	(82)	(93)	(48)	(7)	(154)	-	**(384)**
	Liquidation, sale, donations and free of charge transfer	(7)	(30)	(5)	-	-	(10)	**(52)**
	Other changes	4	14	(103)	(1)	34	35	**(17)**
	As at 31 December 2023							
	Gross carrying amount	23 887	18 503	6 265	245	3 541	1 493	**53 934**
	Accumulated depreciation/amortisation	(11 688)	(9 890)	-	-	-	(354)	**(21 932)**
	Impairment losses	(3 965)	(1 348)	(966)	(157)	(2 003)	(68)	**(8 507)**
	Net carrying amount, of which:	**8 234**	**7 265**	**5 299**	**88**	**1 538**	**1 071**	**23 495**
	own fixed assets and intangible assets	**7 794**	**7 202**	**5 299**	**88**	**1 538**	**1 071**	**22 992**
	leased fixed assets (right-to-use)	**440**	**63**	**-**	**-**	**-**	**-**	**503**

in PLN millions, unless otherwise stated

	As at 31 December 2023							
	Gross carrying amount	23 887	18 503	6 265	245	3 541	1 493	**53 934**
	Accumulated depreciation/amortisation	(11 688)	(9 890)	-	-	-	(354)	**(21 932)**
	Impairment losses	(3 965)	(1 348)	(966)	(157)	(2 003)	(68)	**(8 507)**
	Net carrying amount, of which:	**8 234**	**7 265**	**5 299**	**88**	**1 538**	**1 071**	**23 495**
	own fixed assets and intangible assets	**7 794**	**7 202**	**5 299**	**88**	**1 538**	**1 071**	**22 992**
	leased fixed assets (right-to-use)	**440**	**63**	**-**	**-**	**-**	**-**	**503**
	Changes in 2024 net							
	Settlement of fixed assets under construction	1 267	2 502	(3 769)	(4)	-	4	**-**
	Purchase	-	-	2 872	4	116	59	**3 051**
	Leases – new contracts, modification of contracts	(30)	29	-	-	-	-	**(1)**
	Stripping cost in surface mines	711	-	-	-	-	-	**711**
	Self-constructed	-	-	1 369	-	54	1	**1 424**
	Capitalised borrowing costs	-	-	212	-	68	-	**280**
Note 9.4	Change in provisions for decommissioning costs of mines and other technological facilities	135	-	-	-	-	-	**135**
Note 4.1	Depreciation/amortisation, of which:	(781)	(1 394)	-	**-**	**-**	(20)	**(2 195)**
	own fixed assets and intangible assets	(747)	(1 372)	-	-	-	(20)	**(2 139)**
	leased fixed assets (right-to-use)	(34)	(22)	-	-	-	-	**(56)**
Note 4.4	(Recognition)/reversal of impairment losses, of which:	21	6	(2)	-	(9)	(4)	**12**
	own fixed assets and intangible assets	21	6	(2)	-	(9)	(4)	**12**
	leased fixed assets (right-to-use)	-	-	-	-	-	-	**-**
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	48	50	21	4	57	1	**181**
Note 9.9	Reclassification to assets held for sale, of which:	(57)	(27)	(4)	-	(17)	-	**(105)**
	gross carrying amount	(3 668)	(571)	(4)	-	(125)	-	**(4 368)**
	accumulated depreciation/amortisation	1 887	455	-	-	-	-	**2 342**
	impairment losses	1 724	89	-	-	108	-	**1 921**
	Donations and gratuitous receipt of other entities' assets	-	-	-	-	-	-	**-**
	Liquidation, sale, donations and free of charge transfer	(8)	(38)	(2)	-	-	(4)	**(52)**
	Settlement of fixed assets under construction into intangible assets	-	-	(67)	-	67	-	**-**
	Recognition/(redemption) of CO_2 emission allowances	-	-	-	-	-	(248)	**(248)**
	Transfers between groups	209	-	-	-	-	-	**209**
	Reclassification of an impairment loss due to the settlement of expenditures on property, plant and equipment	(145)	(125)	270	-	-	-	**-**
	Other changes	(7)	6	(20)	-	2	2	**(17)**
	As at 31 December 2024							
	Gross carrying amount	22 785	19 664	6 873	255	3 797	1 302	**54 676**
	Accumulated depreciation/amortisation	(10 732)	(9 990)	-	-	-	(371)	**(21 093)**
	Impairment losses	(2 456)	(1 400)	(694)	(163)	(1 921)	(69)	**(6 703)**
	Net carrying amount, of which:	**9 597**	**8 274**	**6 179**	**92**	**1 876**	**862**	**26 880**
	own fixed assets and intangible assets	**9 221**	**8 204**	**6 179**	**92**	**1 876**	**862**	**26 434**
	leased fixed assets (right-to-use)	**376**	**70**	**-**	**-**	**-**	**-**	**446**

in PLN millions, unless otherwise stated

Note 9.1.1 Mining and metallurgical property, plant and equipment – major fixed assets under construction

	As at 31 December 2024	As at 31 December 2023
Deposit Access Program	3 504	3 449
Construction of the SW-4 shaft	718	625
Outfitting the mines	363	233
Investment activity related to the development and operation of the Żelazny Most Tailings Storage Facility	176	173
Construction of conveyors in the Lubin mine	136	67
Work involving actions to restrict the level of the water hazard carried out as part of the project called "Anti-filtration barrier"	100	-
Development of pipeline network in mines	88	95
Purchase of mining machinery	61	70

Note 9.1.2 Exploration and evaluation assets

Significant expenditures on exploration and evaluation are presented in the table below.

Operating segment	Description	As at 31 December 2024		As at 31 December 2023	
		Gross carrying amount	Impairment losses	Gross carrying amount	Impairment losses
KGHM Polska Miedź S.A.	Exploration for and evaluation of a deposit of potassium and magnesium salts in the vicinity of Puck "PUCK"	205	-	195	-
KGHM Polska Miedź S.A.	Exploration for and evaluation of economic copper mineralisation in the Retków Ścinawa region	168	-	158	-
KGHM Polska Miedź S.A.	Exploration for and evaluation of economic copper mineralisation in the Synklina Grodziecka region - SYNKLINA	118	118	118	118
KGHM Polska Miedź S.A.	Exploration and evaluation of economic copper mineralisation in the Głogów region - Głogów	63	-	55	-
KGHM INTERNATIONAL LTD.	Expenditures related to exploratory work, mainly within the Victoria project located in Canada	2 404	1 148	2 164	1 102
KGHM INTERNATIONAL LTD.	Expenditures related to exploratory work within the Ajax project	588	588	614	614

Note 9.1.3 Expenses related to mining and metallurgical assets

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Purchase	(3 051)	(2 573)
Self-constructed fixed assets	(1 424)	(1 402)
Stripping costs of surface mines	(711)	(174)
Costs of external financing	(280)	(247)
Change in liabilities due to purchases	107	229
Other	183	55
Total*	**(5 176)**	**(4 112)**

** Including expenses on exploration and evaluation assets in the amount of PLN 199 million (in 2023: PLN 340 million).*

in PLN millions, unless otherwise stated

Note 9.2 Other property, plant and equipment and intangible assets

Accounting policies

Other property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Depreciation is done using the straight-line method.
For individual groups of fixed assets, the following useful lives have been adopted:

The Group	Total useful lives
Buildings	25-60 years
Technical equipment and machines	4-15 years
Motor vehicles	3-14 years
Other fixed assets	5-10 years

Intangible assets presented as "other intangible assets" include in particular: acquired property rights not related to mining operations and software as well as CO_2 emission allowances (the appropriate accounting policies in this regard may be found in Note 9.8). These assets are measured at cost less any accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the main groups of intangible assets are as follows:

The Group	Total useful lives
Acquired property rights not related to mining activities	5-50 years
Software	2-5 years
Other intangible assets	40-50 years

in PLN millions, unless otherwise stated

Other property, plant and equipment and intangible assets

		Property, plant and equipment				
		Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Intangible assets	Total
	As at 1 January 2023					
	Gross carrying amount	2 919	3 194	176	620	**6 909**
	Accumulated depreciation/amortisation	(1 058)	(1 753)	-	(250)	**(3 061)**
	Impairment losses	(468)	(258)	(6)	(152)	**(884)**
	Net carrying amount, of which:	**1 393**	**1 183**	**170**	**218**	**2 964**
	own fixed assets and intangible assets	**1 263**	**1 140**	**170**	**218**	**2 791**
	leased fixed assets (right-to-use)	**130**	**43**	**-**	**-**	**173**
	Changes in 2023 net					
	Settlement of fixed assets under construction	115	324	(439)	-	**-**
	Purchase	-	-	323	249	**572**
	Self-constructed	-	-	126	-	**126**
	Leases – new contracts, modification of contracts	1	51	-	-	**52**
Note 4.1	Depreciation/amortisation, of which:	(66)	(252)	-	(27)	**(345)**
	own fixed assets and intangible assets	(65)	(227)	-	(27)	**(319)**
	leased fixed assets (right-to-use)	(1)	(25)	-	-	**(26)**
Note 4.4	(Recognition)/reversal of impairment losses	-	3	-	(1)	**2**
	Liquidation, sale, donations and free of charge transfer	(1)	(12)	1	(23)	**(35)**
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	(54)	-	-	-	**(54)**
	As at the date of obtaining control over a subsidiary	4	21	-	-	**25**
	own fixed assets and intangible assets	2	21	-	-	**23**
	leased fixed assets (right-to-use)	2	-	-	-	**2**
	Recognition/(redemption) of CO_2 emission allowances received free of charge	-	-	-	(112)	**(112)**
	Other changes	3	3	44	9	**59**
	As at 31 December 2023					
	Gross carrying amount	2 925	3 432	231	747	**7 335**
	Accumulated depreciation/amortisation	(1 082)	(1 856)	-	(282)	**(3 220)**
	Impairment losses	(448)	(255)	(6)	(152)	**(861)**
	Net carrying amount, of which:	**1 395**	**1 321**	**225**	**313**	**3 254**
	own fixed assets and intangible assets	**1 263**	**1 252**	**225**	**313**	**3 053**
	leased fixed assets (right-to-use)	**132**	**69**	**-**	**-**	**201**

in PLN millions, unless otherwise stated

	As at 31 December 2023					
	Gross carrying amount	2 925	3 432	231	747	**7 335**
	Accumulated depreciation/amortisation	(1 082)	(1 856)	-	(282)	**(3 220)**
	Impairment losses	(448)	(255)	(6)	(152)	**(861)**
	Net carrying amount, of which:	**1 395**	**1 321**	**225**	**313**	**3 254**
	own fixed assets and intangible assets	**1 263**	**1 252**	**225**	**313**	**3 053**
	leased fixed assets (right-to-use)	**132**	**69**	**-**	**-**	**201**
	Changes in 2024 net					
	Settlement of fixed assets under construction	161	307	(468)	-	**-**
	Purchase	-	-	486	48	**534**
	Self-constructed	-	-	165	-	**165**
	Leases – new contracts, modification of contracts, other changes	1	28	-	-	**29**
Note 4.1	Depreciation/amortisation, of which:	(29)	(266)	-	(23)	**(318)**
	own fixed assets and intangible assets	(27)	(240)	-	(23)	**(290)**
	leased fixed assets (right-to-use)	(2)	(26)	-	-	**(28)**
Note 4.4	(Recognition)/reversal of impairment losses	(17)	(231)	-	(2)	**(250)**
	own fixed assets and intangible assets	(11)	(231)	-	-	**(242)**
	leased fixed assets (right-to-use)	(6)	-	-	-	**(6)**
	Liquidation, sale, donations and free of charge transfer	-	(10)	(1)	(34)	**(45)**
	Exchange differences from the translation of statements of operations with a functional currency other than PLN	16	-	-	-	**16**
	As at the date of obtaining control over a subsidiary	42	159	1	-	**202**
	own fixed assets and intangible assets	18	159	1	-	**178**
	leased fixed assets (right-to-use)	24	-	-	-	**24**
	Transfers between groups	(209)	-	-	-	**(209)**
	Recognition/(redemption) of CO_2 emission allowances received free of charge	-	-	-	(96)	**(96)**
	Other changes	(19)	-	30	7	**18**
	As at 31 December 2024					
	Gross carrying amount	2 922	3 736	444	664	**7 766**
	Accumulated depreciation/amortisation	(1 116)	(1 941)	-	(299)	**(3 356)**
	Impairment losses	(465)	(487)	(6)	(152)	**(1 110)**
	Net carrying amount, of which:	**1 341**	**1 308**	**438**	**213**	**3 300**
	own fixed assets and intangible assets	**1 192**	**1 237**	**438**	**213**	**3 080**
	leased fixed assets (right-to-use)	**149**	**71**	**-**	**-**	**220**

in PLN millions, unless otherwise stated

Note 9.3 Depreciation/amortisation

		Property, plant and equipment		Intangible assets	
		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 4.1	**Total depreciation/amortisation**	**2 470**	**2 585**	**43**	**56**
	settled in profit or loss, of which:	1 968	2 260	38	51
	cost of manufacturing products	1 925	2 214	36	47
	administrative expenses	34	37	2	4
	selling costs	9	9	-	-
	being part of the manufacturing cost of assets	502	325	5	5

Note 9.4 Provision for decommissioning costs of mines and other technological facilities

Accounting policies	Important estimates, assumptions and judgments
The provision for future decommissioning costs of mines and other technological facilities is recognised based on the estimated expected costs of decommissioning of such facilities and of restoring the sites to their original condition following the end of operations, which are made on the basis of ore extraction forecasts (for mining facilities), and technical-economic studies prepared either by specialist firms or by the Parent Entity. In the case of surface mines, certain actions and costs may influence the scope of restoration work, such as costs of hauling barren rock, incurred during mine life and due to its operations, are recognised as operating costs being an integral part of the production process and are therefore excluded from costs that are a basis of calculating the provision for mine decommissioning. The amount of provision represents the estimated future decommissioning costs of mines and other technological facilities discounted to present value. Revaluation of this provision is made in two stages: 1) calculating of the estimated decommissioning costs to the current value in connection with the change in prices using the price change indices of construction-assembly production published by the Central Statistical Office. 2) discounting of the decommissioning costs to the current value using effective discount rates calculated based on the nominal interest rates and the inflation rate (quotient of the nominal rate and the inflation rate), whereby: – the nominal interest rate in the Parent Entity is based on the yield on treasury bonds at the end of the reporting period, with maturities nearest to the planned financial outflow and if there are no treasury bonds with maturities close to the planned financial outflows – the nominal interest rate is determined by the professional judgment of the Parent Entity's Management on the basis of the consistency of the adopted assumptions. In the KGHM INTERNATIONAL LTD. Group it is the rate of return on investments in ten- and twenty-year treasury bills of the US Federal Reserve and the rate of return on investments in five–year	For the measurement of the provision, the Parent Entity adopted, for the years 2025-2026, inflation rates at the level of the NBP's forecast from November 2024, that is 5.6% and 2.7%, respectively, and for subsequent periods at the level of 2.5%, in line with the long-term inflation target (in the comparable period, the Parent Entity adopted, for the years 2024-2025, inflation rates at the level of the NBP's forecast from November 2023, that is 4.6% and 3.7%, respectively, and for subsequent periods at the level of 2.5%, in line with the long-term inflation target). Moreover, for the first 10 years of measurement of the provision (that is to 2034), the Parent Entity adopted a risk-free rate of 5.87% (yield of 10-year treasury bonds) due to the fact that it is the only publicly available information on the risk-free rate for the subsequent 10 years, and pursuant to the adopted judgment, this rate was not modified. The Parent Entity will adjust the risk-free rate to the level of this rate announced at every subsequent end of the reporting period in order to measure the provision at those days (in the comparable period, for the first 10 years of measurement of the provision (that is to 2033), a risk-free rate of 5.2% was adopted). In turn, taking into account the high volatility of the risk-free rate that took place in the last period, based on yield of 10-year treasury bonds, the Parent Entity applied a professional judgment to determine this rate for the estimation of provisions falling after a period of 10 years from the end of the annual reporting period based on the historical observation of the ratio of the risk-free rate to the assumed inflation target. As a result of the judgement, the Parent Entity adopted the risk-free rate of 3.5% for the estimation of provision after a period of 10 years from the end of the annual reporting period, which translated into a real discount rate of 0.98% (in the comparable period the same assumptions were adopted). In the KGHM INTERNATIONAL LTD. Group, in the current period for the purpose of the measurement of the provision for decommissioning of mines and other technological facilities located in the United States of America and Canada, a real discount rate at the level of 1.07% to 2.48% was

treasury bonds issued by the governments of Canada and Chile. – the inflation rate is based on the forecast of future inflation used in the calculation of future employee benefits liabilities. A change in the discount rate or in the estimated decommissioning cost adjusts the value of the relevant item of fixed assets, unless it exceeds the carrying amount of the item of fixed assets (any surplus above this amount is recognised in other operating income). The increase in the provision due to the time lapse is recognised in finance costs. The provision for decommissioning costs of mines and other technological facilities includes balances of the Mine Closure Fund and Tailings Storage Facility Restoration Fund, which the Parent Entity creates under separate regulations, i.e. the Act of 9 June 2011 Geological and Mining Law and the Act of 14 December 2012 on waste, respectively. The role of the Funds is to secure cash for the future realisation by the Parent Entity of its obligations related to the closure, decommissioning and restoration of mines and tailings storage facilities, by collecting them in the manner provided for by the laws. In the case of the Mine Closure Fund, the Parent Entity has separated a bank cash account to which it transfers cash equivalent to 3% of the depreciation charges on fixed assets of mines, determined in accordance with the provisions of the Income Tax Act. Income from cash transferred to a separate bank account increases their value and are recognised in profit or loss as other operating income. Details on the credit risk related to the cash accumulated on the separate account of Mine Closure Fund are presented in Note 7.5.2.4. In accordance with the regulations, one of the forms of securing the funds of the Tailings Storage Facility Restoration Fund are financial guarantees issued by the bank on demand of the Parent Entity, of which the Parent Entity is a beneficiary. As at 31 December 2024 the guarantees amounted to PLN 128 million and their amount is updated on an annual basis. The Parent Entity strives to fully secure funds for the restoration of individual tailings storage facilities in the year for which the liquidation and restoration schedule provides for the closure of a given tailings storage facility, by systematically increasing the value of these guarantees.	adopted depending on the mine (in the comparable period at the level of 1.17% to 1.90%). With regard to the costs of some activities carried out during the exploratory work of surface mines, which at the same time serve to restore (recultivate) such pits, the Group made a judgment and recognised that these costs are mostly current production costs, because these activities primarily determine the current mine production and revenue generation, and their restoration is a secondary effect. Therefore, the costs of such activities are not included in the measurement of the restoration provision.

in PLN millions, unless otherwise stated

Expenditures on the decommissioning of mines and other technological facilities planned for 2025-2074

	2025-2034	2035-2044	2045-2054	2055-2064	2065-2074	Total
Mines	364	912	554	1 175	35	**3 040**
Smelters	155	64	2	1	-	**222**
Total	**519**	**976**	**556**	**1 176**	**35**	**3 262**

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Provisions at the beginning of the reporting period	**1 974**	**1 893**
Note 9.1	Changes in estimates recognised in fixed assets	135	100
	Utilisation	(2)	(3)
	Other	21	(16)
	Provisions at the end of the reporting period, of which:	**2 128**	**1 974**
	- non-current provisions, including:	2 084	1 923
	Mine Closure Fund and Tailings Storage Facility Restoration Fund	482	548
	- current provisions	44	51

Impact of the change in discount rate on the provision for decommissioning costs of mines and other technological facilities

	As at 31 December 2024	As at 31 December 2023
increase in discount rate by 1 percentage point	(408)	(361)
decrease in discount rate by 1 percentage point	522	482

Note 9.5 Capitalised borrowing costs

During the period from 1 January 2024 to 31 December 2024 , the Group recognised PLN 288 million of borrowing costs in property, plant and equipment and intangible assets.
During the period from 1 January 2023 to 31 December 2023, the Group recognised PLN 251 million of borrowing costs in property, plant and equipment and intangible assets.
The capitalisation rate applied by the Group to determine borrowing costs in 2024 amounted to 4.77%, in 2023: 5.36%.

Note 9.6 Carrying amount of the assets of Group companies representing collateral of repayment of liabilities

	As at 31 December 2024	As at 31 December 2023
Buildings	142	136
Technical equipment and machines	31	30
Land	8	8
Total	**181**	**174**

The carrying amount of assets representing collateral of repayment of financial liabilities as at 31 December 2024 amounted to PLN 181 million, including the carrying amount of assets set as collaterals of repayment of external financing of the companies of the KGHM Polska Miedź S.A. Group as at 31 December 2024 in the amount of PLN 120 million (as at 31 December 2023: PLN 174 million and PLN 117 million, respectively).

Note 9.7 Lease disclosures – the Group as a lessee

Accounting policies

As a lessee, the Group identifies leases in usufruct agreements, inter alia, land, perpetual usufruct right to land, and transmission easements, as well as technical equipment, machines, and transport vehicles.
The Group applies a uniform lease accounting model, which assumes that the lessee recognises the right-to-use assets and lease liabilities related to all lease agreements, including exemptions. The Group does not recognise lease assets and liabilities in relation to:

- short-term leases - for agreements without the option to purchase an asset, concluded for a period shorter than 12 months from the commencement of the agreement, including agreements concluded for an indefinite period with a short notice period if there is no reasonable certainty that the Group will not make use of termination.
- leases in respect of which the underlying asset has a low value.

In the case of an agreement that is or includes a lease, the Group recognises each lease component under the agreement as a lease, separately from non-lease components.

The right-to-use assets and the measurement policy for these assets are presented in Note 9.1.

The Group initially measures the lease liability at the present value of lease payments due to be paid as at the date of initial recognition, which include: fixed lease payments, variable lease payments which are dependent on an index or rate, amounts which the lessee is expected to pay under the guaranteed residual value, the strike price call option if it is reasonably certain that the lessee will exercise the option, and penalties for terminating the lease if the given lease period was set with the assumption that the lessee will terminate the agreement. In fixed lease payments, the Group also includes payments for the exclusion of land from forestry and agricultural production, if they relate to land used under lease agreements.
The lease payments exclude variable payments made by the lessee to the lessor for the right to use the underlying asset during the lease period, which depend on external factors other than payments based on a rate or index.

After the date the lease began, the Group measures the carrying amount of lease liabilities by:
- an increase due to interest on lease liabilities,
- a decrease due to paid lease payments,
- an update due to reassessment or modification of a lease agreement.

Lease liabilities are presented in Note 8.4.

Lease rate - lease payments are discounted by the Group using the incremental borrowing rate of the lessee, except when the interest rate of a lease agreement can be easily determined.

Important estimates, assumptions and judgments

Identification of non-lease components
In the agreements for the lease of mining machinery, apart from the lease component, the Group identified non-lease components related to the provision of services other than the lease of assets. To separate the lease and non-lease components, the Group made a judgment, respectively allocating the remuneration for a given agreement to both components, based on the relative unit price of the lease component and the total unit price of the non-lease components.

Estimation of the incremental borrowing rate of the lease
For the purpose of calculating the discount rates under IFRS 16, the Group assumes that the discount rate should reflect the cost of financing that would be incurred to purchase the leased item. The Group calculates the incremental borrowing rates, for individual time ranges of lease agreements, on a quarterly basis and this rate is used to measure lease liabilities arising from lease agreements concluded or modified during a given quarter.

The materiality threshold for leases of low-value of underlying assets is set at PLN 20 000.

in PLN millions, unless otherwise stated

Lease disclosures – the Group as a lessee

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 9.1 Note 9.2	Depreciation/amortisation cost	84	90
Note 4.3	Interest cost	10	1
	Short-term lease cost	6	7
	Cost associated with leases of low-value of underlying assets not recognised as short-term agreements	5	1
	Cost associated with variable lease payments not recognised in the measurement of lease liabilities	8	7
Note 8.4.2	Total cash outflows due to leases	137	124
Note 9.1 Note 9.2	Increase in right-to-use assets	28	116
		As at 31 December 2024	**As at 31 December 2023**
Note 9.1 Note 9.2	Carrying amount of right-to-use assets (division by underlying assets in notes, pursuant to references)	666	704
Note 8.4.2	Carrying amount of right-to-use liabilities	733	784

In 2024 and in comparable period, the Group did not enter into sales and leaseback transactions.

As at 31 December 2024, the Group had lease agreements that contained extension options and termination options, and the estimated value of future cash outflows, to which the Group is potentially exposed and are not included in the measurement of lease liabilities amount to PLN 26 million and PLN 42 million respectively (as at 31 December 2023: PLN 15 million and PLN 35 million). The Group has lease agreements with guaranteed residual values, but they were included in the measurement of lease liabilities. Moreover, in the comparable period, the Group had lease agreements that had not commenced yet, to which it is obliged as a lessee, and the value of future cash outflows in this respect amounted to PLN 14 million.

Note 9.8 Greenhouse gas emissions allowances

Accounting policies

CO_2 emission allowances received free of charge and purchased, intended to be used for the entity's own needs, are recognised as intangible assets.
At the moment of initial recognition:

- CO_2 emission allowances received free of charge and related non-financial subsidies (recognised as the settlement of deferred income) are measured at fair value corresponding to the market value of these allowances on the date of their initial recognition.
- purchased CO_2 emission allowances are measured at cost.

At the end of the reporting period, emission allowances are measured at initial value less amortisation and impairment losses. The value of the CO_2 emission allowances is not subject to depreciation/amortisation, if their end value is equal to or higher than their carrying amount.
Disposals of the emission allowances recognised as intangible assets are carried out in accordance with the FIFO method.
CO_2 emission allowances recognised as intangible assets are settled and excluded from the register whenever they are redeemed* by the Group. The settlement of CO_2 emission allowances is recognised in the provision which is created in accordance with the obligation to redeem the allowances.
This provision is recognised when the obligation to provide redemption allowances arises, respectively to the amounts of the pollutants emitted. The provision is measured in relation to the value of emission allowances held, at the carrying amount of these rights and in the case of their deficit, at the market value of the emission allowances as at the date the provision was created.
The provision is recognised in the production cost.
In the statement of profit or loss, the Group settles the subsidy recognised in deferred income in the period for which it was granted. The subsidy settled up to the cost of the created provision (respectively to the tonnage of CO_2 emissions covered by the provision) is offset in the Statement of profit or loss by the cost of the created provision. The subsidy in the amount which exceeds the cost of the created provision is recognised as other operating income.

** redemption means fulfilling the obligation imposed by the provisions of the Act on greenhouse gas emission trading scheme on the owner of the Installation, consisting of the redemption of allowances on the allowance account by persons authorised to operate accounts in the Union Registry, for each Installation separately, in the number covering the actual emissions of pollutants for the previous year.*

in PLN millions, unless otherwise stated

Financial statements item	As at 31 December 2024		As at 31 December 2023	
	amount (t)	value	amount (t)	value
Intangible assets of which:	1 949 883	589	2 240 969	882
purchased CO_2 emission allowances	646 298	187	640 231	213
CO_2 emission allowances received free of charge	1 303 585	402	1 600 738	669
Accruals	1 615 578	496	1 658 097	673

Financial statements item	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Financial result (excluding the tax effect), of which:	**204**	**196**
Cost of sold products	199	190
Other operating income	5	6

Note 9.9 Assets held for sale (disposal group) and liabilities associated with them

Accounting policies

Non-current assets (or disposal groups) are classified by the Group as held for sale, if their carrying amount will be recovered by a sale transaction rather than by continued usage, contingent on their availability for immediate sale in their current condition and maintaining conditions that are customarily applied in the sale of these assets (or disposal groups) and their sale is highly probable. A sale is understood as highly probable if the Group is determined to fulfil the plan to sell an asset or a disposal group, actions were undertaken to actively search for a buyer, an asset is offered at cost, which is rational as compared to its current fair value, and the Group intends to sell an asset within a year from the classification day. Extension of the period required to conclude the sale by more than one year is possible only if the delay was caused by events or circumstances outside of the Group's control, and the Group itself may prove that it is determined to fulfil the plan to sell an asset.

At the moment of reclassification, these assets are measured at the lower of the following values: the carrying amount or the fair value decreased by costs to sell. The difference between the measurement at fair value is recognised in other operating costs. At the moment of later measurement, the potential reversal of fair value is recognised in other operating income.

In the current period, there was primarily a reclassification of part of the assets of the Sudbury Basin and liabilities associated with them to held for sale (disposal groups). Details are presented in the information below.

Note 9.9.1 Assets and liabilities of the Sudbury Basin

The Management Board of the Parent Entity undertook corporate decisions enabling the sale of international mining assets within the KGHM INTERNATIONAL LTD. Group – part of the assets of the Sudbury Basin, i.e the mines McCreedy West, Levack/Morrison and Podolsky, as well as mining concessions: Kirkwood, Falconbridge, NW Foy, Rand and North Range. Based on the conducted due diligence process, two binding offers were received for the acquisition of these assets, as a result of which the Management Board of the Parent Entity accepted the terms of the offer from Magna Mining Inc. Based on the agreed commercial terms and the structure of the transaction carried out, the subject of the sale is the acquisition by Magna Mining Inc. of 100% of the shares in the target company Project Nikolas Company Inc., to which, at the moment of the transaction, the assets and liabilities related to the assets being sold will be transferred.

On 11 September 2024 a Share Purchase Agreement was entered into between FNX Mining Company Inc. (the owner of the special purpose company), KGHM INTERNATIONAL LTD. (guarantor), Project Nikolas Company Inc. (special purpose company) and Magna Mining Inc. (buyer), which assumes the sale by FNX Mining Company Inc. of 100% of the shares of the special purpose company Project Nikolas Company Inc. to Magna Mining Inc. The agreed purchase price comprises the cash contribution in the amount of CAD 5 million at the moment of closure of the transaction, CAD 2 million deferred to 31 December 2026 as an unconditional cash payment, the acquisition by FNX Mining Company Inc. of 1 180 705 shares in the company Magna Mining Inc. in the amount of CAD 2 million and conditional payments in the total maximum amount of up to CAD 24 million.

The transaction was concluded following the end of the reporting period (details in Note 12.12 Subsequent events).

In light of the above, the Management Board of the Parent Entity considers that the criteria set by IFRS 5 have been met, and as at 30 September 2024 the assets of the Sudbury Basin being the subject of the sale transaction and their related liabilities, were reclassified to disposal Group. In accordance with IFRS 5.15, immediately prior to reclassification the carrying amount of the aforementioned assets and liabilities was set. Therefore, an impairment loss on property, plant and equipment and intangible assets was reversed in the amount of PLN 63 million, which was recognised in the items “Cost of sales” in the amount of PLN 59 million and “Other operating income” in the amount of PLN 4 million. In these carrying amounts they were recognised in assets held for sale and liabilities associated with them, as they were lower than their fair value less cost to sell.

in PLN millions, unless otherwise stated

The individual assets reclassified to assets held for sale and liabilities associated with them are presented in the segment KGHM INTERNATIONAL LTD.

The value of the assets reclassified as held for sale and liabilities associated with them have been presented together with continued activities in the consolidated statement of profit or loss, the consolidated statement of cash flows and in the explanatory notes to these statements, as they represent neither a material part of the activities nor an element of the broader plan of disposal of a material part of the activities (IFRS 5.32 a and b).

Main groups of selected assets and liabilities of the Sudbury Basin classified to disposal Group

	As at 31 December 2024
ASSETS	
Mining and metallurgical property, plant and equipment	82
Mining and metallurgical intangible assets	17
Mining and metallurgical property, plant and equipment and intangible assets	99
Non-current assets	**99**
Inventories	24
Current assets	**24**
TOTAL ASSETS HELD FOR SALE (DISPOSAL GROUP)	**123**
LIABILITIES	
Provisions for decommissioning costs of mines and other technological facilities	38
Other liabilities – liabilities due to Franco Nevada streaming contract	108
Non-current liabilities	**146**
Other liabilities – liabilities due to Franco Nevada streaming contract	14
Current liabilities	**14**
TOTAL LIABILITIES REALTED TO DISPOSAL GROUP	**160**

In the comparable period, a sale transaction was realised of assets held for sale (disposal group) and liabilities associated with them of the company KGHM TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. Details are described below.

Note 9.9.2 KGHM TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A.

On 13 March 2023, KGHM Polska Miedź S.A. concluded an Agreement for the sale of 100% of the shares of KGHM TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH SPÓŁKA AKCYJNA (“Shares”) with Agencja Rozwoju Przemysłu S.A. (“Buyer”). The sale of the Shares was contingent on meeting the conditions precedent, among others no objections raised by the Polish Financial Supervision Authority. The ownership rights to the Shares are transferred to the Buyer at the moment an appropriate entry is made in the Share Register. The sale of the Shares is the last stage of the reorganisation under the Group’s structure, which comprised the liquidation of closed-end, non-public investment funds.

At the turn of the half-year, the Polish Financial Supervision Authority issued a decision on a lack of objections to the acquisition of shares by the Buyer. On 27 July 2023 the transaction was concluded.

On 3 August 2023, the buyer of the shares, i.e. Agencja Rozwoju Przemysłu S.A. was entered into the Share Register as the owner of 100% of the shares of KGHM TFI S.A.

The sale price of the shares amounted to PLN 4 million and was higher than the net assets of KGHM TFI S.A. by PLN 1 million. The result on sale (profit) was recognised in the item “Other operating income”.

Due to their insignificant value, the main assets and liabilities of the company classified to the disposal group are not presented in the note.

Part 10 – Working capital

Note 10.1 Inventories

Accounting policies

The Group measures inventories at cost, not higher than the sales price less costs of completing production and costs to sell.

Any differences in the value of finished goods constitutes a write-down and is recognised in the costs of sold products.

Fixed indirect costs of production are allocated on the basis of the normal level of production capacity utilisation.

The valuation of the inventory component disposal is made according to the weighted average purchase price and the weighted average actual production cost.

The Group also classifies as inventories stand-by spare parts that do not meet the criteria for recognition as property, plant and equipment in accordance with IAS 16 par. 7 and in accordance with the principles of capitalization of significant components, adopted in the accounting principles of the Parent Entity, where a materiality threshold of at least PLN 300 thousand has been set, for which the spare parts are analysed in terms of meeting the capitalization criteria of IAS 16. In relation to the above, stand-by spare parts are in particular recognised as inventories, the value of which is insignificant or are not replaced at regular intervals, or which, after their installation, due to the failure of a spare part in an item of property, plant and equipment, will not contribute to the obtainment of higher economic benefits from further use of this component than those assumed at the moment of initial recognition of the component and putting it into use. The costs of such stand-by spare parts as a current maintenance cost of assets are recognized in profit or loss as they are consumed.

Important estimates, assumptions and judgments

In the consolidated financial statements the volume of those inventories of the KGHM INTERNATIONAL LTD. Group which arise from the leaching process, is determined based on the estimated recovery of metal from ore. The nature of the process of leaching copper from ore limits the precision of monitoring the level of inventories arising during this process. In subsequent reporting periods, adjustments are made to the estimated recovery of copper from the leaching of ore in a given reporting period to the level of production achieved in the subsequent period.

As at 31 December 2024 the provisionally-set value of inventories amounted to PLN 21 million (as at 31 December 2023, PLN 25 million).

The Group measures inventories at cost, not higher than the net sales price. The Group determines the net sales price of copper at the end of the reporting period on the basis of forward LME (London Metal Exchange) curve for the metal, set for months in which the sale of copper inventories will be made.

in PLN millions, unless otherwise stated

		As at 31 December 2024	As at 31 December 2023
	Materials	1 736	1 843
	Half-finished goods and work in progress	4 566	4 552
	Finished products	1 664	1 902
	Merchandise	97	128
Note 10.4	**Total carrying amount of inventories**	**8 063**	**8 425**

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 4.4	**Write-down of inventories in the financial year**		
	Write-down recognised in cost of sales*	(87)	(442)
	Write-down reversed in cost of sales	16	21

Maturities of inventories	As at 31 December 2024	As at 31 December 2023
Over 12 months from the end of the reporting period	510	429
Up to 12 months from the end of the reporting period	7 553	7 996

** Including: PLN 55 million in 2024 due to a write-down recognised in KGHM INTERNATIONAL LTD. (in 2023 respectively PLN 370 million) since the cost was higher than the net realisable value.*

As at 31 December 2024 and in the comparable period, the value of inventories with a maturity of over 12 months was mainly comprised of stand-by inventories of materials and spare parts to ensure production continuity, packages of spare parts deposited as part of contractual obligations and rhenium inventories. Moreover, the KGHM INTERNATIONAL LTD. Group has an inventory of ore which will be used in the period of over 12 months.

Note 10.1.1 Property rights arising from certificates of origin for electricity generated in renewable energy sources and from energy efficiency

Accounting policies

Property rights to energy are certificates attesting to the source of electricity which confirm that the electricity is generated by renewable energy sources (RES). The generation of energy by renewable energy sources is attested to by so-called green and blue property rights to energy.
Energy efficiency certificates, so-called white certificates, are certificates confirming the claims of market participants related to declarations of energy savings resulting from their application of measures, or the implementation of actions aimed at improving the energy efficiency.

Recognition of acquired property rights to energy and of certificates attesting to energy efficiency

Acquired property rights to energy and certificates attesting to energy efficiency are recognised in the statement of financial position as merchandise, and at the date of acquisition are measured at cost, comprised of:
- the value of certificates of origin (based on the current market price), or
- the negotiated contractual price, in cases where these rights are purchased in off-trading sessions.

As at the end of reporting period, these assets are measured at cost less any impairment losses, though no higher than the net sale price.

Recognition of freely acquired property rights to energy and certificates attesting to energy efficiency

Freely acquired, granted by the President of the Energy Regulatory Office, certificates of origin for energy from renewable sources and certificates resulting from the act on energy efficiency are recognised as merchandise, while their free acquirement is treated as a non-financial subsidy and is measured at the moment of initial recognition at fair value.
The subsidy resulting from the receipt of freely acquired property rights to coloured energy is recognised in the Statement of profit or loss as reduction of cost of generating the energy from renewable energy resources at the moment of initial recognition.
Initial recognition in the accounting books of property rights arising from certificates of origin of renewable energy occurs on the date of production of a given type of energy, as the entitlement of energy producer to receive the property rights resulting from the certificates of origin arises at the moment of the production of the given type of energy.
The subsidy resulting from the receipt of freely acquired certificates attesting to energy efficiency are recognised as a subsidy to assets, in deferred income, and is systematically settled in the financial result in other operating income,

in PLN millions, unless otherwise stated

following the depreciation of fixed assets, whose acquisition/generation resulted in the arising of the energy efficiency for which the Group received the certificates.
Initial recognition in the accounting books of property rights arising from certificates of origin resulting from the act on energy efficiency occurs at the moment of their receipt.
At the end of the reporting period, freely acquired property rights to energy and certificates attesting to energy efficiency are measured at initial cost less any impairment losses, though no higher than the net sale price.

Recognition of income and disposal of property rights to energy and of certificates attesting to energy efficiency
Measurement of the disposal of property rights and of certificates attesting to energy efficiency are made using the FIFO method. The disposal resulting from the sale is transferred to the financial result and is recognised as the value of merchandise sold. The income from the sale of property rights to energy and of certificates attesting to energy efficiency is recognised in the financial result as income from the sale of merchandise.
The deficit of property rights to energy and of certificates attesting to energy efficiency is supplemented by their purchase or by a payment of a substitute fee. Any failure to carry out an obligatory redemption of property rights arising from certificates for renewable energy sources or from energy efficiency, or any failure to pay a substitute fee, results in the incurring a financial penalty by a company. The amount of the penalty incurred is recognised in other operating costs.

Provision for costs of meeting the obligation to redeem property rights to energy and of certificates attesting to energy efficiency
Due to the obligation to redeem property rights to energy and of certificates attesting to energy efficiency, the entities of the Group create a provision in accruals.
The Group creates a provision:
- charged to the costs of merchandise sold to the extent in which the obligation to redeem rights and certificates attesting to energy efficiency involves electricity purchased and resold to an end-user,
- charged to the costs of production to the extent in which the obligation to redeem rights involves electricity purchased and consumed to meet the company’s own needs, and
- charged to the generation cost of energy sold to the extend in which the obligation to redeem rights involves electricity produced by a company and sold to an end-user.

This provision is measured at the carrying amount of the property rights to energy or certificates attesting to energy efficiency held and, in the case of their deficit, at the market value of the property rights (certificates) at the date the provision is created or at the amount of the substitute fee corresponding to the amount of the energy sold, depending on which of these amounts is lower.
Settlement of the amount of the provision and the redemption of property rights occurs at the date of redemption of these rights by the President of the Energy Regulatory Office.

Recognition of property rights to coloured energy and white certificates

Financial statements item	As at 31 December 2024		As at 31 December 2023	
	amount	value	amount	value
Inventories - merchandise, of which:		**11**		**40**
green property rights (MWh)	158 009	6	267 850	32
blue property rights (MWh)	11 128	3	7 790	2
white certificates (TOE)	640	2	2 851	6
Accruals, of which:		**17**		**43**
provision for redemption of green property rights (MWh)	107 229	5	267 268	32
provision for redemption of blue property rights (MWh)	10 723	3	11 136	3
provision for redemption of white certificates (TOE)	3 640	9	4 235	8

Item from the statement of profit or loss	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Financial result (excluding the tax effect), of which:	**18**	**43**
Cost of products sold	15	38
Cost of merchandise sold	2	3
Other operating income	1	2

in PLN millions, unless otherwise stated

Note 10.2 Trade receivables

Accounting policies
Trade receivables are initially recognised at the transaction price (unless the receivables contains a significant financial component subject to separation and therefore the receivables are initially recognised at fair value). After initial recognition, trade receivables are measured as follows: – receivables not transferred to non-recourse factoring and not based on the M+ pricing formula*: at amortised cost while taking into account the loss allowance for expected credit losses (ECL). Trade receivables with maturity dates of less than 12 months are not discounted. – receivables transferred to non-recourse factoring: at fair value through profit or loss, where the fair value is determined in the amount of their carrying amount less the factor's compensation, which include, among others, interest costs and risk assumption costs. Because of the short duration between the transferral of receivables to the factor and its payment and due to the low credit risk of the counterparty (factor), the fair value of these receivables does not include the impact of these factors. Receivables transferred to non-recourse factoring are obligatorily designated to the category of financial assets measured at fair value through profit or loss, because they were classified to a business model in which cash flows are realised solely by selling financial assets. – receivables based on the M+ pricing formula: at fair value through profit or loss, where fair value is set as the nominal value (i.e. at the price in the invoice), adjusted by the impact of market and credit risks. Adjustment due to the market risk is calculated as the difference between the current market price for a given pricing period in the future (the period in which there will be a final determination of the settlement price) and the receivables' price recognised in the accounting books (multiplied by the sales volume). Adjustment due to the credit risk is calculated analogously to the calculation of expected credit losses for trade receivables measured at amortised cost. Receivables based on the M+ pricing formula are obligatorily designated to the category of financial assets measured at fair value through profit or loss, because these receivables do not pass the SPPI contractual cash flow test (solely payments of principal and interest) because of the element of variable price after the date of initial recognition of the receivables. Receivables may be measured at fair value both based on the applied M+ pricing formula as well as due to transferral to factoring. The measurements are carried out independently of each other. The result of both measurements is recognised in the profit or loss in other operating income/(costs). ** the M+ pricing formula means that for individual transactions for the sale of copper and silver products, the final sales price is determined after the date of recognition of the sale, based on, for example, the average of the stock exchange quotations of a given metal in the month of sale or in the month following the month of sale.*

The Group is exposed to the credit risk and currency risk related to trade receivables. Credit risk management and assessment of the credit quality of receivables is presented in Note 7.5.2.3. Information on currency risk is presented in Note 7.5.1.3.

The following table presents the carrying amounts of trade receivables and the loss allowances for an expected credit loss:

		As at 31 December 2024	As at 31 December 2023
	Trade receivables measured at amortised cost - gross value	678	557
	Loss allowance for an expected credit loss	(40)	(39)
	Trade receivables measured at amortised cost - net value	638	518
	Trade receivables measured at fair value	707	414
Note 10.4	**Total trade receivables**	**1 345**	**932**

Note 10.3 Trade and other payables

Accounting policies

Trade and other payables are initially recognised at fair value less transaction cost and are measured at amortised cost at the end of the reporting period.

Interest due to repayment of payables at a later date, in particular trade payables within the reverse factoring mechanism, is recognised in profit or loss, in the item "finance costs".

Important estimates, assumptions and judgments

Trade and other payables presented in the statement of financial position also contain trade payables within the reverse factoring mechanism, which are in the category of "other".

Moreover, this item also includes intra-group trade payables transferred by the debtor to the factor, for which the debtor received payment from the factor. At the moment of transfer of the liabilities to reverse factoring, the Parent Entity recognises payables towards the factor*, who due to the subrogation of receivables, from the legal point of view, assumes the rights and obligations common for trade payables.

Reverse factoring is not directly regulated by IFRS, and as a result of the ambiguous nature of these transactions, it was necessary for the Parent Entity to make an important judgment on the presentation of balances of payables transferred to factoring in the statement of financial position and the presentation of transactions in the statement of cash flows.

In the Parent Entity's opinion, in presenting the balance of trade payables transferred to reverse factoring as „Trade and other payables" together with other trade payables and not as debt liabilities, the following aspects had a crucial impact:

- from the legal point of view, at the moment of subrogation of trade payables by the reverse factoring there is a transfer of rights and obligations arising from the liabilities, rather than their expiry and the establishment of new rights and obligations in respect of the factor,
- there is no establishment of new guarantees related to the reverse factoring, nor are there any changes in commercial terms related to any breach of the contract terms and annulment of a contract,
- the goal of the program is not only to improve the Parent Entity's liquidity, but also to provide support to suppliers engaged in obtaining favourable financing in order to build long term business relationships,
- the established payment deadlines, as well as payment models (including as regards interest and discounting) do not change in respect of trade payables towards a given supplier which are not subject to reverse factoring. In light of the above, as well as taking into account the established interest rates and discounts and extended repayment periods, cash flows related to the liabilities transferred to reverse factoring do not change by more than 10%,
- costs related to reverse factoring are incurred both by the Parent Entity and its suppliers. The Parent Entity incurs interest cost arising from the payment of liabilities over an extended period, while the supplier incurs a discount cost due to early (that is, before the end of the base term, which is usually 60 days) payment received from the factor,
- the Parent Entity, together with individual suppliers, on the basis of signed contracts, will determine which invoices will be transferred to reverse factoring, and what the deadline for early payment to the supplier through the factor will be.

Moreover, although the Parent Entity identified characteristics which indicate the nature of reverse factoring as liabilities due to financing (liability due to credit granted by the factor), they were judged by the Parent Entity to be insufficient for the purpose of recognising that, at the moment of transfer of trade payables to reverse factoring, there is a complete change in the nature of the relationship from that of a trade to a debt one, which would necessitate presentation in the statement of financial position as debt financial liabilities and presentation in the statement of cash flows, in financial activities:

- the factor is a bank, and at the moment of subrogation by the factor there is a change in the debtor,
- in order to obtain more favourable terms, the factoring agreement was negotiated with the factor by the Parent Entity and not directly by the suppliers,
- the actual deadline for the payment of trade payables subject to reverse factoring amounts up to 180 days and is longer than the deadline for the payment of other trade payables, which are not transferred to factoring, which usually amounts to 60 days,
- the main costs of trade payables within the reverse factoring mechanism are incurred by the Parent Entity, and suppliers are charged only if they receive payment on the date before the date stipulated in the trade contract, which usually amounts to 60 days from the day of receiving the invoice by the Company (discount for the payment before 60 days or other, stipulated in the trade contract).

As part of the analysis of IFRS in the context of presenting the balance of trade payables within the reverse factoring mechanism, the Parent Entity also analysed the statement published in December 2020 by the International Financial Reporting Interpretations Committee (Committee) on the presentation of transactions within the reverse factoring mechanism in the statement of financial position and the statement of cash flows. In the Parent Entity's opinion, the aspects indicated by the Committee as well as the summary of the key requirements related to the analysed issue do not have an impact on the conclusions of the assessment conducted by the Parent Entity. The Committee, recommending the appropriate presentation of liabilities subject to reverse factoring, indicated the same issues that were analysed and disclosed by the Parent Entity as part of important judgments above. In particular, in the context of the areas of analysis indicated by the Committee, the Parent Entity confirms that:

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- covering the trade payables by the reverse factoring mechanism did not require the establishment of any additional collateral for the bank-factor, nor there are any additional guarantees related to reverse factoring established. Furthermore, there is no change in the trade terms and conditions related to non-compliance with the terms of the contract and the cancellation of the contract,
- taking the above into consideration, and taking into account the agreed interest and discount rates, and the extended repayment date, the cash flows related to the trade payables within the reverse factoring mechanism will not change by more than 10%; thus, the criteria of ceasing the disclosure of liabilities, i.e. the 10% test and the other criteria for ceasing the disclosure of liabilities under IFRS 9 have not been met,
- the agreed payment dates as well as the payment pattern (including interest and discount rates) do not change in relation to trade payables towards a given supplier, which are not covered by reverse factoring mechanism,
- the trade payables within the reverse factoring mechanism are part of the working capital used by the unit in the unit's regular operating cycle.

The Parent Entity indicates that the actual deadline for the payment of trade payables subject to reverse factoring is longer (up to 180 days) than the deadline for the payment of other trade payables, which are not transferred to factoring, which usually amounts to 60 days, which may indicate a change in the nature of these liabilities from trade to debt. However, this characteristic has been judged by the Parent Entity to be insufficient to conclude that when the trade payables was covered by reverse factoring mechanism, the nature of the liability changed completely. Apart from the above criteria, no other terms of liabilities covered by reverse factoring differ from the terms of other trade payables.

Therefore, the Parent Entity's assessment of the nature of trade payables transferred to reverse factoring and their presentation, means that the trade payables transferred to reverse factoring are presented by the Group in the statement of financial position under "Trade and other payables ", including those under the "other" category.

Commencing with the annual financial statements published for the year beginning on 1 January 2024, the Group is bound by amendments to IAS 7 and IFRS 7 on the disclosure of information regarding supplier financing mechanisms. The amendments to IAS 7 and IFRS 7 do not affect the method of making judgments, including the criteria analysed above regarding the presentation of trade payables covered by supplier financing programs, because they concern only the disclosure of information on such programs. However, in order to adapt to the most commonly used names of supplier financing programs in the amended IAS 7, paragraph 44G, the Group decided to use the name "reverse factoring" as consistent with the nomenclature used in the IFRS accounting standards and at the same time adequate to the principles of the implemented program. This change is intended to increase the information value for users of the financial statements.

**The Company has agreements for the provision of reverse factoring services with financial institutions that are factoring companies or banks.*

		As at 31 December 2024	As at 31 December 2023
	Non-current trade payables	195	197
	Current trade payables	3 132	3 167
	Other payables – trade payables within the reverse factoring mechanism	2 000	3 021
Note 10.4	**Trade and other payables**	**5 327**	**6 385**

In 2024, the factors' total participation limit in the Parent Entity amounted to PLN 4 500 million (as at 31 December 2023 it amounted to PLN 3 000 million). Group companies do not have agreements for the provision of reverse factoring services. Currently, the Parent Entity has concluded open-ended agreements for the provision of reverse factoring services with several factors. The cost of reverse factoring, depending on the terms of the concluded agreements, is as follows: for PLN (WIBOR 1M + margin), for EUR (EURIBOR 1M + margin) for USD (Term SOFR 1M/SOFR ON + margin). The program was implemented in 2019 in order to make it possible for the Parent Entity's suppliers to receive repayment of receivables faster, as part of the standard procurement process executed by the Parent Entity, alongside an extension of payment dates of payables by the Parent Entity. In 2024, the Parent Entity transferred to the factors payables in the amount of PLN 7 087 million, and as at 31 December 2024 the trade payables within the reverse factoring mechanism (i.e. trade payables paid by the factor) amounted to PLN 2 000 million (in the year ended 2023, the Parent Entity transferred liabilities in the amount of PLN 4 247 million and the trade payables within the reverse factoring mechanism (i.e. trade payables paid by the factor) amounted to PLN 3 021 million).

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In the current year, payments made towards the factors by the Parent Entity amounted to PLN 8 131 million (in the year ended 31 December 2023, in the Parent Entity the payables amounted to PLN 1 209 million). Interest costs paid by the Group towards the factors in 2024 amounted to PLN 164 million (in the year ended 31 December 2023, interest costs paid amounted to PLN 50 million).

Factors' share in the amount of trade payables transferred to reverse factoring

	As at 31 December 2024	As at 31 December 2023
Factor A	13 %	0 %
Factor B	66 %	67 %
Factor C	21 %	16 %
Factor D	0 %	17 %
	100 %	**100 %**

Repayment dates of receivables due to reverse factoring do not exceed 12 months, and consequently all payables transferred to reverse factoring are presented as short-term.

Comparison of repayment dates of receivables within reverse factoring mechanism towards the factor with comparable receivables from suppliers whose receivables were not transferred to reverse factoring

Segment	Type of supplier	Liabilities	Repayment date
KGHM Polska Miedź S.A.	Suppliers of production materials, work and services	*Covered by reverse factoring*	Extended up to 180 days
		Comparable trade payables not covered by the supplier financing mechanism	30-60 days

The item "trade and other payables" contains payables due to the purchase or construction of fixed and intangible assets which, as at 31 December 2024, amounted to PLN 195 million in the non-current part and PLN 847 million in the current part (as at 31 December 2023, PLN 196 million and PLN 713 million, respectively).

The Group is exposed to currency risk arising from trade and other payables, as well as to liquidity risk. Information on currency risk is presented in Note 7.5.1.3 and on liquidity risk in Note 8.3.1.
The fair value of trade and other payables approximates their carrying amount.

Note 10.4 Changes in working capital

Accounting policies
Cash flows arising from interest on reverse factoring transactions are presented in cash flows from financing activities. The actually repaid principal amounts of receivables transferred to reverse factoring to a factor are presented in cash flows from operating activities, and partially also from investment activities. Moreover, the Parent Entity, as regards changes in working capital in the statement of cash flows, presented a separate line "Change in trade payables transferred to factoring" for the purposes of clear and transparent presentation.
Important estimates, assumptions and judgments
The Parent Entity implemented reverse factoring in the period ended on 31 December 2019 (more information may be found in Note 10.3). Since market practice with respect to the presentation of reverse factoring transactions in the statement of cash flows is not uniform, the Management Board had to apply its own judgment in this regard. In the case of these transactions, the Parent Entity had to make an assessment as to whether expenses related to payments towards the factor should be classified to cash flows from operating activities or to cash flows from financing activities in the statement of cash flows. Pursuant to IAS 7.11, an entity should present cash flows from operating, investing and financing activities in a manner which is most appropriate to its business, because it provides information that allows users of financial statements to assess the impact of those activities on the financial position of the entity and the amount of its cash and cash equivalents.

in PLN millions, unless otherwise stated

Due to the above, in the Parent Entity's view:

- presentation of the repayment of the principal amounts of receivables in the trade payables within the reverse factoring mechanism in cash flows from operating activities is compliant with the objective of individual transaction elements and consistent with the presentation of these transactions in the statement of financial position. When legal subrogation of receivables is made by the factor, from a legal standpoint they assume the rights and responsibilities characteristic for trade receivables. Only cash flows from the repayment of principal amounts of receivables from liabilities due to the purchase and construction of fixed assets and intangible assets are presented under investing activities (more information may be found in Note 10.3).
- the financial aspect related to the factoring transaction is indicated in the presentation of interest in financing activities. This is consistent with recognising this interest in financing costs in the statement of profit or loss pursuant to the accounting policy adopted by the Parent Entity for the presentation of interest cost of reverse factoring in the financial activities.

Moreover, in terms of judgment regarding the presentation of cash flows resulting from reverse factoring transactions in the statement of cash flows in operating activities, the Company also relies on the position of the International Financial Reporting Interpretations Committee (Committee) on the presentation of reverse factoring transactions in the statement of financial position and the statement of cash flows. In its position, the Committee emphasized that the main problem requiring a decision, in terms of presenting reverse factoring transactions in the statement of cash flow under IAS 7, is to determine whether cash flows should be presented as a part of operating or finance activities. The Committee considers that the decision regarding the classification of cash flows resulting from reverse factoring transactions may result from the previously determined classification of the relevant liabilities in the statement of financial position. If an entity concludes that a trade payable within the reverse factoring mechanism is a "Trade and other payable", and in this way declares it as part of the working capital which is used in the core business of an entity that generates the revenues, the entity shall present the outflow from the payment for those liabilities as arising on operating activities in the statement of cash flows. Otherwise, these cash flows should be recognised in finance activities.

Taking into account the above, the Company assesses the nature of trade payables within the reverse factoring mechanism and presents them in the statement of financial position as "trade and other payables" (information presented in Note 10.3), which confirms the Company's judgment as to the method of presentation of these transactions in the statement of cash flows as presented in the accounting policies in Note 10.4.

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2024	(8 425)	(932)	3 167	3 021	**(3 169)**
As at the date of obtaining control of a subsidiary	-	(2)	1	-	**(1)**
As at 31 December 2024	(8 063)	(1 345)	3 132	2 000	**(4 276)**
Impact of changes in the statement of financial position	**362**	**(411)**	**(36)**	**(1 021)**	**(1 106)**
Exchange differences from translation of statements of operations with a functional currency other than PLN	18	12	(8)	-	**22**
Depreciation/amortisation recognised in inventories	349	-	-	-	**349**
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	(127)	-	**(127)**
Change in liabilities due to interest	-	-	-	14	**14**
Reclassification to property, plant and equipment	(27)	-	-	-	**(27)**
Adjustments	**340**	**12**	**(135)**	**14**	**231**
Change in the statement of cash flows from operating activities	**702**	**(399)**	**(171)**	**(1 007)**	**(875)**

** Trade payables within the reverse factoring mechanism*

in PLN millions, unless otherwise stated

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2023	(8 902)	(1 178)	3 262	18	**(6 800)**
As at the date of obtaining control of a subsidiary	-	-	1	-	**1**
As at 31 December 2023	(8 425)	(932)	3 167	3 021	**(3 169)**
Impact of changes in the statement of financial position	**477**	**246**	**(96)**	**3 003**	**3 630**
Exchange differences from translation of statements of operations with a functional currency other than PLN	(64)	(37)	25	-	**(76)**
Depreciation/amortisation recognised in inventories	296	-	-	-	**296**
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	102	(110)	**(8)**
Change in liabilities due to interest	-	-	-	(25)	**(25)**
Reclassification to property, plant and equipment	(16)	-	-	-	**(16)**
Adjustments	**216**	**(37)**	**127**	**(135)**	**171**
Change in the statement of cash flows from operating activities	**693**	**209**	**31**	**2 868**	**3 801**

** Trade payables within the reverse factoring mechanism*

in PLN millions, unless otherwise stated

Part 11 – Employee benefits

Accounting policies

The Group is obliged to pay specified benefits following the period of employment (retirement benefits due to one-off retirement-disability rights, post-mortem benefits and the coal equivalent) and other long-term benefits (jubilee bonuses), in accordance with the Collective Labour Agreement.
The amount of the liabilities due to both of these benefits is estimated at the end of the reporting period by an independent actuary using the projected unit credit method.
The present value of liabilities from these benefits is determined by discounting estimated future cash outflow using the interest rates on treasury bonds expressed in the currency of the future benefits payments, with maturities similar to the date of settlement for liabilities.
Actuarial gains and losses from the measurement of specified benefits following the period of employment are recognised in other comprehensive income in the period in which they arose. Actuarial gains/losses from the measurement of other benefits (benefits due to jubilee bonuses) are recognised in profit or loss.

Significant estimates and assumptions

The carrying amount of the liability due to future employee benefits is equal to the present value of the liabilities due to defined benefits. The amount of the liability depends on many factors, which are used as assumptions in the actuarial method. Any changes to the assumptions may impact the carrying amount of the liability. The interest rate is one of the basic parameters for measuring the liability. At the end of the reporting period, based on the opinion of an independent actuary, an appropriate discount rate for the Group's entities is used for setting the present value of estimated future cash outflow due to these benefits. In setting the discount rate for the reporting period, the actuary extrapolates current interest rates of treasury bonds along the yield curve expressed in the currency of the future benefits payments, to obtain a discount rate enabling the discounting of payments with maturities which are longer than the maturities of the bonds.

Other macroeconomic assumptions used to measure liabilities due to future employee benefits, such as the inflation rate or the minimum salary, are based on current market conditions.

The actuarial assumptions adopted for measurement of employee benefits in the Group reflect the economic relationships between factors such as inflation, the salary growth rate, the discount rate and the coal price growth rate.

The assumptions used for measurement as at 31 December 2024 are presented in Note 11.2.

The following sensitivity analysis is based on the same measurement method which was used to measure liabilities recognised in these financial statements, that is the Projected Unit Credit Method. In order to analyse the impact of a given factor (assumption), its value is changed by +/- 1 percentage point, while leaving all other assumptions and the database of people entitled to benefits unchanged. Therefore, the result of analysis shows the impact of change in only one selected factor.

Impact of changes in the assumptions on the balance of liabilities as at 31 December 2024

	Discount rate		Planned base increases*	
	-1 pp.	+1 pp.	-1 pp.	+1 pp.
Retirement and disability benefits	35	(31)	(34)	43
Coal equivalent	228	(182)	(192)	236
Jubilee awards	35	(31)	(34)	44
Other benefits	3	(2)	(2)	3
Total liabilities	**301**	**(246)**	**(262)**	**326**
Impact on profit or loss	35	(31)	(34)	44
Impact on other comprehensive income	266	(215)	(228)	282

** Changes in the lowest salary were included in the retirement and disability benefits, jubilee awards and other benefits, while the coal equivalent includes the inflation changes.*

in PLN millions, unless otherwise stated

Impact of changes in the assumptions on the balance of liabilities as at 31 December 2023

	Discount rate		Planned base increases*	
	-1 pp.	+1 pp.	-1 pp.	+1 pp.
Retirement and disability benefits	37	(32)	(35)	44
Coal equivalent	289	(229)	(247)	307
Jubilee awards	39	(34)	(37)	47
Other benefits	3	(3)	(3)	4
Total liabilities	**368**	**(298)**	**(322)**	**402**
Impact on profit or loss	39	(34)	(37)	47
Impact on other comprehensive income	329	(264)	(285)	355

** Changes in the lowest salary were included in the retirement and disability benefits, jubilee awards and other benefits, while the coal equivalent includes the inflation changes*

As the above analysis indicates, the benefits with the longest maturity horizon, i.e. coal equivalents that will be paid to current employees following their retirement or disability leave, are most sensitive to changes in assumptions. For these benefits, the deviation ranges from -17.7% to 22.9% (in the comparable period: from -17.7% to 25%).

The least sensitive to changes in assumptions are benefits with a relatively short maturity period, e.g. jubilee awards depending on the length of service, for which the deviation ranges from -6.2% to 8.6% (in the comparable period: from -6.6% to 9.1%).

Note 11.1 Employee benefits liabilities

Components of the item: employee benefits liabilities

		As at 31 December 2024	As at 31 December 2023
	Non-current	2 784	3 117
	Current	297	267
Note 11.2	**Total liabilities due to future employee benefits programs**	**3 081**	**3 384**
	Employee remuneration liabilities	469	421
	Social security liabilities	392	357
	Accruals (unused annual leave, bonuses, other)	861	664
	Other current employee liabilities	**1 722**	**1 442**
	Total employee benefits liabilities	**4 803**	**4 826**

Employee benefits expenses

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Remuneration	6 454	5 881
	Costs of social security and other benefits	2 232	1 988
	Costs of future benefits	279	427
Note 4.1	**Employee benefits expenses**	**8 965**	**8 296**

in PLN millions, unless otherwise stated

Note 11.2 Changes in liabilities related to future employee benefits programs

		Total liabilities	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
	As at 1 January 2023	**2 893**	**536**	**432**	**1 836**	**89**
Note 11.1	Total costs recognised in profit or loss, of which:	**427**	223	53	147	4
	interest costs	**194**	36	29	124	5
	current service costs	**97**	46	24	23	4
	past service costs	**(5)**	-	-	-	(5)
	actuarial losses recognised in profit or loss	**141**	141	-	-	-
Note 8.2.2	Actuarial losses recognised in other comprehensive income	**311**	-	114	170	27
	Benefits paid	**(247)**	(79)	(39)	(126)	(3)
	As at 31 December 2023	**3 384**	**680**	**560**	**2 027**	**117**
Note 11.1	Total costs recognised in profit or loss, of which:	**279**	72	61	134	12
	interest costs	**173**	35	28	104	6
	current service costs	**113**	44	33	30	6
	actuarial gains recognised in profit or loss	**(7)**	(7)	**-**	-	-
Note 8.2.2	Actuarial (gains)/losses recognised in other comprehensive income	**(335)**	-	(10)	(331)	6
	Benefits paid	**(247)**	(82)	(43)	(116)	(6)
	As at 31 December 2024	**3 081**	**670**	**568**	**1 714**	**129**

As at 31 December	**2024**	**2023**	**2022**	**2021**	**2020**
Present value of liabilities due to employee benefits	**3 081**	3 384	2 893	2 468	3 169

in PLN millions, unless otherwise stated

Main actuarial assumptions (of the Parent Entity) adopted for measurement as at 31 December 2024:

	2025	2026	2027	2028	2029 and beyond
- discount rate	5.80%	5.80%	5.80%	5.80%	5.80%
- coal price growth rate	-20.48%	0.00%	2.50%	2.50%	2.50%
- rate of growth of the lowest salary	8.51%	4.20%	4.00%	4.00%	4.00%
- expected inflation	5.60%	2.70%	2.50%	2.50%	2.50%
- future expected increase in salary	8.50%	4.20%	4.00%	4.00%	4.00%

Main actuarial assumptions (of the Parent Entity) adopted for measurement as at 31 December 2023:

	2024	2025	2026	2027	2028 and beyond
- discount rate	5.20%	5.20%	5.20%	5.20%	5.20%
- coal price growth rate	-20.57%	3.60%	2.50%	2.50%	2.50%
- rate of growth of the lowest salary	19.44%	5.20%	4.00%	4.00%	4.00%
- expected inflation	4.60%	3.70%	2.50%	2.50%	2.50%
- future expected increase in salary	9.60%	8.40%	4.00%	4.00%	4.00%

For purposes of reassessment of the liabilities at the end of the period, the parameters assumed were based on available forecasts of inflation, analysis of coal prices rates and of the lowest salary rates, and also based on the anticipated profitability of long-term treasury bonds.

Actuarial (gains)/losses as at 31 December 2024 versus assumptions adopted as at 31 December 2023

Change in financial assumptions	(377)
Change in demographic assumptions	60
Other changes	(25)
Total actuarial gains	**(342)**

Actuarial (gains)/losses as at 31 December 2023 versus assumptions adopted as at 31 December 2022

Change in financial assumptions	180
Change in demographic assumptions	64
Other changes	208
Total actuarial losses	**452**

The changes in actuarial (gains)/losses are caused by a change in the assumptions in respect of the discount rate, coal prices and future expected increase in salary.

Maturity profile of future employee benefits liabilities

Year of maturity:	**Total liabilities**	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
2025	**297**	84	71	129	13
2026	**260**	66	85	103	6
2027	**185**	58	28	94	5
2028	**176**	53	29	89	5
2029	**170**	49	33	83	5
Other years	**1 993**	360	322	1 216	95
Total liabilities in the statement of financial position as at 31 December 2024	**3 081**	**670**	**568**	**1 714**	**129**

in PLN millions, unless otherwise stated

Maturity profile of future employee benefits liabilities

Year of maturity:	**Total liabilities**	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
2024	**266**	72	71	111	12
2025	**268**	68	76	118	6
2026	**207**	58	33	111	5
2027	**191**	54	27	105	5
2028	**181**	50	28	98	5
Other years	**2 271**	378	325	1 484	84
Total liabilities in the statement of financial position as at 31 December 2023	**3 384**	**680**	**560**	**2 027**	**117**

in PLN millions, unless otherwise stated

Part 12 – Other notes

Note 12.1 Related party transactions

The accounting policies and significant estimates and assumptions presented in Parts 2 and 10 are applicable to transactions entered into with related parties.

The transactions between the Group and related parties include transactions with:

- the joint venture Sierra Gorda S.C.M.,
- entities controlled or jointly controlled by the State Treasury or over which it has significant influence, and
- the Management Board and the Supervisory Board (remuneration) – Note 12.10.

Operating income from related entities

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Revenues from sales of products, merchandise and materials to a joint venture Sierra Gorda S.C.M.	16	38
Interest income on loans granted to a joint venture Sierra Gorda S.C.M.	552	597
Revenues from other transactions with a joint venture Sierra Gorda S.C.M.	18	21
Revenues from other transactions with other related parties	14	23
Total	**600**	**679**

Purchase from related entities

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Purchase of services, merchandise and materials	37	34
Other purchase transactions	7	4
Total	**44**	**38**

Trade and other receivables from related parties

	As at 31 December 2024	As at 31 December 2023
From the joint venture Sierra Gorda S.C.M. – loans granted	9 800	9 096
From the joint venture Sierra Gorda S.C.M. - other receivables	50	29
From other related parties	5	5
Total	**9 855**	**9 130**

Trade and other payables towards related parties

	As at 31 December 2024	As at 31 December 2023
Towards joint venture Sierra Gorda S.C.M.	47	18
Towards other related parties	5	3
Total	**52**	**21**

The State Treasury is an entity controlling KGHM Polska Miedź S.A. at the highest level. The Group makes use of the exemption to disclose a detailed scope of information on transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence (IAS 24.25).
In 2024, the Parent Entity and subsidiaries did not enter into significant transactions with related parties under other than arm's length conditions.

Pursuant to the scope of IAS 24.26, as at 31 December 2024 and in the period from 1 January to 31 December 2024, the Group realised the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence, unusual due to their nature or amount:

- due to an agreement on setting mining usufruct for the extraction of mineral resources and for the exploration for and assessment of mineral resources – balance of payables in the amount of PLN 241 million (as at 31 December

2023: PLN 243 million); including payables due to mining usufruct for the extraction of mineral resources recognised in costs in the amount of PLN 34 million (2023: PLN 31 million),

- due to a reverse factoring agreement - payables in the amount of PLN 1 727 million and interest costs for the period from 1 January to 31 December 2024 in the amount of PLN 150 million (as at 31 December 2023, payables in the amount of PLN 2 528 million and interest costs for the period from 1 January to 31 December 2023 in the amount of PLN 55 million),
- other transactions and economic operations related to spot currency exchange, depositing cash, granting bank loans, guarantees, and letters of credit (including documentary letters of credit), running bank accounts, servicing of business credit cards, processing of a documentary collection, servicing of special purpose funds and entering into transactions on the forward currency market as part of cooperation with banks related to the State Treasury,

State Treasury companies may purchase bonds issued by KGHM Polska Miedź S.A.

The remaining transactions between the Group and the Polish Government and with entities controlled or jointly controlled by the Polish Government, or over which the government has significant influence, were within the scope of ordinary, daily economic operations. These transactions concerned the following:

- the purchase of goods (energy, fuels, services), merchandise, materials and fixed assets to meet the needs of current operating activities. In the period from 1 January to 31 December 2024, the turnover from these transactions amounted to PLN 2 935 million (from 1 January to 31 December 2023: PLN 3 554 million), and, as at 31 December 2024, the unsettled balance of liabilities from these transactions amounted to PLN 271 million (as at 31 December 2023: PLN 378 million),
- sales to Polish State Treasury companies. In the period from 1 January to 31 December 2024, the turnover from these sales amounted to PLN 806 million (from 1 January to 31 December 2023: PLN 864 million), and, as at 31 December 2024, the unsettled balance of receivables from these transactions amounted to PLN 189 million (as at 31 December 2023: PLN 240 million).

Note 12.2 Dividends paid

In accordance with Resolution No. 7/2024 of the Ordinary General Meeting of KGHM Polska Miedź S.A. dated 7 June 2024 regarding the payment of a dividend, it was decided to pay a dividend to shareholders in the amount of PLN 300 million (PLN 1.50/share). The dividend for 2023 was paid from the profits of KGHM Polska Miedź S.A. for previous years. The Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date for 2023 at 28 June 2024 and the dividend payment date for 2023 at 16 July 2024.

In accordance with Resolution No. 7/2023 of the Ordinary General Meeting of KGHM Polska Miedź S.A. dated 21 June 2023 regarding the appropriation of profit for the year ended 31 December 2022, the profit in the amount of PLN 3 533 million was appropriated as follows: as a shareholders dividend in the amount of PLN 200 million (PLN 1.00 per share) and transfer of PLN 3 333 million to the Company's reserve capital. The Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date for 2022 at 27 July 2023 and the dividend payment date for 2022 at 10 August 2023.

All shares of the Parent Entity are ordinary shares.

As at the date of publication, no decision was made on the allocation of profit for 2024.

in PLN millions, unless otherwise stated

Note 12.3 Other assets

Accounting policies
Receivables not constituting financial assets are initially recognised at nominal value, and at the end of the reporting period they are measured in the amount receivable. Investment properties (other than those used under a lease agreement) are measured at initial recognition at cost or cost of sold product. Initial measurement takes into account transaction costs. Investment properties held by the lessee as a right-to-use asset are measured at cost in accordance with IFRS 16 Leases. At the end of the reporting period, investment properties, both owned and held as right-to-use assets, are measured at fair value. A gain or loss resulting from a change in the fair value of investment properties affects the financial result in the period in which the change occurs and is recognised in other income or other operating costs, respectively. In the case of reclassification of an item of property, plant and equipment to investment properties, the surplus of the fair value over the carrying amount of the reclassified item of property, plant and equipment, determined on the reclassification date, is recognised in other comprehensive income within the revaluation reserve. This surplus is not subject to reclassification to the financial result in subsequent periods. At the time of disposal of the investment property, this amount will be transferred to retained earnings, omitting the financial result, in accordance with IAS 40.62.

		As at 31 December 2024	As at 31 December 2023
	Other non-current non-financial assets	**277**	**386**
	Investment property	177	120
	Prepayments	10	9
	Non-financial advances	22	185
	Receivables due to overpayment of property tax	68	72
	Other current assets	**683**	**571**
Note 7.1	**Financial**	**317**	**296**
	Amounts retained (collateral) due to long-term construction contracts	5	7
	Receivables due to guarantees granted	16	18
	Receivables due to settled derivatives	34	48
	Receivables due to compensation for energy-intensive sector due to incurrence of the costs of purchasing CO_2 emission allowances in the prices of electricity	148	144
	Receivables due to conditional payments associated with the agreement on the sale of a subsidiary S.C.M. Franke	41	20
	Receivables due to settlement of the Franco Nevada streaming contract	28	13
	Other	45	46
	Non-financial	**366**	**275**
	Non-financial advances	162	103
	Receivables due to measurement of long-term contracts	127	75
	Receivables due to property and personal insurance	35	29
	Other	42	68
	Other non-current and current assets, total	**960**	**957**

in PLN millions, unless otherwise stated

Note 12.4 Other liabilities

Accounting policies
Other financial liabilities are initially recognised at fair value less transaction costs, and at the end of the reporting period they are measured at amortised cost.

		As at 31 December 2024	As at 31 December 2023
	Deferred income, including:	143	222
Note 9.9	Liabilities due to Franco Nevada streaming contract*	-	128
	Trade payables	195	197
	Other financial liabilities	25	33
	Other non-financial liabilities	34	35
	Other non-current liabilities	**397**	**487**
	Deferred income, including:	47	67
	Trade payables	14	33
	Accruals, including:	818	1 046
	Provision for purchase of property rights related to electricity	16	41
	Charges for discharging gases and dusts to the air	374	501
	Other costs accounted on the basis of contracts entered into	189	224
	Liabilities due to settled derivatives	3	7
	Other financial liabilities	124	281
	Other non-financial liabilities	69	51
	Other current liabilities	**1 061**	**1 452**
	Other non-current and current liabilities, total	**1 458**	**1 939**

**As at the end of the reporting period, these liabilities were reclassified to assets held for sale.*

Note 12.5 Provisions for liabilities and other charges

Provisions for:	As at 31 December 2024	As at 31 December 2023
decommissioning costs of mines and other technological facilities	44	51
decommissioning costs of fixed assets and fixed assets under construction	20	16
disputed issues and court proceedings	81	58
other provisions for expected losses, expenses and liabilities	135	69
Total	**280**	**194**

in PLN millions, unless otherwise stated

Note 12.6 Assets and liabilities not recognised in the statement of financial position

The value of contingent assets and liabilities and other liabilities not recognised in the statement of financial position were determined based on estimates.

		As at 31 December 2024	As at 31 December 2023
	Contingent assets	**428**	**459**
	Guarantees received	297	324
	Promissory notes receivables	107	111
	Other	24	24
	Contingent liabilities	**784**	**589**
Note 8.6	Guarantees and letters of credit	235	260
Note 8.6	Promissory note payables	223	257
	Property tax on underground mine workings	8	6
	Liability due to a claim arising from the executed contract	31	8
	Financial support granted to municipalities in the form of a donation*	131	-
	Audit in a subsidiary of the Group – KGHM INTERNATIONAL LTD.**	83	-
	Other	73	58
	Other liabilities not recognised in the statement of financial position - liabilities towards local government entities due to expansion of the tailings storage facility	**-**	**26**

** The Parent Entity's obligation to provide financial support (cash donations) resulting from agreements concluded with the municipalities of Polkowice, Rudna and Grębocice, where the "Żelazny Most" Tailings Storage Facility is located. These donations are intended to reduce the inconvenience resulting from the Company's current operations in the areas of these municipalities as well as to support them in meeting their needs in the scope of technical, economic and social infrastructure development and relate to events that will or may occur in the coming years. The agreements specify the maximum amount of support available in each year and the maximum total amount of payments in the years 2025-2036. Payments are subject to the municipalities preparing applications in accordance with the terms specified in the agreements. The issue of submitting applications by the municipalities is not beyond the Company's control. The municipalities are also required to prepare a report on the expenditure of the funds received, which is verified by the Parent Entity.*

*** In 2023, Chilean tax authorities ((Servicio de Impuestos Internos or "SII") under the Audit Program "Financial operations with related international companies" commenced the control procedure against Quadra FNX Holding Chile Limitada, a company within the KGHM INTERNATIONAL LTD. Group (hereafter: "Quadra Chile" or "the Company") for the financial year 2020. On 30 August 2024, SII issued a decision on imposing a sanction, as it determined that the amount of costs recognised in profit or loss for 2020 was, in their opinion, not correct. A fine was imposed on Quadra Chile in the amount of PLN 19 million (USD 4.6 million). Pursuant to the Chilean law, the fine is not to be paid until all remedies have been exhausted.*
Since Quadra Chile did not agree with SII's decision, on 15 October 2024 an administrative appeal was filed. As at 31 December 2024, no decisions were made on this matter. The formal response from SII on rejecting the appeal was received after the balance sheet date, on 24 February 2025. Currently, the Company is considering possible next steps and continues the available legal actions in this matter. The lawyers engaged by the Company assessed the probability of cash outflow due to this matter as "possible", which qualifies it to be disclosed as a contingent liability.
It is estimated that the fine, together with interest associated with the audited year 2020 will amount to PLN 20 million (USD 5.0 million). However, the Company expects that SII may begin a control in other finished periods (that is: 2021, 2022, 2023 and 2024) and impose fines of a similar nature, since the method of calculating costs did not change in this period. The total estimated potential impact of fines, together with interest, amounts to PLN 83 million (USD 20.3 million).

Note 12.7 Litigation and claims

A proceeding regarding the payment of royalties for the use of invention project no. 1/97/KGHM called „Method for increasing the production capacity of the electrorefining sections of the Metallurgical Plants". Details are presented in The Management Board's Report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2024, in section 1.6.4 Litigation and claims.

Note 12.8 Capital commitments related to property, plant and equipment and intangible assets

Capital commitments incurred in the reporting period, but not yet recognised in the consolidated statement of financial position, were as follows:

	As at 31 December 2024	As at 31 December 2023
Capital commitments due to the purchase of:		
property, plant and equipment	1 303	1 668
intangible assets	11	22
Total capital commitments	**1 314**	**1 690**

The Group's share in capital commitments of joint ventures (Sierra Gorda S.C.M.) is presented in Note 6.1.

Note 12.9 Employment structure

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
White-collar employees	11 430	10 968
Blue-collar employees	23 062	22 914
Total (full-time)	**34 492**	**33 882**

Note 12.10 Remuneration of key managers

	from 1 January 2024 to 31 December 2024				
Remuneration of members of the Management Board (in PLN thousands)	**Period when function served**	**Remuneration for the period of service as a member of the Management Board**	**Remuneration after the period of service as a member of the Management Board**	**Benefits due to termination of employment**	**Total earnings**
Members of the Management Board serving in the function as at 31 December 2024					
Andrzej Szydło	06.03-31.12	1 155	-	-	**1 155**
Zbigniew Bryja	13.02-31.12	1 078	-	-	**1 078**
Piotr Krzyżewski	06.03-31.12	1 136	-	-	**1 136**
Mirosław Laskowski	06.03-31.12	1 141	-	-	**1 141**
Iga Dorota Lis	01.09-31.12	448	-	-	**448**
Piotr Stryczek	06.03-31.12	1 171	-	-	**1 171**
Members of the Management Board not serving in the function as at 31 December 2024					
Tomasz Zdzikot	01.01-13.02	186	-	1 049	**1 235**
Mirosław Kidoń	01.01-31.03	332	-	-	**332**
Marek Pietrzak	01.01-13.02	160	-	652	**812**
Marek Świder	01.01-09.01	33	-	-	**33**
Mateusz Wodejko	01.01-13.02	175	-	652	**827**
TOTAL		**7 015**	**-**	**2 353**	**9 368**

Remuneration of members of the Management Board (in PLN thousands)	from 1 January 2023 to 31 December 2023				
	Period when function served	Remuneration for the period of service as a member of the Management Board	Remuneration after the period of service as a member of the Management Board	Benefits due to termination of employment	Total earnings
Members of the Management Board serving in the function as at 31 December 2023					
Tomasz Zdzikot*	01.01-31.12	1 648	-	-	**1 648**
Mirosław Kidoń	01.01-31.12	1 181	-	-	**1 181**
Marek Pietrzak*	01.01-31.12	2 244	-	-	**2 244**
Marek Świder*	01.01-31.12	2 004	-	-	**2 004**
Mateusz Wodejko	01.01-31.12	1 207	-	-	**1 207**
Members of the Management Board not serving in the function as at 31 December 2023					
Marcin Chludziński	-	-	874	-	**874**
Adam Bugajczuk	-	-	697	-	**697**
Paweł Gruza	-	-	631	(163)	**468**
Andrzej Kensbok	-	-	975	-	**975**
TOTAL		**8 284**	**3 177**	**(163)**	**11 298**

** The amount includes the variable part of remuneration for 2022 settled in 2023.*

Remuneration of members of the Supervisory Board (in PLN thousands)	from 1 January 2024 to 31 December 2024			
	Period when function served	Current employee benefits	Current benefits due to serving in the function	Total earnings
Members of the Supervisory Board serving in the function as at 31 December 2024				
Tadeusz Kocowski	13.02-31.12	-	182	**182**
Aleksander Cieśliński	13.02-31.12	-	166	**166**
Bogusław Szarek	01.01-31.12	336	186	**522**
Józef Czyczerski	01.01-31.12	26	186	**212**
Przemysław Darowski	01.01-31.12	151	187	**338**
Zbysław Dobrowolski	13.02-31.12	-	165	**165**
Dominik Januszewski	13.02-31.12	-	165	**165**
Marian Noga	13.02-31.12	-	164	**164**
Piotr Prugar	13.02-31.12	-	165	**165**
Members of the Supervisory Board not serving in the function as at 31 December 2024				
Zbigniew Bryja	13.02-06.03	-	91	**91**
Agnieszka Winnik-Kalemba	01.01-13.02	-	25	**25**
Katarzyna Krupa	01.01-13.02	-	22	**22**
Wojciech Zarzycki	01.01-13.02	-	23	**23**
Andrzej Kisielewicz	01.01-13.02	-	23	**23**
Marek Wojtków	01.01-13.02	-	23	**23**
Radosław Zimroz	01.01-13.02	-	23	**23**
Piotr Ziubroniewicz	01.01-13.02	-	23	**23**
TOTAL		**513**	**1 819**	**2 332**

Remuneration of members of the Supervisory Board (in PLN thousands)	from 1 January 2023 to 31 December 2023			
	Period when function served	Current employee benefits	Current benefits due to serving in the function	Total earnings
Members of the Supervisory Board serving in the function as at 31 December 2023				
Agnieszka Winnik -Kalemba	01.01-31.12	-	185	**185**
Katarzyna Krupa	01.01-31.12	-	167	**167**
Wojciech Zarzycki	01.01-31.12	-	167	**167**
Józef Czyczerski	01.01-31.12	328	168	**496**
Przemysław Darowski	01.01-31.12	126	167	**293**
Andrzej Kisielewicz	01.01-31.12	-	167	**167**
Bogusław Szarek	01.01-31.12	326	167	**493**
Marek Wojtków	01.01-31.12	-	167	**167**
Radosław Zimroz	01.01-31.12	-	167	**167**
Piotr Ziubroniewicz	01.01-31.12	-	167	**167**
TOTAL		**780**	**1 689**	**2 469**

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Current employee benefits of other key managers (in PLN thousands)	4 917	3 141

Based on the definition of key management personnel according to IAS 24 and based on an analysis of the rights and scope of responsibilities of members of management bodies of the KGHM Polska Miedź S.A. Group arising from corporate documents and from management contracts, the members of the Board of Directors of KGHM INTERNATIONAL LTD. and the President of the Board of Directors of KGHM INTERNATIONAL LTD. were recognised as other key managers of the Group.

Note 12.11 Remuneration of the entity entitled to audit the financial statements and of entities related to it, in PLN thousands

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Companies of the PricewaterhouseCoopers group, total	**7 087**	**5 653**
From the contract for the review and audit of financial statements and contracts for assurance services, of which:	**6 961**	**5 554**
audit of annual financial statements	4 598	4 541
assurance services, of which:	2 363	1 013
review of financial statements	854	833
assurance on sustainability reporting	850	-
other assurance services	659	180
From realisation of other contracts	**126**	**99**

Note 12.12 Subsequent events

Appointment of a member of the Supervisory Board of the Parent Entity

On 8 January 2025, the Extraordinary General Meeting of KGHM Polska Miedź S.A. appointed Joanna Zakrzewska to the composition of the Supervisory Board of KGHM Polska Miedź S.A.

Conclusion of the sales transaction involving a part of the assets of the Sudbury Basin

On 28 February 2025, a transaction for the sale of a part of the assets of the Sudbury Basin within the KGHM INTERNATIONAL LTD. Group was concluded. Details are described in Note 9.9 Assets held for sale (disposal group) and liabilities associated with them.

Agreements on providing reverse factoring services

In the first quarter of 2025, the total available limit increased to PLN 450 million under the concluded reverse factoring agreements.

Part 13 – Quarterly financial information of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 October 2023 to 31 December 2023 unaudited and unreviewed	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 2.3	Revenues from contracts with customers	9 181	7 819	35 320	33 467
Note 4.1	Cost of sales	(7 751)	(9 753)	(29 348)	(32 907)
	Gross profit/(loss) on sales	**1 430**	**(1 934)**	**5 972**	**560**
Note 4.1	Selling costs and administrative expenses	(649)	(795)	(2 205)	(2 200)
	Net profit/(loss) on sales	**781**	**(2 729)**	**3 767**	**(1 640)**
Note 6.2	Allowances for impairment of loans granted to a joint venture	253	-	-	-
Note 6.2	Gains due to the reversal of allowances for impairment of loans granted to a joint venture	226	(392)	226	101
Note 6.2	Interest income on loans granted to a joint venture calculated using the effective interest rate method	122	151	552	597
	Profit or loss on involvement in a joint venture	601	(241)	778	698
Note 4.2	Other operating income, including:	1 225	204	1 562	906
	other interest calculated using the effective interest rate method	38	12	63	56
	reversal of impairment losses on financial instruments	(1)	(3)	-	-
Note 4.2	Other operating costs, including:	(149)	(2 769)	(1 118)	(3 723)
	impairment losses on financial instruments	2	2	(1)	(4)
Note 4.3	Finance income	61	391	135	529
Note 4.3	Finance costs	(299)	(148)	(516)	(370)
	Profit/(loss) before income tax	**2 220**	**(5 292)**	**4 608**	**(3 600)**
Note 5.1	Income tax expense	(664)	765	(1 738)	(91)
	PROFIT/(LOSS) FOR THE PERIOD	**1 556**	**(4 527)**	**2 870**	**(3 691)**
	Profit/(loss) for the period attributable to:				
	shareholders of the Parent Entity	1 555	(4 526)	2 868	(3 698)
	non-controlling interest	1	(1)	2	7
	Weighted average number of ordinary shares (million)	**200**	**200**	**200**	**200**
	Basic/diluted earnings per share (in PLN)	**7.78**	**(22.63)**	**14.34**	**(18.49)**

in PLN millions, unless otherwise stated

Explanatory notes to the consolidated statement of profit or loss

Note 13.1 Expenses by nature

	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 October 2023 to 31 December 2023 unaudited and unreviewed	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	646	756	2 513	2 641
Employee benefits expenses	2 477	2 170	8 965	8 296
Materials and energy, including:	3 161	3 576	13 328	14 872
purchased metal-bearing materials	1 749	1 915	7 439	7 712
External services	868	812	3 091	2 960
Minerals extraction tax	996	699	3 865	3 496
Other taxes and charges	255	272	939	874
Advertising costs and representation expenses	23	37	75	96
Property and personal insurance	25	21	92	87
Impairment losses on property, plant and equipment and intangible assets	264	2 720	290	2 728
Reversal of write-down of inventories	(2)	(2)	(14)	(19)
Reversal of impairment losses on property, plant and equipment and intangible assets	(1)	(1)	(69)	(3)
Write-downs of inventories	12	88	84	429
Other costs	26	26	83	83
Total expenses by nature	**8 750**	**11 174**	**33 242**	**36 540**
Cost of merchandise and materials sold (+)	125	138	547	679
Change in inventories of finished goods and work in progress (+/-)	220	(108)	180	(275)
Cost of products for internal use of the Group (-)	(695)	(656)	(2 416)	(1 837)
Total cost of sales, selling costs and administrative expenses, of which:	**8 400**	**10 548**	**31 553**	**35 107**
Cost of sales	7 751	9 753	29 348	32 907
Selling costs	133	134	529	481
Administrative expenses	516	661	1 676	1 719

in PLN millions, unless otherwise stated

Note 13.2 Other operating income and (costs)

	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 October 2023 to 31 December 2023 unaudited and unreviewed	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Gains on derivatives, of which:	41	(31)	617	367
measurement	(14)	(127)	68	202
realisation	55	96	549	165
Interest income calculated using the effective interest rate method	38	12	63	56
Exchange differences on financial assets and liabilities other than borrowings	932	-	555	-
Reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	1	23	5	53
Fair value gains on other financial assets	9	-	9	-
Reversal of impairment losses on financial instruments	(1)	(3)	-	-
Provisions released	126	(33)	133	54
Gain on disposal of intangible assets	-	(1)	4	7
Government grants received	6	(4)	16	17
Income from servicing of letters of credit and guarantees	-	11	18	21
Compensation, fines and penalties received	4	14	35	47
Assistance under the government program “Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2024 and 2023”	14	178	14	178
Other	55	38	93	106
Total other operating income	**1 225**	**204**	**1 562**	**906**
Losses on derivatives, of which:	46	(100)	(566)	(634)
measurement	90	40	(14)	(188)
realisation	(44)	(140)	(552)	(446)
Impairment losses on financial instruments	2	2	(1)	(4)
Fair value losses on trade receivables	(45)	(9)	(136)	(104)
Impairment losses on fixed assets under construction and intangible assets not yet available for use	31	(1 306)	(22)	(1 308)
Exchange differences on financial assets and liabilities other than borrowings	-	(1 274)	-	(1 414)
Provisions recognised	(125)	(30)	(220)	(36)
Losses on disposal of property, plant and equipment	10	(10)	(29)	(28)
Donations granted	(24)	(12)	(68)	(66)
Other	(44)	(30)	(76)	(129)
Total other operating costs	**(149)**	**(2 769)**	**(1 118)**	**(3 723)**
Other operating income/(costs)	**1 076**	**(2 565)**	**444**	**(2 817)**

in PLN millions, unless otherwise stated

Note 13.3 Finance income/(costs)

	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 October 2023 to 31 December 2023 unaudited and unreviewed	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Exchange differences on measurement and realisation of borrowings	-	305	-	356
Gains on derivatives - realisation	60	86	134	173
Other	1	-	1	-
Total finance income	**61**	**391**	**135**	**529**
Interest on borrowings due to leases	(3)	-	(10)	(1)
Interest on trade payables within the reverse factoring mechanism	(44)	(40)	(150)	(75)
Unwinding of the discount effect	(21)	(6)	(92)	(72)
Bank fees and charges on borrowings	(5)	(8)	(23)	(26)
Losses on derivatives - realisation	(66)	(90)	(146)	(183)
Exchange differences on measurement and realisation of borrowings	(157)	-	(84)	-
Other	(3)	(4)	(11)	(13)
Total finance costs	**(299)**	**(148)**	**(516)**	**(370)**
Finance income /(costs)	**(238)**	**243**	**(381)**	**159**

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

These financial statements were authorised for issue on 25 March 2025.

President
of the Management Board

Andrzej Szydło

Vice President
of the Management Board

Zbigniew Bryja

Vice President
of the Management Board

Piotr Krzyżewski

Vice President
of the Management Board

Mirosław Laskowski

Vice President
of the Management Board

Iga Dorota Lis

Vice President
of the Management Board

Piotr Stryczek

SIGNATURE OF PERSON RESPONSIBLE FOR ACCOUNTING

Executive Director
of Accounting Services Centre
Chief Accountant

Agnieszka Sinior