POLISH FINANCIAL SUPERVISION AUTHORITY

Annual report RR 2024

(in accordance with § 60 sec. 1 point 3 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 separate financial statements according to International Accounting 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)
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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	29 894	29 084	6 945	6 423
II.	Profit/(Loss) on sales	2 856	(920)	664	(203)
III.	Profit/(Loss) before income tax	3 985	(1 030)	926	(227)
IV.	Profit/(Loss) for the period	2 788	(1 153)	648	(255)
V.	Other comprehensive income	(152)	496	(35)	110
VI.	Total comprehensive income	2 636	(657)	613	(145)
VII.	Number of shares issued	200 000 000	200 000 000	200 000 000	200 000 000
VIII.	Earnings per ordinary share	13.94	(5.77)	3.24	(1.27)
IX.	Net cash generated from/(used in) operating activities	2 532	5 639	588	1 245
X.	Net cash generated from/(used in) investing activities	(3 652)	(4 332)	(848)	(957)
XI.	Net cash generated from/(used in) financing activities	3	(809)	1	(179)
XII.	Total net cash flow	(1 117)	498	(259)	109
XIII.	Non-current assets	40 107	36 781	9 386	8 460
XIV.	Current assets	10 298	12 115	2 410	2 786
XV.	Total assets	50 405	48 896	11 796	11 246
XVI.	Non-current liabilities	9 409	9 468	2 202	2 178
XVII.	Current liabilities	9 842	10 610	2 304	2 440
XVIII.	Equity	31 154	28 818	7 291	6 628

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.**

SEPARATE FINANCIAL STATEMENTS FOR 2024

Lubin, March 2025

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SEPARATE STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Part 2	Revenues from contracts with customers	29 894	29 084
Note 4.1	Cost of sales	(25 503)	(28 414)
	Gross profit	**4 391**	**670**
Note 4.1	Selling costs and administrative expenses	(1 535)	(1 590)
	Profit/(Loss) on sales	**2 856**	**(920)**
Note 4.2	Other operating income, including:	3 064	2 564
	interest income calculated using the effective interest rate method	435	377
	fair value gains on financial assets measured at fair value through profit or loss	141	668
	gains due to reversal of impairment losses on financial instruments measured at amortised cost	2	18
Note 4.2	Other operating costs, including:	(1 510)	(2 794)
	impairment losses on financial instruments measured at amortised cost	(94)	-
Note 4.3	Finance income	134	531
Note 4.3	Finance costs	(559)	(411)
	Profit/(Loss) before income tax	**3 985**	**(1 030)**
Note 5.1	Income tax expense	(1 197)	(123)
	PROFIT/(LOSS) FOR THE PERIOD	**2 788**	**(1 153)**
	Weighted average number of ordinary shares (million)	**200**	**200**
	Basic/diluted earnings per share (in PLN)	**13.94**	**(5.77)**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 8.2.2	**Profit/(Loss) for the period**	**2 788**	**(1 153)**
Note 8.2.2	Measurement of hedging instruments net of the tax effect	(446)	451
	Other comprehensive income which will be reclassified to profit or loss	**(446)**	**451**
Note 8.2.2	Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	9	264
Note 8.2.2	Actuarial gains/(losses) net of the tax effect	285	(219)
	Other comprehensive income, which will not be reclassified to profit or loss	**294**	**45**
	Total other comprehensive net income	**(152)**	**496**
	TOTAL COMPREHENSIVE INCOME	**2 636**	**(657)**

in PLN millions, unless otherwise stated

SEPARATE 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	3 985	(1 030)
Note 9.3	Depreciation/amortisation recognised in profit or loss	1 542	1 597
	Interest on investment activities	(324)	(292)
	Other interest	246	167
	Dividends income	(10)	-
	Losses on modification of financial assets	169	-
	Losses on disposal of shares	-	1
Note 6.2	Fair value (gains)/losses on financial assets measured at fair value through profit or loss	(18)	(563)
Note 4.4	(Gains)/losses due to impairment on financial assets measured at amortised cost	89	(15)
Note 4.4	(Gains)/losses due to impairment of property, plant and equipment and intangible assets	5	3 777
Note 4.4	(Gains)/losses due to change in the value of investments in subsidiaries	(1 169)	(827)
	Exchange differences, of which:	(166)	310
	from investment activities and cash	(255)	668
	from financing activities	89	(358)
	Change in provisions for decommissioning of mines, liabilities related to future employee benefits program and other provisions	339	391
	Change in other receivables and liabilities other than working capital	(123)	(207)
	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	43	156
	Exclusions of income and costs, total	175	5 116
	Income tax, of which:	(406)	(1 631)
	payments of income tax	(1 018)	(1 631)
	refunds of income tax	612	-
Note 10.4	Changes in working capital, including:	(1 222)	3 184
	change in trade payables within the reverse factoring mechanism	(1 007)	2 886
	Net cash generated from/(used in) operating activities	**2 532**	**5 639**
	Cash flow from investing activities		
Note 9.1.2	Expenditures on mining and metallurgical assets, including:	(3 597)	(3 037)
	paid capitalised interest on borrowings	(247)	(254)
	proceeds on settlement of an instrument hedging interest rate of bonds	55	78
	Expenditures on other property, plant and equipment and intangible assets	(38)	(37)
	Expenditures due to loans granted (principal)	(248)	(829)
	Expenditures on the acquisition of subsidiaries	(218)	(228)
	Expenditures on financial assets designated for decommissioning of mines	(44)	(40)
	Advances granted for the purchase of property, plant and equipment and intangible assets	(24)	(143)
	Advances granted for the purchase of financial assets	-	(141)
Note 7.5.2.5	Proceeds from repayment of loans granted (principal)	412	107
	Interest received on loans granted	84	8
	Other	21	8
	Net cash generated from/(used in) investing activities	**(3 652)**	**(4 332)**

in PLN millions, unless otherwise stated

	Cash flow from financing activities		
Note 8.4.2	Proceeds from borrowings	1 884	1 514
Note 8.4.2	Proceeds from issuance of debt financial instruments	1 000	-
	Proceeds from cash pooling	210	30
	Proceeds from derivatives related to sources of external financing	64	70
Note 8.4.2	Repayment of received borrowings	(2 051)	(1 936)
Note 8.4.2	Redemption of debt financial instruments	(400)	-
	Expenditures due to dividends paid to shareholders of the Company	(300)	(200)
	Interest paid, of which:	(259)	(145)
Note 8.4.2	trade payables within the reverse factoring mechanism	(163)	(50)
	borrowings	(96)	(95)
	Expenditures due to derivatives related to sources of external financing	(76)	(81)
	Repayment of lease liabilities	(69)	(62)
	Other	-	1
	Net cash generated from/(used) in financing activities	**3**	**(809)**
	NET CASH FLOW	**(1 117)**	**498**
	Exchange differences on cash and cash equivalents	3	(2)
	Cash and cash equivalents at beginning of the period	1 481	985
Note 8.5	**Cash and cash equivalents at end of the period, including:**	**367**	**1 481**
	restricted cash	8	18

in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF FINANCIAL POSITION

	ASSETS	As at 31 December 2024	As at 31 December 2023
	Mining and metallurgical property, plant and equipment	21 007	19 006
	Mining and metallurgical intangible assets	1 284	1 419
Note 9.1	Mining and metallurgical property, plant and equipment and intangible assets	22 291	20 425
	Other property, plant and equipment	119	111
	Other intangible assets	49	54
Note 9.2	Other property, plant and equipment and intangible assets	168	165
Note 6.1	Investments in subsidiaries – shares	6 146	4 807
Note 6.2	Loans granted, of which:	9 727	9 638
	measured at fair value through profit or loss	3 668	3 766
	measured at amortised cost	6 059	5 872
Note 7.2	Derivatives	286	233
Note 7.3	Other financial instruments measured at fair value through other comprehensive income	814	803
Note 7.4	Other financial instruments measured at amortised cost	578	445
	Financial instruments, total	11 405	11 119
Note 12.3	Other non-financial assets	97	265
	Non-current assets	**40 107**	**36 781**
Note 10.1	Inventories	7 037	7 506
Note 10.2	Trade receivables, including:	885	471
	Trade receivables measured at fair value through profit or loss	506	211
Note 5.3	Tax assets	396	932
Note 7.2	Derivatives	219	760
Note 7.1	Cash pooling receivables	683	424
Note 12.3	Other financial assets, including:	540	327
	Loans granted	246	73
Note 12.3	Other non-financial assets	171	214
Note 8.5	Cash and cash equivalents	367	1 481
	Current assets	**10 298**	**12 115**
	TOTAL ASSETS	**50 405**	**48 896**
	EQUITY AND LIABILITIES		
Note 8.2.1	Share capital	2 000	2 000
Note 8.2.2	Other reserves from measurement of financial instruments	(117)	320
Note 8.2.2	Accumulated other comprehensive income	(636)	(921)
Note 8.2.2	Retained earnings	29 907	27 419
	Equity	**31 154**	**28 818**
Note 8.4.1	Borrowings and leases	2 055	2 908
Note 8.4.1	Liabilities due to issuance of debt financial instruments	2 600	1 600
Note 7.2	Derivatives	269	202
Note 11.1	Employee benefits liabilities	2 467	2 821
Note 9.4	Provisions for decommissioning costs of mines and other technological facilities	1 263	1 389
	Deferred tax liabilities	460	328
Note 12.4	Other liabilities	295	220
	Non-current liabilities	**9 409**	**9 468**
Note 8.4.1	Borrowings and leases	1 133	431
Note 8.4.1	Liabilities due to issuance of debt financial instruments	2	402
Note 8.4.1	Cash pooling liabilities	561	350
Note 7.2	Derivatives	44	499
Note 10.3	Trade and other payables	4 825	6 065
Note 11.1	Employee benefits liabilities	1 569	1 315
Note 5.3	Tax liabilities	786	405
Note 12.5	Provisions for liabilities and other charges	227	82
Note 12.4	Other liabilities	695	1 061
	Current liabilities	**9 842**	**10 610**
	Non-current and current liabilities	**19 251**	**20 078**
	TOTAL EQUITY AND LIABILITIES	**50 405**	**48 896**

in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF CHANGES IN EQUITY

		Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total equity
	As at 1 January 2023	**2 000**	**(395)**	**(702)**	**28 772**	**29 675**
	Transactions with owners – dividend approved and paid	-	-	-	(200)	**(200)**
	Loss for the period	-	-	-	(1 153)	**(1 153)**
Note 8.2.2	Other comprehensive income	-	715	(219)	-	**496**
	Total comprehensive income	-	715	(219)	(1 153)	**(657)**
	As at 31 December 2023	**2 000**	**320**	**(921)**	**27 419**	**28 818**
Note 12.2	Transactions with owners – dividend approved and paid	-	**-**	-	(300)	**(300)**
	Profit for the period	-	-	-	2 788	**2 788**
Note 8.2.2	Other comprehensive income	-	(437)	285	-	**(152)**
	Total comprehensive income	-	(437)	285	2 788	**2 636**
	As at 31 December 2024	**2 000**	**(117)**	**(636)**	**29 907**	**31 154**

PART 1 – General information

Note 1.1 Corporate information

KGHM Polska Miedź S.A. (“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, 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 Company’s principal activities include:

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

KGHM Polska Miedź S.A. carries out copper ore mining activities based on concessions given for specific mine deposits, and also based on mining usufruct agreements and mine operating plans.

KGHM Polska Miedź S.A. is a parent entity of the KGHM Polska Miedź S.A. Group (“Group”).

Note 1.2 Going concern

The separate financial statements were prepared under the assumption of continuing 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 financial statements the Management Board 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 operations in the foreseeable future.

During the assessment of the capacity to continue operations, forecasts of financial liquidity, debt level, key debt ratios and profitability were taken into account.

The Company 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 Company takes actions aimed at ensuring safety and financial stability of the Group by diversifying the sources of financing and ensuring their long-term maturities. The Company 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 Company and confirms its stable financial condition. During the process of managing the liquidity and capital, the Company 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 Company 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 the Company (Part 2 Information on segments and revenues).

To assess the capacity to continue operations by the Company, 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 risks associated with the climate change on activities of the Company (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 operations in the foreseeable future, that is in the period of no less than 1 year from the end of the reporting period.

Note 1.2.1 Monitored areas – macroeconomic conditions

The following macroeconomic factors have the most significant impact on the activities and financial results of the Company: 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 Company by, among others, derivatives transactions hedging the price as well as the exchange rate. Moreover, they have a significant impact on some of the Company’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 Company 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 Company'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 impact of macroeconomic factors on individual areas of operations as well as assets and liabilities of the Company was presented in the following notes:

Impact observation areas	Note
Operating segments and information on revenues – onerous contracts and variable overheads	Part 2
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 carriers	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 1.2.2 Monitored areas – impact of war in Ukraine

In the reporting period, the Company 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 Company'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 Company'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 Company'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, KGHM Polska Miedź S.A. 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 Company and may lead to unfavourable deviations in the continuity of materials and services supply chains in the Company as well as in the receipt of products, caused among others by logistical restrictions and the availability of materials (e.g. steel), fuels and energy on international markets. Taking into consideration the continuity of supply of energy carriers (natural gas, coal, coke), at the present time, KGHM Polska Miedź S.A. is not experiencing a negative impact from the suspension of Russian natural gas, coal and coke deliveries, and is fully capable of maintaining the continued operation of the core production business and of all production processes.

Impact on the activities of the Company

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., while the risk of interruptions to the operational continuity of the Company 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 Company holds no bank loans drawn from institutions threatened with sanctions.

In the Company, no production stoppages which would have been directly attributable to the war in Ukraine were recorded.

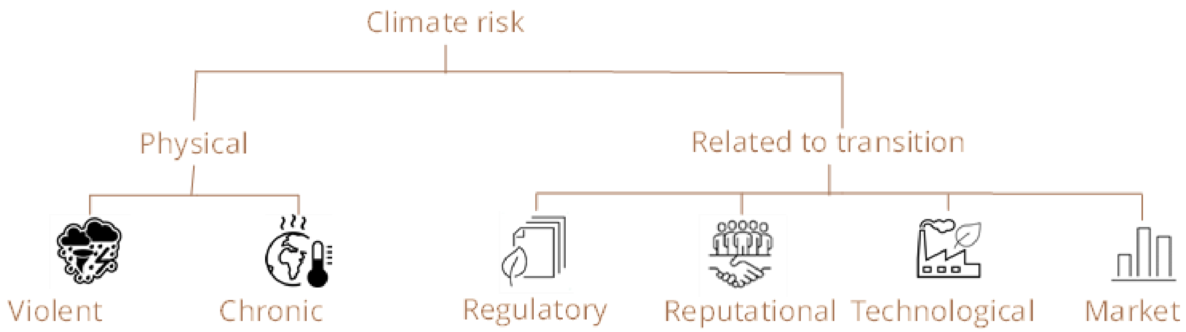
There have been no significant changes in the payment morality of customers, and therefore the inflow of receivables in the Company takes place without any major disturbances.

Preventive actions

The strategy of diversification of suppliers applied by the Company 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.
KGHM Polska Miedź S.A. 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 Company continuously monitors the international economic situation in order to assess its potential negative impact on the Company and to take preventive actions to mitigate this impact.

Note 1.2.3 Monitored areas – risks and hazards associated with the climate

KGHM Polska Miedź S.A. 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 Company 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 2.3 Risk management.
The negative impact of climate change on the activities of KGHM Polska Miedź S.A. is analysed using the classification presented below:



The Company 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 Company 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 Company 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 Company 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 KGHM Polska Miedź S.A., including description of actions undertaken by the Company 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 2.3 Risk management and section 4.2 Climate impact management.

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 Company. While assessing the impact of identified climate risks on the Company's financial situation, results and activities, 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.

in PLN millions, unless otherwise stated

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 Declaration by the Management Board on the accuracy of the prepared separate financial statements

The Management Board of KGHM Polska Miedź S.A. declares that according to its best judgement, the annual separate financial statements for 2024 and the comparable 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 KGHM Polska Miedź S.A. and the profit for the period of the Company.
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 separate financial statements were authorised for publication and signed by the Management Board of the Company on 25 March 2025.

Note 1.4 Basis of preparation and presentation

These separate 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. These financial statements are the separate financial statements of KGHM Polska Miedź S.A. pursuant to IAS 27.

In order to fully understand the financial position and results of the Company's activities as the Parent Entity of the Group, these separate financial statements should be read jointly with the annual consolidated financial statements of the KGHM Polska Miedź S.A. Group for the year ended on 31 December 2024. These financial statements are available at the Company's website www.kghm.com from the dates indicated in the regulatory filing on publication dates for the Company's annual report and the Group's consolidated annual report for 2024.

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

Note 12.11 of these separate financial statements contains information on the Company's activities regulated by the Act on Energy, pursuant to article 44 section 2 of the Act dated 10 April 1997.

As compared to the period ended on 31 December 2023, there were no significant changes to the measurement 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 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.

Note	Title	Amount recognised in the financial statements		Accounting policy	Important estimates, assumptions and judgements
		2024	2023		
2	Revenues from contracts with customers	29 894	29 084	x	x
3.1	Impairment losses on non-current assets	(159)	(3 777)		x
5.1	Income tax in the statement of profit or loss	(1 197)	(123)	x	
5.1.1	Deferred income tax	(132)	377	x	x
5.3	Tax assets	396	932	x	
5.3	Tax liabilities	(786)	(405)	x	
6.1	Investments in subsidiaries	6 146	4 807	x	x
6.2	Loans granted*	9 973	9 711	x	x
7.2	Derivatives	192	292	x	x
7.3	Other financial instruments measured at fair value	814	803	x	x
7.4	Other long-term financial instruments measured at amortised cost	578	445	x	x
8.2	Equity	(31 154)	(28 818)	x	
8.4	Borrowings	(6 351)	(5 691)	x	
8.5	Cash and cash equivalents	367	1 481	x	
8.6	Labilities due to guarantees granted	(2 015)	(1 537)	x	x
9.1	Mining and metallurgical property, plant and equipment and intangible assets	22 291	20 425	x	x

in PLN millions, unless otherwise stated

9.2	Other property, plant and equipment and intangible assets	168	165	x	
9.4	Provision for decommissioning costs of mines and other facilities**	(1 301)	(1 401)	x	x
9.6	Lease disclosures – the Company as a lessee	479	562	x	x
10.1	Inventories	7 037	7 506	x	x
10.2	Trade receivables	885	471	x	x
10.3	Trade and other payables	(5 020)	(6 261)	x	x
10.4	Changes in working capital	(1 222)	3 184	x	x
11.1	Employee benefits liabilities	(4 036)	(4 136)	x	x
12.3	Other assets	808	806	x	
12.4	Other liabilities	(990)	(1 281)	x	

** Amounts include data on long-term and short-term loans. In the statement of financial position short-term loans are recognised in the item "other financial assets".*
*** Amounts include data on non-current and current provisions for decommissioning costs of mines and other technological facilities. In the statement of financial position, current provisions for decommissioning costs of mines and other technological facilities are recognised in the item "provisions for liabilities and other charges".*

Note 1.5 Foreign currency transactions and the measurement of items denominated in foreign currencies

The financial statements are presented in Polish zloty (PLN), which is both the functional and presentation currency of the Company.

At the moment of initial recognition, foreign currency transactions are translated into the functional currency:

- 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 average exchange rate set for a given currency, prevailing on the date of the transaction for other transactions. The exchange rate prevailing on the date of the transaction is the average NBP rate announced on the last working day preceding the transaction date.

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.

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.

Note 1.6 Impact of new and amended standards and interpretations

Amendments to standards applied for the first time in the separate 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 separate financial statements, the aforementioned amendments to the standards were adopted for use by the European Union.

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

- **IFRS 16** do not have an impact on these separate 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 Company 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 Company has the right to defer settlement of a liability for over 12 months after the reporting date and at the same time the potential Company'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 Company as current or non-current as at the end of the reporting period. On the basis of bank loan agreements held, the Company is obliged to maintain a certain level of covenants at the end of the half-year and annual reporting periods. Disclosures on covenants and related liabilities are presented in Part 8 of these financial statements.
- **IAS 7 and IFRS 7** on disclosure requirements regarding supplier finance arrangements, were included in these separate financial statements as part of the information disclosed on reverse factoring utilised by the Company 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 by the Company on separate financial statements.

However, the Company 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 Company 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 Company.

- **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 Company, after performed verification, assumed that the scope of disclosures is sufficient.

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

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 entities' 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 Company's separate 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 and deposited cash. In the Company'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 Company.

Moreover, in the Company's preliminary opinion, the performance measure currently disclosed by the Company 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.

<u>Pursuant to the amended IAS 7</u>, 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 Company recognises this interest in investing activities.

<u>The scope of IAS 8</u> 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 separate financial statements of the Company.

In the Company'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 separate financial statements of the Company.

- **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). IFRS 19 does not concern the Company KGHM Polska Miedź S.A., which is a public entity and therefore IFRS 19 will not have an impact on the separate financial statements of the Company, since the Company does not meet the criteria 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 separate financial statements of the Company, since the Company 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:
    (i) the entity has no practical ability to withdraw, stop or cancel the payment instruction,
    (ii) the entity has no practical ability to access the cash to be used for settlement as a result of the payment instruction, and
    (iii) 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 applied, 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 Company.
    The Company 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 Company's bank account, therefore the above changes will not affect separate financial statements.
  - 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 Company 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 Company.
  - 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 separate financial statements of the Company.
  - 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 separate financial statements of the Company.
  - 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 an impact on the separate financial statements of the Company.

- 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 separate financial statements of the Company.

- **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,
  - 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 have an impact on the separate financial statements of the Company, since the Company has PPA – type agreements (Power Purchase Agreement) on the purchase of renewable electricity.

The Company intends to apply the published standards and interpretations which are not yet in force and were not applied earlier by the Company, 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 Company’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 reform

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 the Company 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 Company, as the Parent Entity, 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 separate financial statements of the Company, 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 Company 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 separate financial statements do not contain any amounts arising from the reform of the international tax system – pillar 2 and the Group, including the Parent Entity, does not have to pay the top-up tax for 2024.

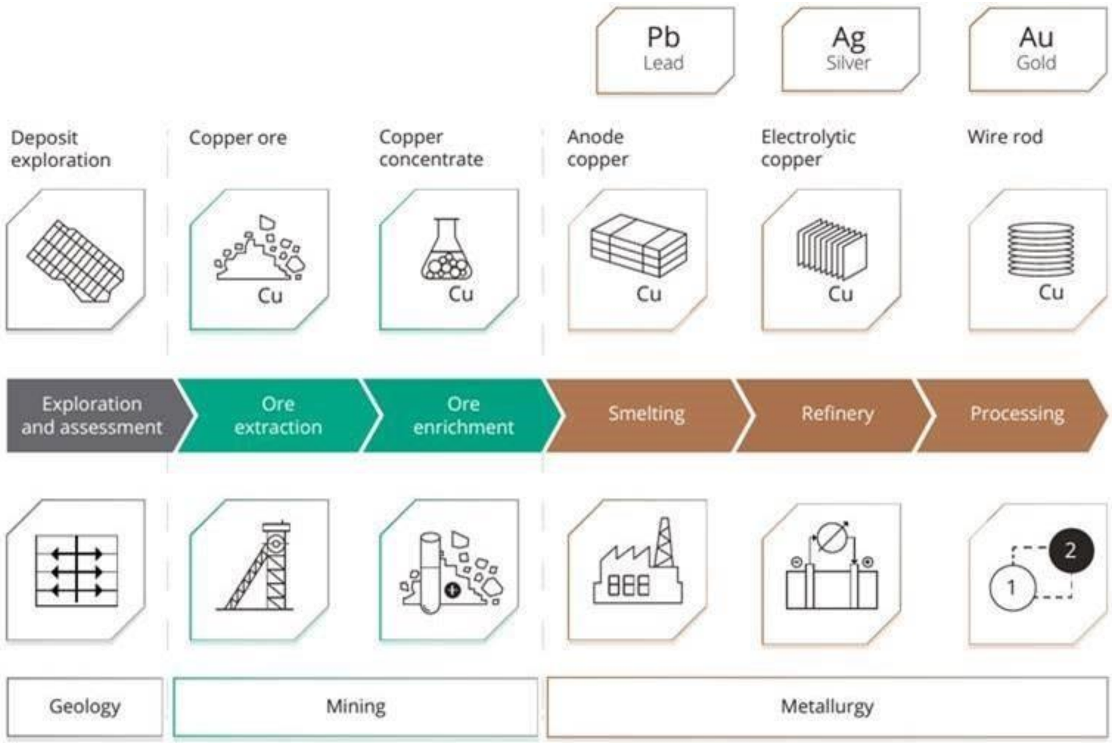
As regards the assessment of the Company’s future exposure to the risk of payment of top-up tax, the Company will be required to pay the top-up tax for the years 2025 and 2026 if the conditions of maintaining the exemption under the temporary safe harbours for these periods are not met and if in any 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 Company 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, including the Parent Entity's, the probability of paying the top-up tax in the future is assessed as low.

PART 2 – Operating segments and information on revenues

Operating segments

Based on an analysis of the Company's organisational structure, its system of internal reporting and the management model, it was determined that the Company's activity constitutes a single operating and reporting segment, which may be defined as "Production of copper, precious metals and other metallurgical products".

The core business of the Company is the production of copper and silver. Production is a fully integrated process, in which the end-product of one stage is the half-finished product used in the next stage. Copper ore extracted in the mines is transported to concentrators where the enrichment process is carried out. As a result of this process, copper concentrate is produced, which is then supplied to the metallurgical plants where it is smelted and fire refined into anode copper. Then, during the process of electrolytic refining, the anode copper is converted into copper cathodes, which are a commercial product, or a material to produce wire rod.
Anode slimes, which arise from the process of copper electrorefining, is a raw material used to produce silver and gold. Lead-bearing dust which is generated from the smelting processes is used to produce lead. Nickel sulphate and copper sulphate are recovered from the processing of used electrolyte. Gases generated from the smelting furnaces are used to produce sulphuric acid. Economic use is also made of smelter slags, which are sold as road-building materials.



Settlements between organisational units are carried out based on measurement of production at cost, and as a result the internal organisational units (i.e. mines, concentrators, metallurgical plants) in the production cycle do not generate profit on sales.

The financial data prepared for management accounting purposes is based on the same accounting policies which are used to prepare the financial statements. The Management Board of the Company, which is responsible for allocating resources and for the financial results of the Company, regularly reviews financial reports in the process of making major operational decisions.

The organisational structure of KGHM Polska Miedź S.A. has the Head Office and 10 Divisions, including: mines, concentrators and metallurgical plants. The Head Office carries out sales of the Company's basic products, i.e. electrolytic copper cathodes, wire rod and silver, and support functions, particularly including the management of financial assets, centralised finance and accounting services, marketing, legal and other services.
The Management Board of the Company assesses a segment's performance based on Adjusted EBITDA and the profit or loss for the period. The manner of calculating Adjusted EBITDA is presented in the table "Reconciliation of Adjusted EBITDA".

in PLN millions, unless otherwise stated

Segment assets and liabilities

	As at 31 December 2024	As at 31 December 2023
Assets	50 405	48 896
Liabilities	19 251	20 078

Production of main products

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Electrolytic copper (kt), of which:	**588.7**	**592.4**
- electrolytic copper from own concentrates (kt)	383.7	385.5
Silver (t)	**1 316.3**	**1 403.3**
C1 unit cash cost of production of payable copper in own concentrate (USD/lb)*	**3.07**	**2.98**
C1 unit cash cost of production of payable copper in own concentrate (PLN/lb)*	**12.21**	**12.52**

**C1 cost reflects 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 was calculated using the average exchange rate by the NBP, which is set as arithmetical average of daily quotations per the NBP's tables.*

Segment financial results

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Total revenues from contracts with customers, including:	29 894	29 084
Revenues from sales, for which the sales price is set after the date of recognition of the sales (M+ principle), of which:	18 813	20 681
settled	18 209	20 294
unsettled	604	387
Cost of sales, selling costs and administrative expenses*	(27 038)	(30 004)
Depreciation/amortisation recognised in expenses by nature	(1 607)	(1 675)
(Recognition)/reversal of an impairment loss on non-current assets, recognised in cost of sales, selling costs and administrative expenses	-	(2 808)
Adjusted EBITDA	4 463	3 563
EBITDA Margin**	15%	12%
Profit/(Loss) for the period, including:	2 788	(1 153)
(recognition)/reversal of impairment losses on non-current assets	**1 075**	**(2 935)**

** Cost of products, merchandise and materials sold plus selling costs and administrative expenses.*
*** Adjusted EBITDA divided by revenues from contracts with customers*

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Total revenues from contracts with customers, of which:	**29 894**	**29 084**
in factoring	8 871	8 852
not in factoring	21 023	20 232

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Revenues from contracts with customers, of which:	**29 894**	**29 084**
transferred at a certain moment	29 238	28 235
transferred over time	656	849

in PLN millions, unless otherwise stated

Reconciliation of "Adjusted EBITDA" (which is not defined in IFRSs) with "Profit/(loss) for the period" (which is defined in IFRSs) and "Profit on sales" is presented in the following tables:

Reconciliation of Adjusted EBITDA

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Profit/(Loss) for the period	**2 788**	**(1 153)**
[–] Current and deferred income tax	(1 197)	(123)
[–] Depreciation/amortisation recognised in expenses by nature	(1 607)	(1 675)
[–] Finance income and (costs)	(425)	120
[–] Other operating income and (costs)	1 554	(230)
[–] (Recognition)/reversal of an impairment loss on non-current assets, recognised in cost of sales, selling costs and administrative expenses	-	(2 808)
[=] Adjusted EBITDA*	**4 463**	**3 563**

** The Company defines adjusted EBITDA as profit/loss for the period pursuant to IFRS, excluding income tax (current and deferred), finance income and costs, other operating income and costs, depreciation/amortisation and recognition/reversal of impairment losses on property, plant and equipment included in the cost of sales, selling costs and administrative expenses.*

Accounting policies

Revenues arising from ordinary operating activities of the Company, 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 Company 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 IT services) and other products, merchandise and materials (including refined lead, sulphuric acid, heat and electricity as well as other production waste).

The Company recognises revenue from contracts with customers when the Company 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. Since in every case, following the shipment of the promised good and transferring control over it, the Company has an unconditional right to consideration from the customer, and the only condition of receiving it is time lapse, the Company recognises the consideration from contracts with customers as receivables and therefore the Company does not recognise contractual assets.

The Company 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 Company 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 Company fulfils its performance obligation and at the same time recognises revenues.

Apart from contracts for supplying goods with transport services, there are no other contracts including more than one performance obligation. The attribution of transaction prices to individual performance obligations are made on the basis of unit sale prices.

In trade contracts in which the performance obligation is met at a specified time, the Company 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 sale transactions of silver and gold. 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) or after the Company meets its performance obligation. If the Company 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 Company 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.

Revenues from sales of other services, such as distribution of utilities, rentals, leases, sharing IT systems and other are recognised over time by the Company as it meets its obligations, as the customers simultaneously receive and gain economic benefits arising from the Company's performance and the Company has an unconditional right to consideration.

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 Company'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. The Company did not identify significant financing components in sales transactions to customers realised in the current and comparable periods.

In the case of copper and silver products sales transaction 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 accounted 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 Company 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 place (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 Company is also obliged to organise a shipping service. In these cases, the obligation to sell goods and the obligation to provide a shipping service are treated as separate services promised in the contract. With respect to transport services, the Company acts as a principal, as it has control over the service before its completion.
Revenues from sales of other services, such as distribution of utilities, rentals, leases, sharing IT systems and other are recognised over time by the Company as it meets its obligations, as the customers simultaneously receive and gain economic benefits arising from the Company's performance and the Company has an unconditional right to 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 greater volatility of the macroeconomic environment, which has a significant impact on the Company's financial results, it 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 Company 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 Company, that is gold and lead products, 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 Company'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 Company sells to external clients. When making a decision to process and sell them, the Company 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.

in PLN millions, unless otherwise stated

Therefore, the Company 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 Company'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 Company did not identify the occurrence of onerous contracts under IAS 37 as at 31 December 2024.

As at 1 January 2024, the balance of trade payables due to contracts with customers amounted to PLN 2 million and was fully recognised in revenues for 2024. As at 31 December 2024, the balance of trade payables due to contracts with customers amounted to PLN 8 million.

In 2024, the Company recognised an adjustment to revenues on performance obligations realised in 2023 in the amount of PLN 2 million, which arose due to the final determination of sales price in 2024.

In 2023, the Company recognised revenues on performance obligations realised in 2022 in the amount of PLN 71 million, which arose due to the final determination of sales price in 2023.

If the Company has remaining performance obligations as at the end of the reporting period that are unsatisfied, it is necessary to disclose the transaction price allocated to these obligations (IFRS 15.120). The Company uses a practical approach and does not disclose performance obligations that are part of contracts with initial period of one year or less. Moreover, the Company has several long-term contracts, the price of which is based mainly on variable consideration that the Company does not include in estimating the transaction price.

Revenues from contracts with customers – breakdown by products

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Copper	22 789	22 290
Silver	4 917	4 389
Gold	853	932
Lead	285	264
Services	228	199
Merchandise	279	525
Energy	148	123
Waste and production materials	116	121
Sulphuric acid	85	62
Copper sulphate	51	52
Other	143	127
TOTAL, including:	**29 894**	**29 084**
impact of hedging transactions on revenues from contracts with customers	608	635

in PLN millions, unless otherwise stated

Sales revenue – geographical breakdown reflecting the location of end customers

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Europe			
	Poland	7 453	7 074
	Germany	4 716	6 070
	Italy	2 400	2 172
	Czechia	2 296	2 279
	The United Kingdom	1 814	990
	Hungary	1 457	1 439
	Switzerland	1 095	1 358
	France	713	881
	Sweden	672	146
	Austria	307	401
	Greece	197	-
	Slovakia	184	210
	Bulgaria	171	251
	Romania	112	155
	Slovenia	99	108
	Belgium	72	33
	Finland	37	9
	Estonia	33	24
	Bosnia and Herzegovina	24	12
	Spain	14	11
	The Netherlands	8	7
	Denmark	5	13
North and South Americas			
	The United States of America	1 409	1 163
	Canada	56	41
	Other	7	2
Australia		445	393
Asia			
	China	2 683	2 982
	Türkiye	562	231
	Thailand	300	327
	Saudi Arabia	181	102
	South Korea	99	15
	India	70	-
	Singapore	29	-
	Malesia	20	52
	Taiwan	-	49
	Other	5	2
Africa			
	Algeria	72	80
	Egypt	59	-
	Morocco	18	2
TOTAL		**29 894**	**29 084**

Main customers

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

Non–current assets – geographical breakdown

The property, plant and equipment of KGHM Polska Miedź S.A. are located in Poland.

Cash expenditures on property, plant and equipment and intangible assets

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Cash expenditures on mining and metallurgical assets	(3 597)	(3 037)
Cash expenditures on other property, plant and equipment and intangible assets	(38)	(37)

PART 3 – Impairment of assets

Note 3.1 Impairment losses on assets as at 31 December 2024

Assessment of the risk of impairment of 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 result, the share price of the Company fell in 2024 by 6.3% as compared to the share price at the end of 2023 and as at 30 December 2024 it amounted to PLN 115 (the average share price in 2024 amounted to 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).

An analysis in the area of Polish assets indicated that not all the factors which affect the level of market capitalisation of KGHM Polska Miedź S.A. are the factors related to the 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 copper price in 2024 in PLN amounted to 36 403 PLN/t, which was 2% higher than the prices observed in 2023 (an 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.

Impairment testing of shares in FUTURE 1 Sp. z o.o.

KGHM Polska Miedź S.A. is involved in Future 1 Sp. z o.o. in the form of:
- loans granted in the amount of PLN 4 572 million, and
- shares measured at cost less impairment losses, which as at 31 December 2024 before the recognition of results of impairment testing amounted to PLN 2 852 million (comprised of PLN 4 770 million – value at cost, PLN 1 921 million – the amount of impairment loss and PLN 3 million – the amount of discount on receivables due to returnable payments to capital).

Information on loans granted are presented in 6.2.
As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of shares in the company Future 1 Sp. z o.o., a test for impairment of these shares was conducted. Future 1 Sp. z o.o. is a holding company, through which KGHM Polska Miedź S.A. holds shares in KGHM INTERNATIONAL LTD. (whose main assets are the Victoria project (in the pre-operational phase), the Robinson mine and the Carlota mine) and in the joint venture Sierra Gorda S.C.M., and provides financing to the KGHM INTERNATIONAL LTD. Group and Sierra Gorda S.C.M.

The key indications to perform impairment testing were:
- changes in the scenario analysis of loans granted to the joint venture Sierra Gorda S.C.M. as a result of annexing agreements on loans granted to Sierra Gorda S.C.M. – an indication that the recoverable amount may be higher than the carrying amount,
- annexes to loan agreements for other debt streams, in particular no capitalisation of interest on debt streams which finance Sierra Gorda S.C.M. – an indication that the recoverable amount may be higher than the carrying amount,
- an update of assumptions and production plans of the Victoria Project (in the pre-operational phase), in particular indications that:
  - the recoverable amount may be higher than the carrying amount:
    - changes to the economic assumptions of the model;
  - the recoverable amount may be lower than the carrying amount:
    - changes to the technical assumptions of the model,
    - update of the mine construction schedule,
    - update of capital expenditures.

In order to estimate the recoverable amount, in the conducted test the fair value of the CGU was calculated using an income-based approach, i.e. the method of discounted cash flows. The same method was used in previous years. Cash flows were discounted using the weighted average cost of capital at the level of 11.52%.

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

Basic macroeconomic assumptions adopted for cash flow estimation – metal prices

The Company adopted price paths on the basis of internal macroeconomic assumptions developed based on available long-term forecasts from financial and analytical institutions. 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, from which a long-term metal price forecast was assumed at the following level:
- for copper – 8 800 USD/t (3.99 USD/lb),
- for gold – 1 900 USD/oz,
- for nickel – 18 739 USD/t (8.50 USD/lb).

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,
- for nickel – from 17 086 USD/t (7.75 USD/lb) to 18 739 USD/t (8.50 USD/lb).

Assumption	Sierra Gorda	Victoria	Robinson	Carlota
Mine life / forecast period	23	15	12	4
Level of copper production during mine life (kt)	3 488	266	488	12
Level of nickel production during mine life (kt)	-	218	-	-
Level of gold production during mine life (koz t)	966	220	433	-
Average operating margin during mine life	47,6%	63%	43%	-1%
Capital expenditures to be incurred during mine life (USD million)	6 225	1 637	1 092	15
Including capitalised stripping costs (USD million)	*4 204*	-	*638*	*2*

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

Test elements	PLN million
Discounted future cash flows of the KGHM INTERNATIONAL LTD. Group less by all of liabilities (including the repayment of loans towards KGHM Polska Miedź S.A.)	3 965
Recoverable amount of other assets	250
Recoverable amount of investment in KGHM INTERNATIONAL LTD. (Enterprise value) after the repayment of liabilities towards KGHM Polska Miedź S.A. due to loans granted	**4 215**
Less receivables due to return payment to capital of Future 1 Sp. z o.o.	(40)
Carrying amount of shares in Future 1 Sp. z o.o. (before the test for impairment)	2 852
Recoverable amount of shares in Future 1 Sp. z o.o. (test result)	**4 175**
Reversal of impairment loss on shares in Future 1	**1 323**

The reversal of the impairment loss on the shares in the amount of PLN 1 323 million was recognised in the statement of financial position in other operating activities (Note 4.2).
Sensitivity analysis of the recoverable amount of the shares of Future 1 Sp. z o.o. determined that the key assumptions adopted for the impairment testing were the assumed price paths and the discount rate. The assumptions regarding the price paths and the discount rate were adopted while taking into account the professional judgement 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 shares of FUTURE 1 Sp. z o.o.			
	Recoverable amount per discount rate		
	lower by 1 pp.	per test	higher by 1 pp.
Discount rate 11.52% (test)	3 755	**4 175**	4 652
	Recoverable amount per copper price		
	lower by 0.1 USD/lb	per test	higher by 0.1 USD/lb
Copper price paths	3 897	**4 175**	4 533
	Recoverable amount per nickel price		
	lower by 0.1 USD/lb	per test	higher by 0.1 USD/lb
Nickel price paths	4 152	**4 175**	4 204

Impairment testing of shares of POL-MIEDŹ TRANS Sp. z o.o.

As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount, impairment testing was performed of the capital involvement in the shares of the company POL-MIEDŹ TRANS Sp. z o.o. The key indication to perform a 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 shares of POL-MIEDŹ TRANS Sp. z o.o. as at 31 December 2024 amounted to PLN 120 million. In order to estimate the recoverable amount, in the conducted test the value in use of shares was measured using the income-based approach, i.e. the method of discounted cash flows.

Basic assumptions adopted for impairment testing	
Assumption	**Level adopted in the test**
Detailed forecast period	January 2025 – December 2029
Operating margin	0.5% in the forecast period, 1.1% in the residual value
Capital expenditures in 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 shares of POL–MIEDŹ TRANS Sp. z o.o., the recoverable amount of the tested shares was determined to be lower than the carrying amount of this asset, which provided a basis for the recognition of an impairment loss in the amount of PLN 90 million.

The valuation of shares of POL–MIEDŹ TRANS Sp. z o.o. indicated a significant sensitivity to the adopted levels of discount rates and operating margin. The impact of changes to these parameters on the valuation of shares is presented in the following table.

in PLN millions, unless otherwise stated

Sensitivity analysis of the recoverable amount of shares 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)	43	**30**	20
	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)	(17)	**30**	77

In order to monitor the risk of impairment of assets in the subsequent reporting periods it was determined that the recoverable amount would be equal to the carrying amount if the discount rate decreased to the level of 2.13% or if the operating margin increased by 1.9 percentage point.

Impairment testing of shares 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.

KGHM Polska Miedź S.A. is involved in INVEST PV 7 sp. z o.o., INVEST PV 40 sp. z o.o., INVEST PV 58 sp. z o.o. oraz INVEST PV 59 sp. z o.o. in the form of:

- loans granted in the amount of PLN 141 million, and
- shares measured at purchase price, which as at 31 December 2024 r. before the recognition of the results of test for impairment amounted to PLN 39 million.

Information on loans granted are presented in 6.2.
As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of shares 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., involved in generation and sale of electricity from photovoltaic installations, tests for impairment of capital involvement in the shares of these companies have been conducted.
The key indications that the value of shares of the above-mentioned companies may be lower than their carrying amount were the following:

- the continued unfavourable prices on the electricity market,
- the decisions made on non-market redistribution, i.e. orders issued by the operators of the power system on reduction of energy generation in order to ensure the stability of National Grid System.

The carrying amount of shares in individual companies as at 31 December 2024 was as follows:

- INVEST PV 7 sp. z o.o. – PLN 8 million,
- INVEST PV 40 sp. z o.o. – PLN 16 million,
- INVEST PV 58 sp. z o.o. – PLN 7 million,
- INVEST PV 59 sp. z o.o. – PLN 8 million.

In order to estimate the recoverable amount in the conducted tests, the value in use of shares was calculated using an income-based approach, i.e. the method of discounted cash flows.

Basic assumptions adopted for impairment testing				
Assumption	**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.**
Detailed forecast period	2025-2053, i.e. until the predicted end of life of projects			
Prices of electricity	Price paths were adopted on the basis of averages of available long-term forecasts from analytical institutions concerning photovoltaics. An average price of electricity in the detailed forecast period amounts to 370 PLN/MWh.			
Electricity production levels in the detailed forecast period	142 792 MWh	269 749 MWh	359 842 MWh	502 206 MWh
Average EBITDA margin in the detailed forecast period	50%	64%	70%	71%
Average nominal discount rate in the detailed forecast period *	7.54%	7.54%	7.54%	7.54%

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

in PLN millions, unless otherwise stated

As a result of the performed impairment testing 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., the recoverable amount was determined at the level of 0, which provided the basis to perform impairment testing in the amount presented in the following table:

CGU	Carrying amount of shares	Recoverable amount of shares	Impairment loss
INVEST PV 7 sp. z o.o.	8	0	8
INVEST PV 40 sp. z o.o.	16	0	16
INVEST PV 58 sp. z o.o.	7	0	7
INVEST PV 59 sp. z o.o.	8	0	8

In order to monitor the risk of impairment of shares 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 shares if the discount rate or the average price of energy was as presented below:

	Discount rate	Average price of energy
INVEST PV 7 sp. z o.o.	0.52%	+66%
INVEST PV 40 sp. z o.o.	1.91%	+58%
INVEST PV 58 sp. z o.o.	2.35%	+57%
INVEST PV 59 sp. z o.o.	2.93%	+49%

Impairment testing of shares of ZAGŁĘBIE LUBIN S.A.

As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of investment in shares of Zagłębie Lubin S.A. (with a carrying amount of PLN 138 million), a test for impairment of this asset was performed.

The key indications of a change in the recoverable amount of the asset included:

- financial results worse than forecasted,
- 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 the company Zagłębie Lubin S.A. was estimated.

Basic assumptions adopted for impairment testing

The fair value of the investment 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).
The key assumptions adopted for the measurement:

- revenues generated by the company from sponsoring in market values and revenues from the sale of tickets and passes,
- during 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 impairment testing of shares in Zagłębie Lubin S.A., the recoverable amount in the investment was estimated to be lower than the carrying amount and therefore there was justification to recognise an impairment loss in the amount indicated in the table below.

CGU	Carrying amount	Recoverable amount	Impairment loss
Zagłębie Lubin S.A.	138	113	25

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

in PLN millions, unless otherwise stated

Sensitivity analysis of the recoverable amount of shares of Zagłębie Lubin S. A			
	Recoverable amount at a given discount rate		
	lower by 1 pp.	per test	higher by 1 pp.
Discount rate 5.63% (test)	117	**113**	110
	Recoverable amount at the change in published valuations on the transfer website		
	lower by 5 pp.	per test	higher by 5 pp.
The value of rights to player cards and to the team	111	**113**	115

IMPAIRMENT TESTING OF SHARES OF PeBeKa S.A.

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. shares. The following CGUs comprising the business activity of the company PeBeKa S.A. were subjected to analysis:

1. Product 1 – Horizontal works (mining, drift, 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 shares of PeBeKa S.A.

In order to estimate the recoverable amount of shares, in the conducted test the fair value of the company PeBeKa S.A. was estimated.

Basic assumptions adopted for impairment testing

The fair value of the investment was estimated using the asset-based approach, i.e. the adjusted net assets method. The key assumptions adopted for the measurement of buildings and perpetual usufruct rights to land excluding investment properties – the fair value was determined using measurement 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 estimated that the recoverable amount of shares of PeBeKa S.A. is at the level of PLN 214 million which is higher than the carrying amount of these assets (the carrying amount of PLN 84 million), and therefore was not a basis to recognise an impairment loss.

in PLN millions, unless otherwise stated

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.
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 year and slightly decreased as compared to 31 December 2022, and at the end of the reporting period it amounted to 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 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	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.	20 348	16 577	3 771

** 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 expenditures 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 3 771 million. The calculated impairment loss was recognised in the following items: "Cost of sales" in the amount of PLN 2 675 million, "Selling costs and administrative expenses" in the amount of PLN 131 million and "Other operating costs" in the amount of PLN 965 million. A deferred tax on impairment losses was recognised in the amount of PLN 710 million, which decreased deferred tax liabilities.

The impairment loss was allocated to the following types of assets: buildings and land (PLN 1 622 million), technical equipment, machines, motor vehicles and other fixed assets (PLN 1 138 million), fixed assets under construction (PLN 954 million), intangible assets – other (PLN 57 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

Impairment testing of shares in FUTURE 1 Sp. z o.o.

KGHM Polska Miedź S.A. is involved in Future 1 Sp. z o.o. in the form of:

- loans granted in the amount of PLN 4 691 million, and
- shares measured at cost less impairment losses, which as at 31 December 2023 before the recognition of results of impairment testing amounted to PLN 2 111 million (comprised of PLN 4 770 million – value at cost, PLN 2 663 million – the amount of impairment loss and PLN 4 million – the amount of discount on receivables due to returnable payments to capital).

As at 31 December 2023, due to the occurrence of indications of changes in the recoverable amount of shares in the company Future 1 Sp. z o.o., a test for impairment of these shares was conducted. Future 1 Sp. z o.o. is a holding company, through which KGHM Polska Miedź S.A. holds shares in KGHM INTERNATIONAL LTD. (whose main assets are the Victoria project (in the pre-operational phase), the Robinson mine and less important mines of the Sudbury Basin and the Carlota

mine) and in the joint venture Sierra Gorda S.C.M., and provides financing to the KGHM INTERNATIONAL LTD. Group and Sierra Gorda S.C.M.
The key indications to perform impairment testing were:

- a change in market forecasts of commodities prices,
- a change in the level of market interest rates,
- an update of assumptions and production plans of the Victoria Project (in the pre-operational phase),
- a change in technical and economic parameters of all mining assets in the operational phase in terms of: production volumes, planned operating costs, capital expenditures and changes of the individual lives of mines.

The main indications that the recoverable amount may be higher than the carrying amount of shares were:

- a higher assumed volume of production from mining assets and an increase in revenues,
- an increase in price paths of metals.

The main indications that the recoverable amount may be lower than the carrying amount of shares were:

- changes in technical and economic parameters of the Victoria project,
- changes in technical and economic parameters of mining assets, among other an increase in operating costs and planned capital expenditures during mine lives.

In order to estimate the recoverable amount, in the conducted test the fair value of the CGU was calculated using an income-based approach, i.e. the method of discounted cash flows. The same method was used in previous years. Cash flows were discounted using the weighted average cost of capital at the level of 12.29%.
The fair value measurement was classified to level 3 of the fair value hierarchy.

Basic macroeconomic assumptions adopted for cash flow estimation – metal prices

Price paths were adopted on the basis of 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, from which a long-term metal price forecast is used at the following level:

- for copper – 8 250 USD/t (3.74 USD/lb);
- for gold – 1 600 USD/oz;
- for nickel – 18 739 USD/t (8.50 USD/lb).

Other key assumptions for cash flow estimation

Assumption	Sierra Gorda	Victoria	Sudbury	Robinson	Carlota
Mine life / forecast period	24	16	5	13	4
Level of copper production during mine life (kt)	3 732	266	16	569	11
Level of nickel production during mine life (kt)	-	229	5	-	-
Level of gold production during mine life (koz t)	1 043	205	12	478	-
Average operating margin during mine life	43%	64%	9%	41%	3%
Capital expenditures to be incurred during mine life (USD million)	5 809	1 686	8	1 236	31
Including capitalised stripping costs (USD million)	*4 102*	-	-	*745*	*7*

Key factors responsible for the modification of technical and economic assumptions	
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.
Sierra Gorda	Update of assumptions on production, operating costs and capital expenditures.

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

Test elements	PLN million
Discounted future cash flows of the KGHM INTERNATIONAL LTD. Group less by all of liabilities (including the repayment of loans towards KGHM Polska Miedź S.A.)	2 643
Recoverable amount of other assets	249
Recoverable amount of investment in KGHM INTERNATIONAL LTD. (Enterprise value) after the repayment of liabilities towards KGHM Polska Miedź S.A. due to loans granted	**2 892**
Less receivables due to return payment to capital of Future 1 Sp. z o.o.	(40)
Carrying amount of shares in Future 1 Sp. z o.o. (before the test for impairment)	2 111
Recoverable amount of shares in Future 1 Sp. z o.o. (test result)	**2 852**
Reversal of impairment loss on shares in Future 1	**741**

The reversal of the impairment loss on the shares in the amount of PLN 741 million was recognised in the statement of financial position in other operating activities (Note 4.2).
Sensitivity analysis of the recoverable amount of the shares of Future 1 Sp. z o.o. determined that the key assumptions adopted for the impairment testing were the assumed price paths and the discount rate. The assumptions regarding the price paths and the discount rate were adopted while taking into account the professional judgement of the Management Board as to the performance of these amounts in the future, and was reflected in the estimated recoverable amount. For the purposes of monitoring the risk of impairment of the tested asset in subsequent periods, the following determinations were made:

- discount rate – the adoption at a level higher by 1 percentage point would result in a reversal of the impairment loss in the total amount of PLN 445 million, and at a level lower by 1 percentage point would result in a reversal of the impairment loss in the total amount of PLN 1 080 million,
- price paths for copper – the adoption of prices at a level lower by 0.1 USD/lb would result in a reversal of the impairment loss in the amount of PLN 453 million, and at a level higher by 0.1 USD/lb would result in a reversal of the impairment loss in the amount of PLN 1 114 million.
- price paths for nickel – the adoption of prices at a level lower by 0.1 USD/lb would result in a reversal of the impairment loss in the amount of PLN 713 million, and at a level higher by 0.1 USD/lb would result in a reversal of the impairment loss in the total amount of PLN 769 million.

Impairment testing of shares in KGHM METRACO S.A.

As at 31 December 2023, due to the occurrence of indications of changes in the recoverable amount of investment in shares in KGHM Metraco S.A., a test for impairment of this asset was conducted.

The key indications of a change in the recoverable amount of the asset are:

- better financial results than anticipated in forecasts,
- value of net assets of KGHM Metraco S.A. higher than the value of investment in the statement of financial position of KGHM Polska Miedź S.A., despite dividends paid out in the past which decreased the company's equity,
- identification of indications and conduction of impairment testing of the investment of KGHM Metraco S.A. in shares of the subsidiary Centrozłom Wrocław S.A.

In order to estimate the recoverable amount, in the conducted test the fair value of shares was calculated using an income-based approach, i.e. the method of discounted cash flows.

Basic assumptions adopted for impairment testing
• continuation of the strategy of KGHM Metraco S.A. and continuation of current business activities, in an unchanged significantly scope, • the period of disclosed forecast of cash flows was adopted on the basis of the 5-year financial plan of KGHM Metraco S.A., • cash flows adopted on the basis of the financial plan for the years 2024 – 2028, approved by the Management Board of KGHM Metraco S.A. • WACC real discount rate of 6.74%, since the real cash flows were adopted in the model, • following the period of the disclosed forecast, the growth rate was conservatively adopted at the level of 0.0%, • average yearly EBITDA in the forecast period at the conservative level of PLN 23 million.

As a result of the conducted impairment testing of shares in KGHM Metraco S.A., the recoverable amount in the investment was estimated to be PLN 451 million, which is higher than the net carrying amount of the investment (PLN 335 million), which provided the Company with a justification to reverse the entirety of the previously recognised impairment loss on the investment in shares in KGHM Metraco S.A. in the amount of PLN 86 million, which was recognised in the statement of profit or loss in other operating activities (Note 4.2).
The conducted sensitivity analysis indicates that the recoverable amount is moderately vulnerable to the adopted level of discount rate and the growth rate following the forecast period:

- an increase in the discount rate by 1 percentage point results in a decrease in the estimated recoverable amount by PLN 16 million, a decrease by 1 percentage point results in an increase in the recoverable amount by PLN 22 million,
- an increase in the growth rate by 1 percentage point results in an increase in the recoverable amount by PLN 18 million, a decrease by 1 percentage point results in a decrease in the recoverable amount by PLN 13 million,

while other parameters remain unchanged.

Impairment testing of shares in ZAGŁĘBIE LUBIN S.A.
As at 31 December 2023, due to the occurrence of indications of changes in the recoverable amount of investment in shares in Zagłębie Lubin S.A. (with a carrying amount of PLN 113 million), a test for impairment of this asset was performed. The key indications of a change in the recoverable amount of the asset included: • financial results are worse than anticipated in forecasts, • value of net assets of Zagłębie Lubin S.A. is 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 the company Zagłębie Lubin S.A. was estimated.
Basic assumptions adopted for impairment testing
The fair value of the investment in Zagłębie Lubin 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). The key assumptions adopted for measurement of the fair value of shares in the company were: • revenues generated by the Zagłębie Lubin company from sponsoring and revenues from the sale of tickets and passes, • during 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 6.65%.

As a result of the conducted impairment testing of shares in Zagłębie Lubin S.A., the recoverable amount in the investment was estimated to be higher than the carrying amount of the investment (PLN 113 million) and therefore there is no justification to recognise an impairment loss on shares.
The conducted sensitivity analysis indicates that the recoverable amount is moderately vulnerable to changes in key parameters influencing the result of the measurement:

- an increase in the discount rate by 1 percentage point results in a decrease in the estimated recoverable amount of the company to PLN 115 million, while a decrease by 1 percentage point results in an increase in the recoverable amount to PLN 120 million,
- an increase in the valuations published by the transfer website by 5 percentage points results in an increase in the estimated recoverable amount of the company to PLN 120 million, while a decrease by 5 percentage points results in a decrease in the recoverable amount to PLN 115 million,

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	1 607	1 675
Note 11.1	Employee benefits expenses	5 891	5 475
	Materials and energy, including:	11 650	12 955
	purchased metal-bearing materials	7 439	7 712
	electrical and other energy	1 699	2 224
	External services, including:	2 793	2 638
	transport	354	340
	repairs, maintenance and servicing	936	854
	mine preparatory work	727	736
Note 5.2	Minerals extraction tax	3 865	3 496
Note 5.2	Other taxes and charges	686	632
	Advertising costs and representation expenses	63	83
	Property and personal insurance	46	41
Part 3	Recognition of impairment losses on property, plant and equipment and intangible assets	-	2 808
	Reversal of write down of inventories	(10)	(13)
	Recognition of write-downs of inventories	16	44
	Other costs	22	25
	Total expenses by nature	**26 629**	**29 859**
	Cost of merchandise and materials sold (+)	348	545
	Change in inventories of products and work in progress (+/-)	291	(174)
	Cost of products for internal use (-)	(230)	(226)
	Total cost of sales, selling costs and administrative expenses, including:	**27 038**	**30 004**
	Cost of sales	25 503	28 414
	Selling costs	177	170
	Administrative expenses	1 358	1 420

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
	Gains on derivatives, of which:	617	366
Note 7.1	measurement	68	202
Note 7.1	realisation	549	164
Note 7.1	Exchange differences on financial assets and liabilities other than borrowings	310	-
	Interest on loans granted and other financial receivables	439	382
	Fees and charges on re-invoicing of bank guarantees costs securing payments of liabilities	21	23
	Reversal of impairment losses on financial instruments measured at amortised cost, including:	2	18
Note 6.2	gains on reversal of allowances for impairment of loans granted	2	15
	Fair value gains on financial assets measured at fair value through profit or loss, including:	141	668
Note 6.2	loans	141	657
Part 3	Reversal of impairment losses on shares in subsidiaries	1 323	827
	Dividends income	10	-
	Release of provisions	115	30
	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	72	72
	Total other operating income	**3 064**	**2 564**
	Losses on derivatives, of which:	(565)	(634)
Note 7.1	measurement	(13)	(188)
Note 7.1	realisation	(552)	(446)
	Impairment losses on financial instruments measured at amortised cost, including:	(94)	-
Note 6.2	allowances for impairment of loans granted	(91)	-
Note 7.1	Exchange differences on financial assets and liabilities other than borrowings	-	(770)
	Fair value losses on financial assets measured at fair value through profit or loss, including:	(259)	(223)
Note 6.2	loans	(123)	(94)
	trade receivables	(136)	(129)
Part 3	Impairment losses on shares in subsidiaries	(154)	-
	Provisions recognised	(149)	(6)
	Donations granted	(68)	(66)
	Losses on disposal of property, plant and equipment (including costs associated with disposal)	(12)	(19)
	Losses on modification of financial assets	(169)	-
	Compensations, fines and penalties paid and costs of litigations	(2)	(9)
Part 3	Impairment losses on fixed assets under construction and intangible assets not yet available for use	(5)	(969)
	Other	(33)	(98)
	Total other operating costs	**(1 510)**	**(2 794)**
	Other operating income / (costs)	**1 554**	**(230)**

**The Company 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	Gains on derivatives - realisation	134	173
Note 7.1	Exchange differences on measurement and realisation of borrowings	-	358
	Total finance income	**134**	**531**
	Interest on borrowings, including:	(70)	(67)
	leases	(7)	(9)
	Interest on trade payables within the reverse factoring mechanism	(150)	(75)
	Fees and charges on external financing	(26)	(26)
Note 7.1	Exchange differences on measurement and realisation of borrowings	(89)	-
Note 7.1	Losses on derivatives – realisation	(146)	(183)
	Unwinding of the discount effect	(78)	(60)
	Total finance costs	**(559)**	**(411)**
	Finance income /(costs)	**(425)**	**120**

Note 4.4 Reversal / recognition of impairment losses on assets in the statement of profit or loss

Reversal of impairment losses on assets recognised in:	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
cost of sales, of which:	**10**	**13**
reversal of write-down of inventories	10	13
other operating income, of which:	**1 325**	**844**
reversal of impairment losses on shares in subsidiaries	1 323	827
reversal of allowance for impairment of loans measured at amortised cost	2	15
reversal of allowance for impairment of other financial receivables	-	2
Reversal of impairment losses, total	**1 335**	**857**

Impairment losses on assets recognised in:		
cost of sales and selling costs, of which:	**(16)**	**(2 852)**
impairment losses on property, plant and equipment and intangible assets	-	(2 808)
write-down of inventories	(16)	(44)
other operating costs, of which:	**(253)**	**(969)**
loans measured at amortised cost	(91)	-
impairment losses on fixed assets under construction and intangible assets not yet available for use	(5)	(969)
impairment losses on shares in subsidiaries	(154)	-
allowance for impairment of other financial receivables	(3)	-
Impairment losses, total	**(269)**	**(3 821)**

in PLN millions, unless otherwise stated

PART 5 – Taxation

Note 5.1 Income tax in the 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.

Income tax

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Current income tax	1 031	670
Note 5.1.1	Deferred income tax	169	(488)
	Current tax adjustments for prior periods	(3)	(59)
	Income tax	**1 197**	**123**

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

In 2024, KGHM Polska Miedź S.A. paid an income tax in the amount of PLN 1 018 million to the appropriate tax office (in 2023: PLN 1 631 million). In 2024 as well as in 2023, income tax advances were incurred by the Company in the fixed amount, on the basis of an individual decision issued by the Head of the First Mazovian Tax Office on limiting collection of income tax advances.

In 2024, the Company 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.

The table below presents an identification of differences between income tax on profit before tax and the income tax calculated according to the principles resulting from the Corporate Income Tax Act:

Reconciliation of effective tax rate

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Profit/(Loss) before tax	**3 985**	**(1 030)**
Tax calculated using a rate of 19%	757	(196)
Tax effect of non-taxable income, including:	(295)	(308)
reversal of allowances for impairment of loans granted to subsidiaries	(24)	(148)
reversal of impairment losses on shares in subsidiaries	(251)	(158)
Tax effect of expenses not deductible for tax purposes, including:	878	690
minerals extraction tax	734	664
impairment losses on shares in subsidiaries	22	-
Current tax adjustments for prior periods	(3)	(59)
Current tax from settlement of the Tax Group	(140)	(4)
Income tax in profit or loss: 30.04% for 2024, (11.94)% for 2023	**1 197**	**123**

in PLN millions, unless otherwise stated

Note 5.1.1 Deferred income tax

Accounting policies	Important estimates, assumptions and judgments
Deferred 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 nor 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 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 the Company by the same taxation authority.	The assessment of probability that deferred tax assets will be realised with future tax income is based on the Company's budget. The Company recognises deferred tax assets in its books to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Deferred tax at the beginning of the period, of which:	**(328)**	**(705)**
Deferred tax assets	1 558	1 280
Deferred tax liabilities	(1 886)	(1 985)
Deferred tax in the period, of which:	**(132)**	**377**
Recognised in profit or loss	(169)	488
Recognised in other comprehensive income	37	(111)
Deferred tax at the end of the period, of which:	**(460)**	**(328)**
Deferred tax assets	1 433	1 558
Deferred tax liabilities	(1 893)	(1 886)

Maturities of deferred tax assets/(deferred tax liabilities) were as follows:

	As at 31 December 2024	As at 31 December 2023
Maturity over the 12 months from the end of the reporting period (net value)	(615)	(321)
Maturity of up to 12 months from the end of the reporting period (net value)	155	(7)

in PLN millions, unless otherwise stated

Deferred tax assets and liabilities

Deferred tax assets	As at 1 January 2023	Credited/(Charged) profit or loss	Credited/(Charged) other comprehensive income	As at 31 December 2023	Credited/(Charged) profit or loss	Credited/(Charged) other comprehensive income	As at 31 December 2024
Interest	20	(1)	-	19	2	-	21
Provision for decommissioning of mines and other technological facilities	172	19	-	191	(4)	-	187
Measurement of forward transactions other than hedging instruments as understood by hedge accounting	42	2	-	44	(40)	-	4
Differences between the value of fixed assets for accounting and tax purposes	65	144	-	209	(3)	-	206
Future employee benefits	499	29	51	579	4	(67)	516
Equity instruments measured at fair value	121	-	(55)	66	-	(1)	65
Recognition/reversal of allowances for impairment of loans	3	9	-	12	7	-	19
Re-measurement of hedging instruments	13	-	(4)	9	-	(3)	6
Lease liabilities	88	1	-	89	(18)	-	71
Short-term accruals for remuneration	111	(30)	-	81	30	-	111
Liability related to the fixed fee due to setting mining usufruct	36	3	-	39	(1)	-	38
Recognition/reversal of other impairment losses on assets	6	162	-	168	(44)	-	124
Other	104	(52)	-	52	13	-	65
Total	**1 280**	**286**	**(8)**	**1 558**	**(54)**	**(71)**	**1 433**

in PLN millions, unless otherwise stated

Deferred tax liabilities	As at 1 January 2023	(Credited)/Charged profit or loss	(Credited)/Charged other comprehensive income	As at 31 December 2023	(Credited)/Charged profit or loss	(Credited)/Charged other comprehensive income	As at 31 December 2024
Measurement of forward transactions other than hedging instruments as understood by hedge accounting	39	7	-	46	(29)	-	17
Re-measurement of hedging instruments	26	-	103	129	-	(108)	21
Differences between the value of fixed assets for accounting and tax purposes, including:	1 321	(300)	-	1 021	85	-	1 106
due to the depreciation rates of leases	88	(18)	-	70	(16)	-	54
Accrued and unpaid interest on loans	298	57	-	355	46	-	401
Measurement of financial assets at fair value	78	30	-	108	(4)	-	104
Difference between the carrying amount and tax base of expenditures on fixed assets under construction and intangible assets not yet available for use	178	17	-	195	29	-	224
Other	45	(13)	-	32	(12)	-	20
Total	**1 985**	**(202)**	**103**	**1 886**	**115**	**(108)**	**1 893**

in PLN millions, unless otherwise stated

Note 5.2 Other taxes and charges

The following table presents the minerals extraction tax incurred by the Company.

					Presentation in items of financial statements		
	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**			3 855	3 405	tax recognised in cost of sold products
- copper	3 157	2 946	Amount of copper in produced concentrate, expressed in tonnes	tax rate calculated for every reporting period*			
- 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.*

Other taxes and charges:

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Royalties	143	127
Excise tax	7	6
Real estate tax	276	252
Other taxes and charges, including:	260	247
costs of redemption of CO_2 emission allowances	126	90
Total	**686**	**632**

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 Company's liabilities towards the Polish Tax Office arising from the corporate income tax, including due to the withholding tax, personal income tax and liabilities towards Customs Chamber due to the minerals extraction tax and the excise tax. Liabilities not representing financial liabilities are measured at the amount due.

in PLN millions, unless otherwise stated

Tax assets

	As at 31 December 2024	As at 31 December 2023
Current corporate income tax assets	-	520
VAT receivables	396	412
Tax assets	**396**	**932**

The receivables due to other taxes comprise mainly VAT receivables.

Tax liabilities

	As at 31 December 2024	As at 31 December 2023
Current corporate income tax liabilities	277	-
Other tax liabilities	509	405
Tax liabilities	**786**	**405**

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

Tax authorities may audit accounting books and tax settlements during the 5 years since the end of the year in which the tax declarations were submitted and charge the Company with an additional tax together with penalties and interest. In the Management Board's opinion, there are no circumstances indicating the possibility that significant tax liabilities may occur.

in PLN millions, unless otherwise stated

PART 6 – Investments in subsidiaries

Note 6.1 Shares

Accounting policies	Important estimates, assumptions and judgments
In the financial statements of the Company, subsidiaries are those entities which are directly controlled by the Company. Investments in subsidiaries are measured at cost plus any granted non-returnable increases in share capital, including for the coverage of losses presented in the financial statements of a subsidiary and as a result of discounting interest-free returnable payments, less any impairment losses. Pursuant to IAS 36, impairment is measured by comparing the carrying amount with the higher of the following amounts: – fair value, decreased by costs to sell; and – value in use. The Company controls an entity if it simultaneously: – has power over the entity it invested in; – is exposed to variable returns or has rights to them; and – can use its power over the entity to affect the amount of its returns.	In the Company's opinion, power over individual entities recognised as subsidiaries is exercised through ownership of the majority of the total number of votes in the governing bodies of such entities. Important estimates, assumptions and judgments related to the assessment of the risk of impairment were presented in part 3 of these financial statements.

	2024	2023
As at 1 January	**4 807**	**3 701**
Acquisition of shares, of which:	31	8
Invest PV 40 Sp. z o.o.	16	-
Invest PV 59 Sp. z o.o.	8	-
Invest PV 58 Sp. z o.o.	7	-
Invest PV 7 Sp. z o.o.	-	8
Increase in share capital, of which:	95	276
PMT Linie Kolejowe Sp. z o.o.	70	17
Zagłębie Lubin S.A.	25	30
Energetyka Sp. z o.o.	-	159
POL-MIEDŹ TRANS Sp. z o.o.	-	57
TFI S.A.	-	2
KGHM ZANAM S.A.	-	11
Impairment losses, of which:	(154)	-
POL-MIEDŹ TRANS Sp. z o.o.	(90)	-
Zagłębie Lubin S.A.	(25)	-
Invest PV 40 Sp. z o.o.	(16)	-
Invest PV 59 Sp. z o.o.	(8)	-
Invest PV 58 Sp. z o.o.	(7)	-
Invest PV 7 Sp. z o.o.	(8)	-
Sale of the shares in TFI S.A.	-	(5)
Reversal of impairment losses, of which:	1 323	827
FUTURE 1 Sp. z o.o.	1 323	741
KGHM METRACO S.A.	-	86
Discount on receivables due to the returnable payments to capital of PMT Linie Kolejowe Sp. z o.o.	44	-
As at 31 December	**6 146**	**4 807**

in PLN millions, unless otherwise stated

The balance of impairment losses on the investments as at 31 December 2024 and as at 31 December 2023 by individual investments in subsidiaries is presented in the following table:

	As at 31 December 2024	As at 31 December 2023
Energetyka Sp. z o.o.	388	388
MCZ S.A.	14	14
Zagłębie Lubin S.A.	106	81
FUTURE 1 Sp. z o.o.	599	1 922
POL-MIEDŹ TRANS Sp. z o.o.	90	-
Invest PV 40 Sp. z o.o.	16	-
Invest PV 59 Sp. z o.o.	8	-
Invest PV 58 Sp. z o.o.	7	-
Invest PV 7 Sp. z o.o.	8	-
Total	**1 237**	**2 405**

The most significant investments in subsidiaries (direct share)

Entity	Head Office	Scope of activities	Carrying amount of shares/investment certificates	
			as at 31 December 2024	as at 31 December 2023
FUTURE 1 Sp. z o.o.	Lubin	management and control of other companies, including the KGHM INTERNATIONAL LTD. Group	4 175	2 852
Polska Grupa Uzdrowisk sp. z o.o. (formerly Cuprum Zdrowie sp. z o.o.)	Wrocław	activities of financial holdings	376	376
KGHM Metraco S.A.	Legnica	trade, agency and representative services	421	421
"Energetyka" sp. z o.o.	Lubin	generation, distribution and sale of electricity and heat	276	276
PMT Linie Kolejowe Sp. z o.o.*	Lubin	Railway maintenance and construction	168	55

** There was an increase in share capital in 2024 as well as a discount on receivables due to the returnable payments to capital*

As at 31 December 2024 and as at 31 December 2023, the percentage of share capital held as well as the percentage of voting power in the above-mentioned subsidiaries was 100%.

Note 6.2 Receivables due to loans granted

Accounting policies

The Company classifies loans granted to individual categories using the following policies:

Loans measured at amortised cost – to this category, the Company classifies loans that met two conditions: they are in a business model whose objective is to collect contractual cash flows due to holding assets, and have passed the SPPI (solely payments of principal and interest) test, that is they are maintained in order to collect the principal amount and interest. They are initially recognised at fair value adjusted by costs directly associated with the loan and are measured at the end of the reporting period at amortised cost using the effective interest rate method, including impairment calculated using the model of expected credit losses on the basis of discounted cash flows.

POCI loans – the Company classifies as POCI, at the moment of initial recognition, financial assets that are credit-impaired due to high credit risk at the moment they are granted or if the loans were purchased at a significant discount. POCI loans are measured at the end of the reporting period at amortised cost using the effective interest rate adjusted by the credit risk, including impairment calculated using the model of expected credit losses (ECL) on the basis of discounted cash flows in the horizon of the expected repayment of the loan. The loss allowance for ECL is calculated on the basis of expected credit losses during the whole life of the instrument. Accumulated changes to the expected credit losses are recognised as an increase or a reversal of an already recognised loss allowance for expected credit losses. Currently presented POCI loans are loans granted (not acquired). Classification was set due to the implementation of IFRS 9 in 2018 due to the recognised impairment at the moment of initial recognition.

The loans measured at fair value through profit or loss – to this category, the Company classifies loans that did not pass the SPPI (solely payments of principal and interest) test. The fair value of these loans is set at present value of future cash flows, including the change of market risk and credit risk factors during the loans' life.

Financial assets, for which the Company has to calculate the expected credit losses pursuant to IFRS 9, are classified to one of three degrees of a model of impairment. Classification to individual degrees of impairment model is at the level of a single financial instrument (a single exposure).

To the degree 2, the Company classifies financial instruments with an identified significant increase in credit risk, understood as a significant increase in probable default in the remaining time of the instrument as compared to the date of its initial recognition, but there were no objective indicators of impairment. The expected credit losses for the degree 2 are estimated during the entire life of these instruments.

If at the end of the reporting period the analysis proves that for a given financial instrument, since the day of its initial recognition, there was not a significant increase in credit risk and no default status was granted, the instrument is classified to the degree 1 of a model of impairment. For exposures classified to the degree 1, the expected credit losses are estimated in a horizon of 12 months.

Balances with an identified, objective indication of impairment are included in the degree 3. For this reason, as at the end of the reporting period, the Company classified loans granted to Invest PV 7, Invest PV 40, Invest PV 58 and Invest PV 59 to the degree 3.

Important estimates, assumptions and judgments

Failed SPPI test - The Company assumes that the solely payments of principal and interest (SPPI) test for loans granted is not passed if, among others, in the structure of financing the target recipient of funds, debt is changed at the last stage into an equity investment.

Indications to classify the loan to the degree 2 of impairment model is the occurrence of one of the following:

- for exposition of the borrower's rating - at the level of Baa3 (per the Moody's methodology or a corresponding one for the S&P/Fitch ratings) or better (investment rating) – a drop in the borrower's rating by at least 5 levels,
- for exposition of the borrower's rating - at the level of Ba1 (per the Moody's methodology or a corresponding one for the S&P/Fitch ratings) or worse (below investment rating) – a drop in the borrower's rating by at least 3 levels,
- deterioration of operational cash flows forecasts of a borrower – in the time horizon of the exposure, which does not result in the impossibility of settling the liability arising from a given loan,
- change in conditions of the loan due to the worsening financial position of the borrower, which has an impact of less than 1% of the value of the loan at the date of change (a change in the conditions of the loan from reasons other than the worsening financial position of the borrower are not included in the assessment of occurrence of a given indication),
- delay in the repayment of over 30 days (after the maturity date of interest or capital).

Balances with an identified, objective indication of impairment are included in the degree 3. The Company recognises occurrence of at least one of the following events as an objective indication of default:

- borrower's rating at the level of Ca (per the Moody's methodology or a corresponding one for the S&P/Fitch ratings) or lower,
- deterioration of operational cash flows forecasts of a borrower – in the time horizon of the exposure, which results in the impossibility of settling the liability arising from a given loan,
- change in conditions of the loan due to the worsening financial position of the borrower, which has an impact of more than 1% of the value of the loan at the date of change (a change in the conditions of the loan from reasons other than the worsening financial position of the borrower are not included in the assessment of occurrence of a given indication),
- delay in the repayment of over 30 days (after the maturity date of interest or capital) – if at the date of analysis the loan was at stage 2 of calculating the allowance for impairment,
- delay in the repayment of over 90 days (after the maturity date of interest or capital) – if at the date of analysis the loan was at stage 1 of calculating the allowance for impairment.

The Company reclassifies a loan to an earlier stage only if all of the following conditions are met:

- indications that resulted in the classification of a loan to a given stage no longer occur,
- no indications occur (to classify to a given or worse stage) for the period of at least 12 months from the moment it was determined that no indications occur that are mentioned in the bullet above.

In order to calculate expected credit losses (ECL), the Company uses, among others, the following parameters:

- the borrower's rating - is granted using internal methodology of the Company based on the Moody's methodology. The Company granted loans mainly to subsidiaries, of which over 99% of borrowers were assigned ratings between Baa2 – Ba1 (in the comparable period: A3 – Baa3).
- the curve of accumulated parameters of PD (parameter of probability of default, used to calculate the expected credit losses) for a given borrower is set on the basis of market sector quotations of Credit Default Swap contracts

in PLN millions, unless otherwise stated

from the Reuters system, which quantify the market expectations as for the probability of default in a given sector and in a given rating. As at 31 December 2024, PD parameters for the adopted ratings were as follows:

Baa2 – Ba1 ratings according to Moody's (31 December 2024)

Up to one year	0.83% - 1.05%
1-3 years	4.32% - 5.86%
More than 3 years (at the date of loans' maturity)	17.97% - 39.36%

A3 to Baa3 ratings according to Moody's (31 December 2023)

Up to one year	0.75% - 1.01%
1-3 years	0.75% – 4.63%
More than 3 years (at the date of loans' maturity)	0.75% – 25.87%

The level of the LGD parameter (loss given default, expressed as the percentage of the amount outstanding) for the purposes of estimating expected credit losses for loans classified to the stage 1 and 2 is adopted at the level of 75% (based on estimations from Moody's Default and recovery rates for project finance bank loans, 1983-2021).
As at 31 December 2024 no decision was made whether to demand the repayment of loans with a contractual on-demand payment clause, including in the period of 12 months from the balance sheet date, and no joint decision was made by the owners of Sierra Gorda S.C.M. in this regard.

The Company classifies loans granted to one of the three following categories:
1. Measured at amortised cost, which were determined to be credit-impaired at the moment of initial recognition (POCI),
2. Measured at amortised cost, which were not determined to be credit-impaired at the moment of initial recognition,
3. Measured at fair value through profit or loss.

Loans that at the last stage of cash flows between companies in the Future 1 Sp. z o.o. holding structure or KGHM INTERNATIONAL LTD. were transferred as loans to a joint venture Sierra Gorda S.C.M., advanced by the KGHM INTERNATIONAL LTD. Group, were classified as POCI loans (identified allowance for impairment due to a credit risk at the moment of granting). These loans, pursuant to the terms of the annexes from December 2024, are paid on demand, but not later than on 31 December 2032. The original maturity was on 15 December 2024.

The Company presents, in the category of loans classified as measured at fair value through profit or loss, loans that at the last stage of cash flows between companies in the Future 1 Sp. z o.o. holding structure or KGHM INTERNATIONAL LTD. were transferred mainly as increases in share capital of Sierra Gorda S.C.M.

At the end of the reporting period, the Company performed a measurement of loans classified to level 3 of the fair value hierarchy (measured at fair value as well as at amortised cost (for disclosure purposes) designated mainly for financing the joint venture Sierra Gorda S.C.M. The basis of measuring the level of recoverability of loans at the level of the separate financial statements of KGHM Polska Miedź S.A. is the estimation of cash flows generated by Sierra Gorda S.C.M and other significant international production assets, which are subsequently allocated by the Company in individual loans at various levels of the current financing structure. The estimate of cash flows generated by Sierra Gorda S.C.M. and other mines was determined on the basis of current forecasts of pricing paths of commodities and current mining plans.

The expected repayments of loans were 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 3.69% - 6.64% - for loans measured at amortised cost,
- the market interest rate at the level of 5.59% - 8.31% - for loans measured at fair value.

In the period from 1 January to 31 December 2024, the following was recognised:
- expected credit losses on loans granted classified as POCI in the amount of PLN 27 million (USD 7 million translated at exchange rates from the dates of recognition of allowances for impairment),
- for loans measured at fair value – an estimated total increase in fair value by the amount of PLN 18 million, of which:
    - in other operating income an increase of PLN 141 million,
    - in other operating costs a decrease of PLN 123 million.

In the case of other loans measured at amortised cost, the Company calculated the allowance for impairment on the basis of the model of expected credit losses.

in PLN millions, unless otherwise stated

The following table presents receivables due to loans granted by the Company.

	as at 31 December 2024	as at 31 December 2023
Loans measured at amortised cost – gross amount	6 469	6 016
Allowances for impairment	(164)	(71)
Loans measured at fair value	3 668	3 766
Total loans, including:	**9 973**	**9 711**
- long-term loans	9 727	9 638
- short-term loans	246	73

The most significant items are loans granted to companies of the KGHM Polska Miedź S.A. Group, which are connected with the realisation of mining projects executed by indirect subsidiaries of KGHM Polska Miedź S.A. from the KGHM INTERNATIONAL LTD. Group. Credit risk related to loans granted was described in Note 7.5.2.5.

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: At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	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
	Non-current	814	3 668	6 637	286	**11 405**	803	3 804	6 317	195	**11 119**
Note 6.2	Loans granted	-	3 668	6 059	-	**9 727**	-	3 766	5 872	-	**9 638**
Note 7.2	Derivatives	-	-	-	286	**286**	-	38	-	195	**233**
Note 7.3	Other financial instruments measured at fair value	814	-	-	-	**814**	803	-	-	-	**803**
Note 7.4	Other financial instruments measured at amortised cost	-	-	578	-	**578**	-	-	445	-	**445**
	Current	-	531	1 969	194	**2 694**	-	647	2 492	324	**3 463**
Note 10.2	Trade receivables	-	506	379	-	**885**	-	211	260	-	**471**
Note 7.2	Derivatives	-	25	-	194	**219**	-	436	-	324	**760**
Note 8.5	Cash and cash equivalents	-	-	367	-	**367**	-	-	1 481	-	**1 481**
	Cash pooling receivables*	-	-	683	-	**683**	-	-	424	-	**424**
Note 12.3	Other financial assets	-	-	540	-	**540**	-	-	327	-	**327**
	Total	**814**	**4 199**	**8 606**	**480**	**14 099**	**803**	**4 451**	**8 809**	**519**	**14 582**

** Receivables from companies within the KGHM Polska Miedź S.A. Group which indebted themselves in the cash pooling system.*

in PLN millions, unless otherwise stated

	Financial liabilities:	As at 31 December 2024 At fair value through profit or loss	As at 31 December 2024 At amortised cost	As at 31 December 2024 Hedging instruments	As at 31 December 2024 Total	As at 31 December 2023 At fair value through profit or loss	As at 31 December 2023 At amortised cost	As at 31 December 2023 Hedging instruments	As at 31 December 2023 Total
	Non-current	**12**	**4 862**	**257**	**5 131**	**38**	**4 722**	**164**	**4 924**
Note 8.4	Borrowings, leases and debt securities	-	4 655	-	**4 655**	-	4 508	-	**4 508**
Note 7.2	Derivatives	12	-	257	**269**	38	-	164	**202**
	Other financial liabilities	-	207	-	**207**	-	214	-	**214**
	Current	14	6 661	33	**6 708**	480	7 590	26	**8 096**
Note 8.4	Borrowings, leases and debt securities	-	1 135	-	**1 135**	-	833	-	**833**
Note 8.4	Cash pooling liabilities*	-	561	-	**561**	-	350	-	**350**
Note 12.4	Other liabilities due to settlement under cash pooling contracts **	-	27	-	**27**	-	34	-	**34**
Note 7.2	Derivatives	11	-	33	**44**	473	-	26	**499**
Note 10.3	Trade payables	-	2 825	-	**2 825**	-	3 044	-	**3 044**
Note 10.3	Trade payables within the reverse factoring mechanism	-	2 000	-	**2 000**	-	3 021	-	**3 021**
	Other financial liabilities	3	113	-	**116**	7	308	-	**315**
	Total	**26**	**11 523**	**290**	**11 839**	**518**	**12 312**	**190**	**13 020**

** Liabilities of KGHM Polska Miedź S.A. towards the Group companies within the credit limit of the group of accounts participating in the cash pooling system.*
*** Other current liabilities towards participants in the cash pooling system to return, after the end of the reporting period, cash transferred by them which were not used by KGHM Polska Miedź S.A. for its own needs.*

in PLN millions, unless otherwise stated

Gains/(losses) on financial instruments

	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 4.3	Interest income	-	439	-	-	439
Note 4.3	Interest costs	-	-	(235)	15	(220)
	Losses due to modifications of financial assets	-	(169)	-	-	(169)
Note 4.2	Foreign exchange gains/(losses) on instruments other than borrowings	-	336	(26)	-	310
Note 4.3	Foreign exchange losses on borrowings	-	-	(89)	-	(89)
Note 4.2	Fair value gains/(losses) on financial assets measured at fair value through profit or loss	(118)	-	-	-	(118)
Note 4.4	Reversal/(recognition) of impairment losses	-	(92)	-	-	(92)
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	(711)	-	-	-	(711)
Note 4.3	Fees and charges on bank loans drawn	-	-	(26)	-	(26)
	Other	-	-	(9)	-	(9)
	Total net gain/(loss)	**(98)**	**514**	**(385)**	**643**	**674**

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	Interest income	-	382	-	-	382
Note 4.3	Interest costs	-	-	(166)	24	(142)
Note 4.2	Foreign exchange gains/(losses) on instruments other than borrowings	-	(811)	41	-	(770)
Note 4.3	Foreign exchange losses	-	-	358	-	358
Note 4.2	Fair value gains/(losses) on financial assets measured at fair value through profit or loss	445	-	-	-	445
Note 4.4	Reversal/(recognition) of impairment losses	-	17	-	-	17
Note 7.2	Revenues from contracts with customers	-	-	-	635	635
Note 4.2	Gains on measurement and realisation of derivatives	539	-	-	-	539
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)
	Other	-	-	(12)	-	(12)
	Total net gain/(loss)	**517**	**(412)**	**195**	**309**	**609**

Fair value measurement

Accounting policies	Important estimates, assumptions and judgements
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. The fair value hierarchy levels are as follows: 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 it is not possible to acquire data from the first two measurement levels. It includes all measurements based on subjective inputs. 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.	Fair value measurement is not a specific measurement for a given unit, but should be based on market, including any assumptions which market participants would consider in the process of measurement. In case of limited availability of inputs, carrying out a fair value measurement requires selecting appropriate measurement techniques, under which a unit should make maximum use of observable data. In the case of the Company's assets, this involves in particular derivatives. The assumptions and estimates applied in their measurement are presented in Note 7.1. To determine fair value, the adoption of specified assumptions and judgments is especially required for assets whose fair value measurement cannot be made based on inputs arising from an active market or from the use of other data, regardless of how amenable they are to objective and measurable observation. Details on assumptions adopted for fair value measurement may be found in the further part of the Note 7.1 Methods and techniques used in determining fair value.

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	-	-	3 668	3 668	-	-	3 766	3 766
Listed shares	685	-	-	685	680	-	-	680
Unquoted shares	-	129	-	129	-	106	-	106
Trade receivables	-	506	-	506	-	211	-	211
Other financial assets	-	34	-	34	-	48	-	48
Assets due to derivatives	-	505	-	505	-	993	-	993
Liabilities due to derivatives	-	(313)	-	(313)	-	(701)	-	(701)
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	-	1 191	4 654	6 305	-	895	5 050	5 945
Received long-term bank and other loans	-	(1 538)	-	(1 538)	-	(2 306)	-	(2 306)
Long-term debt securities	(2 657)	-	-	(2 600)	(1 627)	-	-	(1 600)

Loans granted measured at amortised cost

Discount rate adopted for disclosure of fair value of loans granted measured at amortised cost.

	As at 31 December 2024				As at 31 December 2023			
	discount rate			carrying amount	discount rate			carrying amount
Loans per impairment model	level 1	level 2	level 3		level 1	level 2	level 3	
1st degree (fixed interest rate)	x	6.34%	x	868	x	6.15%	x	808
1st and 3rd degree (variable interest rate)	x	5.82% (Wibor 1M), 4.49% (SOFR)	7.54%	354	x	5.83% (Wibor 1M)	x	87
1st degree (fixed interest rate)	x	x	5.60%	3 333	x	x	6.16%	3 342
POCI (fixed interest rate)*	x	x	8.31%	1 750	x	x	9.13%	1 708
			Total	**6 305**			**Total**	**5 945**

**Real discount rate* **Real discount rate*

Methods and measurement techniques used by the Company 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

Long-term loans granted
The fair value of loans measured at amortised cost 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. IBOR current market interest rare acquired from the Reuters system is used in the discounting process.

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.

Other financial assets/liabilities
The fair value of receivables/payables due to the settlement of derivatives, whose date of payment falls two working days after the end of the reporting period was set per the reference price applied in the settlement of these transactions.

Currency and currency-interest derivatives
To determine the fair value of derivatives on the currency market and currency-interest transactions (CIRS), the forward prices from the maturity dates of individual transactions were used. 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 were taken from the Reuters system. The standard Garman-Kohlhagen model is used to measure options on currency markets.

Metals derivatives
To determine the fair value of derivatives on the commodity market, forward prices from the maturity dates of individual transactions were used. In the case of copper, official closing prices from the London Metal Exchange were applied, 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 approximation to the Black-Scholes model was used for Asian options pricing on metals markets.

Received long-term bank and other loans
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. Fair value differs from the carrying amount by the amount of the premium paid to acquire the financing.

Level 3

Long-term loans granted
The fair value of loans was estimated using the forecasted cash flows of international assets (Sierra Gorda S.C.M.), which pursuant to IFRS 13 are unobservable input data, and the fair value of assets determined using the same data is classified to level 3 of the fair value hierarchy.

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 was presented in Note 7.5.2.5.

The Company does not disclose the fair value of financial instruments measured at amortised cost (except for long-term loans granted, long-term bank and other loans received and long-term debt securities) in the statement of financial position, because it makes use of the exemption arising from IFRS 7.29.

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

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. The Company applies hedge accounting for cash flows according to the requirements of IFRS 9. Hedge accounting aims at reducing volatility in the Company's net result, arising from periodic changes in the measurement of transactions hedging individual types of market risk to which the Company is exposed. Hedging instruments may be derivatives as well as bank and other loans in foreign currencies. The designated hedges mostly 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 Company 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 Company 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 Company 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. In addition, as a cost of hedging, the Company 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. The Company ceases to account for derivatives 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 Company 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 the underlying instrument and is measured pursuant to 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 Company 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 and assumptions
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 Company in determining fair values of each class of financial assets or financial liabilities" and in tables in point 7.2. of this part.

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 (USDPLN exchange rate)										
Sold put option	-	-	-	(1)	**(1)**	-	-	(38)	(436)	**(474)**
Purchased call option	-	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 Company 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 Company 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	(268)
realisation of derivatives	(3)	(282)
measurement of derivatives	54	14
Finance income / (costs) (including the reclassification adjustment):	3	13
realisation of derivatives	(12)	(11)
interest on borrowings	15	24
Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect)	**662**	**380**

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

Statement of other comprehensive income	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
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 finance costs due to realisation of a hedged item	(15)	(24)
Reclassification to non-current assets due to realisation of a hedged item*	(55)	(78)
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	**112**	**937**

**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.*

Note 7.3 Other financial instruments measured at fair value

Accounting policies
The item "Other financial instruments measured at fair value" 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. These assets 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 fair value of listed shares is calculated based on the closing price as at the end of the reporting period. The translations of shares expressed in a foreign currency are 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 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 fixed-term deposits in financial institutions, and the risk-free discount rate published by the European Insurance and Occupational Pensions Authority).

	As at 31 December 2024	As at 31 December 2023
Shares of companies listed on the Warsaw Stock Exchange, of which:	685	680
TAURON POLSKA ENERGIA S.A.	685	680
Unquoted shares	129	123
Other financial instruments measured at fair value	**814**	**803**

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, which however is not from an active market).

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

in PLN millions, unless otherwise stated

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 Company holds shares classified as other financial instruments measured at fair value.

Due to investments in listed companies, the Company 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 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	**685**	103	(103)	**680**	88	(88)

Sensitivity analysis for significant types of market risk to which the Company 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 index for a period of 3 calendar years ended at the end of the reporting period.

Note 7.4 Other long-term financial instruments measured at amortised cost

Accounting policies	Important estimates, assumptions and judgements
The item other long-term 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 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	440	394
Increases in share capital	47	39
Receivables due to guarantees granted	83	-
Other financial receivables	8	12
Total	**578**	**445**

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 Company 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 Company's Management Board manages identified financial risk factors in a conscious and responsible manner, using the Market Risk Management Policy, the Financial Liquidity Management Policy and the Credit Risk Management Policy adopted by the Company. Understanding the threats arising from the Company's exposure to risk and maintaining an appropriate organisational structure and applied procedures enable an effective achievement of tasks. The Company identifies and measures financial risk on an ongoing basis, and also takes actions aimed at minimising its impact on the financial position of the Company.

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

Note 7.5.1.1 Principles and techniques of market risk management

The Company actively manages the market risk to which it is exposed.

In accordance with the adopted policy, the goals of the market risk management process are as follows:
- decrease the probability of losing financial liquidity;
- increase the probability of meeting budget targets;
- maintain the good financial condition of the Company;
- limit the negative impact of volatility in prices of market factors on cash flows and financial results of the Company;
- support the process of strategic decision making related to 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 Company's internal situation and market conditions. Actions and decisions concerning market risk management in the Company should be analysed in the context of the KGHM Polska Miedź S.A. Group's global exposure to market risk.

Taking into account the potential scope of their impact on the Company'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 Company'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	Group II – other exposure to market risk	Prices of other metals and merchandise	This group is comprised of less significant risks, therefore it is tactically managed - on an ad-hoc basis, depending on the market conditions.
Note 7.2		Other exchange rates	
Note 7.2		Interest rates	

The Company manages market risk by applying various approaches to particular, identified exposure groups.
The Company considers the following factors when selecting hedging strategies or restructuring hedging positions: current and forecasted market conditions, the internal situation of the Company, the effective level and cost of hedging, and the impact of the minerals extraction tax.

The Company 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 Company executes derivative transactions only if it has the ability to assess their value 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 evaluating the market value of given instruments, the Company uses information obtained from leading information services, banks, and brokers.

The Company's internal policy, which regulates market risk management principles, 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). Primarily 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 Company 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 Company aims to ensure a maximal match between these parameters to minimise the sources of ineffectiveness.

The Company quantifies its market risk exposure using a consistent and comprehensive measure. Market risk management 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 of the Company to market risk.

One of the measures used as an auxiliary tool in making decisions in the market risk management process 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.

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, the Company has set limits with respect to commitment in derivatives:

- 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,
- 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.

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

These limits are in respect both of hedging transactions as well as of the instruments financing these transactions. The maximum time horizon within which the Company 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 Company.

With respect to the risk of changes in interest rates, the Company 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.

Note 7.5.1.2. Commodity risk

The Company is exposed to the risk of changes in the prices of the metals it sells: copper, silver, gold and lead. The price formulas used in physical delivery contracts are mainly based on average monthly quotations from the London Metal Exchange for copper and lead and from the London Bullion Market Association for silver and gold. The Company's commercial policy is to 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 Company's benchmark profile, in particular in terms of the reference prices and the quotation periods.

in PLN millions, unless otherwise stated

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

The Company'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]	**395 714**	589 620	193 906	**379 430**	584 749	205 319
Silver [t]	**1 321**	1 347	26	**1 319**	1 352	33

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 Company (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 Company (10% in 2023).
In 2024, pursuant to the Market Risk Management Policy, the Company continuously monitored and analysed 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 Company 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.

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 Company 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 Company held open derivatives positions on metals market entered into solely under management of a net trading position for 9.2 thousand tonnes of copper and 18.3 thousand ounces of gold.

Condensed tables of open transactions in derivatives held by the Company 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). 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.

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

	Instrument/ option	Notional	Average weighted option strike price: sold put option (hedge limited to)	purchased put option (copper price hedging)	sold call option (participation limited to)	Average weighted premium	Effective hedge price
		[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**					

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

[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

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

Period	Instrument/ option	Notional	Average weighted option strike price: sold put option (hedge limited to)	Average weighted option strike price: purchased put option (silver price hedging)	Average weighted option strike price: sold call option (participation limited to)	Average weighted premium	Effective hedge price
		[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**					

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: increase in metals prices	Assumed changes as at 31 December 2024: decrease in metals prices	Assumed changes as at 31 December 2023: increase in metals prices	Assumed changes as at 31 December 2023: 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: financial result	Impact of price increases: other comprehensive income	Impact of price decreases: financial result	Impact of price decreases: 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: financial result	Impact of price increases: other comprehensive income	Impact of price decreases: financial result	Impact of price decreases: 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, the following types of exposures were identified:

- transaction exposure related to the volatility of cash flows in the base (functional) currency, and

- 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, the value of which expressed in the base (functional) currency depend on future levels of exchange rates of the foreign currencies with respect to the base (functional) currency (for KGHM Polska Miedź S.A. it is the Polish zloty). 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 transaction exposure to currency risk in the Company's business operations are the proceeds from sales of products (with respect to metals prices, processing and producer margins).

The Company's exposure to currency risk also derives from items in the statement of financial position denominated in foreign currencies, which under the existing accounting regulations must be translated, upon settlement or periodic valuation, 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 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% of the total revenues from sales of copper and silver realised by the Company in 2024 (in 2023: 26%).

In 2024, as part of the strategic management of currency risk, *collar* option structures were purchased 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 Company 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 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
			sold put option	purchased put option	sold call option	purchased call option		
	Instrument/ option	Notional	*hedge limited to*	*exchange rate hedging*	*participation limited to*	*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

	Instrument/ option	Notional	Average weighted option strike price: sold put option	Average weighted option strike price: purchased put option	Average weighted option strike price: sold call option	Average weighted premium	Effective hedge price
			hedge limited to	*exchange rate hedging*	*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	Average interest rate	Average exchange rate
		[PLN mn]	[fixed interest rate for USD]	[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 issuance of bonds with a variable interest rate in PLN – open derivatives as at 31 December 2023

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

As for managing currency risk, the Company 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 2 648 million).

The currency structure of financial instruments exposed to currency risk (changes in the USD/PLN and EUR/PLN exchange rates) is presented in the table below. An analysis for other currencies is not presented due to the immateriality.

Financial instruments	Value at risk as at 31 December 2024: total PLN million	USD million	EUR million	Value at risk as at 31 December 2023: total PLN million	USD million	EUR million
Trade receivables	**702**	152	19	**243**	31	28
Cash and cash equivalents	**185**	39	6	**1 176**	268	28
Long-term loans granted	**9 647**	2 352	-	**9 614**	2 443	-
Cash pooling receivables	**683**	167	-	**424**	108	-
Other financial assets	**210**	50	1	**48**	12	1
Derivatives*	**192**	50	-	**292**	9	-
Trade and other payables	**(1 630)**	(112)	(274)	**(1 901)**	(184)	(270)
Borrowings	**(2 436)**	(590)	(4)	**(2 665)**	(673)	(4)
Other financial liabilities	**(16)**	(2)	(2)	**(17)**	(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.*

An analysis of the Company's sensitivity to the currency risk as at 31 December 2024 and as at 31 December 2023 is presented in the tables on the next page. In order to determine the potential changes in the USD/PLN and EUR/PLN exchange rates for sensitivity analysis purposes, the Black-Scholes model (the geometrical Brownian motion) was used.

in PLN millions, unless otherwise stated

An analysis of the Company's sensitivity to the currency risk in the years 2023-2024

Financial assets and (liabilities) exposed to the currency risk as at 31 December 2024	Value at risk	Carrying amount 31 December 2024	Change in USD/PLN exchange rate 4.48 (+9%)		Change in USD/PLN exchange rate 3.74 (-9%)		Change in EUR/PLN exchange rate 4.55 (+6%)	Change in EUR/PLN exchange rate 4.11 (-4%)
			profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	profit or loss
Trade receivables	**702**	**885**	57	-	(55)	-	5	(3)
Cash and cash equivalents	**185**	**367**	15	-	(14)	-	2	(1)
Long-term loans granted	**9 647**	**9 727**	883	-	(844)	-	-	-
Cash pooling receivables	**683**	**683**	63	-	(60)	-	-	-
Other financial assets	**210**	**1 932**	19	-	(18)	-	-	-
Derivatives	**192**	**192**	9	(285)	(7)	390	-	-
Trade and other payables	**(1 630)**	**(4 825)**	(42)	-	40	-	(76)	46
Borrowings	**(2 436)**	**(6 351)**	(222)	-	212	-	(1)	1
Other financial liabilities	**(16)**	**(351)**	(1)	-	1	-	(1)	-
		Impact on profit or loss	**781**	**-**	**(745)**	**-**	**(71)**	**43**
		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 USD/PLN exchange rate 4.46 (+13%)		Change in USD/PLN exchange rate 3.50 (-11%)		Change in EUR/PLN exchange rate 4.79 (+10%)	Change in EUR/PLN exchange rate 4.13 (-5%)
			profit or loss	other comprehensive income	profit or loss	other comprehensive income	profit or loss	profit or loss
Trade receivables	**243**	**471**	17	-	(14)	-	12	(6)
Cash and cash equivalents	**1 176**	**1 481**	142	-	(116)	-	12	(6)
Long-term loans granted	**9 614**	**9 638**	1 293	-	(1 054)	-	-	-
Cash pooling receivables	**424**	**424**	57	-	(46)	-	-	-
Other financial assets	**48**	**1 558**	6	-	(5)	-	-	-
Derivatives	**292**	**292**	(4)	(500)	4	413	-	-
Trade and other payables	**(1 901)**	**(6 065)**	(97)	-	79	-	(119)	58
Borrowings	**(2 665)**	**(5 691)**	(356)	-	290	-	(2)	1
Other financial liabilities	**(17)**	**(562)**	(1)	-	1	-	(1)	1
		Impact on profit or loss	**1 057**	**-**	**(861)**	**-**	**(98)**	**48**
		Impact on other comprehensive income	**-**	**(500)**	**-**	**413**	**-**	**-**

in PLN millions, unless otherwise stated

Note 7.5.1.4 Interest rate risk

In 2024 the Company was exposed to the risk of changes in interest rates due to loans granted, investing free cash, participating in a cash-pooling service and borrowing.

Positions with variable interest rates expose the Company 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 the profit or loss). Positions with fixed interest rates expose the Company to the risk of fair value changes of a given position, excluding items 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*	835	-	**835**	1 888	-	**1 888**
Note 6.2	Loans granted	80	3 668	**3 748**	67	3 766	**3 833**
Note 7.1	Borrowings	(3 802)	(1 988)	**(5 790)**	(2 983)	(2 358)	**(5 341)**
	Cash pooling receivables	683	-	**683**	424	-	**424**
	Cash pooling liabilities	(561)	-	**(561)**	(350)	-	**(350)**
	Trade payables within the reverse factoring mechanism	(2 000)	-	**(2 000)**	(3 021)	-	**(3 021)**

**Presented amounts include cash accumulated in the separate bank accounts of special purpose funds: Mine Closure Fund and Social Fund*

As at 31 December 2024 the Company 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 Company'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 bps (PLN, USD, EUR)		-100 bps (PLN, USD, EUR)		+50 bps (PLN, USD, EUR)		-150 bps (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*	8	-	(8)	-	9	-	(28)	-
Borrowings	(38)	-	38	-	(15)	-	45	-
Cash pooling	1	-	(1)	-	-	-	(1)	-
Loans granted measured at fair value	(317)	-	356	-	(132)	-	384	-
Derivatives – interest rate	-	56	-	(63)	-	31	-	(107)
Trade payables within the reverse factoring mechanism	(20)	-	20	-	(15)	-	45	-
Impact on profit or loss	**(366)**	**-**	**405**	**-**	**(153)**	**-**	**445**	**-**
Impact on other comprehensive income		**56**		**(63)**	**-**	**31**		**(107)**

**Presented amounts include cash accumulated in the separate bank accounts of special purpose funds: Mine Closure Fund and Social Fund*

in PLN millions, unless otherwise stated

In 2024 the Company 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 Company's derivatives, because the CIRS transactions entered into (open cross currency interest rate swaps) and bonds issued by the Company 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 Company 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.

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

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

Type of instrument		Carrying amount as at 31 December 2024	Carrying amount as at 31 December 2023
Loans granted	WIBOR 1M, 3M	222	86
Bank loans	WIBOR 3M	(167)	-
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		**(3 555)**	**(3 668)**

7.5.1.5 Risk of changes in prices of energy and energy carriers

The risk of changes in prices of electricity and energy commodities is a commodity risk for the Company, the measurement of which is based on its impact on cash flow.

The Company'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 Company'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 Company being higher than the level of greenhouse gas emissions for which the Company 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 Company 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 Company purchases electricity in forward products (RTEE) as well as on the intra-day and next-day market. Moreover, the Company entered into a contract for the supply of electricity from renewable energy sources under a PPA (Power Purchase Agreement), which was entered into to meet the own needs of the Company and, in accordance with the exemption provided for under IFRS 9 para. 2.4, is not subject to measurement and recognition as a financial instrument.

in PLN millions, unless otherwise stated

In 2024, the Company acquired an additional 7 photovoltaic installations on the Renewable Energy Sources market. The concluded transaction is the first step on the road towards the realisation of the energy transition strategy aimed at the diversification of sources and decoupling the Company from volatility of prices on the energy 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 Company from planned amounts. In terms of changes in the prices of CO_2 emission allowances, the Company 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 Company's needs. In 2024 and 2023, the Company purchased 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 Company 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). The Company sells electricity mostly to customers which provide services to the Company on properties belonging to the Company.

Exposure of the Company 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 the 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 2023-2024 (net of the tax effect).

	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)

The inefficiency of the hedging which was recognised in profit or loss in the reporting periods of 2023 and 2024 was immaterial.

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 (net of 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 to the statement of profit or loss 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***	-	(22)	55	340	13	78
Total	**148**	**643**	**55**	**944**	**309**	**78**

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 Company'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 Company is exposed to credit risk due to:

- 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 Company 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 Company 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 Company 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. The detailed principles of classification of loans granted to individual degrees of loss allowance for expected credit losses was described in note 6.2. Under the simplified model the Company 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 Company periodically allocates free cash alongside maintaining financial liquidity and limiting 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 367 million (as at 31 December 2023, PLN 1 481 million) was held in bank accounts and in short-term deposits. The detailed structure of cash and cash equivalents is presented in note 8.5.

All entities with which deposit transactions are entered into by the Company operate in the financial sector. These are solely banks registered in Poland or operating in Poland as branches of foreign banks, which belong to European, American and Chinese financial institutions with medium-high and medium ratings, an appropriate level of equity and a strong, stable market position. Credit risk in this regard is continuously monitored through the ongoing review of the financial standing and by maintaining an appropriately low level of concentration of resources in individual financial institutions.

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

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	80%	95%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	20%	5%

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 56%, or PLN 207 million (as at 31 December 2023: 41%, or PLN 608 million).

	As at 31 December 2024		As at 31 December 2023	
	Amount	Rating	Amount	Rating
Counterparty 1	207	A2/Moody's	608	A2/Moody's
Counterparty 2	39	BBB/Fitch	317	A/S&P
Counterparty 3	34	A-/S&P	315	A+/S&P
Counterparty 4	34	A-/Fitch	80	A-/S&P
Other	53	-	161	-
Total	**367**		**1 481**	

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 Company 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 the impairment loss is insignificant. These assets are classified to Degree 1 of the impairment model.

Note 7.5.2.2 Credit risk related to derivatives transactions

All entities with which derivative transactions are entered into by the Company operate in the financial sector[3].

The Company's credit exposure related to derivatives by main counterparties is presented in the table below.

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 Company (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 Company 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 template 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 in purchase contracts for metal-bearing materials.*
[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 Company 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 Company 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

For many years, the Company has been cooperating with a large number of customers, which affects the geographical diversification of trade receivables. The majority of sales go to EU countries.

Trade receivables (net)	As at 31 December 2024	As at 31 December 2023
Poland	26%	53%
European Union (excluding Poland)	8%	21%
Asia	42%	9%
Other countries	24%	17%

Accounting policies

The Company 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 following the 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 Company applies a provision matrix, made on the basis of historical levels of payment of trade receivables, which is periodically recalibrated in order to update it.

The Company 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 of delays in payment, according to ranges presented below as "Important estimates and assumptions".

in PLN millions, unless otherwise stated

The Company defines default 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, the Company takes into account also collaterals by allocating expected recovery rates to the particular types of collaterals.

Moreover, the Company takes into account forward-looking factor 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 Company recognises any deterioration in them in comparison to the previous period, in the ECL calculation the *forward looking* factor, which corrects the 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 (allowance for impairment)	Gross amount of receivables*	Allowance for impairment in individual time frames	Gross amount of receivables	Allowance for impairment in individual time frames
Not overdue	0.42	262	-	127	-
<1,30)	2.28	2	-	3	-
<30,60)	33.68	1	-	1	-
<60,90)	68.81	-	-	-	-
Default	100	-	-	-	-
Total		**265**	**-**	**131**	**-**

** Intra-group receivables were excluded from the calculation of allowance for impairment*

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

		2024	2023
	Gross amount as at 1 January	**260**	**166**
	Change in the balance of receivables	119	94
Note 10.2	**Gross amount as at 31 December**	**379**	**260**

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	**-**	**1**
	Change in the allowance	1	(1)
Note 10.2	**Loss allowance for expected credit losses as at 31 December**	**1**	**-**

The Company 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 part 2.

An inseparable element of the credit risk management process performed by the Company 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 Company 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.

in PLN millions, unless otherwise stated

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

The total net value of the Company's trade receivables as at 31 December 2024, excluding the fair value of collaterals, up to the value of which the Company may be exposed to credit risk, amounts to PLN 885 million (as at 31 December 2023: PLN 471 million).

The concentration of credit risk in the Company is related to the payment dates allowed to key clients. Consequently, as at 31 December 2024 the balance of receivables from the Company's 7 largest clients, in terms of trade receivables at the end of the reporting period, represented 74% of the balance of trade receivables (as at 31 December 2023: 49%). Despite the concentration of this type of risk, the Company believes that due to the available historical data and the many years of experience in cooperating with its clients, as well as to securities used, the level of credit risk is low.

Note 7.5.2.4 Credit risk related to other financial assets

As at 31 December 2024, the major items in other financial assets were:

- cash accumulated on the separate bank account of the special purpose Mine Closure Fund in the amount of PLN 443 million (as at 31 December 2023: PLN 398 million);
- receivables due to cash pooling in the amount of PLN 683 million (as at 31 December 2023: PLN 424 million). Credit risk in this regard is continuously monitored through the review of the financial standing and assets of the subsidiaries participating in the cash pooling.

The account of the special purpose fund, used to accumulate cash in order to cover the costs of decommissioning of mines is managed by a bank with a medium-high rating (principles of credit risk management connected with allocation of cash in financial institutions are described in Note 7.5.2.1).

Impairment losses on cash accumulated on the bank account of the Mine Closure Fund was determined based on an external bank rating. The analysis determined that these assets have a low credit risk at the end of the reporting period. The Company 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 expected impairment loss is insignificant.

Note 7.5.2.5 Credit risk related to loans granted

Entities which were granted loans do not have ratings assigned to them by independent rating agencies. The following table presents a structure of ratings of entities which were granted loans by the Company, per the internal methodology of the Company:

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	-	48%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	47%	52%
Below-medium	from BB+ to B+ according to S&P and Fitch, and from Ba1 to B1 according to Moody's	53%	-

Loans granted measured at amortised cost

The Company estimates expected credit losses related to loans granted measured at amortised cost in accordance with the general approach.

Loans granted do not have collaterals limiting the exposure to credit risk, therefore the maximum amount exposed to loss due to credit risk is the gross amount of the loans, less expected credit losses recognised pursuant to IFRS 9.

in PLN millions, unless otherwise stated

The following tables present the change in the gross amount of loans granted measured at amortised cost.

	Total	Degree 1 Medium rating	Degree 2 Medium rating	Degree 3 Below-medium rating	POCI Below-medium rating
Gross amount as at 1 January 2024	**6 016**	**901**	**3 361**	**-**	**1 754**
transfer between the degrees of impairment	-	3 317	(3 515)	198	-
loans granted	248	248	-	-	-
subrogation of loans	165	165	-	-	-
repayment	(379)	(143)	(127)	-	(109)
modification of terms to the agreement	(169)	(169)	-	-	-
exchange differences	255	39	144	-	72
interest accrued using the effective interest rate	333	83	137	4	109
Gross amount as at 31 December 2024	**6 469**	**4 441**	**-**	**202**	**1 826**

	Total	Degree 1 Medium rating	Degree 2 Medium-high rating	Degree 3	POCI Medium rating
Gross amount as at 1 January 2023	**5 604**	**145**	**3 622**	**-**	**1 837**
loans granted	812	812	-	-	-
subrogation of loans	17	17	-	-	-
repayment	(85)	(29)	(17)	-	(39)
exchange differences	(670)	(80)	(390)	-	(200)
interest accrued using the effective interest rate	299	36	146	-	117
reversal of loss allowance	39	-	-	-	39
Gross amount as at 31 December 2023	**6 016**	**901**	**3 361**	**-**	**1 754**

The following tables present the change in the loss allowances for expected credit losses for loans measured at amortised cost.

	Total	Degree 1	Degree 2	Degree 3	POCI
Loss allowance for expected credit losses as at 1 January 2024	**71**	**8**	**19**	**-**	**44**
transfer between the degrees of impairment	**-**	(1)	-	1	-
changes in risk parameters	89	20	(19)	60	28
exchange differences	4	-	-	-	4
Loss allowance for expected credit losses as at 31 December 2024	**164**	**27**	**-**	**61**	**76**

	Total	Degree 1	Degree 2	Degree 3	POCI
Loss allowance for expected credit losses as at 1 January 2023	**52**	**2**	**50**	**-**	**-**
changes in risk parameters	24	7	(27)	-	44
exchange differences	(5)	(1)	(4)	-	-
Loss allowance for expected credit losses as at 31 December 2023	**71**	**8**	**19**	**-**	**44**

in PLN millions, unless otherwise stated

Loans measured at amortised cost (Note 6.2)	Carrying amount	Degree 1	Degree 2	Degree 3	POCI
As at 1 January 2023	5 552	143	3 572	-	1 837
As at 31 December 2023 / 1 January 2024	5 945	893	3 342	-	1 710
As at 31 December 2024	**6 305**	**4 414**	**-**	**141**	**1 750**

In December 2024, the Company restructured loan streams granted to finance the Sierra Gorda project, and as a result annexes to these loans were signed which extend the repayment periods and change the interest rate level to the market one based on an analysis of transfer prices. According to IFRS 9, based on an analysis of quantitative and qualitative factors, the Company decided that the introduced changes are immaterial modifications, and as a result they were not derecognised.

As at 31 December 2024, in connection with the lasting improvement of expected cash flows allocated to the repayment of loans granted to Future 1, the Company decided that the indications qualifying this group of loans to the degree 2 ceased to exist. Therefore, these loans were brought back to the degree 1 of impairment.

As at 31 December 2024, due to the worsening in generated cash flows and the identification of an impartial indication of an allowance for impairment, the Company classified loans granted to Invest PV 7, Invest PV 40, Invest PV 58 and Invest PV 59 to the degree 3 of measurement.

For loans measured at amortised cost (excluding POCI), interest is accrued on the gross value using the IRR rate set at the moment of initial recognition of the loan.

For POCI loans, interest is accrued on the gross value less any allowance for impairment recognised at the moment of initial recognition, an IRR rate adjusted by credit risk defined at the moment of the loan's initial recognition (CEIR, credit-adjusted effective interest rate).

Loans granted measured at fair value

The carrying amount of loans measured at fair value as at 31 December 2024 amounted to PLN 3 668 million. As at 31 December 2023, the carrying amount was PLN 3 766 million. More disclosures on the fair value measurement were presented in Note 7.1.

The loans granted do not have collaterals limiting exposure to credit risk, therefore the Company estimates the maximum, potential losses due to credit risk in the amount of 100% of their current fair value, i.e. USD 888 million (PLN 3 641 million), of which the amount of USD 754 million is due to the nominal value of loans granted.

The following table presents changes in the carrying amount of loans granted measured at fair value during the period.

		2024	2023
	Carrying amount as at 1 January	**3 766**	**3 233**
	Loans repaid	(116)	(30)
Note 4.2	Fair value gains	141	657
Note 4.2	Fair value losses	(123)	(94)
	Carrying amount as at 31 December	**3 668**	**3 766**

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

As at 31 December 2024 and in the comparable period, the Company 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, begin the forecasted cash flows of Sierra Gorda S.C.M. More disclosures on the main assumptions (including unobservable input data) assumed for the calculation of cash flows of Sierra Gorda were presented in the consolidated financial statements of the KGHM Polska Miedź S.A. Group in Note 7.5.2.4.

Because of the significant sensitivity of the forecasted cash flows of Sierra Gorda S.C.M. to changes in the copper price, pursuant to IFRS 13 para. 93.f the Company 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 3.1.

in PLN millions, unless otherwise stated

Classes of financial instruments	31 December 2024		Fair value		31 December 2023		Fair value	
	Fair value	Carrying amount	Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life	Fair value	Carrying amount	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 fair value	**3 668**	**3 668**	3 745	3 610	**3 766**	**3 766**	3 929	3 435
Loans granted measured at amortised cost	**4 654**	**5 083**	4 685	4 623	**4 822**	**5 050**	4 856	4 783

Concentration risk

The Company estimates the concentration risk to be at the level of 100%, since receivables due to loans granted are intra-group loans (Note 12.1), and 88% of the balance are loans granted to subsidiaries Future 1 Sp. z o.o., Quadra FNX FFI s.a.r.l and Quadra FNX Holding Chile Limitada, and the majority of which was transferred to finance the joint venture Sierra Gorda S.C.M.; 10% of the balance are loans granted to KGHM INTERNATIONAL LTD., and 2% of the balance are loans granted to companies in Poland. Detailed information on the loan granting transactions are presented in Note 6.2.

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 Company is aimed at securing funds for business development and maintaining the appropriate level of liquidity.

The Company monitors the Group's level of financial security, among others using the Net Debt/Adjusted EBITDA ratio presented in the table below, which was calculated on the basis of data presented in the Consolidated financial statements of the KGHM Group.

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 Company 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 Company 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 Company'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 Company'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 of the financial statements.

In the process of managing liquidity and capital, the Company also pays attention to adjusted operating profit, calculated on the basis of data from the Consolidated financial statements of the KGHM Polska Miedź S.A. Group, which is the basis for calculating EBITDA pursuant to the definition of the 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 impairment loss and the gain on reversal of allowances for impairment of loans granted to a joint venture*

As at 31 December 2024 the carrying amount of liabilities drawn under the agreements containing the financial covenant amounted to PLN 1 794 million.
Financial covenant Net debt/EBITDA is calculated based on consolidated data, pursuant to definitions stipulated in borrowing agreements. As at the reporting date, in the financial year and after the reporting date, up to the date of publication of these financial statements, the value of a 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 financial 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 measured at fair value through other comprehensive income (Note 7.3, Accounting policies) less any deferred tax effect. Accumulated other comprehensive income consists of actuarial gains/losses on post-employment benefits 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 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 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 in the period

		Other reserves from measurement of financial instruments				Retained earnings		
		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	Accumulated other comprehensive income	Reserve capital created in accordance with the Commercial Partnerships and Companies Code, art. 396	Reserve capital created from profit in accordance with the Company's Statutes	Profit/(loss) from previous years
	As at 1 January 2023	**(454)**	**59**	**(395)**	**(702)**	**667**	**24 133**	**3 972**
	Dividend paid	-	-	-	-	-	-	**(200)**
	Transfer of profit for the period to reserve capital	-	-	-	-	-	3 333	**(3 333)**
	Total comprehensive income, of which:	**264**	**451**	**715**	**(219)**	**-**	**-**	**(1 153)**
	Loss for the period	-	-	-	-	-	-	(1 153)
	Other comprehensive income	264	451	715	(219)	-	-	-
	Change in fair value of investments in equity instruments	320	-	320	-	-	-	-
Note 7.2	Impact of effective cash flow hedging transactions entered into	-	944	944	-	-	-	-
Note 7.2	Amount transferred to profit or loss in connection with realisation of derivatives	-	(387)	(387)	-	-	-	-
Note 11.2	Actuarial losses on post-employment benefits	-	-	-	(270)	-	-	-
Note 5.1.1	Deferred income tax	(56)	(106)	(162)	51	-	-	-
	As at 31 December 2023	**(190)**	**510**	**320**	**(921)**	**667**	**27 466**	**(714)**

in PLN millions, unless otherwise stated

		Other reserves from measurement of financial instruments				Retained earnings		
		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	Accumulated other comprehensive income	Reserve capital created in accordance with the Commercial Partnerships and Companies Code, art. 396	Reserve capital created from profit in accordance with the Company's Statutes	Profit/(loss) from previous years
	As at 1 January 2024	**(190)**	**510**	**320**	**(921)**	**667**	**27 466**	**(714)**
	Dividend paid	-	-	-	-	-	(300)	**-**
	Coverage of loss from reserve capital	-	-	-	-	-	(1 153)	**1 153**
	Total comprehensive income, of which:	**9**	**(446)**	**(437)**	**285**	**-**	**-**	**2 788**
	Profit for the period	-	-	-	-	-	-	**2 788**
	Other comprehensive income	9	(446)	(437)	285	-	-	**-**
	Change in fair value of investments in equity instruments	9	-	9	-	-	**-**	**-**
Note 7.2	Impact of effective cash flow hedging transactions entered into	-	148	148	-	-	**-**	**-**
Note 7.2	Amount transferred to profit or loss in connection with realisation of derivatives	-	(698)	(698)	-	-	**-**	**-**
Note 11.2	Actuarial gains on post-employment benefits	-	-	-	352	-	**-**	**-**
Note 5.1.1	Deferred income tax	-	104	104	(67)	-	**-**	**-**
	As at 31 December 2024	**(181)**	**64**	**(117)**	**(636)**	**667**	**26 013**	**3 227**

Based on the Act of 15 September 2000, i.e. the Commercial Partnerships and Companies Code, the Company is required to create reserve capital for any potential (future) or existing losses, to which no less than 8% of a given 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 Company amounted to PLN 667 million, and is recognised in retained earnings in the item reserve capital created in accordance with art. 396 of the Commercial Partnerships and Companies Code.

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

Note 8.3 Liquidity management policy

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

The Management Board is responsible for financial liquidity management in the Company, and it is performed based on the approved, appropriate Policy. The Financial Liquidity Committee is a body supporting the Management Board.

The basic principles arising from the Financial Liquidity Management Policy are:

- assuring the stable and effective financing of the Company's activities,
- investment of financial surpluses in safe financial instruments,
- limits for individual financial investment categories,
- limits for the concentration of funds in financial institutions,
- a required investment level rating for banks in which the funds are deposited, and
- effective management of working capital.

In order to support the process of liquidity management, the Company 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 Company as an efficient tool supporting the process of working capital management and is aimed at diversification of sources of financing working capital.
The Company 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 Company are renowned financial institutions. The level of utilisation of factoring limits for an individual factor is continuously monitored.

Under the liquidity management process, the Company also utilises other instruments which enhance its effectiveness. One of the instruments used by the Company to deal with ongoing 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 in the bank in which the system operates, the Company extended the availability of an overdraft facility agreement in the amount of PLN 250 million by another period, i.e. until 30 June 2025.

Accounting policies
In cash flows from operating activities in the statement of cash flows, the Company presents receivables due to cash pooling and other liabilities due to settlements within cash pooling agreements in the item "change in other receivables and liabilities". Receivables due to cash pooling are receivables from Group companies, which at the end of the reporting period incurred a debt within the cash pooling agreement. Other liabilities due to settlement within cash pooling agreements are liabilities of the Company towards participants in the cash pooling system to repay, after the end of the reporting period, of cash transferred by them, which were not used by the Company for its own needs. Within cash flows from financing activities, the Company presents proceeds and expenses due to cash pooling and they represent the Company's debt towards participants in the cash pooling system, that is cash which the Company uses for its own needs.

Important estimates, assumptions and judgments
The cash pooling system was implemented in the KGHM Polska Miedź S.A. Group to actively manage the current shortages and surpluses of cash on bank accounts of companies participating in the system to possibly the most efficiently manage the cash and limits of debt with high volatility and liquidity. KGHM Polska Miedź S.A., as a participant in the system as well as a coordinator in the system, does not treat this activity as an investment activity established in order to invest free cash and generate profits, but solely as supporting Group companies in managing their current shortages and surpluses.

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

In 2024, the Company obtained 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 Company 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
Financial liabilities	up to 3 months	over 3 to 12 months	over 1 to 3 years	over 3 years		
Borrowings	140	984	859	878	**2 861**	**2 587**
Debt securities liabilities	-	189	377	3 022	**3 588**	**2 602**
Lease liabilities	24	68	198	1 009	**1 299**	**601**
Cash pooling payables*	561	-	-	-	**561**	**561**
Other liabilities due to settlement under cash pooling contracts**	27	-	-	-	**27**	**27**
Trade payables	2 800	24	29	338	**3 191**	**3 021**
Trade payables within the reverse factoring mechanism	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	91	26	9	3	**129**	**129**
Total	**5 021**	**1 914**	**1 472**	**5 384**	**13 791**	**11 841**

** Liabilities of KGHM Polska Miedź S.A. towards the Group companies within the cash pooling's credit limit*
*** Other current financial liabilities due to the return of cash deposits towards all participants in cash pooling which presented a positive balance at the end of the reporting period*
**** Financial liabilities arising from derivatives are calculated at their intrinsic values excluding the discount effect*

The table above regarding maturities does not encompass financial guarantees. Details on financial guarantees and their maturity dates were described in Note 8.6.

Overdue financial liabilities as at 31 December 2024

	Overdue period	
	up to 1 month	Total / Carrying amount
Trade payables	1	1

in PLN millions, unless otherwise stated

Financial liabilities – as at 31 December 2023

Contractual maturities from the end of the reporting period	Maturity period				Total (without discounting)	Carrying amount
Financial liabilities	**up to 3 months**	**over 3 to 12 months**	**over 1 to 3 years**	**over 3 years**		
Borrowings	112	332	898	1 773	**3 115**	**2 648**
Debt securities liabilities	-	534	240	1 900	**2 674**	**2 002**
Lease liabilities	24	76	192	1 091	**1 383**	**691**
Cash pooling payables*	350	-	-	-	**350**	**350**
Other liabilities due to settlement under cash pooling contracts**	34	-	-	-	**34**	**34**
Trade payables	2 998	35	36	338	**3 407**	**3 240**
Trade payables within the reverse factoring mechanism	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	288	29	11	7	**335**	**333**
Total	**6 188**	**2 127**	**1 416**	**5 189**	**14 920**	**13 020**

** Liabilities of KGHM Polska Miedź S.A. towards the Group companies within the cash pooling's credit limit*

*** Other current financial liabilities due to the return of cash deposits towards all participants in cash pooling which presented a positive balance at the end of the reporting period*

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

The table above on maturities does not encompass financial guarantees. Details on financial guarantees and their maturities may be found in Note 8.6.

Overdue financial liabilities – as at 31 December 2023

	Overdue period				
	up to 1 month	**over 1 month to 3 months**	**over 3 months to 12 months**	**over 1 year**	**Total / Carrying amount**
Trade payables	4	1	4	1	10

in PLN millions, unless otherwise stated

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	100	590
Loans	1 438	1 715
Debt securities	2 600	1 600
Leases	517	603
Total non-current liabilities due to borrowings	**4 655**	**4 508**
Bank loans	693	-
Loans	356	343
Cash pooling liabilities*	561	350
Debt securities	2	402
Leases	84	88
Total current liabilities due to borrowings	**1 696**	**1 183**
Total borrowings	**6 351**	**5 691**
[-] Free cash and cash equivalents	359	1 463
[-] Derivatives related to external sources of financing	177	175
[=] Net debt	**5 815**	**4 053**

** Liabilities of KGHM Polska Miedź S.A. towards the Group companies within the credit limit in the group of accounts participating in the cash pooling system*

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
USD/SOFR	1 033	982
PLN/WIBOR*	3 330	2 351
USD/fixed	1 387	1 667
EUR/fixed	16	16
PLN/fixed	585	675
Total	**6 351**	**5 691**

** The amount includes KGHM Polska Miedź S.A.'s liabilities towards Group companies due to cash pooling in the amount of PLN 561 million (PLN 350 million in 2023) within the credit limit.*

As at 31 December 2024, the Company's liabilities due to borrowings, issued debt securities, leases and cash pooling amounted to PLN 6 351 million, or USD 590 million, PLN 3 915 million and EUR 4 million (as at 31 December 2023 liabilities amounted to PLN 5 691 million, or USD 673 million, PLN 3 027 million and EUR 4 million).

In general, the structure of debt did not change in comparison to 2023. Pursuant to the adopted strategy, the external financing is aimed at ensuring long term financial stability whose structure is based on diversified short and long-term financing instruments.

in PLN millions, unless otherwise stated

Note 8.4.2 Net debt changes

Liabilities due to borrowing	As at 1 January 2024	Cash flows	Accrued interest	Exchange differences	Other changes	As at 31 December 2024
[+] Bank loans	590	100	80	19	4	**793**
[+] Loans	2 058	(411)	70	77	-	**1 794**
[+] Debt securities	2 002	429	171	-	-	**2 602**
[+] Leases	691	(102)	33	-	(21)*	**601**
[+] Cash pooling liabilities	350	200	11	-	-	**561**
[=] **Total debt**	**5 691**	**216**	**365**	**96**	**(17)**	**6 351**
[-] Free cash and cash equivalents	1 463	(1 104)	-	-	-	**359**
[-] Derivatives related to sources of external financing	175	58	-	-	(56)	**177**
[=] **Net debt, including:**	**4 053**	**1 262**	**365**	**96**	**39**	**5 815**
Net debt excluding derivatives	4 228	1 320	365	96	(17)	5 992

**A conclusion and modification of lease agreements*

Liabilities due to borrowings	As at 1 January 2023	Cash flows	Accrued interest	Exchange differences	Other changes	As at 31 December 2023
[+] Bank loans	1 194	(581)	72	(95)	-	**590**
[+] Loans	2 241	3	78	(264)	-	**2 058**
[+] Debt securities	2 002	(172)	172	-	-	**2 002**
[+] Leases	687	(95)	33	(1)	67*	**691**
[+] Cash pooling liabilities	321	18	11	-	-	**350**
[=] **Total debt**	**6 445**	**(827)**	**366**	**(360)**	**67**	**5 691**
[-] Free cash and cash equivalents	971	492	-	-	-	**1 463**
[-] Derivatives related to sources of external financing	315	91	-	-	(231)	**175**
[=] **Net debt, including:**	**5 159**	**(1 410)**	**366**	**(360)**	**298**	**4 053**
Net debt excluding derivatives	5 474	-	-	-	-	4 228

**A conclusion and modification of lease agreements*

Currency risk and interest rate risk are related to borrowings. A description of exposures to financial risks may be found in Note 7.5.

in PLN millions, unless otherwise stated

Reconciliation of cash flows associated with borrowings following the inclusion of impact of derivatives in the separate statement of cash flows

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Financing activities		
[+] Proceeds from borrowings	1 884	1 514
[-] Proceeds from derivatives related to sources of external financing	64	70
[+] Proceeds from the issuance of debt financial instruments	1 000	-
[+] Redemption of debt financial instruments	(400)	-
[-] Proceeds from bond security	15	24
[+] Proceeds from/(Expenditures on) cash pooling	210	30
[+] Repayment of borrowings	(2 051)	(1 936)
[+] Repayment of lease liabilities	(69)	(62)
[+] Repayment of interest on borrowings and debt securities	(103)	(111)
[+] Repayment of interest on leases	(8)	(8)
[-] Expenditures on derivatives related to sources of external financing	(76)	(81)
Investing activities		
[+] Paid capitalised interest on borrowings	(247)	(254)
[-] Proceeds on settlement of an instrument hedging interest rate of bonds	55	78
[-] **Change in free cash and cash equivalents**	(1 104)	492
[=] TOTAL	**1 262**	**(1 410)**

Note 8.4.3 Detailed information concerning the main sources of borrowings

As at 31 December 2024, the Company had open credit lines, investment loans and debt securities with a total balance of available financing in the amount of PLN 16 081 million, out of which PLN 5 189 million had been drawn (as at 31 December 2023 the Company had open credit lines, investment loans and debt securities with a total balance of available financing in the amount of PLN 14 641 million, out of which PLN 4 650 million had been drawn).

The structure of financing sources is presented below.

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 with a syndicate of banks in 2019 for the amount of USD 1 500 million, 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 Company 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 bank margin, depending on the net debt/EBITDA financial ratio.

The credit facility agreement obliges the Company 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 Company 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 Company continuously monitors the risk of exceeding the levels 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 this Report, the value of the financial covenant resulting in the obligation to report as at 30 June 2024 and as at 31 December 2024, complied with the provisions of the agreement.

	As at 31 December 2024	As at 31 December 2023
Amount granted	5 898	5 903
Amount of the liability	-	-

Investment loans		
Loans granted 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 the Company's 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 by the European Investment Bank in December 2017 with a financing period of 12 years. The Company 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 Company's projects related to development and replacement at various stages of the production process. Interest on the loan's instalments is based on a fixed interest rate. The last instalment of the loan drawn in 2023 is based on the SOFR rate plus a bank margin, which is dependent on the net debt/EBITDA financial ratio. The loan agreements oblige the Company to comply with the financial covenant and non-financial covenants commonly stipulated in such types of agreements. Pursuant to contractual terms and conditions, the Company 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 Company 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 this Report, the value of the financial covenant resulting in the obligation to report as at 30 June 2024 and as at 31 December 2024, complied with the provisions of the loan agreements.		
	As at 31 December 2024	**As at 31 December 2023**
Amount granted	3 340	3 340
Amount of the liability	1 794	2 058

Other bank loans		
Bank loans in the total amount of PLN 4 243 million are used to finance working capital and support the management of current financial liquidity. The Company holds lines of credit in the form of credit agreements. These are working capital facilities and credit accounts with availability of up to 5 years. The funds under open lines of credit are available in USD, EUR and PLN with interest based on a fixed interest rate or variable SOFR, EURIBOR and WIBOR plus a margin.		
	As at 31 December 2024	**As at 31 December 2023**
Amount granted	4 243	3 398
Amount of the liability	793	590

in PLN millions, unless otherwise stated

Debt securities		
A bond issuance program was established on the Polish market by an issuance agreement on 27 May 2019 under which bonds were issued with a maturity of 10 years in the amount of PLN 1 600 million and a redemption date of 27 June 2029. A bond issuance program was established on the Polish market by an issuance agreement on 29 May 2024 under which bonds were issued with a maturity of 7 years in the amount of PLN 1 000 million 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 Company has presented on its website the forecasted amount of liabilities, i.e. PLN 6 745 million (the unaudited amount). The actual amount of financial liabilities based on separate financial statements as at 31 December 2024 is PLN 5 790 million. In terms of the separate financial statements there is a deviation of the actual amount of financial liabilities as at the end of 2024 from the published estimated amounts resulting from the following factors: - the achieved EBITDA was at the level higher than forecasted; - the realised net cash flows on loans agreements within the Group were at a higher level than the forecasted amount; and - the incurred cash expenditures on property, plant and equipment were lower than forecasted.		
	As at 31 December 2024	**As at 31 December 2023**
Nominal value of the issuance	2 600	2 000
Amount of the liability	2 602	2 002

Total bank and other loans, debt securities	**As at 31 December 2024**	**As at 31 December 2023**
Amount granted / Nominal value of the issuance	**16 081**	**14 641**
Amount of the liability	**5 189**	**4 650**

The aforementioned sources ensure the availability of external financing in the amount of PLN 16 081 million. The funds available for use from these sources cover the liquidity needs of the Company and 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 other bank loans in the amount of PLN 4 243 million, are unsecured.

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	218	364
Other financial assets with a maturity of up to 3 months from the date of acquisition – deposits	149	1 117
Total cash and cash equivalents	**367**	**1 481**
Restricted cash	8	18
Free cash and cash equivalents	**359**	**1 463**

in PLN millions, unless otherwise stated

As at 31 December 2024, the Company had cash in bank deposits in the amount of PLN 8 million (as at 31 December 2023 PLN 29 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.

Note 8.6 Liabilities due to guarantees granted

Guarantees and letters of credit are an essential financial liquidity management tool of the Company.

Accounting policies
The Company 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. 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 and assumptions
For the calculation of expected credit loss, the Company adopts estimates for the rating, PD (probability of default) and LGD parameters (loss given default) similarly as for the loans granted (Note 6.2). 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 Company held liabilities due to guarantees and letters of credit granted in the total amount of PLN 2 015 million.

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

Guarantees - contingent liabilities (IAS 37)	The guarantee amount		Validity period
	As at 31 December 2024	As at 31 December 2023	
Security on the proper execution by the Company 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 on the markets run by Towarowa Giełda Energii S.A	PLN 70 mn	PLN 100 mn	up to 1 year
Security on the obligations related to proper execution of concluded agreements	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
Security on claims to cover costs related to collecting and processing waste	PLN 17 mn	PLN 16 mn	up to 2 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 payment obligations of KGHM International Ltd. towards South32 Chile Copper Holdings Pty Ltd.	PLN 55 mn (USD 14 mn)	-	PLN 402 mn (USD 98 mn)	-	until June 2036
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 Company in connection with the obligation of a manager 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 KGHM INTERNATIONAL LTD 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 474 mn	PLN 405 mn	up to 1 year

PART 9 – Non-current assets and related liabilities

Note 9.1 Mining and metallurgical property, plant and equipment

Accounting policies – property, plant and equipment

The most important property, plant and equipment of the Company 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 shafts, wells, galleries, drifts, primary chambers), backfilling, drainage and firefighting pipelines, piezometric holes and electricity, signal and optical fibre cables. 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 Company includes discounted decommissioning costs of fixed assets related to 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, fees 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 Company, 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 units produced, and this production is not spread evenly through the period of their usage. In particular it relates to machines and mining equipment in gas-steam blocks.

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 Company 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:

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, – sheds, reservoirs, container switchgears	 40-100 years 20-30 years
	Primary mine tunnels	22-90 years
	Pipelines:	6-9 years

in PLN millions, unless otherwise stated

	– backfilling to transfer sand with water, – 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 and machines: – mining vehicles, mining roof support – conveyor belts, belt weigher – switchboards, switchgears	 4-10 years 10-66 years 4-50 years
	Motor vehicles: – underground electric locomotives, – mining vehicles, railway vehicles, tankers, transportation platforms – trolleys, forklift, battery-electric truck – cars, trucks, special vehicles – underground diesel locomotives	 20-50 years 7-35 years 7-22 years 5-22 years 10-20 years
	Other fixed assets, including tools and equipment	5-25 years

For right-to-use fixed 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 – warehouses	22 years
	Other buildings	3-5 years
	Structures	3 years
	Computer sets	3 years
Technical equipment, machines, motor vehicles and other fixed asset	Machines and technical equipment	3-4 years
	Motor vehicles	3 years
	Equipment and other	5 years

The Company performs regular reviews of its property, plant and equipment in terms of the adequacy of applied useful lives to current operating conditions.

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 rates which reflects its anticipated useful life.

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Accounting policies – intangible assets

Mining and metallurgical intangible assets are mainly comprised of exploration and evaluation assets.

Exploration and evaluation assets are measured at cost less accumulated impairment losses.

The expenditures incurred on the following are recognised in the cost of the asset:
– 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 Company 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.

in PLN millions, unless otherwise stated

	Property, plant and equipment			Intangible assets		
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Exploration and evaluation assets	Other	Total
As at 1 January 2023						
Gross carrying amount	14 278	15 086	5 771	467	1 020	36 622
Accumulated depreciation/amortisation	(6 036)	(7 986)	-	-	(118)	(14 140)
Impairment losses	(1)	(14)	(7)	(118)	-	(140)
Net carrying amount	**8 241**	**7 086**	**5 764**	**349**	**902**	**22 342**
Net changes in 2023						
Settlement of fixed assets under construction	1 387	1 663	(3 050)	-	-	-
Purchases	-	-	2 848	127	94	3 069
Liquidation	(7)	(16)	(4)	-	-	(27)
Leases – new contracts, modification of contracts	14	35	-	-	-	49
Self-constructed	-	-	93	2	-	95
Capitalised borrowing costs	-	-	172	-	1	173
Change in provisions for decommissioning costs of mines, other technological facilities of mines and tailings storage facilities	90	-	-	-	-	90
CO_2 emission allowances received	-	-	-	-	410	410
Redemption of CO_2 emission allowances	-	-	-	-	(382)	(382)
Depreciation/amortisation, of which:	(439)	(1 179)	-	-	(13)	(1 631)
own fixed assets	(394)	(1 151)	-	-	(13)	(1 558)
leased fixed assets	(45)	(28)	-	-	-	(73)
Recognition of impairment losses, of which:	(1 624)	(1 138)	(957)	-	(57)	(3 776)
own fixed assets	(1 530)	(1 117)	(957)	-	-	(3 604)
leased fixed assets	(94)	(21)	-	-	-	(115)
Utilisation of impairment losses	-	7	4	-	-	11
Other changes	1	16	(1)	-	(12)	4
As at 31 December 2023						
Gross carrying amount	15 705	16 222	5 829	596	1 119	39 471
Accumulated depreciation/amortisation	(6 417)	(8 603)	-	-	(121)	(15 141)
Impairment losses	(1 625)	(1 145)	(960)	(118)	(57)	(3 905)
Net carrying amount, of which:	**7 663**	**6 474**	**4 869**	**478**	**941**	**20 425**
own fixed assets and intangible assets	7 206	6 370	4 869	478	941	19 864
leased fixed assets	457	104	-	-	-	561

in PLN millions, unless otherwise stated

	Property, plant and equipment			Intangible assets		
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Exploration and evaluation assets	Other	Total
As at 1 January 2024						
Gross carrying amount	15 705	16 222	5 829	596	1 119	39 471
Accumulated depreciation/amortisation	(6 417)	(8 603)	-	-	(121)	(15 141)
Impairment losses	(1 625)	(1 145)	(960)	(118)	(57)	(3 905)
Net carrying amount	**7 663**	**6 474**	**4 869**	**478**	**941**	**20 425**
Net changes in 2024						
Settlement of fixed assets under construction	1 261	1 897	(3 158)	-	-	-
Purchases	-	-	3 324	65	59	3 448
Liquidation	(8)	(21)	(2)	-	(4)	(35)
Leases – new contracts, modification of contracts, termination	(29)	7	-	-	-	(22)
Self-constructed	-	-	124	6	-	130
Capitalised borrowing costs	-	-	208	-	-	208
Change in provisions for decommissioning costs of mines, other technological facilities of mines and tailings storage facilities	(64)	-	-	-	-	(64)
CO_2 emission allowances received	-	-	-	-	260	260
Redemption of CO_2 emission allowances	-	-	-	-	(508)	(508)
Depreciation/amortisation, of which:	(409)	(1 141)	-	-	(13)	(1 563)
own fixed assets	(373)	(1 115)	-	-	(13)	(1 501)
leased fixed assets	(36)	(26)	-	-	-	(62)
Recognition of impairment losses, of which:	-	-	(2)	-	(3)	(5)
own fixed assets	-	-	(2)	-	(3)	(5)
Utilisation of impairment losses	3	8	2	-	4	17
Reclassification of an impairment loss due to the settlement of expenditures on property, plant and equipment	(145)	(126)	270	-	-	(1)
Other changes	(2)	4	-	-	(1)	1
As at 31 December 2024						
Gross carrying amount	16 831	17 504	6 325	667	919	42 246
Accumulated depreciation/amortisation	(6 794)	(9 139)	-	-	(128)	(16 061)
Impairment losses	(1 767)	(1 263)	(690)	(118)	(56)	(3 894)
Net carrying amount, of which:	**8 270**	**7 102**	**5 635**	**549**	**735**	**22 291**
own fixed assets and intangible assets	7 878	7 016	5 635	549	735	21 813
leased fixed assets	392	86	-	-	-	478

in PLN millions, unless otherwise stated

Note 9.1.1 Mining and metallurgical property, plant and equipment– 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 Expenses related to mining and metallurgical assets

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Purchase	(3 448)	(3 069)
Change in liabilities due to purchase	89	275
Other	(238)	(243)
Total*	**(3 597)**	**(3 037)**

** Including expenses related to assets for exploration for and evaluation of mineral resources in the amount of PLN 45 million (in 2023: PLN 158 million)*

Note 9.1.3 Significant expenditures on exploration and evaluation of mineral resources

Description	As at 31 December 2024		As at 31 December 2023	
	Gross carrying amount	Impairment loss	Gross carrying amount	Impairment loss
Exploration for and evaluation of a deposit of potassium and magnesium salts in the vicinity of Puck "PUCK"	205	-	195	-
Exploration for and evaluation of economic assessment of copper mineralisation in the Retków Ścinawa region	168	-	158	-
Exploration for and evaluation of economic assessment of copper mineralisation in the Synklina Grodziecka region - SYNKLINA	118	118	118	118
Exploration and evaluation of economic assessment of copper mineralisation in the Głogów region - Głogów	63	-	55	-

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. The policy regarding impairment is presented in Note 9.1. Depreciation is done using the straight-line method.

For individual groups of fixed assets, the following useful lives have been adopted:

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 may be found in Note 9.7). 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:

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

	Property, plant and equipment			Intangible assets	
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Other intangible assets	Total
As at 1 January 2023					
Gross carrying amount	66	266	10	216	558
Accumulated depreciation/amortisation	(41)	(197)	-	(165)	(403)
Net carrying amount as at 1 January 2023	**25**	**69**	**10**	**51**	**155**
As at 31 December 2023					
Gross carrying amount	67	273	18	242	600
Accumulated depreciation/amortisation	(42)	(205)	-	(188)	(435)
Net carrying amount as at 31 December 2023	**25**	**68**	**18**	**54**	**165**
own fixed assets and intangible assets	24	68	18	54	164
leased fixed assets	1	-	-	-	1
Net changes in 2024					
Settlement of fixed assets under construction	9	27	(36)	-	-
Other changes	-	-	-	1	1
Depreciation/amortisation, of which:	(2)	(26)	-	(16)	(44)
property, plant and equipment and intangible assets	(2)	(26)	-	(16)	(44)
As at 31 December 2024					
Gross carrying amount	76	278	18	253	625
Accumulated depreciation/amortisation	(44)	(209)	-	(204)	(479)
Net carrying amount, of which:	**32**	**69**	**18**	**49**	**168**
own fixed assets and intangible assets	30	69	18	49	166
leased fixed assets	2	-	-	-	2

As at 31 December 2024 and 31 December 2023 the Company did not have any assets pledged as security for liabilities.

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	**Depreciation/amortisation**	**1 578**	**1 645**	**29**	**30**
	recognised in profit or loss, of which:	1 517	1 569	25	28
	cost of manufacturing products	1 489	1 538	25	25
	administrative expenses	28	31	-	3
	being part of the manufacturing costs of assets	61	76	4	2

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. Estimation of this provision is based on specially-prepared studies using ore extraction forecasts (for mining facilities), and technical-economic studies prepared either by specialist firms or by the Company. 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 real 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 is based on the yield on treasury bonds at the end of the reporting period, with maturities nearest to the planned financial outflows 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 Company's Management on the basis of the consistency of the adopted assumptions, – 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 Company 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 Company of its obligations related to the	For the measurement of provision, the Company adopted, for the years 2025-2026, inflation rates at the level of the NBP's forecast from November 2024, that is 5.6% and 2.70%, respectively, and for subsequent periods at the level of 2.5%, in line with the long-term inflation target (in the comparable period 4.6% and 3.7% 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 Company 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 Company 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 Company 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 Company 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 PLN millions, unless otherwise stated

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 Company 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 is 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 Company, the beneficiary of which is the Company. As at 31 December 2024, the guarantees amounted to PLN 128 million, and their value is updated on an annual basis. The Company 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.	

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	90	385	186	1 093	6	**1 760**
Smelters	155	64	2	1	-	**222**
Total	**245**	**449**	**188**	**1 094**	**6**	**1 982**

		As at 31 December 2024	As at 31 December 2023
	Provisions at the beginning of the reporting period	**1 401**	**1 261**
Note 9.1	Changes in estimates recognised in fixed assets	(64)	90
	Utilisation	(1)	(2)
	Interest	-	23
	Other	(35)	29
	Provisions at the end of the reporting period, including:	**1 301**	**1 401**
	- non-current provisions, including:	1 263	1 389
	Mine Closure Fund and Tailings Storage Facility Restoration Fund	482	548
	- current provisions	38	12

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	(288)	(284)
decrease in discount rate by 1 percentage point	374	397

Note 9.5 Capitalised borrowing costs

During the period from 1 January 2024 to 31 December 2024, the Company recognised PLN 209 million of borrowing costs in property, plant and equipment and intangible assets (during the period from 1 January 2023 to 31 December 2023: PLN 173 million).

The capitalisation rate applied by the Company to determine borrowing costs in 2024 amounted to 4.67% (in 2023: 3.92%).

Note 9.6 Lease disclosures – the Company as a lessee

Accounting policies
As a lessee, the Company identifies leases in usufruct agreements, inter alia, land, perpetual usufruct right to land, and transmission easements, buildings and constructions as well as technical equipment and machines. The Company 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 Company 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 Company 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 Company 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 Company 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 lease period was set with the assumption that the lessee will terminate the agreement. In fixed lease payments, the Company 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 Company 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. Lease rate - lease payments are discounted by the Company using the incremental borrowing rate of the lessee, except when the interest rate of a lease agreement can be easily determined.

in PLN millions, unless otherwise stated

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Note 9.1	Depreciation/amortisation cost	62	73
Note 4.3	Interest cost	7	9
	Short-term lease cost	14	14
	Costs recognised in profit or loss, associated with leases of low-value of underlying assets, which are not recognised as short-term agreements	2	1
	Cost associated with variable lease payments not recognised in the measurement of lease liabilities	1	1
Note 8.4.2	Total cash outflows due to leases	(102)	(95)
Note 9.1	Increase/(decrease) in right-to-use assets	(22)	49
		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)	479	562
Note 8.4.2	Carrying amount of right-to-use liabilities	601	691

As at 31 December 2024, the Company had lease agreements that contained extension options and termination options, and the estimated value of future cash outflows, to which the Company is potentially exposed and are not included in the measurement of lease liabilities amounted to PLN 10 million and PLN 32 million respectively. The Company has lease agreements containing guaranteed residual values, which have been included in the measurement of lease liabilities. Moreover, as at the end of the reporting period, the Company did not have any lease agreements that had not commenced yet, to which it was obliged as a lessee.

Note 9.7 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 Company. 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 Company 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:	1 497 907	458	1 622 724	656
purchased CO_2 emission allowances	340 053	98	168 792	53
CO_2 emission allowances received free of charge	1 157 854	360	1 453 932	603
Accruals	1 197 557	374	1 218 359	501

Financial statements item	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Cost of sold products	126	90
Other operating income	5	6

Note 9.8 Non-current assets held for sale and liabilities associated with them

As at 31 December 2024, the Company did not have any non-current assets held for sale.

in PLN millions, unless otherwise stated

PART 10 – Working capital

Note 10.1 Inventories

Accounting policies
The Company 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 Company 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 Company, 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 are recognised in profit or loss as they are consumed, as current maintenance costs of assets.
Important estimates, assumptions and judgments
The Company measures inventories at cost, not higher than the net realisable value. The potential difference in the amounts represents a write-down of inventories of copper, silver and other products (at various processing stages), up to the net realisable value is recognised in the cost of manufacturing of sold products in the period, in which the write-down was recognised. The Company 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 metal inventories will be made.

	As at 31 December 2024	As at 31 December 2023
Materials	1 206	1 367
Half-finished goods and work in progress	4 243	4 300
Finished goods	1 578	1 800
Merchandise	10	39
Total net carrying amount of inventories	**7 037**	**7 506**

Write-down of inventories in the financial year

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Write-down recognised in cost of sales	16	44
Write-down reversed in cost of sales	10	13

Maturities of inventories

	As at 31 December 2024	As at 31 December 2023
Over 12 months from the end of the reporting period	109	92
Up to 12 months from the end of the reporting period	6 928	7 414

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 the finished rhenium product.

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.

At the end of the reporting period these assets are measured at cost less any impairment losses, though no higher than the net sale price.

Recognition of freely acquired certificates attesting to energy efficiency

Freely acquired 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. 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.
Subsidies resulting from the receipt of freely acquired certificates attesting to energy efficiency are recognised, as a subsidy to assets, in accruals, and are subsequently settled systematically in the financial result in other operating income, following the depreciation of fixed assets, whose acquisition/generation resulted in the arising of the energy efficiency for which the Company received the certificates.
At the end of the reporting period, freely acquired 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 their 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 Company creates a provision in accruals.
The Company 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, and
- 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.

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.

in PLN millions, unless otherwise stated

Recognition of property rights to coloured energy and white certificates

Financial statements item	As at 31 December 2024		As at 31 December 2023	
	amount (MWh)/TOE	value	amount (MWh)/TOE	value
Inventories - merchandise, of which:	**-**	**10**	**-**	**39**
green property rights	115 579	6	267 576	32
blue property rights	11 128	3	7 789	2
white certificates	404	1	2 483	5
Accruals, of which:	**-**	**16**	**-**	**41**
provision for redemption of green property rights (MWh)	107 174	5	267 132	32
provision for redemption of blue property rights (MWh)	10 717	3	11 131	3
provision for redemption of white certificates (TOE)	3 245	8	3 187	6

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**	**42**
Cost of products sold	15	38
Cost of merchandise sold	2	3
Other operating income	1	1

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, 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 (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 an adjustment by 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 the 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 assets do not pass the SPPI (solely payments of principal and interest) test 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 M+ pricing formula as well as due to the transfer 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.*

in PLN millions, unless otherwise stated

The Company 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. while information on the currency risk is presented in Note 7.5.1.3.

The following table presents the carrying amounts of trade receivables and the loss allowance for expected credit loss:

	as at 31 December 2024	as at 31 December 2023
Trade receivables measured at amortised cost - gross value	380	260
Loss allowance for expected credit loss	(1)	-
Trade receivables measured at amortised cost - net value	379	260
Trade receivables measured at fair value	506	211
Total trade receivables	**885**	**471**

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".
At the moment of transfer of the trade payables to reverse factoring, the Company 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 such transactions, it was necessary for the Company to make an important judgment on the presentation of balances of liabilities transferred to factoring in the statement of financial position and the presentation of transactions in the statement of cash flows.

In the Company's opinion, in presenting the balance of trade payables within the reverse factoring mechanism as „Trade and other payables" (assigned to the category of "other") 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 within the reverse factoring mechanism 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 supplier financing mechanism, 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 Company'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 the reverse factoring mechanism. 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 trade payable within the reverse factoring mechanism do not change by more than 10%,
- costs related to reverse factoring are incurred both by the Company and its suppliers. The Company 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 Company, together with individual suppliers, on the basis of signed contracts, will determine which invoices will be subject to the reverse factoring mechanism, and what the deadline for early payment to the supplier through the factor will be.

Moreover, although the Company 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 Company to be insufficient for the purpose of recognising that, at the moment of covering the trade payables by the reverse factoring mechanism, 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 financial institution, 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 Company and not directly by the suppliers,
- the actual deadline for the payment of trade payables subject to reverse factoring amounts to 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 Company, 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 Company 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 Company'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 Company. The Committee, recommending the appropriate presentation of liabilities subject to reverse factoring mechanisms, indicated the same issues that were analysed and disclosed by the Company as part of important judgments. In particular, in the context of the areas of analysis indicated by the Committee, the Company confirms that:

- 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 payable 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,
- 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 Company 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 Company to be insufficient to conclude that when the trade payable 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 Company's assessment of the nature of trade payables transferred to reverse factoring and their presentation, means that the trade payables within the reverse factoring mechanism are presented by the Company 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 Company 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 Company 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.*

in PLN millions, unless otherwise stated

	As at 31 December 2024	As at 31 December 2023
Non-current trade payables	195	196
Current trade payables	2 825	3 044
Other payables – trade payable within the reverse factoring mechanism	2 000	3 021
Trade and other payables	**5 020**	**6 261**

In 2024, the factors' total participation limit amounted to PLN 4 500 million (in 2023: PLN 3 000 million). Currently, the Company has concluded open-ended agreements for the provision of reverse factoring services with several factors. The cost of reverse factoring, depending on the terms arising from the concluded agreements, is at the following level: for PLN (WIBOR 1M + a margin), for EUR (EURIBOR 1M + a margin), for USD (Term SOFR 1M/SOFR ON + a margin). The program was implemented in 2019 in order to make it possible for the Company's suppliers to receive repayment of receivables faster, as part of the standard procurement process executed by the Company, alongside an extension of payment dates of payables by the Company. In 2024, liabilities in the amount of PLN 7 087 million were transferred to factors and as at 31 December 2024 the trade payables covered by reverse factoring amounted to PLN 2 000 million (in 2023 liabilities in the amount of PLN 4 247 million were transferred to factors and as at 31 December 2023 the trade payables covered by reverse factoring amounted to PLN 3 021 million); in the current year, payments made towards factors amounted to PLN 8 131 million (in the year ended 31 December 2023 the payments amounted to PLN 1 209 million). Interest costs paid towards factors in 2024 amounted to PLN 164 million (in the year ended 31 December 2023 the 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 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 1 214 million in the current part (as at 31 December 2023, PLN 195 million and PLN 1 141 million respectively).

The Company is exposed to currency and interest rates risk arising from trade and other payables, which is presented in Note 7.5.1.3 and 7.5.1.4, as well as to liquidity risk described in Note 8.3.
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 trade payables within the reverse factoring mechanism 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. Moreover, the Company, as regards the changes in working capital in the statement of cash flows, presented a separate line “Change in trade payables within the reverse factoring mechanism” for the purposes of clear and transparent presentation.

Important estimates, assumptions and judgments

Due to the lack of uniform market practice with respect to the presentation of reverse factoring transactions in the Statement of cash flows, the Management Board had to apply its own judgment in this regard. In the case of these transactions, the Company 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.

Due to the above, in the Company’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 a legal subrogation of receivables is made by the factor, from a legal standpoint, the factor assumes 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 Company for the presentation of interest cost of trade payables within the reverse factoring mechanism 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.

in PLN millions, unless otherwise stated

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2024	(7 506)	(471)	3 044	3 021	**(1 912)**
As at 31 December 2024	(7 037)	(885)	2 825	2 000	**(3 097)**
Impact of changes in the statement of financial position	469	(415)	(219)	(1 021)	**(1 186)**
Depreciation/amortisation recognised in inventories	57	-	-	-	**57**
Change in liabilities due to the purchase of property, plant and equipment	-	-	(107)	-	**(107)**
Change in liabilities due to interest	-	-	-	14	**14**
Adjustments	57	-	(107)	14	**(36)**
Change in the statement of cash flows from operating activities	**526**	**(415)**	**(326)**	**(1 007)**	**(1 222)**

** Trade payables within the reverse factoring mechanism*

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2023	(7 523)	(620)	2 819	-	**(5 324)**
As at 31 December 2023	(7 506)	(471)	3 044	3 021	**(1 912)**
Impact of changes in the statement of financial position	17	149	225	3 021	**3 412**
Depreciation/amortisation recognised in inventories	72	-	-	-	**72**
Change in liabilities due to the purchase of property, plant and equipment	-	-	(165)	(110)	**(275)**
Change in liabilities due to interest	-	-	-	(25)	**(25)**
Adjustments	72	-	(165)	(135)	**(228)**
Change in the statement of cash flows from operating activities	**89**	**149**	**60**	**2 886**	**3 184**

** Trade payables within the reverse factoring mechanism*

in PLN millions, unless otherwise stated

PART 11 – Employee benefits

Accounting policies

The Company 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 those of the liabilities due to be paid.
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 (for example benefits due to jubilee bonuses) are recognised in profit or loss.

Important 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 Company 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 the purpose of measurement of employee benefits in the Company reflect the economic relations between such factors as inflation, the salary growth rate, the discount rate and the coal price growth rate.

The assumptions used in the 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 the 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 the 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

	As at 31 December 2024	As at 31 December 2023
Non-current	2 467	2 821
Current	253	227
Liabilities due to future employee benefits programs	**2 720**	**3 048**
Employee remuneration liabilities	658	591
Accruals (unused annual leave, bonuses, other)	658	497
Employee liabilities	**1 316**	**1 088**
Total employee benefits liabilities	**4 036**	**4 136**

Employee benefits expenses

		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Remuneration	4 057	3 682
	Costs of social security and other benefits	1 597	1 428
	Costs of future benefits	237	365
Note 4.1	**Employee benefits expenses**	**5 891**	**5 475**

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	**2 631**	**406**	**361**	**1 836**	**28**
Note 11.1	Total costs recognised in profit or loss, of which:	**365**	172	43	147	3
	interest costs	**178**	28	24	124	2
	current service costs	**70**	27	19	23	1
	actuarial losses recognised in profit or loss	**117**	117	-	-	-
Note 8.2.2	Actuarial losses recognised in other comprehensive income	**270**	-	97	170	3
	Benefits paid	**(218)**	(60)	(31)	(126)	(1)
	As at 31 December 2023	**3 048**	**518**	**470**	**2 027**	**33**
Note 11.1	Total costs recognised in profit or loss, of which:	**237**	48	51	135	3
	interest costs	**157**	27	24	104	2
	current service costs	**95**	36	27	31	1
	actuarial gains recognised in profit or loss	**(15)**	(15)	-	-	-
Note 8.2.2	Actuarial gains recognised in other comprehensive income	**(352)**	-	(14)	(332)	(6)
	Benefits paid	**(213)**	(61)	(34)	(116)	(2)
	As at 31 December 2024	**2 720**	**505**	**473**	**1 714**	**28**

in PLN millions, unless otherwise stated

As at 31 December	2024	2023	2022	2021	2020
Present value of liabilities due to employee benefits	**2 720**	3 048	2 631	2 170	2 848

Main actuarial assumptions 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 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 adopted for measurement as at 31 December 2024 versus individual assumptions adopted as at 31 December 2023

Change in financial assumptions	(376)
Change in demographic assumptions	54
Other changes	(44)
Total actuarial gains	**(366)**

Actuarial (gains)/losses adopted for measurement as at 31 December 2023 versus individual assumptions adopted as at 31 December 2022

Change in financial assumptions	137
Change in demographic assumptions	57
Other changes	193
Total actuarial losses	**387**

The change in actuarial gains/losses was caused by a change in the assumptions in respect of the discount rate, coal prices and future expected changes of salary.

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	post-mortem benefits
2025	**253**	64	58	129	2
2026	**229**	47	77	103	2
2027	**159**	42	21	94	2
2028	**153**	38	24	89	2
2029	**147**	35	27	83	2
Other years	**1 779**	279	266	1 216	18
Total liabilities in the statement of financial position as at 31 December 2024	**2 720**	**505**	**473**	**1 714**	**28**

Maturity profile of future employee benefits liabilities

Year of maturity:	Total liabilities	jubilee awards	retirement and disability benefits	coal equivalent	post-mortem benefits
2024	**227**	54	60	111	2
2025	**241**	52	69	118	2
2026	**181**	42	26	111	2
2027	**168**	40	21	105	2
2028	**159**	37	22	98	2
Other years	**2 072**	293	272	1 484	23
Total liabilities in the statement of financial position as at 31 December 2023	**3 048**	**518**	**470**	**2 027**	**33**

in PLN millions, unless otherwise stated

PART 12 – Other notes

Note 12.1 Related party transactions

The accounting policies and important estimates and assumptions presented in Note 10 are applicable to transactions entered into with related parties.

Operating income from related parties	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
From subsidiaries	1 079	1 097
From other related parties	18	21
Total	**1 097**	**1 118**

In 2024, the Company received dividends from subsidiaries in the amount of PLN 10 million (in the comparable period the Company did not receive dividends from subsidiaries).

	As at 31 December 2024	As at 31 December 2023
Trade and other receivables from related parties	**11 062**	**10 514**
From subsidiaries, including:	11 015	10 496
loans granted	9 973	9 711
From other related parties	47	18
Payables towards related parties	**1 890**	**1 798**
Towards subsidiaries	1 843	1 780
Towards other related parties	47	18

Purchases from related entities	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
Purchases from related entities	**10 130**	**9 832**
Purchase of products, merchandise, materials and other purchases from subsidiaries	10 130	9 832

In 2024, the Company did not enter into significant transactions with related entities under other than arm's length conditions.

The State Treasury is an entity controlling KGHM Polska Miedź S.A. at the highest level. The Company 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).

Pursuant to the scope of IAS 24.26, in the period from 1 January to 31 December 2024, the Company concluded the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, 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 as at 31 December 2024 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 (for 2023: PLN 31 million),
- due to a reverse factoring agreement – as at 31 December 2024, the Company had a payable in the amount of PLN 1 727 million (as at 31 December 2023: PLN 2 528 million),
- banks related to the State Treasury executed the following transactions and economic operations on the Company's behalf: spot currency exchange, depositing cash, cash pooling, granting bank loans, guarantees and letters of credit (including documentary letters of credit), processing of a documentary collection, running bank accounts, servicing of business credit cards, servicing of special purpose funds and entering into transactions on the forward currency market.

in PLN millions, unless otherwise stated

State Treasury companies may purchase bonds issued by KGHM Polska Miedź S.A.

Other transactions between the Company 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 materials, merchandise and services 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 2 277 million (from 1 January to 31 December 2023: PLN 2 911 million), and, as at 31 December 2024, the unsettled balance of liabilities from these transactions amounted to PLN 170 million (as at 31 December 2023: PLN 294 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 234 million (from 1 January to 31 December 2023: PLN 386 million), and, as at 31 December 2024, the unsettled balance of receivables from these transactions amounted to PLN 128 million (as at 31 December 2023: PLN 173 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 from profits for previous years for the year ended 31 December 2023, it was decided to pay a dividend to shareholders in the amount of PLN 300 million (PLN 1.50/share). 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 Company are ordinary shares.

As at the date of publication, no decision was made on the dividend payout or allocation of profit for 2024.

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. Accounting policies concerning financial assets were described in Note 7.

		As at 31 December 2024	As at 31 December 2023
	Other non-current non-financial assets	**97**	**265**
	Receivables due to overpayment of property tax	68	72
	Non-financial advances	22	186
	Prepayments	7	7
	Other current assets	**711**	**541**
Note 7.1	Other current financial assets	540	327
	Receivables due to guarantees granted	16	18
	Receivables due to settled derivatives	34	48
	Receivables due to compensation for energy-intensive sector due to allocation the costs of purchasing CO_2 emission allowances in the price of electricity	148	144
	Receivables due to payments for letters of credit	6	1
	Loans granted	246	73
	Other	90	43
	Other current non-financial assets	171	214
	Non-financial advances	137	182
	Prepayments	29	26
	Other	5	6

in PLN millions, unless otherwise stated

Note 12.4 Other liabilities

Accounting policies
Other financial liabilities are initially recognised at fair value less transaction cost, and at the end of the reporting period they are measured at amortised cost.

	As at 31 December 2024	As at 31 December 2023
Trade payables	195	196
Other	100	24
Other non-current liabilities	**295**	**220**
Accruals, including:	458	620
provision for purchase of property rights related to electricity	16	41
charge for discharging of gases and dusts to the air	374	501
Liabilities due to the settlement of the Tax Group	36	197
Deferred income	31	23
Other liabilities due to settlements under cash pooling contracts	27	34
Other	143	187
Other current liabilities	**695**	**1 061**

Note 12.5 Provisions for liabilities and other charges

Provisions	As at 31 December 2024	As at 31 December 2023
decommissioning costs of mines and other technological facilities	38	12
decommissioning costs of fixed assets and fixed assets under construction	16	16
disputed issues and court proceedings	63	47
other provisions for expected losses, expenses and liabilities	110	7
Total	**227**	**82**

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	**425**	**531**
	Guarantees received	148	147
	Promissory note receivables	275	383
	Other	2	1
	Contingent liabilities	**862**	**696**
Note 8.6	Guarantees granted	698	665
	Financial support granted to municipalities in the form of a donation	131	-
	Other	33	31
	Other liabilities not recognised in the statement of financial position	**-**	**26**
	Liabilities towards local government entities due to expansion of the tailings storage facility	-	26

** The Company'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 Company.*

Note 12.7 Capital commitments related to property, plant and equipment and intangible assets

Capital commitments incurred in the reporting period, but not yet recognised in the 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	2 693	3 269
intangible assets	14	51
Total capital commitments	**2 707**	**3 320**

Note 12.8 Employment structure

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
White-collar employees	5 027	4 960
Blue-collar employees	13 858	13 915
Total (full-time)	**18 885**	**18 875**

Note 12.9 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)	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
	from 1 January 2023 to 31 December 2023				
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)	Period when function served	Current employee benefits	Current benefits due to serving in the function	Total earnings
	from 1 January 2024 to 31 December 2024			
Members of the Supervisory Board serving in the function as at 31 December 2024				
Aleksander Cieśliński	13.02-31.12	-	166	**166**
Zbysław Dobrowolski	13.02-31.12	-	165	**165**
Józef Czyczerski	01.01-31.12	26	186	**212**
Przemysław Darowski	01.01-31.12	-	187	**187**
Dominik Januszewski	13.02-31.12	-	165	**165**
Bogusław Szarek	01.01-31.12	336	186	**522**
Tadeusz Kocowski	13.02-31.12	-	182	**182**
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		**362**	**1 819**	**2 181**

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	-	167	**167**
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		**654**	**1 689**	**2 343**

Note 12.10 Remuneration of the entity entitled to audit the financial statements and of entities related to it (in PLN thousands)

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (PwC) performed audits of financial statements of KGHM Polska Miedź S.A. for 2023 and 2024.

	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.	**3 131**	**1 872**
Audit of annual financial statements	1 027	1 120
Assurance services, of which:	**2 104**	**752**
review of financial statements	595	572
assurance on sustainability reporting	850	-
other assurance services	659	180
Other companies of PricewaterhouseCoopers Polska	**126**	**99**

Note 12.11 Disclosure of information on the Company's activities regulated by the Act on Energy

Note 12.11.1 Introduction

KGHM Polska Miedź S.A. meets the definition of an "energy enterprise" under the Act on Energy. Pursuant to article 44 of the Act on Energy, the Company is required to prepare, on the basis of the Company's accounting records, information about its regulated activities. The scope of information concerning regulated activities, pursuant to article 44 of the aforementioned Act, constitute the Company's business activities in:

- distribution of electricity;
- distribution of gaseous fuels; and
- trade in gaseous fuels.

Note 12.11.2 Description of regulated activities

KGHM Polska Miedź S.A. conducts the following types of energy-related activities:

- **Distribution of electricity** – an activity which consists of distributing the electricity, used to meet the needs of clients conducting business activities;
- **Trade in gaseous fuels** – an activity which consists of trading in nitrogen-enriched natural gas and is conducted to meet the needs of clients engaged in business activities; and
- **Distribution of gaseous fuels** – an activity which consists of distributing nitrogen-enriched natural gas by utilising the distribution grids located in the Legnica and Głogów municipalities in order to meet the needs of clients conducting business activities.

Note 12.11.3 Basic principles of regulatory accounting

Regulatory accounting is a specific type of accounting, if compared to the accounting carried out in accordance with the Accounting Act of 29 September 1994, conducted by an entrepreneur for its regulated activities including energy activities.

In addition to the accounting policy which was described in the financial statements and was the basis for the keeping of the accounting records and for preparation of the Company's financial statements, KGHM Polska Miedź S.A. applies the following accounting principles for the purposes of regulatory accounting:

Causality principle
The allocation of particular revenue and costs is made in accordance with a given assets' intended purpose and utilisation of assets to meet the needs of a specified type of activity or service, with the causality principle governing the recognition of items of revenue and costs in specified types of activity and with the principle of consistency between recognition by types of activity of items of revenue and costs, which stems from the fact that these items reflect different aspects of the same events.
Objectivity and non-discrimination principle
The allocation of assets, liabilities, equity, revenue and costs is done objectively and is not aimed at making profits or incurring losses.

Continuation and comparability principle
The methods and principles used in preparing the report on regulatory accounting are applied in a continuous manner. This report was prepared using the same principles for the current and comparable periods.

Transparency and consistency principle
The methods applied in preparing the report on regulatory accounting are transparent and consistent with the methods and principles applied in other calculations performed for regulatory purposes and with the methods and principles applied in preparing the financial statements.

Materiality principle (feasibility principle)
The Company permits certain simplifications in measurement, recognition and allocation of items of assets, liabilities, equity, revenue and costs as long as it does not significantly distort the true picture of the financial position and assets presented in the financial statements on regulated activities.

Note 12.11.4 Detailed principles of regulatory policy – methods and principles governing the allocation of assets, liabilities, equity, costs and revenues

The Company prepares financial information on its regulated activities by overlapping the regulated activities' structure with the Company's organisational structure. The Company applies, in a continuous manner, various methods for the allocation of revenue, costs, assets and liabilities to specific types of regulated activities. The following methods were used:

- **specific (direct) identification method** – applied if a direct identification of value is possible, for example the level of revenue from certain activities,
- **direct allocation method** (e.g. the purchase cost of production fuel) – this method is applied if there is a direct cause-and-effect relationship between the consumed resource and the corresponding cost,
- **indirect allocation method** on the basis of a predetermined allocation key, this method is used among others, to allocate cost in a situation where no direct cause-and-effect relationship between the utilised resource and the cost item exists and there is a need to use a cost driver (an allocation key) which enables linkage of items with their respective cost. The most commonly used allocation keys are:
  - revenue key – value of revenue is the allocation key;
  - production key – production units are the allocation key;
  - power key – the installed power of machines and equipment is used for the allocation of indirect costs;
  - cost key – the value of costs is the allocation key;
  - mixed keys, which combine elements of several different keys; and
  - other keys appropriate for a specific case.

Assets
In the statement of financial position of KGHM Polska Miedź S.A. for the current and comparable periods, the following items of assets of regulated activities were recognised:

Non-current assets:
1.Fixed assets,
2.Fixed assets under construction,

Current assets:
1. Trade receivables.

Other items of assets in the Company's statement of financial position were allocated to other activities due to the lack of a link between these items and regulated activities, or because the share of these items in regulated activities is immaterial.

Fixed assets

The identification and allocation of specific items of fixed assets to regulated activities takes place when these items of fixed assets are brought into use. Based on the key consumption for energy carriers, being the quantitative share in sales of the energy carrier in the total volume of the purchased energy carrier less losses, the percentage in the carrying amount of fixed assets used in the energy activities is established.

$$\text{Share} = \frac{\text{Volume of energy carriers sold externally in the reporting period x 100\%}}{\text{Total volume of purchased energy carrier for the reporting period – losses}}$$

Fixed assets under construction

The allocation of fixed assets under construction to regulated activities is achieved by the detailed identification of expenditures on fixed assets under construction which are related to regulated activities, based on the analysis of accounting records. The remaining expenditures on fixed assets under construction are recognised in other activities of the Company.
The Company recognises the full amount of deferred tax assets due to other deductible temporary differences under other activities, due to their immaterial share in regulated activities.

Trade receivables

Allocation of receivables in specific types of regulated activities is done on the basis of detailed identification of revenues from specific types of regulated activities, by analysing the accounting records with respect to unsettled sales invoices. The remaining amount of trade receivables is recognised in other activities. The Company recognises the full amount of other receivables (i.e. apart from trade receivables) in other activities due to their immaterial share in regulated activities.

Equity and liabilities

In the statement of financial position, the following items were recognised in equity and liabilities for the current and comparable periods with respect to regulated activities:

Equity

Liabilities

I. Non-current liabilities:
   1. Deferred tax liabilities;
   2. Future employee benefits liabilities.

II. Current liabilities:
   1. Future employee benefits liabilities.

The full amount of other items of liabilities are recognised by the Company in other activities, due to their immaterial share in regulated activities.

Equity

The Company allocates equity to regulated activities as an item offsetting the assets and liabilities.

Deferred tax liabilities

With respect to regulated activities, deferred tax liabilities were identified arising from taxable temporary differences between the depreciation of property, plant and equipment and intangible assets for tax purposes and their carrying amount.
The allocation of deferred tax liabilities due to the depreciation of property, plant and equipment and the amortisation of intangible assets, with respect to regulated activities, is performed through the use of indicators set for property, plant and equipment and intangible assets. The Company allocates all deferred tax liabilities arising from other taxable temporary differences to other operating activities.

Non-current and current liabilities due to future employee benefits

Liabilities due to future employee benefits are allocated to individual types of regulated activities using a revenue key through the indirect allocation method.

Revenues from sales

Following an analysis of revenues in terms of their allocation to individual types of regulated activities, the Company identified groups of operations which met the following conditions:

- revenues from the sale of electricity – distribution;
- revenues from the sale of nitrogen-enriched natural gas – distribution; and
- revenues from the sale of nitrogen-enriched natural gas – trade.

Revenues from sales are allocated to individual types of regulated activities using the individual identification method.

Operating costs

Following an analysis of costs in terms of their allocation to individual types of regulated activities, the following types of operating costs were identified:

- costs of electricity distribution services and the distribution of natural gas;
- the value of the sold merchandise related to trade in natural gas; and
- administrative expenses associated with electricity sold.

Costs of sales, selling costs and administrative expenses are allocated to separate types of regulated activities based on the Company's account of the actual costs.

Income tax

The amount of income tax presented in the statement of profit or loss for individual types of regulated activities is set as a multiple of the financial result and the effective tax rate. The amount of current income tax decreases or increases deferred income tax, which is calculated from the difference between the carrying amount and the taxable amount of the respective assets of regulated activities.

in PLN millions, unless otherwise stated

Statement of financial position pursuant to article 44 of the Act on Energy

As at 31 December 2024	Company in total	Principal activities	Energy activities, of which:	Electricity		Gas
				Distribution	Trade	Distribution
ASSETS						
Property, plant and equipment	21 126	21 063	63	60	-	3
Intangible assets	1 333	1 333	-	-	-	-
Other non-current assets	17 648	17 648	-	-	-	-
Non-current assets	**40 107**	**40 044**	**63**	**60**	**-**	**3**
Inventories	7 037	7 037	-	-	-	-
Trade receivables	885	867	18	12	5	1
Other current assets	2 376	2 376	-	-	-	-
Current assets	**10 298**	**10 280**	**18**	**12**	**5**	**1**
TOTAL ASSETS	**50 405**	**50 324**	**81**	**72**	**5**	**4**
EQUITY AND LIABILITIES						
Equity	**31 154**	**31 088**	**66**	**59**	**4**	**3**
Deferred tax liabilities	460	455	5	5	-	-
Employee benefits liabilities	2 467	2 462	5	5	-	-
Provisions for decommissioning costs of mines and other technological facilities	1 263	1 263	-	-	-	-
Other non-current liabilities	5 219	5 219	-	-	-	-
Non-current liabilities	**9 409**	**9 399**	**10**	**10**	**-**	**-**
Employee benefits liabilities	1 569	1 569	-	-	-	-
Other current liabilities	8 273	8 268	5	4	1	-
Current liabilities	**9 842**	**9 837**	**5**	**4**	**1**	**-**
TOTAL LIABILITIES	**19 251**	**19 236**	**15**	**14**	**1**	**-**
TOTAL EQUITY AND LIABILITIES	**50 405**	**50 324**	**81**	**73**	**5**	**3**

in PLN millions, unless otherwise stated

As at 31 December 2023	Company in total	Principal activities	Energy activities, of which:	Electricity		Gas
				Distribution	Turnover	Distribution
ASSETS						
Property, plant and equipment	19 117	19 035	82	78	-	4
Intangible assets	1 473	1 473	-	-	-	-
Other non-current assets	16 191	16 191	-	-	-	-
Non-current assets	**36 781**	**36 699**	**82**	**78**	**-**	**4**
Inventories	7 506	7 506	-	-	-	-
Trade receivables	471	456	15	9	6	-
Other current assets	4 138	4 138	-	-	-	-
Current assets	**12 115**	**12 100**	**15**	**9**	**6**	**-**
TOTAL ASSETS	**48 896**	**48 799**	**97**	**87**	**6**	**4**
EQUITY AND LIABILITIES						
Equity	**28 818**	**28 742**	**76**	**71**	**1**	**4**
Deferred tax liabilities	328	321	7	7	-	-
Employee benefits liabilities	2 821	2 816	5	5	-	-
Provisions for decommissioning costs of mines and other technological facilities	1 389	1 389	-	-	-	-
Other non-current liabilities	4 930	4 930	-	-	-	-
Non-current liabilities	**9 468**	**9 456**	**12**	**12**	**-**	**-**
Employee benefits liabilities	1 315	1 313	2	2	-	-
Other current liabilities	9 295	9 288	7	2	5	-
Current liabilities	**10 610**	**10 601**	**9**	**4**	**5**	**-**
TOTAL LIABILITIES	**20 078**	**20 057**	**21**	**16**	**5**	**-**
TOTAL EQUITY AND LIABILITIES	**48 896**	**48 799**	**97**	**87**	**6**	**4**

in PLN millions, unless otherwise stated

Statement of profit or loss pursuant to article 44 of the Act on Energy

from 1 January 2024 to 31 December 2024	Company in total	Principal activities	Energy activities, of which:	Electricity	Gas	
				Distribution	Trade	Distribution
Revenues from contracts with customers	29 894	29 790	104	60	39	5
Cost of sales	(25 503)	(25 443)	(60)	(31)	(27)	(2)
Gross profit	**4 391**	**4 347**	**44**	**29**	**12**	**3**
Selling costs and administrative expenses	(1 535)	(1 535)	-	-	-	-
Profit on sales	**2 856**	**2 812**	**44**	**29**	**12**	**3**
Other operating income and costs	1 554	1 554	-	-	-	-
Finance income/(costs)	(425)	(425)	-	-	-	-
Profit before income tax	**3 985**	**3 941**	**44**	**29**	**12**	**3**
Income tax expense	(1 197)	(1 183)	(14)	(11)	(2)	(1)
Profit for the period	**2 788**	**2 758**	**30**	**18**	**10**	**2**

from 1 January 2023 to 31 December 2023	Company in total	Principal activities	Energy activities, of which:	Electricity	Gas	
				Distribution	Trade	Distribution
Revenues from contracts with customers	29 084	28 926	158	60	93	5
Cost of sales	(28 414)	(28 305)	(109)	(34)	(73)	**(2)**
Gross profit	**670**	**621**	**49**	**26**	**20**	**3**
Selling costs and administrative expenses	(1 590)	(1 590)	-	-	-	-
(Loss) / Profit on sales	**(920)**	**(969)**	**49**	**26**	**20**	**3**
Other operating income and costs	(230)	(230)	-	-	-	-
Finance (costs)/income	120	120	-	-	-	-
(Loss) / Profit before income tax	**(1 030)**	**(1 079)**	**49**	**26**	**20**	**3**
Income tax expense	(123)	(112)	(11)	(9)	(2)	-
(Loss) / Profit for the period	**(1 153)**	**(1 191)**	**38**	**17**	**18**	**3**

Note 12.12 Subsequent events

Appointment of a member of the Supervisory Board of the Company

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.

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 KGHM Polska Miedź S.A.

SEPARATE 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
Revenues from contracts with customers	7 633	6 614	29 894	29 084
Cost of sales	(6 500)	(8 819)	(25 503)	(28 414)
Gross profit / (loss)	**1 133**	**(2 205)**	**4 391**	**670**
Selling costs and administrative expenses	(481)	(602)	(1 535)	(1 590)
Profit / (Loss) on sales	**652**	**(2 807)**	**2 856**	**(920)**
Other operating income, including:	1 986	1 227	3 064	2 564
interest income calculated using the effective interest rate method	129	99	435	377
fair value gains on financial assets measured at fair value through profit or loss	33	-	141	668
gains due to reversal of impairment losses on financial instruments	(15)	-	2	18
Other operating costs, including:	(399)	(2 335)	(1 510)	(2 794)
impairment losses on financial instruments	(72)	(68)	(94)	-
Finance income	(13)	393	134	531
Finance costs	(238)	(148)	(559)	(411)
Profit / (Loss) before income tax	**1 988**	**(3 670)**	**3 985**	**(1 030)**
Income tax expense	(404)	780	(1 197)	(123)
PROFIT / (LOSS) FOR THE PERIOD	**1 584**	**(2 890)**	**2 788**	**(1 153)**
Weighted average number of ordinary shares (million)	**200**	**200**	**200**	**200**
Basic/diluted earnings / (loss) per share (in PLN)	**7.92**	**(14.45)**	**13.94**	**(5.77)**

in PLN millions, unless otherwise stated

Explanatory notes to the 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	409	400	1 607	1 675
Employee benefits expenses	1 650	1 410	5 891	5 475
Materials and energy, including:	2 743	3 058	11 650	12 955
purchased metal-bearing materials	1 749	1 915	7 439	7 712
electrical and other energy	319	365	1 699	2 224
External services, including:	823	754	2 793	2 638
transport	92	80	354	340
repairs, maintenance and servicing	307	279	936	854
mine preparatory work	208	188	727	736
Minerals extraction tax	996	699	3 865	3 496
Other taxes and charges	164	179	686	632
Advertising costs and representation expenses	20	31	63	83
Property and personal insurance	12	10	46	41
Impairment losses on property, plant and equipment and intangible assets	-	2 808	-	2 808
Reversal of write-down of inventories	-	-	(10)	(13)
Write-downs of inventories	5	11	16	44
Other costs	8	8	22	25
Total expenses by nature	**6 830**	**9 368**	**26 629**	**29 859**
Cost of merchandise and materials sold (+)	94	110	348	545
Change in inventories of products and work in progress (+/-)	127	8	291	(174)
Cost of products for internal use (-)	(70)	(65)	(230)	(226)
Total cost of sales, selling costs and administrative expenses, including:	**6 981**	**9 421**	**27 038**	**30 004**
Cost of sales	6 500	8 819	25 503	28 414
Selling costs	46	42	177	170
Administrative expenses	435	560	1 358	1 420

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:	132	95	617	366
measurement	77	-	68	202
realisation	55	95	549	164
Exchange differences on assets and liabilities other than borrowings	514	-	310	-
Interest on loans granted and other financial receivables	132	100	439	382
Fees and charges on re-invoicing of costs of bank guarantees securing payments of liabilities	-	11	21	23
Reversal of impairment losses on financial instruments measured at amortised cost, including:	-	-	2	18
gains due to reversal of an allowance for impairment of loans granted	-	-	2	15
Fair value gains on financial assets measured at fair value through profit or loss, including:	33	-	141	668
loans	60	-	141	657
Reversal of impairment losses on shares in subsidiaries	1 323	827	1 323	827
Dividends income	-	-	10	-
Release of provisions	109	21	115	30
Assistance under the government program "Aid for energy-intensive sectors related to sudden increases in natural gas and electricity prices in 2023 and 2024"*	14	178	14	178
Other	39	(5)	72	72
Total other operating income	**2 296**	**1 227**	**3 064**	**2 564**
Losses on derivatives, of which:	(44)	(227)	(565)	(634)
measurement	-	(87)	(13)	(188)
realisation	(44)	(140)	(552)	(446)
Impairment losses on financial instruments measured at amortised cost, including:	(87)	(68)	(94)	-
allowances for impairment of loans granted	(86)	(78)	(91)	-
Exchange differences on financial assets and liabilities other than borrowings	-	(676)	-	(770)
Fair value losses on financial assets measured at fair value through profit or loss, including:	(168)	(352)	(259)	(223)
loans	(123)	(329)	(123)	(94)
Impairment losses on shares in subsidiaries	(154)	-	(154)	-
Provisions recognised	(68)	(1)	(149)	(6)
Donations granted	(25)	(13)	(68)	(66)
Losses due to modification of contract terms	(169)	-	(169)	-
Compensations, fines and penalties paid and costs of litigations	-	(1)	(2)	(9)
Losses on disposal of property, plant and equipment (including costs associated with disposal)	19	(8)	(12)	(19)
Impairment losses on fixed assets under construction and intangible assets not yet available for use	(1)	(967)	(5)	(969)
Other	(12)	(22)	(33)	(98)
Total other operating costs	**(709)**	**(2 335)**	**(1 510)**	**(2 794)**
Other operating income and (costs)	**1 587**	**(1 108)**	**1 554**	**(230)**

**The Company 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 13.3 Finance 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 - realisation	60	86	134	173
Exchange differences on measurement and realisation of borrowings	-	307	-	358
Total income	**60**	**393**	**134**	**531**
Interest on borrowings, including:	(14)	(10)	(70)	(67)
leases	(1)	(2)	(7)	(9)
Interest on trade payables within the reverse factoring mechanism	(44)	(40)	(150)	(75)
Bank fees and charges on borrowings	(7)	(6)	(26)	(26)
Exchange differences on measurement and realisation of borrowings	(162)	-	(89)	-
Losses on derivatives - realisation	(66)	(90)	(146)	(183)
Unwinding of the discount effect	(18)	(2)	(78)	(60)
Total costs	**(311)**	**(148)**	**(559)**	**(411)**
Finance income/(costs)	**(251)**	**245**	**(425)**	**120**

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