

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated annual report SRR 2025

(in accordance with § 61 sec. 2 of the Decree regarding current and periodic information)

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

for the financial year **2025** comprising the period **from 1 January 2025 to 31 December 2025** containing the consolidated financial statements according to International Financial Reporting Standards in PLN.

publication date: 25 March 2026

KGHM Polska Miedź Spółka Akcyjna (name of the issuer)	
KGHM Polska Miedź S.A. (name of the issuer in brief) 59 - 301 (postal code) M. Skłodowskiej - Curie (street) (+48) 76 7478 200 (telephone) ir@kghm.com (e-mail) 6920000013 (NIP) G30C071KTT9JDYJESN22 (LEI)	Mining (issuer branch title per the Warsaw Stock Exchange) LUBIN (city) 48 (number) (+48) 76 7478 500 (fax) www.kghm.com (www) 390021764 (REGON) 23302 (KRS)

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.
(auditing company)

SELECTED FINANCIAL DATA		in PLN mn		in EUR mn	
		2025	2024	2025	2024
I.	Revenues from contracts with customers	36 366	35 320	8 576	8 206
II.	Profit on sales	3 959	3 767	934	875
III.	Profit before income tax	5 409	4 608	1 276	1 071
IV.	Profit for the period	3 688	2 870	870	666
V.	Profit for the period attributable to shareholders of the Parent Entity	3 687	2 868	870	666
VI.	Profit for the period attributable to non-controlling interest	1	2	-	-
VII.	Other comprehensive income	(1 851)	(144)	(437)	(33)
VIII.	Total comprehensive income	1 837	2 726	433	633
IX.	Total comprehensive income attributable to shareholders of the Parent Entity	1 837	2 725	433	633
X.	Total comprehensive income attributable to non-controlling interest	-	1	-	-
XI.	Number of shares issued	200 000 000	200 000 000	200 000 000	200 000 000
XII.	Earnings per ordinary share attributable to shareholders of the Parent Entity	18.44	14.34	4.35	3.33
XIII.	Net cash generated from/(used in) operating activities	4 035	4 690	952	1 090
XIV.	Net cash generated from/(used in) investing activities	(4 321)	(5 506)	(1 019)	(1 279)
XV.	Net cash generated from/(used in) financing activities	(111)	(217)	(26)	(50)
XVI.	Total net cash flow	(397)	(1 033)	(93)	(239)
XVII.	Non-current assets	45 015	42 285	10 650	9 896
XVIII.	Current assets	13 225	11 607	3 129	2 716
XIX.	Total assets	58 240	53 892	13 779	12 612
XX.	Non-current liabilities	13 273	11 828	3 140	2 768
XXI.	Current liabilities	12 069	11 006	2 855	2 576
XXII.	Equity	32 898	31 058	7 784	7 268
XXIII.	Equity attributable to shareholders of the Parent Entity	32 828	30 990	7 767	7 252
XXIV.	Equity attributable to non-controlling interest	70	68	17	16

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

	2025	2024
Average exchange rate for the period	4.2402*	4.3042**
Exchange rate at the end of the period	4.2267	4.2730

*Exchange rate is the arithmetical average of the current average exchange rates announced by the National Bank of Poland for every day, from January to December 2025.

**Exchange rate is the arithmetical average of the current average exchange rates announced by the National Bank of Poland on the last day of each month, from January to December 2024.

Polish Financial Supervision Authority

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



**CONSOLIDATED
FINANCIAL STATEMENTS
FOR 2025**

Table of contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
PART 1 – General information	10
Note 1.1 Corporate information	10
Note 1.2 Composition of the Group	11
Note 1.3 Going concern	16
Note 1.4 Declaration by the Management Board on the accuracy of the prepared financial statements	22
Note 1.5 Basis of preparation and presentation	22
Note 1.6 Impact of new and amended standards and interpretations	26
Note 1.7 Published standards and interpretations, which are not yet in force and were not applied earlier by the Group	26
PART 2 – Information on segments and revenues	30
Note 2.1 Operating segments	30
Note 2.2 Financial results of reporting segments	33
Note 2.3 Revenues from contracts with customers of the Group – breakdown by products	36
Note 2.4 Revenues from contracts with customers of the Group – breakdown by category	41
Note 2.5 Revenues from contracts with customers of the Group – geographical breakdown reflecting the location of end customers	43
Note 2.6 Main customers	43
Note 2.7 Non-current assets – geographical breakdown	43
PART 3 – Impairment of assets	44
Note 3.1 Impairment losses on assets as at 31 December 2025	44
Note 3.2 Impairment losses on assets as at 31 December 2024	50
PART 4 – Explanatory notes to the statement of profit or loss	58
Note 4.1 Expenses by nature	58
Note 4.2 Other operating income and (costs)	59
Note 4.3 Finance income and (costs)	60
Note 4.4 Reversal and (recognition) of impairment losses recognised in the statement of profit or loss	60
PART 5 – Taxation	61
Note 5.1 Income tax in the consolidated statement of profit or loss	61
Note 5.2 Other taxes and charges	67
Note 5.3 Tax assets and liabilities	68
PART 6 – Involvement in joint ventures	69
Note 6.1 Joint ventures accounted for using the equity method	70
Note 6.2 Loans granted to a joint venture Sierra Gorda S.C.M.	72
PART 7 – Financial instruments and financial risk management	74
Note 7.1 Financial Instruments	74
Note 7.2 Derivatives	80
Note 7.3 Other financial instruments measured at fair value	85
Note 7.4 Other financial instruments measured at amortised cost	86
Note 7.5 Financial risk management	86
PART 8 – Borrowings and the management of liquidity and capital	108
Note 8.1 Capital management policy	108
Note 8.2 Equity	109
Note 8.3 Liquidity management policy	112
Note 8.4 Borrowings	114
Note 8.5 Cash and cash equivalents	118
Note 8.6 Liabilities due to guarantees granted	118
PART 9 – Non-current assets and related liabilities	120
Note 9.1 Mining and metallurgical property, plant and equipment and intangible assets	120
Note 9.2 Other property, plant and equipment and intangible assets	126
Note 9.3 Depreciation/amortisation	129
Note 9.4 Provision for decommissioning costs of mines and other technological facilities	129
Note 9.5 Capitalised borrowing costs	131
Note 9.6 Carrying amount of the assets of Group companies representing collateral of repayment of liabilities	131
Note 9.7 Lease disclosures – the Group as a lessee	132
Note 9.8 Greenhouse gas emissions allowances	133
Note 9.9 Assets held for sale (disposal group) and liabilities associated with them	134

PART 10 – Working capital.....	136
Note 10.1 Inventories.....	136
Note 10.2 Trade receivables.....	139
Note 10.3 Trade and other payables.....	140
Note 10.4 Change in working capital.....	143
PART 11 – Employee benefits.....	145
Note 11.1 Employee benefits liabilities.....	146
Note 11.2 Change in liabilities related to future employee benefits programs.....	147
PART 12 – Other notes.....	150
Note 12.1 Related party transactions.....	150
Note 12.2 Dividends paid.....	151
Note 12.3 Other assets.....	152
Note 12.4 Other liabilities.....	153
Note 12.5 Provisions for liabilities and other charges.....	153
Note 12.6 Assets and liabilities not recognised in the statement of financial position.....	154
Note 12.7 Litigation and claims.....	154
Note 12.8 Contractual commitments for the acquisition of property, plant and equipment and intangible assets.....	155
Note 12.9 Employment structure.....	155
Note 12.10 Remuneration of key managers.....	155
Note 12.11 Remuneration of the entity entitled to audit the financial statements and of entities related to it, in PLN thousands.....	157
Note 12.12 Subsequent events.....	158
PART 13 – Quarterly financial information of the Group.....	159
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	159
Note 13.1 Expenses by nature.....	160
Note 13.2 Other operating income and (costs).....	161
Note 13.3 Finance income/(costs).....	162

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Note 2.3	Revenues from contracts with customers	36 366	35 320
Note 4.1	Cost of sales	(30 126)	(29 348)
	Gross profit on sales	6 240	5 972
Note 4.1	Selling costs and administrative expenses	(2 281)	(2 205)
	Profit on sales	3 959	3 767
Note 6.1	Share in profits of a joint venture accounted for using the equity method	1 608	-
Note 6.1	Reversal of an impairment loss on shares in a joint venture	252	-
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	484	226
Note 6.2	Interest income on loans granted to a joint venture calculated using the effective interest rate method	557	552
	Profit or loss on involvement in a joint venture	2 901	778
Note 4.2	Other operating income, including:	661	1 562
	other interest calculated using the effective interest rate method	52	63
Note 4.4	reversal of impairment losses on financial instruments	3	-
Note 4.2	Other operating costs, including:	(2 284)	(1 118)
Note 4.4	impairment losses on financial instruments	-	(1)
Note 4.3	Finance income	418	135
Note 4.3	Finance costs	(246)	(516)
	Profit before income tax	5 409	4 608
Note 5.1	Income tax expense	(1 721)	(1 738)
	PROFIT FOR THE PERIOD	3 688	2 870
	Profit for the period attributable to:		
	shareholders of the Parent Entity	3 687	2 868
	non-controlling interest	1	2
	Weighted average number of ordinary shares (million)	200	200
	Basic/diluted earnings per share (in PLN)	18.44	14.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Profit for the period	3 688	2 870
Note 8.2.2 Effective portion of the change in the fair value of hedging instruments and the cost of hedging, net of the tax effect	(2 301)	(445)
Exchange differences from translation of statements of operations with a functional currency other than PLN	(290)	15
Other comprehensive income, which will be reclassified to profit or loss	(2 591)	(430)
Note 8.2.2 Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	734	6
Actuarial gains, net of the tax effect	15	271
Surplus from the fair value remeasurement of investment properties, as at the day of reclassification from fixed assets, net of the tax effect	-	9
Transfer of surplus from the fair value remeasurement of investment properties to retained earnings due to their disposal, net of the tax effect	(1)	-
Share in other comprehensive income of a joint venture accounted for using the equity method	(8)	-
Other comprehensive income which will not be reclassified to profit or loss	740	286
Total other comprehensive net income	(1 851)	(144)
TOTAL COMPREHENSIVE INCOME	1 837	2 726
Total comprehensive income attributable to:		
shareholders of the Parent Entity	1 837	2 725
non-controlling interest	-	1

CONSOLIDATED STATEMENT OF CASH FLOWS

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
	5 409	4 608
Note 9.3 Depreciation/amortisation recognised in profit or loss	2 366	2 006
Note 6.1 Share in profits of a joint venture accounted for using the equity method	(1 608)	-
Note 6.1 Reversal of an impairment loss on shares in a joint venture	(252)	-
Note 6.2 Interest on loans granted to a joint venture	(557)	(552)
Other interest	47	183
Part 3 Impairment losses on property, plant and equipment and intangible assets	382	312
Gain on reversal of impairment losses on property, plant and equipment and intangible assets	-	(74)
Note 6.2 Gain due to the reversal of allowances for impairment of loans granted to a joint venture	(484)	(226)
Losses on disposal of property, plant and equipment and intangible assets	19	25
Note 9.9 Gain on disposal of subsidiaries	(70)	-
Exchange differences, of which:	1 004	(411)
from investment activities and cash	1 320	(495)
from financing activities	(316)	84
Change in provisions for decommissioning of mines, liabilities related to future employee benefits programs and other provisions	388	425
Change in other receivables and liabilities other than working capital	551	163
Change in assets and liabilities due to derivatives	151	180
Note 7.2 Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(30)	(628)
Other adjustments	(31)	(33)
Exclusions of income and costs, total	1 876	1 370
Income tax, of which:	(915)	(413)
payments of income tax	(917)	(1 027)
refunds of income tax	2	614
Note 10.4 Changes in working capital, including:	(2 335)	(875)
change in trade payables within the reverse factoring mechanism	(593)	(1 007)
Net cash generated from/(used in) operating activities	4 035	4 690

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Note 9.1.3		
Expenditures on mining and metallurgical assets, including:	(4 887)	(5 176)
Note 8.4.2		
paid capitalised interest on borrowings	(354)	(331)
proceeds on settlement of an instrument hedging interest rate of bonds	47	70
Expenditures on other property, plant and equipment and intangible assets	(632)	(679)
Expenditures on financial assets designated for decommissioning of mines and other technological facilities	(45)	(45)
Expenditures on acquisition of subsidiaries	-	(63)
Advances granted on property, plant and equipment and intangible assets	(9)	(31)
Proceeds from repayment of loans granted to a joint venture (principal)	785	346
Proceeds from disposal of property, plant and equipment and intangible assets	50	46
Proceeds from disposal of subsidiaries	13	-
Interest received on loans granted to a joint venture	421	118
Other	(17)	(22)
Net cash generated from/(used in) investing activities	(4 321)	(5 506)
Note 8.4.2		
Proceeds from issuance of debt financial instruments	1 599	1 000
Note 8.4.2		
Proceeds from borrowings	957	1 940
Proceeds from derivatives related to sources of external financing	100	64
Note 8.4.2		
Redemption of debt financial instruments	(1 599)	(400)
Note 8.4.2		
Repayment of borrowings	(935)	(2 154)
Note 8.4.2		
Repayment of lease liabilities	(95)	(97)
Expenditures due to derivatives related to sources of external financing	(30)	(75)
Interest paid, of which:	(120)	(202)
due to trade payables within the reverse factoring mechanism	(101)	(164)
Note 8.4.2		
due to borrowings	(19)	(38)
Expenditures due to dividends paid to shareholders of the Parent Entity	-	(300)
Other	12	7
Net cash generated from/(used in) financing activities	(111)	(217)
NET CASH FLOW	(397)	(1 033)
Exchange gains/(losses)	125	19
Cash and cash equivalents at beginning of the period	715	1 729
Cash and cash equivalents at end of the period, including:	443	715
restricted cash	18	24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2025	As at 31 December 2024
ASSETS		
	25 711	24 050
	2 799	2 830
Note 9.1	28 510	26 880
	3 089	3 087
	181	213
Note 9.2	3 270	3 300
Note 6.1	1 814	-
Note 6.2	8 436	9 800
Note 6.2	10 250	9 800
Note 7.2	168	286
Note 7.3	1 792	883
Note 7.4	566	557
	2 526	1 726
Note 5.1.1	189	302
Note 12.3	270	277
	45 015	42 285
Note 10.1	9 608	8 063
Note 10.2	1 885	1 345
	1 342	707
Note 5.3	659	453
Note 7.2	128	219
Note 12.3	237	317
Note 12.3	265	366
Note 8.5	443	715
Note 9.9	-	129
	13 225	11 607
	58 240	53 892
Non-current assets		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Note 8.2.1	2 000	2 000
Note 8.2.2	(1 729)	(162)
Note 8.2.2	1 495	1 778
Note 8.2.2	31 062	27 374
	32 828	30 990
	70	68
	32 898	31 058
Note 8.4.1	2 434	2 310
Note 8.4.1	2 600	2 600
Note 7.2	1 626	269
Note 11.1	2 892	2 784
Note 9.4	2 123	2 084
Note 5.1.1	1 227	1 384
Note 12.4	371	397
	13 273	11 828
Note 8.4.1	811	1 259
Note 8.4.1	4	2
Note 7.2	1 440	44
Note 10.3	4 510	5 132
Note 11.1	2 216	2 019
Note 5.3	1 746	1 049
Note 12.5	137	280
Note 12.4	1 205	1 061
Note 9.9	-	160
	12 069	11 006
	25 342	22 834
	58 240	53 892
Current liabilities		
Non-current and current liabilities		
TOTAL EQUITY AND LIABILITIES		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to shareholders of the Parent Entity				Total	Equity attributable to non-controlling interest	Total equity
		Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings			
As at 31 December 2023		2 000	277	1 482	24 806	28 565	65	28 630
Transactions with non-controlling interest		-	-	-	-	-	2	2
Note 12.2	Transactions with owners – dividend approved and paid	-	-	-	(300)	(300)	-	(300)
Profit for the period		-	-	-	2 868	2 868	2	2 870
Note 8.2.2	Other comprehensive income	-	(439)	296	-	(143)	(1)	(144)
Total comprehensive income		-	(439)	296	2 868	2 725	1	2 726
As at 31 December 2024		2 000	(162)	1 778	27 374	30 990	68	31 058
Transactions with non-controlling interest		-	-	-	-	-	2	2
Other changes		-	-	-	1	1	-	1
Profit for the period		-	-	-	3 687	3 687	1	3 688
Note 8.2.2	Other comprehensive income	-	(1 567)	(283)	-	(1 850)	(1)	(1 851)
Total comprehensive income		-	(1 567)	(283)	3 687	1 837	-	1 837
As at 31 December 2025		2 000	(1 729)	1 495	31 062	32 828	70	32 898

PART 1 – General information

Note 1.1 Corporate information

KGHM Polska Miedź S.A. is the Parent Entity of the KGHM Polska Miedź S.A. Group (“the Parent Entity”, “the Company”) with its registered office in Lubin at 48 M. Skłodowskiej-Curie Street and is a joint stock company registered at the Regional Court for Wrocław Fabryczna in Wrocław, Section IX (Economic) of the National Court Register, entry no. KRS 23302, on the territory of the Republic of Poland. Since 1997, the shares of KGHM Polska Miedź S.A. have been listed on the Warsaw Stock Exchange. As at the date of preparation of these consolidated financial statements, the State Treasury is the largest shareholder of the Company, with 31.79% share.

The main business activities of the Parent Entity include the mining of copper ore and non-ferrous metal deposits, carried out by mines on the basis of concessions granted to KGHM Polska Miedź S.A., as well as the production of electrolytic copper, precious metals (including silver and gold) and other non-ferrous metals, carried out in metallurgical plants, using advanced technologies. The Company's operations are characterised by a highly integrated technology chain. The Company carries out tasks on its own, from exploration and acquisition of raw materials through their extraction, production, transport, reaching customers and stakeholders to responsible waste management, so as to limit its negative impact on the environment as much as possible. The Parent Entity has a multi-divisional organisational structure, comprised of a Head Office and 10 divisions located in Lower Silesia: 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.

Also in the case of the KGHM Polska Miedź S.A. Group (the Group), the exploration and mining of copper, nickel and precious metals ore deposits is a key area of activity. On international markets, mining activities are carried out by companies of the KGHM INTERNATIONAL LTD. Group (a subgroup), which hold legal titles for exploration for and mining of raw materials in the USA, Canada and Chile. The Group's international presence enables the diversification of raw material sources and strengthens its competitive position on the global metals market. Detailed information on the scope of mining and metallurgical activities and the location of production assets is presented in the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2025 (section 1.3.1 and 1.3.2). Moreover, the Group conducts activities that include a number of other supporting and supplementary activities, which are described in [Note 1.2](#) and [Note 2.1](#).

In 2025, the Parent Entity included 60 subsidiaries in its consolidated financial statements and used the equity method to account for the shares of the joint venture Sierra Gorda S.C.M.

Note 1.2 Composition of the Group

Entity	Head office	Business activities	Percentage of Group's share	
			As at 31 December 2025	As at 31 December 2024
BIPROMET S.A.	Katowice	construction, urban and technological design; construction of complete buildings or parts thereof; civil engineering; rental of real estate	100	100
CBJ sp. z o.o.	Lubin	physico-chemical tests and analyses; immission and emission measurements; industrial research	100	100
CENTROZŁOM WROCŁAW S.A.	Wrocław	purchase and sale of steel and cast iron scrap, non-ferrous metals and steel alloys, sale of metallurgical products and construction reinforcement, waste recycling	100	100
Polska Grupa Uzdrowisk sp. z o.o.	Wrocław	financial holding activities, financial service activities, trading and servicing of the real estate market	100	100
"Energetyka" sp. z o.o.	Lubin	generation, distribution and sale of electricity and heat; water and sewage management	100	100
INOVA spółka z o.o.	Lubin	research and control of machines, research and development	100	100
KGHM CUPRUM sp. z o.o. - CBR	Wrocław	research and development activities	100	100
CUPRUM Development sp. z o.o.	Wrocław	activities related to real estate market services, construction, design and financial services	100	100
KGHM Kupfer AG i. L.	Weißwasser	exploration and evaluation of deposits of copper and other metals in Europe	-	100
KGHM Metraco S.A.	Legnica	wholesale of scrap and waste, lead, non-ferrous metals, chemical products and salt, forwarding services	100	100
KGHM (SHANGHAI) COPPER TRADING CO., LTD.	Shanghai	wholesale, import, export of copper/silicon and chemical products, mechanical and electrical equipment, office supplies, provision of trade consulting services	100	100
KGHM ZANAM S.A.	Polkowice	maintenance and construction of machines	100	100
"MIEDZIOWE CENTRUM ZDROWIA" S.A.	Lubin	hospitals; medical practice; healthcare-related activities; occupational medicine	100	100
NITROERG S.A.	Bieruń	production of explosives and initiating agents used in mining	87.12	87.12
NITROERG SERWIS Sp. z o.o.	Wilków	sale and transport of blasting agents, drilling and blasting works	87.12	87.12
PeBeKa S.A.	Lubin	mining, underground construction, tunnel construction	100	100
MERCUS Logistyka sp. z o.o.	Polkowice	trade, production of electrical wire harnesses	100	100
PHU "Lubinpex" Sp. z o.o.	Lubin	food retail, gastronomy	100	100
Future 1 Sp. z o.o.	Lubin	holding functions in relation to the KGHM INTERNATIONAL LTD. Group	100	100
Future 3 Sp. z o.o.	Lubin	functions within the structure related to the establishment of the Tax Group	100	100
Future 4 Sp. z o.o.	Lubin	functions within the structure related to the establishment of the Tax Group	100	100
Future 5 Sp. z o.o.	Lubin	functions within the structure related to the establishment of the Tax Group	100	100
PMT Linie Kolejowe Sp. z o.o.	Owczary	management of railway infrastructure	100	100
POL-MIEDŹ TRANS Sp. z o.o.	Lubin	rail and road transport services; trade in petroleum products	100	100
Uzdrowisko Cieplice Sp. z o.o. - Grupa PGU	Jelenia Góra	spa activities	99.15	99.12
Uzdrowiska Kłodzkie S.A. - Grupa PGU	Polanica Zdrój	spa activities, production and sale of mineral water	100	100
Uzdrowisko Połczyn Grupa PGU S.A.	Połczyn Zdrój	spa activities	100	100
Uzdrowisko Świeradów-Czerniawa Sp. z o.o. - Grupa PGU	Świeradów Zdrój	spa activities	99.46	99.46
OOO ZANAM VOSTOK	Gay (Russia)	mining machinery maintenance services	100	100

Entity	Head office	Business activities	Percentage of Group's share	
			As at 31 December 2025	As at 31 December 2024
WMN "ŁABĘDY" S.A.	Gliwice	production of non-ferrous metals, non-ferrous metal products, sale of services	95.74	84.98
WPEC w Legnicy S.A.	Legnica	generation, transmission and distribution of thermal energy	100	100
Zagłębie Lubin S.A.	Lubin	running a football section and organising sports competitions	100	100
Invest PV 7 Sp. z o.o.	Lubin	electricity production	100	100
Invest PV 40 Sp. z o.o.	Lubin	electricity production	100	100
Invest PV 58 Sp. z o.o.	Lubin	electricity production	100	100
Invest PV 59 Sp. z o.o.	Lubin	electricity production	100	100
TUW Cuprum	Lubin	insurance services	100	99.49
KGHM INTERNATIONAL LTD. Group				
KGHM INTERNATIONAL LTD.	Canada	establishing, developing, managing or exercising control over other companies	100	100
KGHM AJAX MINING INC.	Canada	mining of copper and gold ore	80	80
Sugarloaf Ranches Ltd.	Canada	agricultural activities	80	80
KGHMI HOLDINGS LTD.	Canada	managing and exercising control over other companies	100	100
Quadra FNX Holdings Chile Limitada	Chile	managing and exercising control over other companies	100	100
Aguas de la Sierra Limitada	Chile	water management services for the Sierra Gorda project	100	100
Quadra FNX FFI S.à r.l.	Luxembourg	managing and exercising control over other companies	100	100
Robinson Holdings (USA) Ltd.	USA	technical and management services for US subsidiaries	100	100
Wendover Bulk Transshipment Company	USA	handling services for the Robinson mine	100	100
Robinson Nevada Mining Company	USA	copper ore mining, copper production and sales	100	100
Carlota Holdings Company	USA	managing and exercising control over other companies	100	100
Carlota Copper Company	USA	copper ore leaching, copper production and sales	100	100
FNX Mining Company Inc.	Canada	copper and nickel ore mining, copper and nickel production and sales, Victoria project development	100	100
DMC Mining Services Ltd.	Canada	mining services contracting	100	100
Quadra FNX Holdings Partnership	Canada	managing and exercising control over other companies	100	100
DMC Mining Services Mexico, S.A. de C.V. En Liquidacion	Mexico	mining services contracting	-	100
FNX Mining Company USA Inc.	USA	managing and exercising control over other companies	100	100
DMC Mining Services Corporation	USA	mining services contracting	100	100
Centenario Holdings Ltd.	Canada	managing and exercising control over other companies	100	100
Minera Carrizalillo SpA	Chile	managing and exercising control over other companies	100	100
KGHM Chile SpA	Chile	providing exploration services for the Sierra Gorda project and the Franke mine	100	100
FRANKE HOLDINGS LTD.	Canada	managing and exercising control over other companies	100	100
0899196 B.C. Ltd.	Canada	managing and exercising control over other companies	100	100
DMC Mining Services (UK) Ltd.	The United Kingdom	mining services contracting	100	100
DMC Mining Services Colombia SAS en liquidacion	Colombia	mining services contracting	-	100
DMC Mining Services Chile SpA	Chile	mining services contracting	100	100
Project Nikolas Company INC.	Canada	copper ore mining, copper production and sales	-	100
DMC Underground LLC	Mongolia	mining services contracting	100	-

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

Sale of the subsidiary Project Nikolas Company Inc.

On 28 February 2025, the sale transaction of 100% of shares in the subsidiary of the KGHM INTERNATIONAL LTD. Group – Project Nikolas Company Inc. was carried out. Detailed information regarding this transaction is presented in Note 9.9 Assets held for sale (disposal group) and liabilities associated with them.

Liquidation of the subsidiary KGHM Kupfer AG i. L.

In the current reporting period, the liquidation process of the subsidiary KGHM Kupfer AG i.L. was completed. On 27 August 2025, the aforementioned subsidiary was removed from the relevant court register.

The above transaction had no material impact on these consolidated financial statements.

Conclusion of bankruptcy proceedings concerning the joint venture Nano Carbon sp. z o.o. in bankruptcy

During the current reporting period, the bankruptcy proceedings concerning the joint venture Nano Carbon sp. z o.o. in bankruptcy were concluded. On 28 August 2025, the aforementioned entity was removed from the National Court Register.

The above transaction had no impact on these consolidated financial statements.

Registration of the subsidiary DMC Underground LLC

On 9 October 2025, the new subsidiary of the KGHM INTERNATIONAL LTD. Group – DMC Underground LCC with its registered office in Mongolia, was registered.

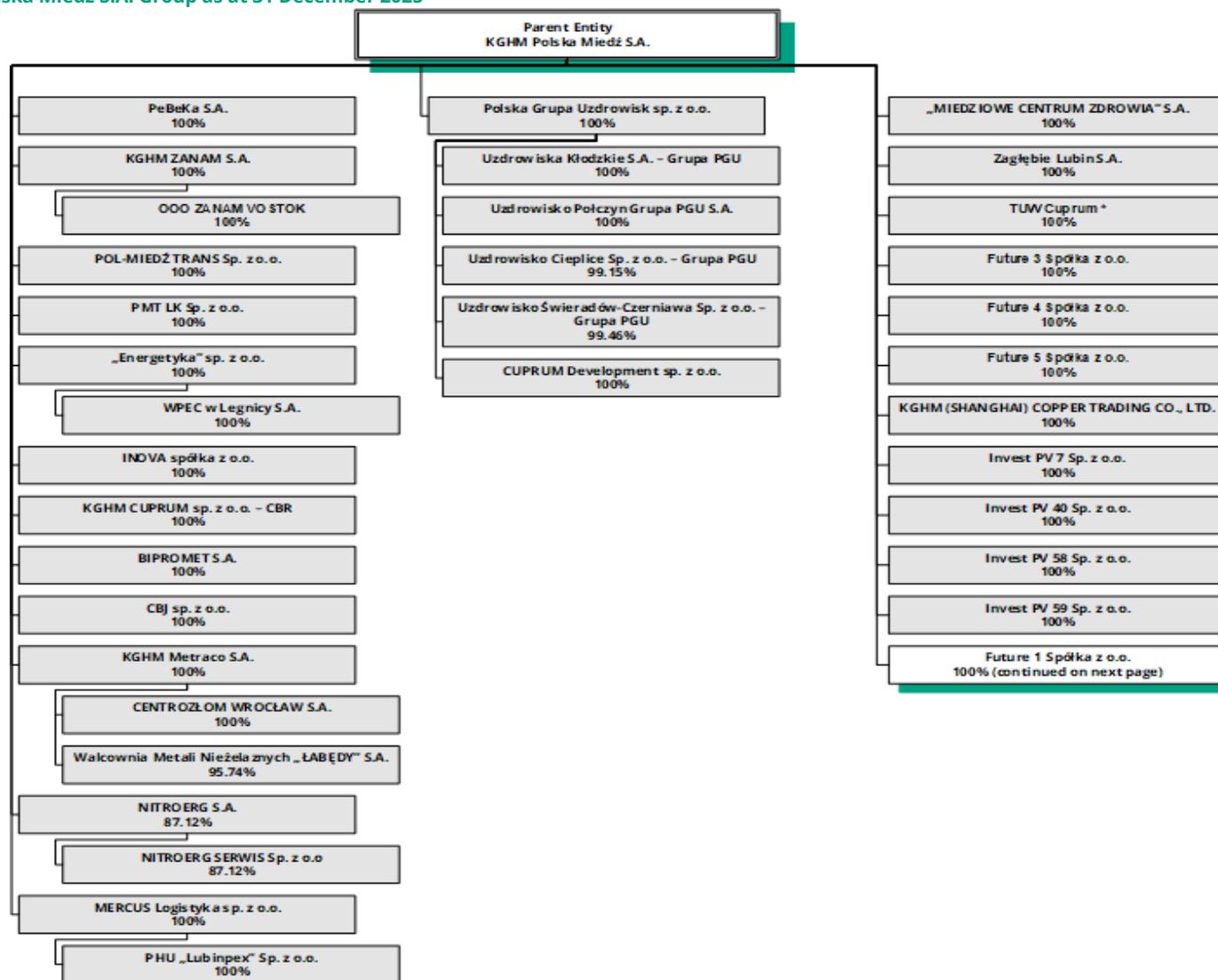
Liquidation of the subsidiary DMC Mining Services Colombia SAS en liquidacion

In the current reporting period, the liquidation process of the subsidiary of the KGHM INTERNATIONAL LTD. Group, DMC Mining Services Colombia SAS en liquidacion, was concluded. On 28 November 2025, the aforementioned subsidiary was removed from the relevant court register.

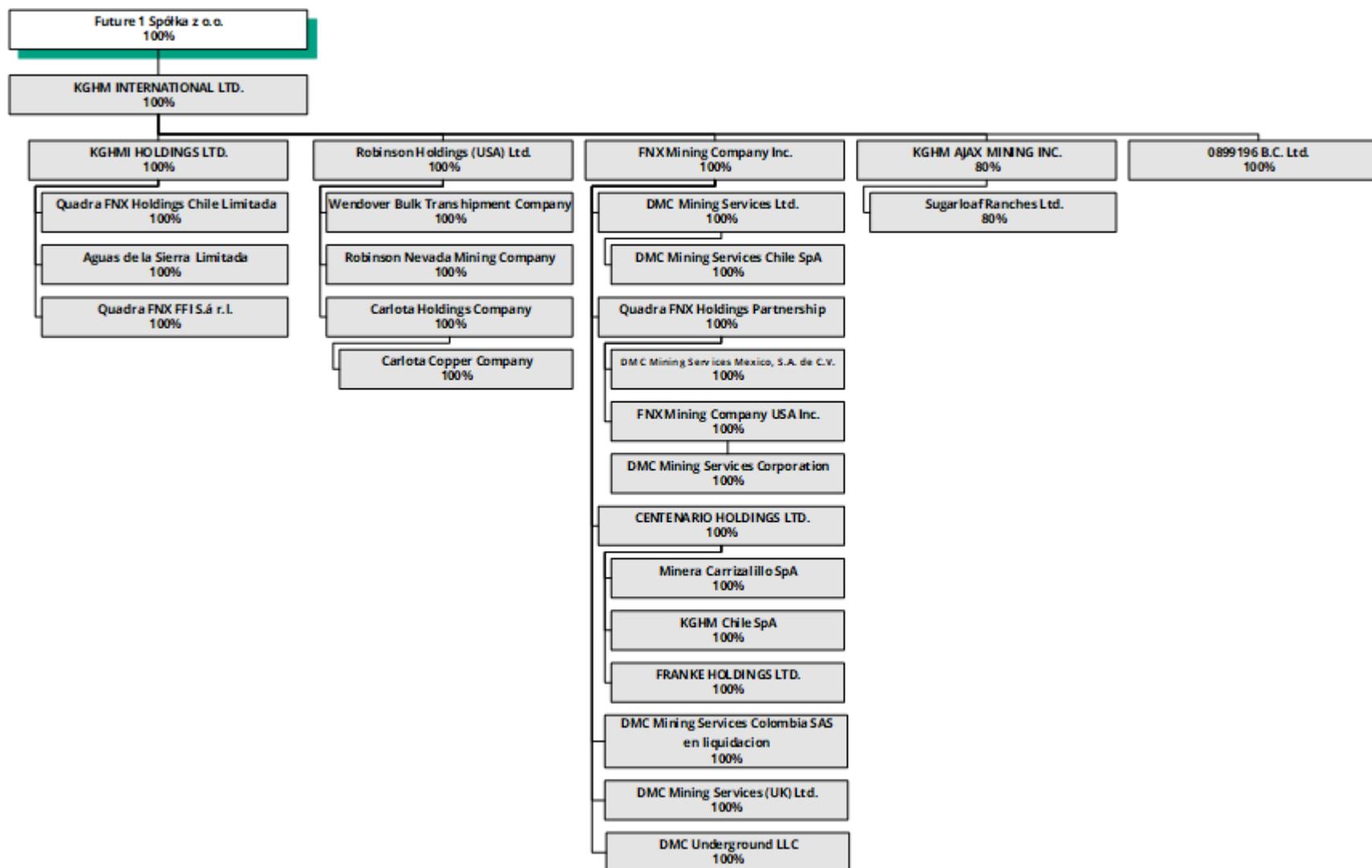
Liquidation of the subsidiary DMC Mining Services Mexico, S.A. de C.V. En Liquidacion

In the current reporting period, the liquidation process of the subsidiary of the KGHM INTERNATIONAL LTD. Group, DMC Mining Services Mexico, S.A. de C.V. En Liquidacion, was concluded. On 18 December 2025, the aforementioned subsidiary was removed from the relevant court register.

Diagram of the KGHM Polska Miedź S.A. Group as at 31 December 2025



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



Note 1.3 Going concern

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

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

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

The Group identifies and actively manages the liquidity risk understood as the possibility of losing the capacity or limitation of the ability to cover its current expenses, ensuring the appropriate level of cash and availability of a wide portfolio of flexible sources of financing in order to ensure capacity to timely meeting the current and future financial obligations. In order to minimise the risk of occurrence of a liquidity gap, the Group takes actions aimed at ensuring safety and financial stability by diversifying the sources of financing and ensuring their long-term maturities. The Group is fully capable of meeting its payment obligations on time. The selected questions on liquidity management, with particular emphasis on ratios, debt level and available sources of financing, are described in [Part 8](#) Borrowings and the management of liquidity and capital. Moreover, during the assessment of capacity to continue operations, of significance is the analysis of profitability by monitoring the EBITDA Margin ratio, which is one of the measures of assessing the activities of individual reporting segments ([Part 2](#) Information on segments and revenues).

To assess the capacity to continue operations by the Company and the Group, the Management Board analysed the current risks, assessed the impact of armed conflicts throughout the world, including the war in Ukraine ([Note 1.3.2](#)) and the impact of risks associated with the climate change on activities of the Group ([Note 1.3.3](#)).

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

Note 1.3.1 Monitored areas – macroeconomic conditions

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

Market-quoted prices of copper, silver and gold as well as the USD/PLN exchange rate shape the amount of revenues from sales and constitute a part of a market risk which is managed by the Group by, among others, derivatives transactions hedging the prices as well as the exchange rate. At the same time, these parameters have a significant impact on some of the Group's costs, while the prices of fuels, energy carriers and electricity also have a direct impact on the level of costs. With regard to energy resources, the Group applies hedging through, among others, concluding bilateral agreements, forward purchases and the use of derivatives, which are part of a comprehensive market risk management system. Furthermore, the level of market interest rates was reflected in the level of discount rates used by the Group in the balance sheet measurement of assets and liabilities recognised in the consolidated statement of financial position.

All of the aforementioned risk factors have an impact on the measurement of recoverable amount of the Group's assets, where is not only the current volatility of prices of commodities and exchange rates shaping the amount of revenues and a significant part of costs is of significance, but above all the 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 Group was presented in the following notes:

Impact observation areas	Note
Operating segments and information on revenues – onerous contracts and variable overheads	2.3
Impairment of assets	Part 3
Receivables due to loans granted	6.2
Financial instruments – fair value	7.1
Market risk – price of commodities, exchange rate, interest rates, prices of energy and energy 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 1.3.2 Monitored areas – impact of the war in Ukraine, effects of customs policy and global trade war, conflict in the Middle East

Impact of the war in Ukraine

In the reporting period, the Group did not record any negative impact due to the war in Ukraine, and the potential impact in subsequent periods is assessed as low.

The most significant risk factors related to the war in Ukraine and which could have an impact on the Group's activities are changes in the supply chains, the availability of materials, components, fuels and energy on international markets, the volatility of prices of copper and silver on commodity markets, the volatility of the USD/PLN exchange rate, volatility in prices of energy carriers and electricity, and the general uncertainty on financial markets.

From the Group's point of view, the war in Ukraine has an impact on market risk related to fluctuations in metals prices and stock market indices in the reporting period. For more information, see [Note 3.1](#) Impairment losses on assets.

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

Since the beginning of the war in Ukraine, the KGHM Polska Miedź S.A. Group has not experienced a significantly negative impact of volatility of supply chains on its business activities. Taking into account the continuity of energy supplies (natural gas, coal, coke), the Group currently has full capacity to maintain the continuity of operation of the core production line and all production processes.

Nevertheless, it cannot be ruled out that the continuation of this armed conflict as well as the system of economic sanctions may have a significantly negative impact in subsequent periods on suppliers and customers of the Group and lead to unfavourable deviations in the continuity of materials and services supply chains in the Group.

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

The ongoing war in Ukraine and limited availability of Russian cathodes on European markets as a result of the war and sanctions had been discounted by the market, and did not constitute an additional factor affecting the sales results of basic copper products in 2025. At the same time, the situation associated with the war in Ukraine is not a significant factor in shaping the demand for copper semi-finished products (ETP wire rod and OFE wire). In this product market, the good economic situation is mainly driven by significant investments related to the energy transformation in Europe.

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

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

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

Effects of customs policy and global trade war (USA, China, European Union)

In the reporting period, the Group did not record a negative impact on its business activities due to customs policy and the global trade war involving the USA, China and the European Union, and the potential impact on the Group in subsequent periods is judged to be low. The US market does not play a significant role in the geographical structure of sales of products manufactured by the KGHM Polska Miedź S.A. Group outside of the USA's borders and therefore the direct impact of announced tariffs will be limited.

Trade of copper and copper-made products is excluded from the general trade agreement and is regulated by other provisions under the detailed procedure "Section 232", wherein tariffs are varied for copper at different processing stages. Trade barriers announced by the USA on copper and copper-made products will have the greatest impact on the American market. In October 2025, China announced the implementation of more restrictive regulations on the export of rare earth metals and products containing them. China controls most of the processing capacity for these metals, and according to European Commission data, a significant portion of import of rare earth metals required by European industry comes from China. These changes may result in

delays or difficulties in obtaining export licenses, particularly in relation to the energy transition. Renewable energy components may therefore become more expensive and less available, which may cause delays in investments in wind farms (especially offshore wind farms). It should be noted that in response to Chinese trade restrictions, there is a noticeable change in the approach of European countries to trade with China in terms of, among others, components for the energy transition. In December 2025, Italy was the first EU country to hold an auction for the supply of solar panels, which banned the participation of Chinese modules, cells and inverters. In 2026, it is possible that other countries will introduce similar restrictions, aimed at giving priority to components manufactured in the European Union. With regard to the Polish economy, difficulties in obtaining Chinese-made parts necessary to increase the capacity of RES installations may potentially result in a slowdown in the energy transition, hindering the reduction of CO₂ emissions and limiting the growth rate of the share of RES in the Polish energy mix.

Mining and production operations in Poland are and will continue to be of key importance for KGHM. However the potential escalation of trade barriers in various regions of the world could negatively impact the dynamics of global economic growth and, consequently, the demand for raw materials. Therefore, economic and political processes affecting international trade are continuously monitored and analysed by the Company.

Conflict in the Middle East

In the reporting period, the Group did not record any negative impact from factors related to the conflict in the Middle East.

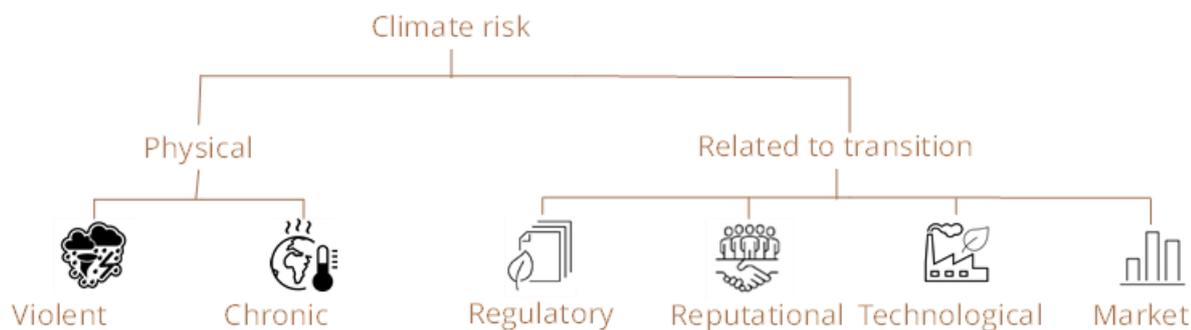
Due to the escalation of geopolitical tensions in the Middle East, including the commencement of military operations by the United States and Israel against Iran, the most significant categories of conflict-related risks affecting the operations of the Company and the Group are the following:

- potential impact on the global economies,
- volatility of oil and natural gas prices,
- volatility of exchange rates (mainly USD/PLN),
- volatility of gold and silver prices,
- supply chain disruptions and availability of fuels and energy on international markets.

Due to the high uncertainty related to development of the political situation in the Middle East, neither its scale nor the potential impact on the KGHM Polska Miedź S.A. Group as at the publication date can be estimated for subsequent periods.

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

The KGHM Polska Miedź S.A. Group is a conscious and responsible participant in the energy transition, and considers adaptation to climate changes and the management of climate risk to be of key importance.



As part of the risk management process, KGHM Polska Miedź S.A. takes climate changes into account by conducting a scenario analysis based on six baseline scenarios considered in three time perspectives: short - up to 1 year, medium - from 1 to 5 years and long - over 5 years, with several assumptions:

- in the case of scenarios for transition risk, in terms of the implementation of the adopted climate policy and the resulting changes in parameters important from KGHM's perspective – e.g. prices of emission allowances, energy consumption, changes in demand for copper,
- in the case of scenarios for physical risk scenarios, the starting point for the analysis is the levels of greenhouse gas concentrations in the atmosphere and the resulting changes in the Earth's temperature and the following consequences.

The climate risk related to the transition, to which the Group is exposed, arises from the need to adapt the economy to gradual climate change. This risk category comprises questions related to legal requirements, technological progress towards a low-carbon economy and changes in demand and supply for certain products and services, whose production is associated with the climate risk as well as the growing expectations of stakeholders regarding the Group as to the reduction of its impact on the climate.

The Group is exposed to physical climate risk, arising from specific events, in particular related to violent and chronic weather phenomena resulting from changes in the climate, such as, for example: 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 Group by, among others, disruptions in the supply chain, the continuity of the core production business and an increase in operating costs directly related to the business activities as well as through more difficult working conditions.

The Group continuously evaluates the risk associated with the climate and its impact on the 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 2025, section 1.5.

A detailed description of identified, key climate risks associated with the negative impact of climate changes on the activities of the Group, including description of actions undertaken by the Group to mitigate their impact, is presented in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2025, section 1.5.

Impact of climate risk on the financial statements

Under the analyses conducted to assess the impact of climate risk on items presented in the Group's consolidated financial statements (in particular in the case of variable costs of CO₂ emission allowances, the increase in electricity purchase costs, costs associated with research and additional expenditures on development of internal energy sources, included in the Energy Development Program under the Decarbonisation Program), the following areas were subjected to detailed assessment:

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

As a result of the aforementioned work, as at 31 December 2025 no material impact of climate risk on the aforementioned areas was identified.

Details on the analysis of the impact of climate risk on the verification of the economic useful lives of fixed assets are presented in [Note 9.1](#), and on the revaluation of the provision for decommissioning costs of mines in [Note 9.4](#).

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

Within the KGHM Polska Miedź S.A. Group, a risk management process is realised, under which the current and future, actual and potential impact of risk on the Group's operations is assessed. In companies of the Group, including entities conducting business activities in countries other than Poland, the documents regulating this area are consistent with the ones in force within the Parent Entity. A detailed description of approach to the corporate risk management and key risk categories, including among others risks specific to the KGHM INTERNATIONAL LTD. Group, may be found in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2025, section 1.5 Risk Management. The key risk categories, which are characteristic due to diversified locations of production assets of the KGHM Polska Miedź S.A. Group outside Poland, that is USA, Chile and Canada are presented below.

Key risk categories

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

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

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

Regulatory environment specific for a given country

The risk category is most relevant to operations in the USA, Canada and Chile. One of the most complex aspects of global operations is ensuring conformity with Polish, European as well as local regulations in force in a given country/jurisdiction. Functioning in many legal systems requires not only the familiarisation with local regulations, but also the ability to adapt to dynamically changing requirements, and the lack of compliance with regulations may lead to sanctions, fines and negatively impact the Group's reputation, and in the worst case limit the activities of individual entities. The most important questions regarding the specifics of regulatory environment in diversified locations concern ensuring conformity with environmental requirements, labour law,

taxation and associated with mine restoration and closure. These questions are characterised by being significantly different from the Polish and European legal system.

First of all, in order to mitigate, legislative changes are monitored, compliance with law in force is analysed and cooperation is ensured with specialised entities providing legal and consulting services as well as obtaining legal rulings from local and national tax authorities on an ongoing basis to ensure the correct application of the rules relevant to the region. The above also aimed at enabling, in advance, the undertaking of actions necessary to obtain new or updating held administrative decisions.

Geopolitical situation

The risk category is most relevant to operations in the USA, Canada and Chile. The geopolitical situation, which nowadays is characterised by a significant uncertainty, may have an impact on the Group's operations by, among others, potential changes on global markets, increased restrictions in customs policies, tightening economic sanctions and on-going armed conflicts. The following may serve as examples: the ongoing conflict in Ukraine, conflicts in the Middle East, unpredictable international and trade politics of USA.

One of the important aspects shaping the global economic situation is the current US trade policy. From the point of view of the international assets of the KGHM Polska Miedź S.A. Group (mainly in Canada and the USA), changes and instability of trade policy are a potential risk factor in the area of procurement. The most important threats are:

- potential cost increases – duties on imported equipment, materials or components can lead to higher purchase costs,
- potential supply chain disruptions – tariffed suppliers may face delays or limited availability of goods,
- provisions in contracts with counterparties – existing contracts with suppliers may not take into account sudden increases in costs, which may lead to the need to renegotiate contracts.

The KGHM INTERNATIONAL LTD. Group conducts active risk mitigation activities, such as securing alternative sources of supply, testing alternative materials in terms of meeting restrictive quality criteria, pre-emptive purchases, securing contractual clauses and other purchasing strategies.

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

Cultural and social differences

The risk category is most relevant to operations in Canada and Chile. Cultural and social differences are an important aspect of conducting activities and have a significant impact on the manner in which a company functions, communication, team management and decision making. These elements may concern not only the KGHM Polska Miedź S.A. Group's employees, but also broadly understood stakeholders. The above also has an impact on the availability of highly qualified personnel, which may differ depending on the location.

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

Currency risk (USD/CLP, USD/CAD)

The risk category is most relevant to operations in Canada and Chile. International assets of the KGHM Polska Miedź S.A. Group are exposed to the market risk associated with volatility of exchange rates, in particular of the USD/CLP and USD/CAD exchange rates.

More information on currency risk, including on principles and techniques of managing this risk may be found in these consolidated financial statements, [Note 7.5.1 Market risk](#) and in the Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2025, section 1.5.5 Market, credit and liquidity risks.

Specific location impacting the technical and production infrastructure

The risk category is most relevant to operations in the USA, Canada and Chile. International assets of the KGHM Polska Miedź S.A. Group are exposed to the risk associated with the specific location of individual production assets (e.g. desert areas). Risk factors concern, among others, the availability and maintenance of appropriate technical infrastructure (for example: access to water, energy sources, railway infrastructure/automotive infrastructure) or issues related to supply chain and availability of materials necessary for basic operations.

The strategy of diversifying suppliers, applied throughout the entire KGHM Polska Miedź S.A. Group and the application of alternative solutions is currently effective in mitigating the risk associated with disruptions in supply chains of resources and materials. In the case of infrastructure, it was designed while taking into account local conditions which may affect its availability, and operations are conducted pursuant to instructions and procedures in force, alongside a simultaneous realisation of inspections and maintenance work aimed at keeping individual elements at appropriate technical condition, including investments and modernisation work.

In addition, conducting business in geographically diverse locations is associated with exposure to specific environmental risks and raises the need to closely monitor local conditions and diverse legal requirements in the field of environmental protection. In each entity of the KGHM Polska Miedź S.A. Group, in accordance with the applicable corporate risk management documentation, activities involving active management of specific environmental risks are carried out, as well as each of the identified risks is assessed in terms of potential impact on the natural environment. The developed approach ensures that effective actions are taken to minimize the negative impact of the Group's operations on the environment and ensure compliance with regulations on natural environment protection.

Risk associated with climate change

The risk category is most relevant to operations in the USA, Canada and Chile. Exposure to risk associated with climate change may differ depending on the continent, or even a region, in which a given entity conducts its operations. Due to the above, in its approach to the management of climate risk the KGHM Polska Miedź S.A. Group takes into account different factors and conditions due to the location, both in respect of violent and chronic physical risks.

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

- The Management Board's report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2025, in the sections: 1.5 Risk Management/1.5.1 Corporate risk – key risks and risk factors and mitigation; 4 Sustainable development reporting/4.1 General information/4.1.1 [ESRS 2] General information disclosure/[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model,
- Note 1.3.3 of these consolidated financial statements: Monitored areas – risks and hazards associated with the climate.

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

The Management Board of KGHM Polska Miedź S.A. declares that, according to its best judgement, the annual consolidated financial statements for 2025 and the comparative data have been prepared in accordance with accounting principles currently in force, and give a true, fair and clear view of the financial position of the KGHM Polska Miedź S.A. Group and the profit or loss for the period of the Group.

The Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2025 presents a true picture of the development and achievements, as well as the condition, of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group, including a description of the basic exposures and risks.

The consolidated financial statements were authorised for publication and signed by the Management Board of the Parent Entity on 24 March 2026.

Note 1.5 Basis of preparation and presentation

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

Accounting policies

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

Consolidation principles
<p>Accounting policies</p> <p>The consolidated financial statements include the financial statements of the Parent Entity and its subsidiaries. Subsidiaries are understood as being entities which are either directly controlled by the Parent Entity or indirectly through its subsidiaries. Obtaining control of a subsidiary, which is a business, is accounted for using the acquisition method. Subsidiaries are fully consolidated from the date on which control is obtained to the date on which control is lost. Balances, incomes, expenses and unrealised gains recognised in assets from intra-group transactions, are eliminated.</p> <p>Important estimates and judgments</p> <p>The assessment of whether the Parent Entity has control over a company requires determining whether it has rights to direct relevant activities of the company. Determining what constitutes relevant activities of the company and by which investor it is controlled requires a judgment. Among others, the following factors are taken into consideration when assessing the situation and determining the nature of relationships: voting rights, relative voting power, dilution of voting rights of other investors and their ability to appoint members of key management personnel or members of the supervisory board.</p>
Fair value measurement
<p>Accounting policies</p> <p>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:</p> <p>Level 1 Value is based on inputs from active markets, as they are seen as the most reliable source of data.</p> <p>Level 2 Value is based on inputs other than from active markets, which are nevertheless observable (unbiased, measurable).</p> <p>Level 3 Value is based on unobservable inputs, used when appropriate observable input data is not available. Unobservable input data reflect assumptions that would be adopted by market participants in order to calculate the price of an asset or a liability, including risk assumptions.</p> <p>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:</p> <ul style="list-style-type: none"> • active market, • lack of an active market, but there is observable data on the market, • subjective input data. <p>It is acknowledged that transfers between levels of the fair value hierarchy take place at the end of the reporting period.</p>

Important estimates and judgments

Fair value presents current estimates which may be subject to change in subsequent reporting periods due to market conditions or due to other factors. There are many methods of measuring fair value, which may result in differences in fair values. Moreover, assumptions constituting the basis of fair value measurement may require estimating the changes in costs/prices over time, the discount rate, inflation rate or other significant variables.

Certain assumptions and estimates are necessary to determine to which level of fair value hierarchy a given instrument should be classified.

Important judgments and estimates on fair value measurement may be found in [Note 7.1](#) The fair value hierarchy of financial instruments measured at fair value and amortised cost in the statement of financial position.

Financial statements of operations with a functional currency other than PLN**Accounting policies**

For purposes of preparing the consolidated financial statements in the presentation currency of the KGHM Polska Miedź S.A. Group, i.e. in PLN, individual items of financial statements of foreign operations whose functional currencies are other than PLN are translated in the following manner:

- (i) assets and liabilities – at the closing rate, i.e. at the average exchange rate for that currency announced by the NBP at the end of the reporting period,
- (ii) items of the statement of profit or loss, the statement of comprehensive income and the statement of cash flows - at the arithmetical average of average exchange rates announced for a given currency by the NBP at the end of each month of a given reporting period. If there is a significant volatility of exchange rates in a given period, revenues and costs in the statement of profit or loss and the statement of comprehensive income are translated using the exchange rates as at the transaction date.

Exchange differences from the translation of statements of operations with a functional currency other than PLN are recognised in other comprehensive income of a given period

Important estimates and judgments

The consolidated financial statements are presented in PLN, which is also the functional currency of the Parent Entity and the Group's subsidiaries, with the exception of Future 1 Sp. z o.o. and entities of the subgroup KGHM INTERNATIONAL LTD. for which the functional currency is primarily the US dollar (USD).

The balance of exchange differences from the translation of statements of the aforementioned operations amounted to PLN 2 202 million in 2025 and PLN 2 491 million in 2024 ([Note 8.2.2](#) Changes of other equity items).

Foreign currency transactions and the measurement of items denominated in foreign currencies**Accounting policies**

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

- at the average exchange rate prevailing on the date of conclusion of the transaction, where the exchange rate prevailing on the date of conclusion of the transaction is, for the Group entities in which PLN is the functional currency, the average NBP exchange rate from the working day preceding the transaction date,
- 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.

At the end of each reporting period, foreign currency monetary items are translated at the closing rate prevailing on that date.

Foreign exchange gains or losses on the settlement of foreign currency transactions, and on the measurement of foreign currency monetary assets and liabilities (other than derivatives), are recognised in profit or loss.

Foreign exchange gains or losses on the measurement of foreign currency derivatives are recognised in profit or loss as a fair value measurement, provided they do not represent a change in the fair value of the effective cash flow hedge. In such a case, they are recognised in other comprehensive income in accordance with hedge accounting policies.

Foreign exchange gains or losses on non-monetary items, such as equity instruments classified as financial assets measured at fair value through other comprehensive income, are recognised in other comprehensive income and are presented in measurement at fair value.

Foreign exchange gains or losses on monetary items measured at fair value through profit or loss (e.g. loans granted measured at fair value) are recognised as a part of the fair value measurement.

As compared to the reporting period ended on 31 December 2024, there were no significant changes to the estimation methods. Changes in estimates as at 31 December 2025 as compared to the aforementioned period arise from changes in assumptions as a result of changes in business circumstances and/or other variables.

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

Note	Title	Amount recognised in the financial statements		Accounting policies	Important estimates, assumptions and judgements
		2025	2024		
2.3	Revenues from contracts with customers	36 366	35 320	X	X
3 and 4.4	Impairment of assets	(412)	(400)		X
5.1	Income tax in the statement of profit or loss	(1 721)	(1 738)	X	
5.1.1	Deferred income tax in the period	(36)	(551)	X	X
5.3	Tax assets	659	453	X	
5.3	Tax liabilities	(1 746)	(1 049)	X	
6.1	Joint ventures accounted for using the equity method	1 814	-	X	X
6.2	Loans granted to a joint venture	8 436	9 800	X	X
7.2	Derivatives	(2 770)	192	X	X
7.3	Other financial instruments measured at fair value	1 792	883	X	X
7.4	Other financial instruments measured at amortised cost	566	557	X	X
8.2	Equity attributable to shareholders of the Parent Entity	(32 828)	(30 990)	X	
8.4	Borrowings	(5 849)	(6 171)	X	
8.5	Cash and cash equivalents	443	715	X	
8.6	Liabilities due to guarantees granted	(2 951)	(1 373)	X	X
9.1	Mining and metallurgical property, plant and equipment and intangible assets	28 510	26 880	X	X
9.2	Other property, plant and equipment and intangible assets	3 270	3 300	X	
9.4	Provisions for decommissioning costs of mines and other facilities*	(2 132)	(2 128)	X	X
9.7	Lease disclosures – the Group as a lessee	652	666	X	X
9.8	Greenhouse gas emissions allowances	472	589	X	
10.1	Inventories	9 608	8 063	X	X
10.1.1	Property rights arising from certificates of origin of energy from renewable sources and from energy efficiency	13	11	X	
10.2	Trade receivables	1 885	1 345	X	
10.3	Trade and other payables	(4 705)	(5 327)	X	X
10.4	Changes in working capital	(2 335)	(875)	X	X
11.1	Employee benefits liabilities	(5 108)	(4 803)	X	X
12.3	Other assets	772	960	X	
12.4	Other liabilities	(1 576)	(1 458)	X	

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

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

Note 1.6 Impact of new and amended standards and interpretations

Amendments to standards applied for the first time in the consolidated financial statements for 2025:

- **Amendments to IAS 21** 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.

Up to the date of publication of these consolidated financial statements, the aforementioned amendment was adopted for use by the European Union and in the Group's opinion it does not have an impact on these financial statements.

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

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

- **Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments**, effective on 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 (hereafter: the Board), the Board published amendments to IFRS 9 and IFRS 7 on:

- classification of financial instruments (mainly loans granted) associated with ESG features, i.e. in respect of which the interest is dependent on climate, environmental or social factors. The objective of the amendment is the elimination of discrepancies in the approach of entities to the measurement of these instruments, that is whether to measure them at amortised cost or at fair value (SPPI test). The amendment to IFRS 9 will not have an impact on the consolidated financial statements of the Group, since the Group does not have any such instruments.

- principles of derecognition of liabilities, when they are 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 their settlement. This approach and current principles on derecognition of financial assets and liabilities described in IFRS 9 remain in force. However, due to problems with adjustment to this requirement in terms of derecognition of financial liabilities regulated by electronic payment systems, the Board decided to permit an entity to apply a voluntary exception regarding the cancellation of financial liabilities, which enables the 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:

- the entity has no practical ability to withdraw, stop or cancel the payment instruction,
- the entity has no practical ability to access the cash to be used for settlement as a result of the payment instruction, and
- the settlement risk associated with the electronic payment system is insignificant (this 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. The exception introduced by the Board does not apply to the settlement of liabilities using electronic payment systems. Therefore, liabilities should be removed from the statement of financial position only when the cash is received in the Group entity's bank account.

The aforementioned change will not have an impact on the consolidated financial statements of the Group, because the Group derecognises a financial liability which is settled in cash using an electronic payment system as at the date of settlement.

- introduction to IFRS 7 paragraph 11A of changes in information disclosure requirements 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 disclosing its total value while simultaneously introducing a requirement to disclose the change in fair value during the reporting period. The Group holds such instruments and will appropriately adjust the scope of disclosure to the amended requirements.

- **Annual improvements to IFRS Accounting Standards – volume 11**, effective on 1 January 2026. As part of the minor amendments, mainly of a clarificatory nature, changes were introduced to:

- IFRS 1 *First-time adoption of International Financial Reporting Standards*, on retrospective designation of currently applied hedge accounting. This change will not have an impact on the Group.

- IFRS 7 *Financial Instruments: Disclosures*, in paragraph B38 on gain or loss on derecognition, an erroneous reference was corrected and three amendments were introduced to IFRS 7 Implementation Guidance, i.e. in the introduction it was explained that the implementation guidance does not illustrate all the aspects of the application of IFRS 7; in the case of disclosure regarding credit risk, the editing of paragraph IG20B was corrected with no impact on the current wording and

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 should 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. The amendments to IFRS 7 will not have a significant impact on the consolidated financial statements of the Group.

- **IFRS 9 *Financial Instruments***, introducing the following amendments: in the case of derecognition of lease liabilities, in paragraph 2.1b(ii) a reference was added to paragraph 3.3.3 IFRS 9 and paragraph 5.1.3 on measurement, at the initial recognition, of trade receivables that do not contain a significant financing component, and the 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. The amendments to IFRS 9 will not have a significant impact on the consolidated financial statements of the Group.
- **IFRS 10 *Consolidated financial statements***, in paragraph B74, correcting wording that in certain situations could hinder the correct application of paragraph B73 on the basis of which, an entity being an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf, i.e. they are "de facto agents". The amendments to IFRS 10 will not have a significant impact on the consolidated financial statements of the Group.
- **IAS 7 *Statement of cash flows***, in paragraph 37, on accounting for an investment in a subsidiary, an associate or a joint venture, the word "method" after "cost" was deleted, since the phrase "at cost method" is no longer used in IFRS accounting standards, and instead of the word "method" was added after the word "equity", and therefore there are now two phrases used: "the equity method" and "at cost". The amendment to IAS 7 will not have an impact on the consolidated financial statements of the Group.
- **Amendments to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity**, effective on 1 January 2026. The 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, sun). The introduced changes concern:
 - explanation of the application of requirements concerning the purchase of electricity "for own use", on the basis of which it is possible to exempt contracts for the purchase of renewable electricity from the scope of IFRS 9,
 - permission to apply hedge accounting if contracts referencing nature-dependent electricity are used as hedging instruments, and
 - an addition to IFRS 7 of new requirements on disclosure of information to enable investors to understand the impact of these contracts on the financial results and cash flows of an entity.
 The amendments to IFRS 9 and IFRS 7 will not have a significant impact on the Group's consolidated financial statements. As at the date of preparation of these consolidated financial statements, the Group has one nature-dependent PPA agreement for the purchase of electricity. This agreement does not provide for the possibility of resale by the Group of the electricity produced in this source, and the Group uses all the energy purchased from this source for its own needs as a standard.
- **The new standard IFRS 18 *Presentation and disclosure in financial statements***, effective on or after 1 January 2027. IFRS 18 will replace IAS 1 *Presentation of financial statements*. The aim of the new standard is to improve the usefulness of the information presented in financial statements by providing investors with more transparent and comparable information on companies' financial results. IFRS 18 still 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 financial data is presented 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 this statement 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 in the categories of investing, financing, income taxes and discontinued operations, the operating category is a residual category, in which, first of all, income and expenses arising from an 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 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) they are used in public communications outside the financial statements, such as comments of the management board, press releases and investor presentations,
- (ii) they are used to communicate to investors the management's view of an aspect of the financial performance of the entity as a whole,
- (iii) they are not listed in IFRS 18 (e.g. as subtotals) or specifically required by other IFRSs.

The introduction of IFRS 18 will have an impact on the Group's consolidated financial statements, in particular on the structure of the statement of profit or loss, i.e. on the breakdown of income and expenses into categories and on the presentation of certain subtotals (i.e. a new subtotal will appear: "operating profit or loss"). In the case of the introduced categories, some items which are currently presented in other operating costs/income will be transferred to the investing category, which currently does not exist in the statement of profit or loss. These will be mainly income and costs generated by items such as loans granted, investment properties, deposited cash and interest in a joint venture. The category of financing, in turn, will distinguish between financial revenues and costs divided into those arising from transactions constituting solely the acquisition of financing and those arising from transactions that do not constitute solely the acquisition of financing, including, for example, interest costs on specific benefit programs.

Moreover, in the Group's preliminary opinion, the performance measure currently disclosed by the Group and not defined by IFRSs, meaning adjusted EBITDA, will meet the criteria of a management-defined performance measure pursuant to IFRS 18.

As a result of the publication of IFRS 18, other standards will also change significantly, among others: IAS 7, IAS 8.

Pursuant to the amended IAS 7, in the statement of cash flows in which operating cash flows are prepared using the indirect method, the starting point for determining operating cash flows will be operating profit or loss instead of 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 has been capitalised at the initial value of fixed assets will be presented by entities in cash flows from financing activities. Currently, the Group presents this interest under cash flows from investing activities.

The scope of IAS 8 will be broadened by elements transferred from IAS 1 on the 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), and subjective judgments and sources of estimation uncertainty (paragraphs 117, 117A-117E, 122-133 of IAS 1). As a result of broadening the scope of IAS 8, its name was changed to *Basis of Preparation of Financial Statements*. The amendment to IAS 8 will not have an impact on the consolidated financial statements of the Group.

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

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. 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. The date of entry into force was postponed indefinitely by IASB.
- **The new standard IFRS 19 Subsidiaries without public accountability: disclosures and amendments to IFRS 19**, effective on or after 1 January 2027. IFRS 19 introduces requirements on limited disclosure of information in financial statements prepared pursuant to IFRSs and is dedicated to related parties which do not have public accountability and whose parent entity (intermediate or ultimate) publish consolidated financial statements pursuant to IFRSs (these are the so-called qualifying subsidiaries). The purpose of limiting disclosures in relation to the full disclosures required by individual International Financial Reporting Standards and their Interpretations is to simplify the reporting system and related procedures, which in turn should ultimately translate into a reduction in the costs of preparing financial statements in accordance with IFRS, as well as contribute to the disclosure of information more relevant to the scope of a given qualifying related entity activities, while maintaining a sufficient level of usefulness of the reports for their users. At the same time, entities applying IFRS 19 should continue to comply fully with the other requirements of individual IFRSs, in particular with regard to recognition, classification, measurement and presentation. Under IFRS 19, entities with public accountability are defined as entities whose debt or equity financial instruments have been admitted to public trading on domestic and international stock exchanges, as well as on the OTC market and on local and regional markets. In 2025, amendments were made to IFRS 19 to limit disclosure requirements in relation to standards and amendments issued between February 2021 and May 2024. The application of IFRS 19 by qualifying related entities will be voluntary and will not affect the Group's consolidated financial statements because the Group does not meet the criterion of an entity without public accountability.

- **Amendments to IAS 21** on translating financial statements for the purposes of presentation in the currency of a hyperinflationary economy, effective on or after 1 January 2027.

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

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

The act of 6 November 2024 *on top-up taxation of individual companies of international and Polish groups* (hereafter: the Act) implemented rules 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 Union* to the Polish legal system. Adoption of the Act is the realisation of guidelines of the so-called pillar 2 of the BEPS 2.0 project, which introduces a general framework for a global minimum tax approved under the work of the OECD forum.

The Polish legal acts entered into force on 1 January 2025 with the possibility of their voluntary application from 1 January 2024 (in the case of the global top-up tax and the Polish top-up tax), but KGHM Polska Miedź S.A. did not exercise the voluntary application option as of 1 January 2024.

The current wording of the 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. Pursuant to the Act, the Company KGHM Polska Miedź S.A. meets the criteria of a so-called MNE (multinational enterprise) and therefore is obliged to report a specific level of the tax rate of its subsidiaries at the level of individual jurisdictions.

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

While the rules of the Directive should have been in force from 2024, the OECD Framework (including OECD guidelines published in January 2026) include a transitional period, which postpones the obligations in this regard by 4 subsequent years. Based on a detailed technical analysis of the assumptions stipulated in transitional rules, it is assessed that the Group will be able to use them in the majority of jurisdictions in which it operates. Moreover, according to the current estimates, the probability of paying the top-up tax in any of the jurisdictions is judged by the Group to be low.

In accordance with the requirements of IAS 12 paragraph 88A, the Group does not recognise deferred tax assets and liabilities related to income taxes of pillar 2 and does not disclose information about these assets and liabilities. Based on the results of the conducted analyses, these consolidated financial statements do not contain any amounts arising from the reform of the international tax system – pillar 2.

For 2025, the Group did not incur any liability due to the top-up tax and therefore the Group is not obliged to pay it. However, the Group will be required to pay the top-up tax for the years 2026 and 2027 if the conditions of maintaining the exemption under the temporary safe harbours for this period are not met, and if at the level of any of the jurisdictions in which the subsidiaries of the Group are currently present, their effective tax rate (calculated in accordance with the BEPS (Base erosion and profit shifting) rules) is below 15%. In the years following 2027, the Group will be obliged to pay the top-up tax if, in any of the jurisdictions in which the Group is present, the effective tax rate (calculated in accordance with the BEPS rules) is below 15%. Since the Group's entities are generally located in high-tax jurisdictions, according to the Group's current knowledge and judgment, the probability of paying the top-up tax in the future is judged as low.

PART 2 – Information on segments and revenues

Note 2.1 Operating segments

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

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

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

*The sale of the assets of the Sudbury Basin and liabilities associated with them took place on 28 February 2025 (Note 9.9).

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

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

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

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

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

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

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

*Entity sold on 28 February 2025 (Note 9.9).

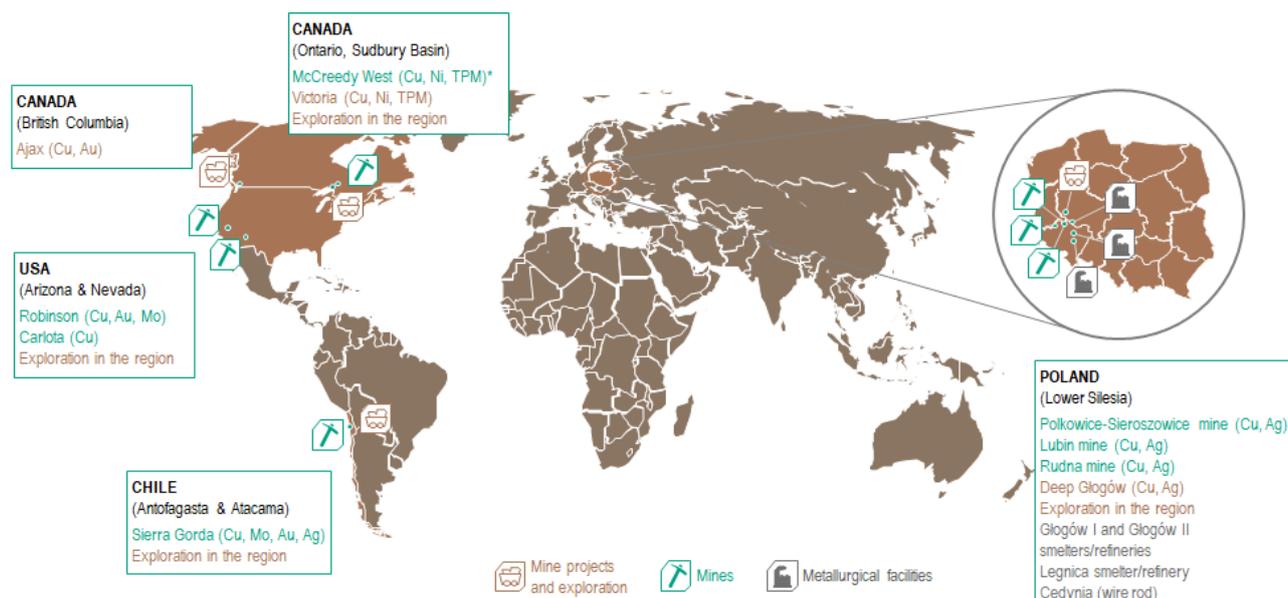
**Entity liquidated on 18 December 2025.

*** Entity liquidated on 28 November 2025.

**** Entity registered on 9 October 2025

***** Entity liquidated on 27 August 2025.

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



* the McCreedy West mine was disposed of on 28 February 2025 (transaction conclusion)

The Parent Entity and the KGHM INTERNATIONAL LTD. Group (a subgroup) have a fundamental impact on the assets and the generation of revenues in the KGHM Polska Miedź S.A. Group. The activities of KGHM Polska Miedź S.A. are concentrated on the mining and metallurgical industries in Poland, while those of the KGHM INTERNATIONAL LTD. Group are concentrated on the mining industry in the countries of North and South America. The profile of activities of the majority of the remaining subsidiaries of the KGHM Polska Miedź S.A. Group differs from the main profile of the Parent Entity's activities.

The Parent Entity's Management Board monitors the operating results of individual segments in order to make decisions on allocating the Group's resources and to assess the financial results achieved.

Financial data prepared for management reporting purposes is based on the same accounting policies as those applied when preparing the consolidated financial statements of the Group, while the financial data of individual reporting segments constitutes the amounts presented in appropriate financial statements prior to consolidation adjustments at the level of the KGHM Polska Miedź S.A. Group, i.e.:

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

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

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

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

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

Unallocated liabilities concern companies which have not been classified into any segment. Liabilities which have not been allocated to the segments comprise trade liabilities and deferred tax liabilities.

Note 2.2 Financial results of reporting segments

		from 1 January 2025 to 31 December 2025						
		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data		Consolidated financial statements
						Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments****	
Note 2.3	Revenues from contracts with customers, of which:	30 964	3 439	4 619	13 487	(4 619)	(11 524)	36 366
	- inter-segment	606	18	-	10 918	-	(11 524)	18
	- external	30 358	3 421	4 619	2 569	(4 619)	-	36 348
	Cost of sales, selling costs and administrative expenses	(27 808)	(2 442)	(1 965)	(13 642)	1 965	11 485	(32 407)
	Segment result – profit/(loss) for the period	1 946	2 249	1 224	(132)	(1 224)	(375)	3 688
Additional information on significant revenues/costs items of the segment								
	Depreciation/amortisation recognised in expenses by nature	(1 753)	(783)	(902)	(311)	902	29	(2 818)
	(Recognition)/reversal of impairment losses on non-current assets, including:	490	652	441	(242)	(441)	(546)	354
	reversal of an impairment loss on investments in subsidiaries	384	-	-	-	-	(384)	-
	reversal of allowances for impairment of loans granted	162	484	-	-	-	(162)	484
	reversal of an impairment loss on shares in a joint venture	-	252	-	-	-	-	252
	Share in the profit or loss of a joint venture accounted for using the equity method	-	1 608	-	-	-	-	1 608
		As at 31 December 2025						
	Segment assets	53 560	16 614	12 959	6 923	(12 959)	(18 857)	58 240
	Liabilities, including:	22 046	17 544	11 334	3 649	(11 334)	(17 897)	25 342
	Segment liabilities	22 046	17 544	11 334	3 649	(11 334)	(18 155)	25 084
	Liabilities unallocated to segments	-	-	-	-	-	258	258
Other information		from 1 January 2025 to 31 December 2025						
	Cash expenditures on property, plant and equipment and intangible assets – cash flows	3 910	1 016	1 104	533	(1 104)	60	5 519
Production and cost data		from 1 January 2025 to 31 December 2025						
	Payable copper (kt)	570.9	52.2	86.8				
	Molybdenum (million pounds)	-	0.2	5.0				
	Silver (t)	1 323.3	0.1	24.0				
	TPM – precious metals (koz t)	88.6	43.4	28.1				
	(C1) cash cost of producing copper in concentrate (USD/lb)**	3.16	1.03	0.86				
	Segment result - adjusted EBITDA	4 909	1 860	3 115	392	-	-	10 276
	EBITDA margin***	16%	54%	67%	3%	-	-	25%

* 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data from the financial statements of Sierra Gorda S.C.M. reviewed for management purposes. The financial data of Sierra Gorda S.C.M. presented in Note 6.1 differ from the above data due to the Group's more conservative approach to the assumptions used for impairment testing of Sierra Gorda S.C.M.'s assets in previous years.

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

*** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (25%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [10 276 / (36 366 + 4 619) * 100]

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

Reconciliation of adjusted EBITDA	from 1 January 2025 to 31 December 2025						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Other segments	Consolidation adjustments*	Consolidated financial statements	Sierra Gorda S.C.M. **	Adjusted EBITDA (segments, total)
	1	2	3	4	5 (1+2+3+4)	6	7 (5+6-4)
Profit/(Loss) for the period	1 946	2 249	(132)	(375)	3 688	1 224	
[-] Profit or loss on involvement in joint ventures	-	2 901	-	-	2 901	-	
[-] Current and deferred income tax, mining tax***	(1 434)	(205)	(37)	(45)	(1 721)	(781)	
[-] Depreciation/amortisation recognised in expenses by nature	(1 753)	(783)	(311)	29	(2 818)	(902)	
[-] Finance income and (costs)	160	(1 092)	(49)	1 153	172	(629)	
[-] Other operating income and (costs)	64	(352)	109	(1 444)	(1 623)	(20)	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	(80)	(236)	-	(316)	441	
Segment result - adjusted EBITDA	4 909	1 860	392	(68)	7 093	3 115	10 276

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

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

***Mining tax concerns only the segment Sierra Gorda S.C.M.

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

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

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

***Mining tax concerns only the segment Sierra Gorda S.C.M.

A detailed description of the results of individual segments is presented in the Management Board's report on the activities of KGHM Polska Miedź S.A. and of the KGHM Polska Miedź S.A. Group in 2025:

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

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

Accounting policies
<p>Revenues arising from ordinary operating activities of the Group, i.e. revenues from sales of products, merchandise and materials, are recognised in the statement of profit or loss as revenues from contracts with customers.</p> <p>The Group generates its revenues mainly from the sale of: copper, silver and gold. Other, smaller streams of revenues arise from the sale of services (including distribution of electricity, other utilities and mine construction services) and other products (including electricity), merchandise (including steel, petroleum and its derivatives) and materials (including waste from metallurgical furnaces generated as a result of production processes, e.g. scrap of Pb-Zn concentrate).</p> <p><u>Performance obligations and the moment when the performance obligation is satisfied</u></p> <p>The Group recognises revenue from contracts with customers when the Group satisfies a performance obligation by transferring a promised good or providing a service to a customer, which is when the customer obtains control of that asset.</p> <p>Depending on the moment when the performance obligation is satisfied, the recognition of revenues by the Group may take place at a specific moment (if the performance is carried out at a specific moment) or the revenue may be recognised over time (if the performance is carried out over time).</p> <p>The Group recognises as a performance obligation every contractual promise to transfer to a customer a good or provide a service that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. For each performance obligation, the Group determines, based on contractual terms, whether the obligation will be satisfied over time or at a specified moment. In particular, in contracts for the sale of copper, silver and gold, every measurement unit of a transferred good (e.g. 1 tonne of copper or 1 kg of silver) is a separate performance obligation. Therefore, for every sale or transfer of goods, constituting a multiplication of a measurement unit of a transferred product, which is realised at the same time, the Group satisfies its performance obligation and at the same specific moment recognises revenues. The performance obligation is satisfied by the Group in the same manner (at a specific moment) as in the case of other Group products, such as: lead, salt, steel, petroleum, blasting materials, mining machinery, fuel additives and other products. The method of determining the moment when the performance obligation is satisfied at a specific point in time is described below in Important estimates, assumptions and judgments.</p> <p>In trade contracts in which the performance obligation is satisfied at a specified time, the Group uses various payment conditions, including prepayments of up to several days before delivery and deferred payments of up to 120 days, although the deferred payments do not concern silver. Payment dates depend on the evaluation of the recipient's credit risk and the possibility of securing receivables. The consideration becomes due depending on contractual conditions, that is prior to the realisation of the delivery (prepayment) by the Group or after the Group satisfies its performance obligation. If the Group receives payment from the customer before it satisfies its performance obligation, it recognises it as contractual payables. However, in the case of deferred payments terms, the Group recognises due consideration from the customer as a receivable only after the transfer of promised products to the customer and the issuance of the invoice.</p> <p>Since in the majority of sales transactions, following the shipment of the promised product or good and transferring control over it, the Group has an unconditional right to consideration from the customer, and the only condition of receiving it is time lapse, the Group recognises the consideration from contracts with customers as receivables and therefore the Group does not recognise contractual assets.</p> <p>In the case of performance is carried out over time, the Group recognises revenues from sales over time if one of the following criteria is met:</p> <ul style="list-style-type: none"> – the customer simultaneously receives and consumes the benefits provided by the Group's performance to the extent that it performs its obligations, or – the Group satisfies a performance obligation and creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or – the Group satisfies a performance obligation and creates an asset without an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. <p>In particular, the Group recognises revenues over time from services provided under agreements for the construction of mines and other geological works, spa, sanatorium and treatment services, and from the sale of electricity, including electricity distribution services.</p> <p>If the Group recognises revenues on the basis of assessment pursuant to the adopted method of measurement the degree of advancement, prior to the issue of the invoice, it recognises due consideration as a contractual asset and transfers it to receivables at the moment the right to consideration becomes unconditional.</p> <p>The method of determining the moment when the performance obligation is satisfied for a performance carried out over time is described below in Important estimates, assumptions and judgments.</p> <p><u>Determining of the transaction price</u></p> <p>Revenues from contracts with customers are recognised in the amount of the transaction price, consisting of the amount of the consideration which – in accordance with the Group's expectations – it will receive in return for the transfer of promised goods or services to the customer.</p>

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 the realised contracts of sales to customers, the Group identified a significant financing component in the contract with Franco Nevada. The Group presents the results of financing (interest costs) separately from revenues from contracts with customers in the statement of comprehensive income. In the Franco Nevada contract, there was also an element of variable consideration. Due to the sale of assets and liabilities of the Sudbury Basin in Canada in February 2025, the contract with Franco Nevada is no longer being executed by the Group.

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

The Group adjusts sales revenues by the result on the settlement of derivatives hedging future cash flows, in the part effectively hedging at the moment when the hedged position affects the profit or loss.

Important estimates, assumptions and judgments

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

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

Determination of the transaction price allocated to other performance obligations

If the Group has other performance obligations at the end of the reporting period, it is required to disclose the transaction price allocated to these performance obligations (IFRS 15.120-122). The Group applies a practical expedient and does not disclose performance obligations which are a part of a contract that has an original expected duration of one year or less. Moreover, the Group has long-term contracts for supply of commodities, with prices based mainly on a variable consideration, that is on future stock market prices of commodities. As the result, the Group does not include this variable consideration in the estimation of the transaction price, which otherwise would be recognised as performance obligations, which were not satisfied at the end of the reporting period and disclosed pursuant to the requirements of IFRS 15.120.

Moreover, the Group (via the company DMC) advances long-term contracts for mine construction, in which it uses a method based on expenditures to recognise revenues, which meets the criteria for recognising revenues in the amount, that the Group has a right to invoice. As at 31 December 2025, the total transaction price allocated to performance obligations, which remained unsatisfied at the end of the reporting period, amounted to PLN 1 008 million, of which the amount of PLN 779 million will be realised in 2026, the amount of PLN 210 million will be realised in 2027 and the amount of PLN 19 million will be realised in or after 2028 (in the comparable period the total transaction price allocated to performance obligations, which remained unsatisfied at the end of the reporting period, amounted to PLN 1 164 million, of which the amount of PLN 682 million was realised in 2025, the amount of PLN 325 million will be realised in 2026 and the amount of PLN 156 million will be realised in or after 2027). These contracts do not have an element of variable consideration.

Balances of trade payables due to contracts with customers as at 1 January 2025, 1 January 2024 as well as at 31 December 2025 were immaterial. Therefore, the recognised adjustment to revenues in 2025 and 2024 due to the final determination of the sale price was insignificant.

Onerous contracts

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

For the sales contracts of main products (copper, silver, gold) the Parent Entity has limited options of transferring the potential increase in production costs to the sales price of its final products, since the level of revenues from sales of these products mainly depends on stock exchange quotations and currency exchange rates.

Some of the Parent Entity's products are by-products of the copper production process (among others: sulphuric acid, copper sulphate, nickel sulphate and lead), which, after further processing, may be sold to external clients. When making a decision to process and sell them, the Parent Entity is not only guided by the potential future economic benefits of such contracts, but also pays attention to other costs avoided in this way, which would have to be incurred in order to dispose of them. Despite the fact that the currently observed and expected sales prices of some of these products (lead, sulphate) do not allow for achieving positive margins on these products, the result on this activity is more favourable compared to the available alternative solutions (e.g. their disposal). Therefore, the Parent Entity does not recognise 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 its integral part.

On the basis of conducted analyses, the Parent Entity did not identify the occurrence of onerous contracts under IAS 37 as at 31 December 2025.

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

from 1 January 2025 to 31 December 2025

Products	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data		Consolidated data
					Elimination of data of the segment Sierra Gorda S.C.M.	Consolidation adjustments	
Copper	22 378	1 999	3 672	10	(3 672)	(38)	24 349
Silver	6 133	32	128	-	(128)	-	6 165
Gold	1 144	594	395	-	(395)	-	1 738
Services	238	793	-	3 003	-	(2 241)	1 793
Energy	110	-	-	461	-	(314)	257
Salt	24	-	-	-	-	11**	35
Blasting materials and explosives	-	-	-	340	-	(149)	191
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	393	-	(337)	56
Fuel additives	-	-	-	110	-	-	110
Lead	258	-	-	-	-	-	258
Products from other non-ferrous metals	-	-	-	115	-	-	115
Other products	298	21	424	868	(424)	(591)	596
Merchandise and materials							
Steel	-	-	-	278	-	(56)	222
Petroleum and its derivatives	-	-	-	391	-	(337)	54
Salt	-	-	-	35	-	(35)**	-
Energy	256	-	-	-	-	(112)	144
Other merchandise and materials	125	-	-	7 483	-	(7 325)	283
TOTAL	30 964	3 439	4 619	13 487	(4 619)	(11 524)	36 366

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

** Including: PLN 35 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.

Detailed information on the assignment of individual assortments listed in the table above to the categories of revenues recognised at a specific point in time or over time is provided in [Note 2.4](#).

	from 1 January 2024 to 31 December 2024						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data		Consolidated data
					Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	
Products							
Copper	22 789	2 055	2 839	9	(2 839)	(36)	24 817
Silver	4 917	14	88	-	(88)	-	4 931
Gold	853	439	333	-	(333)	-	1 292
Services	228	790	-	2 773	-	(2 086)	1 705
Energy	148	-	-	473	-	(348)	273
Salt	56	-	-	-	-	(2)	54
Blasting materials and explosives	-	-	-	309	-	(143)	166
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	370	-	(310)	60
Fuel additives	-	-	-	116	-	-	116
Lead	285	-	-	-	-	-	285
Products from other non-ferrous metals	-	-	-	113	-	(1)	112
Other products	221	96	296	878	(296)	(579)	616
Merchandise and materials							
Steel	-	-	-	447	-	(67)	380
Petroleum and its derivatives	-	-	-	413	-	(357)	56
Salt	-	-	-	54	-	(54)**	-
Energy	242	-	-	-	-	(75)	167
Other merchandise and materials	155	-	-	6 955	-	(6 820)	290
TOTAL	29 894	3 394	3 556	12 910	(3 556)	(10 878)	35 320

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

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

Detailed information on the assignment of individual assortments listed in the table above to the categories of revenues recognised at a specific point in time or over time is provided in [note 2.4](#).

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

	from 1 January 2025 to 31 December 2025							
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data		Consolidated data	
					Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments		
Total revenues from contracts with customers, of which:	30 964	3 439	4 619	13 487	(4 619)	(11 524)	36 366	
Revenues from sales contracts, for which the sales price is set after the date of recognition of the sales (M+ pricing formula**), of which:	19 617	2 647	4 386	811	(4 386)	(920)	22 155	
settled	18 861	1 524	2 279	802	(2 279)	(911)	20 276	
unsettled	756	1 123	2 107	9	(2 107)	(9)	1 879	
Revenues from realisation of long-term contracts for mine construction	-	774	-	286	-	(271)	789	
Revenues from other sales contracts	11 347	18	233	12 390	(233)	(10 333)	13 422	
Total revenues from contracts with customers, of which:	30 964	3 439	4 619	13 487	(4 619)	(11 524)	36 366	
in factoring	7 816	128	-	192	-	(192)	7 944	
not in factoring	23 148	3 311	4 619	13 295	(4 619)	(11 332)	28 422	

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

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

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Total revenues from contracts with customers, of which:	36 366	35 320
transferred at a specific moment	34 172	33 175
transferred over time	2 194	2 145

The Group derives its main revenue streams from the sale of metals such as copper, silver and gold. In the case of basic metals and other products such as: lead, salt, steel, petroleum, blasting materials, mining machinery, fuel additives and others, the Group satisfies its performance obligations at a specific moment, which is identical to the moment of transferring control over the promised goods to the customer.

In turn, over time, the Group recognises revenues from the sale of energy (which is both a product of the Group and a commodity) and its distribution, mine construction services, geological works, spa, sanatorium and treatment services.

Details regarding the determination of the moment when the performance obligation is satisfied from the contracts concluded by the Group are presented in [note 2.3](#) in the description of the Accounting Policies and Important estimates, assumptions and judgments.

	from 1 January 2024 to 31 December 2024						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Reconciliation items to consolidated data		Consolidated data
					Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	
Total revenues from contracts with customers, of which:	29 894	3 394	3 556	12 910	(3 556)	(10 878)	35 320
Revenues from sales contracts, for which the sales price is set after the date of recognition of the sales (M+ pricing formula**), of which:	18 813	2 603	3 555	869	(3 555)	(966)	21 319
settled	18 209	996	1 788	821	(1 788)	(936)	19 090
unsettled	604	1 607	1 767	48	(1 767)	(30)	2 229
Revenues from realisation of long-term mine construction contracts	-	774	-	190	-	(170)	794
Revenues from other sales contracts	11 081	17	1	11 851	(1)	(9 742)	13 207
Total revenues from contracts with customers, of which:	29 894	3 394	3 556	12 910	(3 556)	(10 878)	35 320
in factoring	8 871	-	-	279	-	(279)	8 871
not in factoring	21 023	3 394	3 556	12 631	(3 556)	(10 599)	26 449

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

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

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

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024	Percentage share 2025	Percentage share 2024
Europe, of which:	26 793	26 114	73.68%	73.94%
Poland	9 131	9 204	25.1%	26.1%
Germany	4 931	4 804	13.6%	13.6%
The United Kingdom	2 737	1 817	7.5%	5.1%
Czechia	2 193	2 309	6.0%	6.5%
Italy	1 918	2 412	5.3%	6.8%
Switzerland	1 591	1 099	4.4%	3.1%
Hungary	1 395	1 462	3.8%	4.1%
Sweden	787	704	2.2%	2.0%
France	770	719	2.1%	2.0%
Other countries	1 340	1 584	3.7%	4.5%
Asia, of which:	4 677	5 243	12.9%	14.8%
China	2 349	3 957	6.5%	11.2%
Türkiye	641	572	1.8%	1.6%
South Korea	489	99	1.3%	0.3%
Japan	462	3	1.3%	0.0%
Other countries	736	612	2.0%	1.7%
North America, of which:	4 040	2 982	11.1%	8.4%
The United States of America	2 919	1 881	8.0%	5.3%
Canada	1 121	1 101	3.1%	3.1%
South America	332	379	0.9%	1.1%
Australia	314	445	0.9%	1.3%
Africa	210	157	0.6%	0.4%
TOTAL, of which:	36 366	35 320	100.0%	100.0%
Poland	9 131	9 204	25.1%	26.1%
Other countries	27 235	26 116	74.9%	73.9%

A description of geopolitical and other risks is provided in Notes 1.3.1, 1.3.2 and 1.3.4.

Note 2.6 Main customers

In the period from 1 January 2025 to 31 December 2025 and in the comparable period the revenues from no single customer exceeded 10% of the sales revenue of the Group.

Note 2.7 Non-current assets – geographical breakdown

	As at 31 December 2025	As at 31 December 2024
Poland	27 548	25 542
Canada	2 345	2 207
The United States of America	1 961	2 385
Chile	333	291
TOTAL*	32 187	30 425

* Non-current assets, excluding: derivatives, other financial instruments, other non-financial assets and deferred tax assets (IFRS 8.33b) in the total amount of PLN 12 828 million as at 31 December 2025 (PLN 11 860 million as at 31 December 2024).

PART 3 – Impairment of assets

Note 3.1 Impairment losses on assets as at 31 December 2025

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.

The Management Board of KGHM Polska Miedź S.A. assessed the existence of indications of the possibility of impairment of assets, pursuant to the requirements of International Accounting Standard 36 – Impairment of assets. The analysis was carried out taking into account both external factors resulting from the economic and market environments, as well as internal factors relating to the unique nature of the entity's operations, the efficiency of the use of assets and changes in their expected utility.

In 2025, the share price of KGHM Polska Miedź S.A. was characterised by high dynamics, supported, among others, by rising prices of metals, especially copper and silver. The average price of the Company's shares in 2025 increased by 29.2% compared to the share price at the end of 2024 and as at 31 December 2025 amounted to PLN 280.80 (the average share price in 2025 was PLN 148.57). In the same period, the average WIG20 index increased by 26.8%, and the average WIG index increased by 28.2%. As a result, the Company's market capitalisation increased from PLN 23 000 million to PLN 56 160 million, which means that as at 31 December 2025 it remained at the level of 181% of the value of the Company's net assets. However, it should be noted that the average ratio of market capitalisation to book value of net assets throughout 2025 was 93%.

From the point of view of the Company's operations, the key factor influencing the level of market capitalisation is the price of copper. In 2025, the copper price maintained its upward trend, peaking in December 2025 due to the weakening of the US dollar, global trade tensions and supply shortages in the copper market. The average copper price in 2025 was 9 945 USD/t, which is higher than the prices recorded in 2024 (average of 9 147 USD/t).

In the case of the Polish assets, the price of metals in PLN is of significant importance, which is also affected by the USD/PLN exchange rate. Fluctuations in copper prices are usually largely compensated by changes in the USD/PLN exchange rate. The average exchange rate of the US dollar against the PLN in 2025 was PLN 3.76, which is lower than the exchange rate observed in 2024 (average of PLN 3.98).

Finally, the average copper price in PLN in 2025 was 37 303 PLN/t, which was higher by 2.5% compared to the prices recorded in 2024 (average of 36 401 PLN/t).

More significant fluctuations could be observed on the precious metals market. The price of gold, supported by stable central bank purchases, a weak US dollar, and a climate of macroeconomic and geopolitical uncertainty, rose almost continuously throughout the year, reaching USD 4 308 per ounce at the end of December 2025 (compared to USD 2 611 per ounce at the end of 2024). Along with gold, the price of silver also rose from USD 29 per ounce at the end of 2024 to USD 72 per ounce at the end of December 2025.

After the balance sheet date, prices of metals continued their dynamic upward trend, reaching maximums on 29 January 2026 at 13 844 USD/t for copper, USD 5 502 per ounce of gold and USD 118 per ounce of silver alongside further weakening of the US dollar. This trend was broken in the following days when there were sharp declines in metals prices, which shows significant uncertainty about the development of prices in the future.

Favourable macroeconomic data in 2025 contributed to a decrease in market interest rates, to around 4.04 for WIBOR 1M, 3.99 for WIBOR 3M and 3.87 for WIBOR 6M at the end of December 2025, which has a positive impact on the profitability of the business. The yield on 10-year bonds was 1.15 percentage points higher than the NBP reference rate.

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 is presented in [Note 1.3.3 Monitored areas – risks and hazards associated with the climate](#).

On 1 January 2026, the Act of 21 November 2025 amending the act on the minerals extraction tax and certain other acts, introducing a temporary reduction of the coefficient in the tax calculation formula for copper and silver (2026-2028) and a mechanism for deducting part of capital expenditures from tax (from 2029), entered into force.

In accordance with the aforementioned Act, the burden of reducing the amount of the copper tax will rest, to a large extent, on the investment relief mechanism. For this reason, it will de facto serve as a source of financing capital expenditures and will not have to directly translate into a significant change in free cash flows.

The Company will be able to deduct a maximum of 40% of the value of eligible expenditures (no more than 30% of the input tax), which will require the involvement of significant capital in order to fully use the reduction on the minerals extraction tax.

Moreover, in the case of KGHM Polska Miedź S.A., a significant group of investments eligible for tax deduction are development investments, which by definition are not included in the impairment test in the model of value in use. As a result, the amendments to the act on the minerals extraction tax do not constitute an indication to change the recoverable amount of the Company's assets.

The Management Board of KGHM Polska Miedź S.A. assessed the assumptions adopted as at 31 December 2023 for impairment testing of the 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.

Taking into account the significant uncertainty and dynamic changes in the environment, which make it difficult to draw conclusions about long-term trends, in the opinion of KGHM Polska Miedź S.A., there were no indications of the risk of impairment of the Polish production assets, nor of indications of the possibility of reversing the impairment losses already made. As a result, no impairment tests were carried out for these assets as at 31 December 2025.

Due to the continuing uncertainty and significant volatility of key macroeconomic parameters, in particular metal prices and exchange rates, KGHM Polska Miedź S.A. will continue to monitor global economic conditions on an ongoing basis in terms of stabilisation or non-stabilisation of the indicated trends. If the persistence of the observed changes is confirmed, the Company will assess their impact on the recoverable amount of the assets, pursuant to the principles described in IAS 36.

Impairment testing of the investment in Sierra Gorda S.C.M. – the Sierra Gorda S.C.M. segment

As at 31 December 2025, due to the occurrence of indications of the possibility of a change in the recoverable amount of the investment in Sierra Gorda S.C.M., which is part of the KGHM INTERNATIONAL LTD. Group, an impairment test of shares in the joint venture was performed. For the purposes of estimating the recoverable amount, the Sierra Gorda S.C.M. joint venture has been identified as a cash-generating unit (CGU).

The key indication for conducting the test on shares in Sierra Gorda S.C.M. was to perform an impairment testing of assets at the level of Sierra Gorda S.C.M.

The carrying amount of the shares in the joint venture determined using the equity method as at 31 December 2025 was USD 434 million (PLN 1 562 million at the average exchange rate as at 31 December 2025 announced by the National Bank of Poland). For the purposes of determining the recoverable amount of the investment in Sierra Gorda S.C.M., the test performed measured its net assets at fair value (less estimated cost of sales) using the income approach, i.e. the discounted cash flow method.

The fair value has been classified to level 3 of the fair value hierarchy.

Basic macroeconomic assumptions adopted in the impairment test as at 31 December 2025 – commodity 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 2026-2030, while for the period 2031-2035 a technical adjustment of prices was applied between the last year of the detailed forecast and 2036, for which a long-term metal price forecast was assumed at the following level:

- for copper – 9 250 USD/t (4.20 USD/lb),
- for gold – 2 500 USD/oz.

In the detailed forecast period for the period 2026-2030 the following levels of metal prices were assumed:

- for copper – from 10 000 USD/t to 10 472 USD/t,
- for gold – from 2 800 USD/oz to 3 800 USD/oz.

Assumptions adopted for impairment testing as at 31 December 2025	Sierra Gorda
Mine life / forecast period	23
Level of copper production during mine life (kt)	3 513
Level of molybdenum production during mine life (mn lb)	204
Level of gold production during mine life (koz t)	1 015
Applied discount rate	8,38%
Average operating margin during mine life	46,6%
Capital expenditures to be incurred during mine life (USD million)	6 342
<i>Including capitalised stripping costs (USD million)</i>	4 012
Costs to sell	2%

As a result of the test, the recoverable amount of the Group's share in the joint venture Sierra Gorda S.C.M. was determined to be USD 504 million (PLN 1 814 million at the average exchange rate as at 31 December 2025 announced by the National Bank of Poland), which was higher than its carrying amount as at 31 December 2025 determined using the equity method, which provided the basis for reversing the impairment loss on shares in the joint venture in the amount of USD 70 million, recognised in previous years (PLN 252 million at the average exchange rate as at 31 December 2025 announced by the National Bank of Poland).

Sensitivity analysis of the recoverable amount of the Group's share in the joint venture Sierra Gorda S.C.M.	Recoverable amount in USD million
Discount rate 9.38%	302
Discount rate 8.38% (test)	504
Discount rate 7.38%	732

Sensitivity analysis of the recoverable amount of the Group's share in the joint venture Sierra Gorda S.C.M.	Recoverable amount in USD million
Copper price -0.10 \$/lb	438
Copper price (test)	504
Copper price +0.10 \$/lb	670

A sensitivity analysis of the recoverable amount of the shares showed that potential changes to the key assumptions adopted for the tests as at 31 December 2025 (presented in the table above), within the upper range of recoverable amount, could result in a full reversal of the impairment loss on the shares in the joint venture recognised in previous years – up to a maximum of USD 116 million.

Impairment testing of property, plant and equipment of the company PMT Linie Kolejowe Sp. z o.o. – Segment – Other segments
As at 31 December 2025, due to the occurrence of indications of a possible change in the recoverable amount of property, plant and equipment of the company PMT Linie Kolejowe Sp. z o.o, impairment testing of these assets was performed. The key indication to perform the impairment test was the significant decrease in forecasted future economic results.
The carrying amount of property, plant and equipment of PMT Linie Kolejowe Sp. z o.o. as at 31 December 2025 amounted to PLN 240 million. In order to estimate the recoverable amount, in the conducted test the value in use of property, plant and equipment was measured using the income-based approach, i.e. the method of discounted cash flows.

Basic assumptions adopted for impairment testing as at 31 December 2025	
Assumption	Level adopted in the test
Detailed forecast period	January 2026 – December 2030
Operating margin	2% in the forecast period, 2.8% in the residual value
Capital expenditures in the forecast period	PLN 57 million
Discount rate	4.61% (real, after taxation)
Growth rate following the forecast period	0%

As a result of the impairment testing of property, plant and equipment of PMT Linie Kolejowe Sp. z o.o., the recoverable amount of the tested assets was determined to be at the level of PLN 24 million, which is lower than the carrying amount of these assets, which provided a basis for the recognition of an impairment loss in the amount of PLN 216 million, which was recognised in the item "Cost of sales".

The recoverable amount of non-current assets of PMT Linie Kolejowe 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 assets is presented in the following table.

Sensitivity analysis of the recoverable amount of property, plant and equipment of PMT Linie Kolejowe Sp. z o.o.			
	Recoverable amount at a given discount rate		
	lower by 1 pp.	per test	higher by 1 pp.
Discount rate 4.61% (test)	36	24	16
	Recoverable amount at a given operating margin		
	lower by 1 pp.	per test	higher by 1 pp.
Operating margin 2%, 2.8% in residual value (test)	9	24	39

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

As at 31 December 2025, as a result of the occurrence of indications of changes in the recoverable amount of property, plant and equipment of the company Centrozłom Wrocław S.A., impairment testing of these assets was performed. The key indication to perform testing was the company's continued negative financial results (net loss for 2024 at the level of PLN 25 million, for 2025 at the level of PLN 26 million, respectively).

To determine the recoverable amount of the company's property, plant and equipment, the fair value measurement less costs to sell was adopted.

The recoverable amount was determined at the level of fair value less costs to sell, on the basis of available valuation reports and an expert's opinion, taking into account the following assumptions:

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

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

Properties for which valuation reports were prepared at the company's request*	Carrying amount	Recoverable amount
in Chróścina	1	3
in Wrocław	11	76
in Poznań	12	17
in Konin	2	4
in Opole	1	3
in Łódź	9	14
Total	36	117

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

Machinery and equipment	Carrying amount	Recoverable amount
	31	31

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

Sensitivity analysis of the recoverable amount of property to volatility of market prices for land and accompanying buildings, for which valuation reports were prepared:			
At the company's request	Price lower by 5%	Recoverable amount (test)	Price higher by 5%
in Chróścina	3	3	3
in Wrocław	72	76	80
in Poznań	16	17	18
in Konin	4	4	4
in Opole	2	3	2
in Łódź	14	14	15
At the request of local municipal authorities	14	15	16
TOTAL	125	133	138

The Company also performed a sensitivity analysis of all property, plant and equipment for market price fluctuations by 5%.

Property, plant and equipment	Price lower by 5%	Recoverable amount (test)	Price higher by 5%
	177	187	196

IMPAIRMENT TESTING OF NON-CURRENT ASSETS OF UZDROWISKA KŁODZKIE S.A. – GRUPA PGU – Segment – Other segments
Due to the occurrence of indications of the possibility of a change in the recoverable amount of property, plant and equipment and intangible assets of Uzdrowiska Kłodzkie S.A. – Grupa PGU, impairment testing of these assets was carried out. The key indication for conducting the impairment test was the recognition of a loss for 2025 and a negative change in the forecasted operating cash flows for one of the cash-generating unit – The mineral water production plant (CGU). The amount of property, plant and equipment and intangible assets of CGU as at 31 December 2025 was PLN 24 million. For the purposes of estimating the recoverable amount in the test performed, the value in use of the CGU was measured using the income approach, i.e. the discounted cash flow method.

Basic assumptions adopted for impairment testing as at 31 December 2025	
Assumption	Level adopted in the test
Detailed forecast period	January 2026 – December 2030
Operating margin	-3.8% in the forecast period, 1.8% in the residual value
Capital expenditures in the forecast period	PLN 22 million
Discount rate	6.51% (nominal)
Growth rate following the forecast period	1%

As a result of the impairment testing of property, plant and equipment and intangible assets of the tested CGU, the recoverable amount of the tested assets was determined at the level of PLN 0 million, which gave a basis to recognise an impairment loss in the amount of PLN 24 million, of which PLN 21 million was recognised in the item "Cost of sale" and PLN 3 million under the item "Other operating costs".

The recoverable amount of the CGU shows a sensitivity to changes in the operating margin.

Sensitivity analysis of the recoverable amount of property, plant and equipment and intangible assets of the CGU		
	Recoverable amount at a given operating margin	
	per test	higher by 1 pp
Operating margin -6.4%, 1.8% in residual value (test)	0	4

EVALUATION OF IMPAIRMENT OF WATER RIGHTS

In the Group, water rights in Chile are annually subjected to impairment testing by comparing their carrying amount to the recoverable amount, which is set at fair value decreased by costs to sell.

As at 31 December 2025, the Group assessed the factors impacting the recoverable amount of the rights and assessed that there were no basis for recognising an impairment loss or reverse an impairment loss, as both the price of water and the estimated amount of extractable water did not change as compared to the levels of these assumptions adopted for testing as at 31 December 2024. The carrying amount of water rights as at 31 December 2025 and as at 31 December 2024 was USD 22 million (as at 31 December 2025: PLN 81 million, as at 31 December 2024: PLN 92 million).

The fair value of water rights is classified to the level 2 of the fair value hierarchy, in which fair value measurements are based on significant observable input data, other than market prices.

Note 3.2 Impairment losses on assets as at 31 December 2024**Assessment of the risk of impairment of production assets of KGHM Polska Miedź S.A. in the context of the market capitalisation of KGHM Polska Miedź S.A.**

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

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

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

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

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

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

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

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

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

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

In the context of risks and hazards associated with climate, in the current period, no material impact on the activities of KGHM Polska Miedź S.A. was identified. Detailed information is presented in [Note 1.3.3 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 nor of indications suggesting the possibility of reversing the impairment losses which were already made, and therefore there was no impairment testing of these assets as at 31 December 2024.

Test for the impairment of assets of the KGHM INTERNATIONAL LTD. Group - the Segment KGHM INTERNATIONAL LTD.

As at 31 December 2024, as a result of the identification of indications of a possible change in the recoverable amount of the pre-operational phase of the Victoria project within the KGHM INTERNATIONAL LTD. Group, an impairment test of this asset was performed. In order to estimate the recoverable amount, the Victoria project was identified as a Cash Generating Unit (CGU).

The key indication that the recoverable amount may be lower than the carrying amount is the planned decrease in cash flows caused by:

- changes to the technical assumptions in the model,
- update of the mine construction schedule,
- update of capital expenditures,

alongside an increase in the carrying amount of the project.

In order to estimate the recoverable amount of the Victoria project, in the conducted test the fair value (decreased by estimated costs to sell) was calculated using an income-based approach, i.e. the method of discounted cash flows.

Basic macroeconomic assumptions adopted for impairment testing as at 31 December 2024 – metal prices

Price paths were adopted on the basis of available long-term forecasts from financial and analytical institutions. A detailed forecast is being prepared for the period 2025-2029, while for the period 2030-2034 a technical adjustment of prices was applied between the last year of the detailed forecast and 2035, from which a long-term metal price forecast is used at the following levels:

- for copper – 8 800 USD/t (3.99 USD/lb);
- for nickel – 8.5 USD/lb (18 739 USD/t).

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

- for copper – from 9 500 USD/t to 10 000 USD/t;
- for nickel – from 17 086 USD/t (7.75 USD/lb) to 18 739 USD/t (8.50 USD/lb).

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

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

Key factors responsible for the changes in technical and economic assumptions adopted for impairment testing as at 31 December 2024

Victoria	Update of the mine construction schedule, production assumptions, update of capital expenditures and calculation of operating costs.
-----------------	--

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

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

* The carrying amount of non-current assets decreased by the provision for future decommissioning costs of mines and the balance of deferred tax.

** Including the capitalised borrowing costs in the amount of PLN 68 million (USD 17 million)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Basic assumptions adopted for impairment testing as at 31 December 2024

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

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

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

Sensitivity analysis of the recoverable amount of property, plant and equipment of POL-MIEDŹ TRANS Sp. z o.o.

	Recoverable amount at a given discount rate		
	lower by 1 pp.	per test	higher by 1 pp.
Discount rate 5.65% (test)	147	134	124
	Recoverable amount at a given operating margin		
	lower by 1 pp.	per test	higher by 1 pp.
Operating margin 0.5%, 1.1% in residual value (test)	87	134	181

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

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

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

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

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

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

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

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

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

*Costs to sell at the level of 3%

Machinery and equipment	Carrying amount	Recoverable amount
	31	31

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

Sensitivity analysis of the recoverable amount of property to volatility of market prices for land and accompanying buildings, for which valuation reports were prepared:			
At the company's request	Price lower by 5%	Recoverable amount (test)	Price higher by 5%
in Chróścina	2.9	3.1	3.2
in Wrocław	71.6	75.4	79.2
in Poznań	15.8	16.6	17.4
in Konin	4.0	4.2	4.4
in Opole	2.3	2.4	2.5
in Łódź	12.8	13.5	14.2
At the request of local municipal authorities	14.3	15.1	15.8
TOTAL	123.7	130.3	136.7

Impairment testing of non-current assets of the company ZAGŁĘBIE LUBIN S.A. – Segment – Other segments

As at 31 December 2024, due to the occurrence of indications of changes in the recoverable amount of non-current assets of the company Zagłębie Lubin S.A., an impairment testing of these assets was performed.

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

- financial results worse than anticipated in forecasts,
- value of net assets of Zagłębie Lubin S.A. lower than the value of investment in the statement of financial position of KGHM Polska Miedź S.A.

In order to estimate the recoverable amount, in the conducted test the fair value of assets was estimated using the asset-based approach, i.e. the adjusted net assets method (a measurement classified to level 3 of the fair value hierarchy).

Basic assumptions adopted for impairment testing

The key assumptions adopted for the measurement:

- revenues generated by the company from sponsoring and revenues from the sale of tickets and passes,
- in the detailed forecast period, there are no planned capital expenditures on the stadium,
- the value of rights to player cards and to the team were set on the basis of market values of football players published on the transfer website www.transfermarkt.de, which is recognised as one of the best sources of information on the market value of players and is widely used by the European and international clubs as well as football federations,
- the period of detailed forecast of cash flows was adopted on the basis of the 5-year financial plan of Zagłębie Lubin S.A., taking into account the residual value,
- the growth rate following the period of detailed forecast was adopted at the conservative level of 0.0%,
- the WACC real discount rate was adopted at the level of 5.63%.

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

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

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

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

As at 31 December 2024, an analysis was performed in terms of the existence of indications of the possibility of impairment of PeBeKa S.A. assets. The following CGUs comprising the company's business activity were subjected to analysis:

1. Product 1 – Horizontal works (mining, construction, underground drilling),
2. Product 2 – Vertical works (shaft and assembly),
3. Product 3 – Construction, engineering and tunnelling works,
4. Product 4 – Surface drilling works,
5. Product 5 – Other business activities (property maintenance, sale of materials).

As a result of the analysis, a decrease in profitability and a loss on the sale of Product 1 were identified as indications of possible impairment of assets.

Taking the above into account, an impairment test was performed of buildings and perpetual usufruct rights to land – excluding investment properties – the fair value was determined using valuation methods consistent with the market approach (comparative), based on transactions on the local market of similar properties, the selling costs were assumed at the level of 2.5% of estimated market value of assets,

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

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

EVALUATION OF IMPAIRMENT OF WATER RIGHTS

In the Group, water rights in Chile are annually subjected to impairment testing by comparing their carrying amount to the recoverable amount, which is set at fair value decreased by costs to sell. The fair value of water rights is classified under level 2 of the fair value hierarchy, in which fair value measurements are based on significant observable input data, other than market prices.

For the year ended on 31 December 2024, the Group assessed the factors impacting the recoverable amount of the asset and determined that there is no basis to recognise an impairment loss or reverse an impairment loss, since both the price as well as the estimated amount of water available for extraction did not change as compared to the levels of these factors adopted for testing as at 31 December 2023. The carrying amount of water rights amounted to PLN 92 million as at 31 December 2024 (as at 31 December 2023: PLN 88 million).

PART 4 – Explanatory notes to the statement of profit or loss

Note 4.1 Expenses by nature

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Note 9.3	Depreciation of property, plant and equipment and amortisation of intangible assets	2 818	2 513
Note 11.1	Employee benefits expenses	9 517	8 965
	Materials and energy, including:	14 242	13 328
	purchased metal-bearing materials	8 335	7 439
	electrical and other energy	1 825	1 677
	External services	3 060	3 091
Note 5.2	Minerals extraction tax	4 693	3 865
	Other taxes and charges	992	939
	Advertising costs and representation expenses	74	75
	Property and personal insurance	94	92
Note 4.4	Reversal of impairment losses on property, plant and equipment and intangible assets	-	(69)
Note 4.4	Reversal of write-downs of inventories	(19)	(14)
Part 3 Note 4.4	Recognition of impairment losses on property, plant and equipment and intangible assets	316	290
Note 4.4	Recognition of write-downs of inventories	30	84
	Other costs	92	83
	Total expenses by nature	35 909	33 242
	Cost of merchandise and materials sold (+)	412	547
	Change in inventories of finished goods and work in progress (+/-)	(1 720)	180
	Cost of products for internal use of the Group (-) *	(2 194)	(2 416)
	Total costs of sales, selling costs and administrative expenses, of which:	32 407	31 553
	Cost of sales	30 126	29 348
	Selling costs	482	529
	Administrative expenses	1 799	1 676

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

Note 4.2 Other operating income and (costs)

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
<u>Note 7.1</u>	Gains on derivatives, of which:	197	617
	measurement	74	68
	realisation	123	549
<u>Note 7.1</u>	Exchange differences on financial assets and liabilities other than borrowings	-	555
	Interest income calculated using the effective interest rate method	52	63
	Reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	-	5
<u>Note 4.4</u>	Reversal of allowance for impairment on trade receivables and other financial receivables	3	-
	Fair value gains on trade receivables and other financial assets	65	9
	Release of provisions	104	133
	Gain on disposal of intangible assets	7	4
<u>Note 9.9</u>	Gain on disposal of subsidiaries	70	-
	Government grants received	24	16
	Income from servicing of letters of credit and guarantees	6	18
	Compensation, fines and penalties received	29	35
	Other	104	107
	Total other operating income	661	1 562
<u>Note 7.1</u>	Losses on derivatives, of which:	(457)	(566)
	measurement	(185)	(14)
	realisation	(272)	(552)
<u>Note 4.4</u>	Impairment losses on trade receivables	-	(1)
	Fair value losses on trade receivables	(83)	(136)
<u>Part 3</u> <u>Note 4.4</u>	Impairment losses on fixed assets under construction and intangible assets not yet available for use	(66)	(22)
<u>Note 7.1</u>	Exchange differences on financial assets and liabilities other than borrowings	(1 498)	-
	Provisions recognised	(42)	(220)
	Losses on disposal of property, plant and equipment	(26)	(29)
	Donations granted	(49)	(68)
	Other	(63)	(76)
	Total other operating costs	(2 284)	(1 118)
	Other operating income and (costs)	(1 623)	444

Note 4.3 Finance income and (costs)

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Note 7.2	Exchange differences on measurement and realisation of borrowings	317	-
Note 7.1	Gains on derivatives - realisation	29	134
	Result of settlement of a transaction hedging interest rate risk due to the issuance of bonds with a variable interest rate	71	-
	Other	1	1
	Total finance income	418	135
Note 7.1	Interest on lease liabilities	(4)	(10)
	Interest on trade payables within the reverse factoring mechanism	(94)	(150)
	Unwinding of the discount effect due to:	(100)	(92)
	provisions for decommissioning of mines	(89)	(82)
	financial liabilities	(11)	(10)
	Bank fees and charges on drawn borrowings	(11)	(23)
Note 7.1	Losses on derivatives - realisation	(30)	(146)
Note 7.1	Exchange differences on measurement and realisation of borrowings	-	(84)
	Other	(7)	(11)
	Total finance costs	(246)	(516)
	Finance income and (costs)	172	(381)

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

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
	Reversal of impairment losses on assets recognised in: cost of sales, of which:	21	85
Note 4.1	reversal of impairment loss on property, plant and equipment and intangible assets	-	69
Note 10.1	reversal of write-down of inventories	21	16
Note 6.1	reversal of impairment loss on shares in a joint venture gain due to reversal of allowances for impairment of loans granted to a joint venture	252	-
Note 6.2	other operating income, of which:	3	5
	reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	-	5
Note 4.2	reversal of allowance for impairment on trade receivables and other financial receivables	3	-
	Reversal of impairment losses, total	760	316
	Impairment losses on assets, recognised in: cost of sales and selling costs, of which:	(346)	(377)
Note 4.1	impairment loss on property, plant and equipment and intangible assets	(316)	(290)
Note 10.1	write-down of inventories	(30)	(87)
	other operating costs, of which:	(66)	(23)
Note 4.2	impairment losses on fixed assets under construction and intangible assets not yet available for use	(66)	(22)
Note 4.2	allowance for impairment of trade receivables	-	(1)
	Impairment losses, total	(412)	(400)

PART 5 – Taxation

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

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

Taking into account the tax optimisation within the KGHM Polska Miedź S.A. Group, the “PGK KGHM I” Tax Group was founded, which functioned for the first time in the years 2016 - 2018.

On 17 October 2024, an agreement was signed to indefinitely extend the operations of PGK KGHM II founded in 2019, which is in force from 1 January 2025.

Income tax

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Current income tax	1 338	1 153
Note 5.1.1 Deferred income tax	403	590
Current tax adjustments for prior periods	(20)	(5)
Income tax	1 721	1 738

In 2025, Group entities paid income tax in the amount of PLN 917 million (in 2024: PLN 1 027 million) to the appropriate tax offices.

These consolidated financial statements do not include any amounts of current income tax resulting from the reform of the international tax system - pillar 2 of the BEPS project, since no obligation arose to pay this tax by the Group.

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

Reconciliation of effective tax rate

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Profit before income tax	5 409	4 608
Tax calculated using the Parent Entity's rate (2025; 2024: 19%)	1 028	876
Effect of applying other tax rates abroad	192	41
Tax effect of non-taxable income	(17)	(65)
Tax effect of expenses not deductible for tax purposes, including:	946	798
minerals extraction tax*	892	734
Tax effect of income on the valuation of shares in a joint venture using the equity method and of income on the reversal of an impairment loss on shares in a joint venture	(502)	-
Unrecognised deferred tax assets on deductible temporary differences	105**	234
Utilisation in the period of previously-unrecognised tax losses	(135)	(44)
Adjustments of current tax for prior periods	(20)	(5)
Tax losses and tax credits in the period from which there was no recognition of deferred tax assets	38	23
Deferred tax on eliminated interest on intra-Group loans	(63)	(80)
Other	149	(40)
Income tax in profit or loss	1 721	1 738

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

*details on the recognition of the minerals extraction tax were described in [Note 5.2](#).

**the amount of USD 28 million translated at the average exchange rate for 2025.

Note 5.1.1 Deferred income tax**Accounting policies**

Deferred income tax is determined using tax rates and tax laws that are expected to be applicable when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised if it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax assets and deferred tax liabilities are offset if the company has a legally enforceable right to set off current tax assets and current tax liabilities, and if the deferred tax assets and deferred tax liabilities relate to income taxes levied on a given entity by the same tax authority.

In accordance with the requirements of IAS 12 paragraph 88A, the Group has applied the exception as regards the nonrecognition of deferred tax to the extent resulting from pillar 2 of the BEPS project and therefore, it does not recognise deferred tax assets and liabilities related to BEPS income taxes and it does not disclose information on these assets and liabilities.

Important estimates, assumptions and judgments

The assessment of probability of realising deferred tax assets with future tax income is based on the budgets of the companies of the Group. Companies of the Group recognised deferred tax assets in their accounting books to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Deferred net income tax at the beginning of the period, of which:	(1 082)	(509)
Deferred tax assets	302	137
Deferred tax liabilities	(1 384)	(646)
Deferred income tax due to obtaining control of subsidiaries:	-	1
Deferred tax assets	-	1
Deferred income tax during the period, of which:	(36)	(551)
Recognised in profit or loss	(403)	(590)
Recognised in other comprehensive income	367	39
Exchange differences from translation of balances of deferred income tax of statements of operations with a functional currency other than PLN	89	(23)
Deferred income tax due to loss of control of subsidiaries:	(9)	-
Deferred tax assets	(9)	-
Deferred net income tax at the end of the period, of which:	(1 038)	(1 082)
Deferred tax assets	189	302
Deferred tax liabilities	(1 227)	(1 384)

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

	Deferred tax assets		Deferred tax liabilities	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Maturity over the 12 months from the end of the reporting period	106	198	(1 652)	(1 529)
Maturity of up to 12 months from the end of the reporting period	83	104	425	145
Total	189	302	(1 227)	(1 384)

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

	As at 31 December 2025				As at 31 December 2024			
	Unused tax losses	Expiry date	Unused tax credits	Expiry date	Unused tax losses	Expiry date	Unused tax credits	Expiry date
Luxembourg	-	2037	-	-	339	2037	-	-
Chile	90	indefinite	-	-	103	indefinite	-	-
Canada	1 594	2045	48	2039	1 814	2044	55	2039
Other	90	2026-2030	-	-	74	2025-2029	-	-
Total	1 774		48		2 330		55	

As at 31 December 2025, the amount of deductible temporary differences from which the Group did not recognise deferred tax assets amounted to PLN 2 168 million (USD 602 million), as at 31 December 2024 PLN 1 842 million (USD 450 million), because there is low possibility that they will be reversed in the foreseeable future and that taxable income will be achieved against which the deductible temporary differences can be utilised. The deductible temporary differences from which the deferred tax assets were not recognised mainly relate to the provisions for decommissioning costs of mines and other technological facilities in the Robinson and Carlota mines in the KGHM INTERNATIONAL LTD. Group, as well as the difference in interest on loans granted by the Parent Entity and the subsidiary Future 1 to companies of the KGHM INTERNATIONAL LTD. Group for accounting and tax purposes.

As at 31 December 2025, at the level of the consolidated financial statements, there was no recognition of deferred tax liabilities on taxable temporary differences in the amount of PLN 3 088 million (as at 31 December 2024: PLN 1 990 million) related to investments in subsidiaries and shares in joint ventures, as the conditions stipulated in IAS 12.39 were met, i.e. the Parent Entity is able to control the dates of reversal of these differences and it is probable that they will not reverse in the foreseeable future.

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

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

	Credited/(Charged)					As at 31 December 2024	Credited/(Charged)			As at 31 December 2025
	As at 31 December 2023	changes due to obtaining control of subsidiaries	profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN		profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN	
Provision for decommissioning of mines and other technological facilities	209	-	(3)	-	1	207	-	-	(2)	205
Measurement of forward transactions other than hedging instruments	45	-	(40)	-	-	5	31	-	-	36
Differences between the value of property, plant and equipment for accounting and tax purposes	236	-	9	-	-	245	19	-	(1)	263
Future employee benefits	637	-	11	(63)	-	585	23	(4)	-	604
Equity instruments measured at fair value	68	-	-	(1)	-	67	-	(66)	-	1
Lease liabilities	100	-	(19)	-	-	81	4	-	-	85
Accrued and unpaid interest on borrowings	309	-	1	-	13	323	(3)	-	(37)	283
Recognition/reversal of impairment losses on assets	207	-	(37)	-	-	170	(40)	-	-	130
Short-term accruals for remuneration	95	-	31	-	-	126	19	-	-	145
Re-measurement of hedging instruments	10	-	-	(3)	-	7	-	520	-	527
Liabilities related to fixed fee due to setting mining usufruct	38	-	(1)	-	-	37	-	-	-	37
Employee benefits (holidays)	18	-	3	-	-	21	2	-	-	23
Unpaid remuneration with surcharges	2	-	-	-	-	2	-	-	-	2
Tax losses from prior periods	51	-	93	-	4	148	(109)	-	(13)	26
Other	154	3	41	-	-	198	(63)	-	-	135
Total	2 179	3	89	(67)	18	2 222	(117)	450	(53)	2 502
Offset with deferred tax liabilities*	(2 042)	-	-	-	-	(1 920)	-	-	-	(2 313)
Deferred tax asset recognised in the statement of financial position	137	-	-	-	-	302	-	-	-	189

*Offset includes offset within the Tax Group.

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

	(Credited)/Charged					As at 31 December 2024	(Credited)/Charged				As at 31 December 2025
	As at December 2023	changes due to obtaining control of subsidiaries	profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN		profit or loss	other comprehensive income	exchange differences from translation of statements of operations with a functional currency other than PLN	changes due to loss of control of subsidiaries	
Measurement of forward transactions other than hedging instruments	47	-	(28)	-	-	19	(7)	-	-	-	12
Differences between the value of property, plant and equipment for accounting and tax purposes, including:	1 386	-	400	-	19	1 805	50	-	(65)	9	1 799
related to depreciation of right-to-use assets	76	-	(12)	-	-	64	(9)	-	-	-	55
Accrued and unpaid interest on loans	759	-	145	-	19	923	118	-	(66)	-	975
Re-measurement of hedging instruments	128	-	-	(108)	-	20	-	(20)	-	-	-
Equity instruments measured at fair value	113	-	(4)	-	-	109	(13)	103	-	-	199
Other	255	2	166	2	3	428	138	-	(11)	-	555
Total	2 688	2	679	(106)	41	3 304	286	83	(142)	9	3 540
Offset with deferred tax assets*	(2 042)	-	-	-	-	(1 920)	-	-	-	-	(2 313)
Deferred tax liabilities recognised in the statement of financial position	646	-	-	-	-	1 384	-	-	-	-	1 227

*Offset includes offset within the Tax Group.

Note 5.2 Other taxes and charges

Minerals extraction tax	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Copper	3 361	3 157
Silver	1 332	708
Total	4 693	3 865

Minerals extraction tax – presentation in items of financial statements	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Tax recognised in cost of sold products	4 386	3 855
Tax recognised in inventories	307	10
Total	4 693	3 865

Pursuant to the wording of the Act of 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 and silver 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.

On 1 January 2026, the Act of 21 November 2025 amending the act on the minerals extraction tax and certain other acts entered into force, introducing a reduction in the coefficients in the tax rate calculation formulas for 2026-2028 and a mechanism for deducting part of capital expenditures from the tax (from 2029). For details, see [Note 3.1](#) of these consolidated financial statements.

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

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Poland	892	836
Real estate tax	340	320
Royalties	151	143
Excise tax	9	8
Environmental fees	123	67
Costs of redemption of CO ₂ emission allowances	170	199
Contributions to the State Fund for the Rehabilitation of the Disabled People (PFRON)	40	38
Other taxes and charges	59	61
Other countries	157	153
Total	1 049	989

Note 5.3 Tax assets and liabilities

Accounting policies
<p>Tax assets comprise current income tax assets and the settlement related to VAT.</p> <p>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.</p> <p>Tax liabilities comprise the Group's liabilities towards the tax office arising from the corporate income tax, including due to the withholding tax, personal income tax and liabilities due to the minerals extraction tax and the excise tax.</p> <p>Liabilities not representing financial liabilities are measured at the amount due.</p>

	As at 31 December 2025	As at 31 December 2024
Current corporate income tax assets	24	20
Assets due to other taxes	635	433
Tax assets	659	453

The receivables due to other taxes comprise mainly VAT receivables.

	As at 31 December 2025	As at 31 December 2024
Current corporate income tax liabilities	625	325
Liabilities due to other taxes	1 121	724
Tax liabilities	1 746	1 049

The balance of other tax liabilities was significantly affected by an increase in liabilities due to the minerals extraction tax of the Parent Entity.

PART 6 – Involvement in joint ventures

Accounting policies

The item “involvement in joint ventures” comprises investments in joint ventures accounted for using the equity method and loans granted to joint ventures.

The Group classifies as investments accounted for using the equity method interests in joint ventures which are joint contractual arrangements, in which the parties sharing control have the right to the net assets of a given entity. Joint control occurs when decisions on the relevant activities of joint ventures require the unanimous consent of the parties sharing control.

Investments are initially recognised at cost. The Group's share in the profit or loss of entities accounted for using the equity method (assessed while taking into account the impact of fair value measurements at the investment's acquisition date) from the acquisition date is recognised in profit or loss, while its share in changes of accumulated other comprehensive income from the acquisition date is recognised in the relevant item of accumulated comprehensive income.

Unrealised gains and losses on transactions between the investor and the joint venture are eliminated in an amount proportional to the investor's share in these profits/(losses), and correspond with the carrying amount of the Group's share in this unit. If, at the end of the reporting period, the Group's share in the unrealised gains on transactions between the Group and the joint venture exceeds the carrying amount of the investment in this unit, the Group's share in these gains is eliminated to the level of the carrying amount of the Group's interest in this unit. Elimination of unrealised gains, proportionally to the Group's share, unsettled in the period in which the transaction occurred, is performed in subsequent reporting period at the moment the carrying amount of the Group's interest in this unit exceeds zero.

If there are any indications of a possibility of impairment, an investment is tested for impairment by calculating the recoverable amount.

Important estimates, assumptions and judgments

Joint control

The Group classifies Sierra Gorda S.C.M. with its head office in Chile as a joint venture under IFRS 11, in which KGHM INTERNATIONAL LTD.'s share equals 55%. Classification of Sierra Gorda S.C.M. as a joint venture, despite the 55% share of the Group, was made based on analysis of the terms of the agreements between the parties and contractual stipulations which indicated joint control. Pursuant to the terms of the agreements, all relevant activities of Sierra Gorda S.C.M. require the unanimous consent of both owners. The Group and other owners have three members each in the appointed Owners Council. The Owners Council makes strategic decisions and is responsible for overseeing their execution. Moreover, it approves the appointment of senior management. In the reporting period, there were no changes to provisions that were the basis of classifying the investment as a joint venture.

Adjustments made at the moment of initial recognition as part of the settlement of the cost

At the moment of initial recognition, the Group recognised the investment in the joint venture at cost representing the fair value of the investment, i.e. USD 1 251 million, of which the Group's share in the net fair value of the identifiable assets and liabilities of the joint venture amounted to USD 1 135 million. The difference between the cost of the investment and the share in the fair value of the net assets amounted to USD 116 million and represented the company's goodwill recognised in the carrying amount of the investment.

In determining the share in the fair value of net assets, the Group identified mineral resources that were not previously recognised in the Sierra Gorda S.C.M.'s financial statements and determined its share in their fair value in the amount of USD 619 million, taking into account the deferred tax liability in respect of the temporary exchange gains arising from the identified mineral resources.

As at 31 December 2015, the recognised surplus resulting from the settlement of the cost was fully covered by an impairment loss.

The Group's share in unsettled losses of Sierra Gorda

The Group ceased to recognise its share of Sierra Gorda S.C.M.'s losses at the moment when the value of this share exceeded the carrying amount of the share in the investment in Sierra Gorda S.C.M. and therefore the carrying amount of the shares in Sierra Gorda S.C.M. amounted to PLN 0.

After reducing the share to zero, the Group carried out an analysis of the existence of a legal or customarily expected obligation to make payments on behalf of Sierra Gorda S.C.M., which would give rise to an obligation for the Group to recognise the liability in this regard. Based on the analyses carried out, the Group did not identify the existence of a legal or expected obligation to make payments on behalf of Sierra Gorda S.C.M. referred to in IAS 28.39.

Starting from 2021, Sierra Gorda S.C.M. began to achieve positive financial results which made it possible to gradually settle the Group's share in unsettled losses from previous years. In 2025, the Group's share in Sierra Gorda S.C.M.'s profits exceeded the value of accumulated unsettled losses and following the recognition of an adjustment due to unrealised gains, the Group recognised a positive carrying amount of shares in the joint venture in the amount of USD 434 million (PLN 1 562 million) as at 31 December 2025.

The Group also analysed the terms and conditions of the guarantee granted to Sierra Gorda S.C.M. as collateral for the repayment of the loan instalment, which meets the definition of a financial guarantee in accordance with IFRS 9. Details of the guarantees granted to Sierra Gorda S.C.M. are described in Note 8.6.

Conducting an impairment test

As at 31 December 2025, Sierra Gorda S.C.M., due to the identification of indications of an increase in the recoverable amount of assets, i.e. an improvement in the forecasted cash flows, as a result of the testing estimated that the recoverable amount of assets is higher than their carrying amount, which provided the basis for reversing a part of the impairment losses made in previous years.

The result of the tests was adjusted by the assumptions adopted by the KGHM Polska Miedź S.A. Group for the measurement of the recoverable amount of Sierra Gorda S.C.M.'s non-current assets and recognised in the valuation using the equity method under the item "Group's share in the joint venture's profit for the period".

The impairment test at the level of assets of Sierra Gorda S.C.M. was an indication for the KGHM Polska Miedź S.A. Group to conduct an impairment test of its shares in Sierra Gorda S.C.M. as at 31 December 2025.

As a part of impairment testing of shares in the joint venture Sierra Gorda S.C.M., the Group determined the recoverable amount of shares as the fair value less costs to sell. The fair value was determined based on discounted cash flows (DCF method) generated by the joint venture, adjusted by the value of other assets and liabilities recognised in Sierra Gorda S.C.M.'s balance sheet. The adjustment included adjusting balance sheet items to fair value when there were differences between the fair value and the carrying amount. As a result of the test, the recoverable amount of the shares in Sierra Gorda S.C.M. was determined at a level higher than their carrying amount determined using the equity method, which gave a basis to reverse a part of the impairment loss on the shares made in previous years in the amount of USD 70 million (PLN 252 million). Detailed information on the test performed as at 31 December 2025 is presented in Part 3.

Note 6.1 Joint ventures accounted for using the equity method

Value of the investment in the consolidated statement of financial position	2025	2024
As at 1 January	-	-
Share of profit for the reporting period	1 759	218
Reversal of an impairment loss on shares in the joint venture	252	-
Adjustment due to unrealised gains on transactions between the Group and the joint venture	345	-
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	(496)	(221)
Share in other comprehensive income for the reporting period	(8)	-
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(38)	3
As at 31 December	1 814	-

Unrecognised share of the Group of the losses of Sierra Gorda S.C.M.	2025	2024
As at 1 January	(576)	(765)
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	496	221
Exchange differences resulting from the remeasurement of balances of unsettled losses on different balance sheet dates	80	(32)
As at 31 December	-	(576)

Condensed financial data of Sierra Gorda S.C.M.

The data are derived from the financial statements of Sierra Gorda S.C.M. prepared in accordance with International Financial Reporting Standards and audited by the auditor, with the exception of items marked with an asterisk (*), which take into account the result of fair value measurement at the date of obtaining joint control and the effect of changing the assumptions adopted by the KGHM Polska Miedź S.A. Group for the measurement of the recoverable amount of Sierra Gorda S.C.M.'s non-current assets.

	As at 31 December 2025	As at 31 December 2024
Non-current assets, including:*	21 079	22 559
surplus from the fair value measurement at the acquisition date	2 229	2 539
adjustment to the surplus from the fair value measurement at the acquisition date	(2 229)	(2 539)
Current assets, including:	2 491	2 244
Cash and cash equivalents	365	477
Non-current liabilities, including:	19 202	23 276
Borrowings and leases	1 823	2 091
Liabilities due to loans granted by jointly-controlling entities	16 827	20 595
Current liabilities, including:	1 404	1 710
Borrowings and leases	99	105
	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Revenues from contracts with customers	8 399	6 466
Depreciation/amortisation	(1 640)	(1 546)
Reversal of an impairment loss on property, plant and equipment, of which:*	2 045	-
from financial statements of Sierra Gorda S.C.M.	801	-
adjustments to net assets taking into account the effect of changes in the assumptions adopted by the Group as to the measurement of recoverable amount of non-current assets of Sierra Gorda S.C.M.	1 244	-
Interest costs	(1 154)	(1 318)
Other incomes/(costs)	(2 762)	(3 077)
Profit before income tax*	4 888	525
Income tax, of which:*	(1 690)	(129)
from financial statements of Sierra Gorda S.C.M.	(1 418)	(129)
adjustments to net assets taking into account the effect of changes in the assumptions adopted by the Group as to the measurement of recoverable amount of non-current assets of Sierra Gorda S.C.M.	(272)	-
Profit for the period, of which:*	3 198	396
from financial statements of Sierra Gorda S.C.M.	2 226	396
adjustments to net assets taking into account the effect of changes in the assumptions adopted by the Group as to the measurement of recoverable amount of non-current assets of Sierra Gorda S.C.M.	972	-
Exchange differences from the translation of Sierra Gorda S.C.M.'s net assets to the PLN presentation currency*	(47)	(18)
Total comprehensive income*	3 151	378
	As at 31 December 2025	As at 31 December 2024
Carrying amount of net assets from the financial statements of Sierra Gorda S.C.M.	2 954	914
Adjustments to net assets taking into account the effect of changes in the assumptions adopted by the Group as to the measurement of recoverable amount of non-current assets of Sierra Gorda S.C.M. from the Group's level	10	(1 097)
Carrying amount of net assets	2 964	(183)
The Group's share in net assets (55%)	1 630	(100)
Total unrecognised accumulated shares of loss of Sierra Gorda S.C.M. (accumulated comprehensive losses)	-	576
Reversal of impairment loss on shares in Sierra Gorda S.C.M.	252	-
Adjustments due to unrealised gains on transactions between the Group and the joint venture	(68)	(476)
Value of the investment in the consolidated statement of financial position	1 814	-

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

	As at 31 December 2025	As at 31 December 2024
Group's share in investment and operating commitments	9 476	7 629
Group's share in the total amount of future lease gross payments due to lease agreements for mining equipment	361	442
<u>Note 8.6</u> Guarantees granted by the Group	793	904

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

Accounting policies
Loans granted to Sierra Gorda S.C.M. were classified as credit-impaired financial assets due to the high credit risk at the moment of initial recognition (POCI). POCI loans are measured at amortised cost using the effective interest rate, adjusted by the credit risk using the scenario analysis and available free cash of Sierra Gorda S.C.M.

Important estimates, assumptions and judgments
<p>The terms of repayment of loans granted to finance operations abroad, including planned repayment dates, were set in individual agreements. Thanks to the signed agreement with South32 and the annexation of loan agreements granted to Sierra Gorda S.C.M. by the Owners, in accordance with the current terms of the agreement, the principal and interest are paid on demand in the contractual order, i.e. interest first, then principal, unless the Lenders agree otherwise, but no later than up to 31 December 2032. Due to the lack of expected repayment of the loan within 12 months from the end of the reporting period, and due to the fact that each repayment requires the consent of both partners of the joint venture, and such consents did not exist as at the reporting date and as at the date of signing of the consolidated financial statements, the Group presents the balance of loans as a non-current receivable.</p> <p>Due to the implementation of IFRS 9, as at 1 January 2018, the expected, undiscounted credit loss at the moment of initial recognition was estimated at the amount of PLN 6 105 million (USD 1 754 million per the 3.4813 USD/PLN exchange rate of NBP dated 29 December 2017). For each balance sheet date, the Group estimates the expected cash flows due to the repayment of the loan granted. As at 31 December 2025 and 31 December 2024, the expected credit losses estimated at the moment of initial recognition have decreased and gains on reversal of these expected credit losses increased the loan's balance.</p> <p>The repayments of loans by Sierra Gorda S.C.M. depend on that company's financial standing. In 2024, there were repayments in the total amount of USD 116 million (PLN 464 million). Further payments were made in 2025 in the total amount of USD 330 million (PLN 1 206 million). Due to the fact that settling the loan is planned and probable in the foreseeable future, the loan is not a net investment under IAS 21.15.</p> <p>Pursuant to the requirements of IFRS 9.5.5.17, the Group performed impairment testing of the loan. To estimate the expected credit losses, scenario analysis (IFRS 9.5.5.18) was used, comprising the Group's assumptions on the repayment of the loan granted. The scenario analysis was based on cash flows of Sierra Gorda S.C.M., estimated on the basis of current market paths of commodities price forecasts, which were subsequently discounted using the effective interest rate adjusted by the credit risk, determined at the initial recognition of the loan pursuant to IFRS 9.B5.5.45 at the level of 6.42%.</p> <p>Other important assumptions used in the measurement of the loan concern: the probability of realisation of individual measurement scenarios, the level of production, the level of costs, the level of capital expenditures, the external financing of Sierra Gorda S.C.M., the form and level of financing of Sierra Gorda S.C.M. by the owners, taxation at the level of Sierra Gorda S.C.M., the distribution of cash.</p> <p>Future realisation of assumptions will depend on many macroeconomic, operational and financial factors, as well as on the agreements made between the JV partners (sensitivity analysis of the carrying amount of the loan is presented in Note 7.5.2.4).</p>

	2025	2024
As at 1 January	9 800	9 096
Repayment of loans (principal and interest)	(1 206)	(464)
Accrued interest	557	552
Note 4.4 Gain due to the reversal of allowances for impairment on loans granted to Sierra Gorda S.C.M.	484	226
Exchange differences	(1 199)	390
As at 31 December	8 436	9 800

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

As at 31 December 2025, the Group estimated the expected cash flows on repayment of receivables due to a loan granted to Sierra Gorda S.C.M., as a result of which, pursuant to IFRS 9.5.5.14, a gain on reversal of an allowance for impairment was recognised in the amount of PLN 484 million (USD 134 million), in particular due to the inclusion of better forecasted operating results of the joint venture. In the comparable period, a gain due to the reversal of an allowance for impairment was recognised in the amount of PLN 226 million (USD 55 million).

To estimate cash flows of Sierra Gorda S.C.M. as at 31 December 2025, the Group 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 2026-2030, while for the period 2031-2035 a technical adjustment of prices was applied between the last year of the detailed forecast and 2036, for which a long-term metals price forecast was used at the following level:

- for copper– 9 250 USD/t;
- for gold – 2 500 USD/oz.

In the detailed forecast for the period 2026-2030 the following levels of metal prices were assumed:

- for copper – from 10 000 USD/t to 10 472 USD/t;
- for gold – from 2 800 USD/oz to 3 800 USD/oz.

As for the estimation of cash flows of Sierra Gorda S.C.M. as at 31 December 2024, the Group 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 2025-2029, while for the period 2030-2034 a technical adjustment of prices was applied between the last year of the detailed forecast and 2035, for which a long-term metals price forecast was used at the following level:

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

In the detailed forecast 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.

Other key assumptions used for estimation of cash flows of Sierra Gord's S.C.M.

	31 December 2025	31 December 2024
Mine life / forecast period (years)	23	23
Level of copper production during mine life (kt)	3 513	3 488
Level of molybdenum production during mine life (mn lb)	204	214
Level of gold production during mine life (koz)	1 015	966
Average operating margin during mine life	46.6%	47.6%
Applied discount rate after taxation	8.38%	8.31%
Capital expenditures to be incurred during mine life (USD million)	6 342	6 225
<i>including capitalised stripping costs (USD million)</i>	<i>4 012</i>	<i>4 204</i>

PART 7 – Financial instruments and financial risk management

Note 7.1 Financial Instruments

Financial assets	As at 31 December 2025					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	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	1 744	49	9 002	167	10 962	837	46	10 357	286	11 526
Loans granted to Sierra Gorda S.C.M.	-	-	8 436	-	8 436	-	-	9 800	-	9 800
Derivatives	-	1	-	167	168	-	-	-	286	286
Other financial instruments measured at fair value	1 744	48	-	-	1 792	837	46	-	-	883
Other financial instruments measured at amortised cost	-	-	566	-	566	-	-	557	-	557
Current	-	1 388	1 182	123	2 693	-	808	1 595	193	2 596
Trade receivables	-	1 342	543	-	1 885	-	707	638	-	1 345
Derivatives	-	5	-	123	128	-	26	-	193	219
Cash and cash equivalents	-	-	443	-	443	-	-	715	-	715
Other financial assets	-	41	196	-	237	-	75	242	-	317
Total	1 744	1 437	10 184	290	13 655	837	854	11 952	479	14 122

Financial liabilities	As at 31 December 2025				As at 31 December 2024			
	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	21	5 248	1 605	6 874	12	5 130	257	5 399
Borrowings, leases and debt securities	-	5 034	-	5 034	-	4 910	-	4 910
Derivatives	21	-	1 605	1 626	12	-	257	269
Other financial liabilities	-	214	-	214	-	220	-	220
Current	215	5 542	1 283	7 040	14	6 517	33	6 564
Borrowings, leases and debt securities	-	815	-	815	-	1 261	-	1 261
Derivatives	157	-	1 283	1 440	11	-	33	44
Trade payables	-	3 213	-	3 213	-	3 132	-	3 132
Trade payables within the reverse factoring mechanism	-	1 297	-	1 297	-	2 000	-	2 000
Other financial liabilities	58	217	-	275	3	124	-	127
Total	236	10 790	2 888	13 914	26	11 647	290	11 963

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

	from 1 January 2025 to 31 December 2025	Financial assets/liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Hedging instruments	Total
Note 4.2 Note 6.2	Interest income	-	609	-	-	609
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to Sierra Gorda S.C.M.	-	484	-	-	484
Note 4.3	Interest income/(costs)	-	-	(98)	71	(27)
Note 4.2	Foreign exchange gains/(losses) on instruments other than borrowings	-	(1 575)	77	-	(1 498)
Note 4.3	Foreign exchange gains on borrowings	-	-	317	-	317
Note 7.2	Revenues from contracts with customers	-	-	-	107	107
Note 4.2 Note 4.3	Gains on measurement and realisation of derivatives	226	-	-	-	226
Note 4.2 Note 4.3	Losses on measurement and realisation of derivatives	(411)	-	-	(76)	(487)
Note 4.3	Fees and charges on bank loans drawn	-	-	(11)	-	(11)
Note 4.2	Fair value (losses)/gains on financial assets	(18)	-	-	-	(18)
	Other gains/(losses)	-	7	(1)	-	6
	Total net gain/(loss)	(203)	(475)	284	102	(292)

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

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

Classes of financial instruments	As at 31 December 2025				As at 31 December 2024			
	level 1	level 2	level 3	carrying amount	level 1	level 2	level 3	carrying amount
Loans granted	-	22	-	22	-	21	-	21
Listed shares	1 612	-	-	1 612	705	-	-	705
Unquoted shares	-	132	-	132	-	132	-	132
Trade receivables	-	1 342	-	1 342	-	707	-	707
Assets due to derivatives	-	296	-	296	-	505	-	505
Liabilities due to derivatives	-	(3 066)	-	(3 066)	-	(313)	-	(313)
Other financial assets	-	23	44	67	-	34	66	100
Other financial liabilities	-	(58)	-	(58)	-	(3)	-	(3)

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

Classes of financial instruments	As at 31 December 2025				As at 31 December 2024			
	level 1	level 2	level 3	carrying amount	level 1	level 2	level 3	carrying amount
Loans granted	-	-	7 729	8 436	-	-	8 780	9 800
Received long-term bank and other loans	-	(1 814)	-	(1 814)	-	(1 686)	-	(1 686)
Long-term debt securities	(2 620)	-	-	(2 600)	(2 657)	-	-	(2 600)

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

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

Fair value hierarchy of investment property measured at fair value in the statement of financial position

In addition to financial instruments, the Group also measures investment properties at fair value in the statement of financial position.

Investment properties	As at 31 December 2025				As at 31 December 2024			
	level 1	level 2	level 3	carrying amount	level 1	level 2	level 3	carrying amount
	-	60	129	189	-	65	112	177

level 2 The fair value of the property was estimated using the pairwise comparison method.

level 3 The fair value of the property was estimated using the revenue stream discounting method and the estimation ratios method.

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

Level 1

Listed shares

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

Long-term debt securities

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

Level 2

Unquoted shares

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

Trade receivables

Receivables arising from the realisation of sales under contracts which are finally settled using future prices were measured using forward prices, depending on the period/month of contractual quoting. Forward prices are from the Reuters system.

For trade receivables transferred to non-recourse factoring, a fair value is assumed at the level of the amount of the trade receivables transferred to the factor (nominal value from the invoice) less interest, which are the factor's compensation. Due to the short term between the transfer of receivables to the factor and their payment, fair value is not adjusted by the credit risk of the factor and the impact of time lapse.

Loans granted

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

Other financial assets/liabilities

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

Currency and currency-interest derivatives

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

Metals derivatives

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

Long-term bank and other loans received

The fair value of bank and other loans is estimated by discounting the cash flows associated with these liabilities in timeframes and under conditions arising from agreements, and by applying current rates, taking into account the credit risk of Group companies.

Level 3

Loans granted

Loans granted measured at amortised cost in the statement of financial position are included in this category, because of the use of unobservable assumptions in the fair value measurement. With respect to estimating the fair value of these loans, a significant element of the estimation are the forecasted cash flows of Sierra Gorda S.C.M., which are unobservable input data, and pursuant to IFRS 13 the fair value of these assets is classified to level 3 of the hierarchy.

Detailed disclosures on the assumptions adopted for the measurement of loans were presented in [Note 6.2](#), while the information on the sensitivity of the fair value classified to level 3 for loans granted can be found in [Note 7.5.2.4](#). As at 31 December 2025, assumptions adopted for forecasted cash flows which were applied to measurement of fair value are consistent with assumptions adopted for the calculation of the carrying amount, while the difference between the carrying amount and the fair value arises from the adoption of different discount rates.

Other financial assets

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

Note 7.2 Derivatives

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

Important estimates, assumptions and judgments

Assumptions and estimates adopted for the measurement of fair value of derivatives were presented in [Note 7.1](#), in the item „Methods and measurement techniques used by the Group in determining fair values of each class of financial assets or financial liabilities” and in tables in [Note 7.2](#) below.

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

In the process of market risk management, the Parent Entity implements, among others, *seagull* strategies. Within these structures, it applies cash flow hedge accounting in accordance with IFRS 9 and it designates for hedge accounting (CFH – Cash Flow Hedge) only purchased put options and sold call options (*collar* structures). However, the Company treats the sold put options financing these strategies as trade instruments. Therefore, the impact of the valuation of open hedging derivatives, as shown in the table below for *seagull* option structures, applies to the *collar* structures designated as hedging.

Type of derivative	As at 31 December 2025					As at 31 December 2024				
	Financial assets		Financial liabilities		Total	Financial assets		Financial liabilities		Total
	Non-current	Current	Non-current	Current		Non-current	Current	Non-current	Current	
Hedging instruments (CFH)*, of which:	167	123	(1 605)	(1 283)	(2 598)	286	193	(257)	(33)	189
Derivatives – Metals (price of copper, silver)										
Options – <i>seagull</i> * (copper)	87	15	(323)	(308)	(529)	55	132	(12)	(7)	168
Options – <i>seagull</i> * (silver)	66	-	(873)	(79)	(886)	-	-	-	-	-
Options – <i>collar</i> (silver)	14	3	(409)	(896)	(1 288)	19	25	(6)	(4)	34
Derivatives – Currency (USDPLN exchange rate)										
Options – <i>collar</i>	-	105	-	-	105	34	29	(23)	(13)	27
Options – <i>seagull</i> *	-	-	-	-	-	1	5	(1)	(5)	-
Options – <i>collar</i> + <i>purchased call options</i> *	-	-	-	-	-	-	2	-	(4)	(2)
Derivatives – Currency-interest rate										
Cross Currency Interest Rate Swap CIRS	-	-	-	-	-	177	-	(215)	-	(38)
Trade instruments, of which:	1	5	(21)	(157)	(172)	-	26	(12)	(11)	3
Derivatives – Metals (price of copper, silver, gold)										
Sold put option (copper <i>seagull</i>)	-	-	(14)	(1)	(15)	-	-	(12)	(9)	(21)
Sold put option (silver <i>seagull</i>)	-	-	(5)	-	(5)	-	-	-	-	-
QP adjustment <i>swap</i> transactions (copper)	-	-	-	(21)	(21)	-	9	-	-	9
QP adjustment <i>swap</i> transactions (gold)	-	4	-	(23)	(19)	-	1	-	(1)	-
Derivatives – Currency (USDPLN exchange rate)										
Sold put option	-	-	-	-	-	-	-	-	(1)	(1)
Purchased call option	-	-	-	-	-	-	1	-	-	1
Derivatives – Energy resources (natural gas)										
Options – <i>seagull</i> (TTF)	1	1	(2)	(2)	(2)	-	-	-	-	-
Embedded derivatives (price of copper, gold)										
Purchase contracts for metal-bearing materials	-	-	-	(110)	(110)	-	15	-	-	15
TOTAL OPEN DERIVATIVES	168	128	(1 626)	(1 440)	(2 770)	286	219	(269)	(44)	192

* Data concerns *collar* structures, i.e. purchased put options and sold call options designated as hedging (CFH – Cash Flow Hedge) entered into under the individual strategies hedging market risk.

The table below presents detailed data on derivative transactions designated as hedging, held by the Parent Entity as at 31 December 2025.

Open hedging derivatives*	Notional	Average weighted price /exchange rate/interest rate	Maturity settlement period		Period of profit/loss impact**	
			from	to	from	to
Type of derivative	copper [t] silver [mn ounces] currency [USD mn]	[USD/t] [USD/ounce] [USD/PLN]				
Commodity option structures						
Copper – seagull*	132 000	9 640 – 11 723	Jan'26	- Dec'27	Jan'26	- Jan'28
Silver – seagull*	11.25	39.99 – 55.55	July'26	- Dec'28	July'26	- Jan'29
Silver – collar	16.17	36.91 – 50.73	Jan'26	- Dec'27	Jan'26	- Jan'28
Currency option structures						
USD/PLN – collar	240	4.04-4.54	Jan'26	- June'26	Jan'26	- July'26

* Data concerns collar structures, i.e. purchased put options and sold call options designated as hedging (CFH – Cash Flow Hedge) entered into under the individual strategies hedging market risk.

** 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 2024.

Open hedging derivatives*	Notional	Average weighted price /exchange rate/interest rate	Maturity settlement period		Period of profit/loss impact***	
			from	to	from	to
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]				
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

* Data concerns collar structures, i.e. purchased put options and sold call options designated as hedging (CFH – Cash Flow Hedge) entered into under the individual strategies hedging market risk.

** 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 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Revenues from contracts with customers (reclassification adjustment)	107	608
Other operating income / (costs) (including the reclassification adjustment):	(260)	51
realisation of derivatives	(149)	(3)
measurement of derivatives	(111)	54
Finance income / (costs) (including the reclassification adjustment):	80	(12)
realisation of derivatives	(1)	(12)
interest on borrowings	81	-
Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect)	(73)	647

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

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

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

Statement of other comprehensive income	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Measurement of hedging transactions (effective portion and cost of hedging)	(2 683)	148
Reclassification to revenues from contracts with customers due to realisation of a hedged item	(107)	(608)
Reclassification to finance costs due to realisation of a hedged item	(81)	-
Reclassification to non-current assets due to realisation of a hedged item*	(47)	(70)
Reclassification to other operating (income)/costs due to realisation of a hedged item (settlement of the hedging cost)	77	(20)
Impact of hedging transactions (excluding the tax effect)**	(2 841)	(550)
TOTAL COMPREHENSIVE INCOME	(2 914)	97

*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
<p>The item of the statement of financial position “Other financial instruments measured at fair value” mainly includes:</p> <ul style="list-style-type: none"> - shares (listed and unquoted) which were not acquired for trading purposes, for which the option of measurement at fair value through other comprehensive income was selected in order to limit the volatility of the financial result, and - loans granted measured at fair value through profit or loss, as they did not pass the contractual cash flow test (SPPI), because in the financing structure at the last stage of the target recipient of funds, debt is changed into a share. Therefore, a classification into this measurement category was mandatory. <p>Shares are initially recognised at fair value increased by transaction costs, and at the end of the reporting period they are measured at fair value with recognition of gains/losses from measurement in other comprehensive income. The amounts recognised in accumulated other comprehensive income are not transferred later to profit or loss, while accumulated gains/losses on a given equity instrument are transferred within equity to retained earnings at the moment an equity instrument ceases to be recognised. Dividends from such investments are recognised in profit or loss.</p> <p>The translation of items expressed in a foreign currency is performed according to the accounting policies described in Note 1.5.</p>

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

	As at 31 December 2025	As at 31 December 2024
Other financial instruments measured at fair value through other comprehensive income	1 744	837
Shares of listed companies (Warsaw Stock Exchange and TSX Venture Exchange in Toronto), of which:	1 612	705
TAURON POLSKA ENERGIA S.A.	1 574	685
GRUPA AZOTY S.A.	15	15
Other listed shares	23	5
Unquoted shares	132	132
Other financial instruments measured at fair value through profit or loss	48	46
Loans granted	22	21
Receivables due to conditional payments associated with the agreement on the sale of a subsidiary S.C.M. Franke	26	25
Total other financial instruments measured at fair value	1 792	883

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 and loans granted is classified to level 2 of the hierarchy (i.e. measurement based on observable data, which however is not from an active market).

In 2025 as well as in 2024, there were no dividends from companies in which the Group had shares classified as other financial instruments measured at fair value.

Similarly in these years, there were no transfers of accumulated gain or loss within equity in respect of companies in which the Group holds shares classified as other financial instruments measured at fair value through other comprehensive income.

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

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

	As at	Percentage change of share price		As at	Percentage change of share price	
	31 December 2025	15%	-15%	31 December 2024	15%	-15%
	Carrying amount	Other comprehensive income	Other comprehensive income	Carrying amount	Other comprehensive income	Other comprehensive income
Listed shares	1 612	242	(242)	705	106	(106)

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

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

Note 7.4 Other financial instruments measured at amortised cost

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

Important estimates, assumptions and judgements
Sensitivity analysis of the risk of changes in interest rates of cash accumulated on a bank account of the Mine Closure Fund and of investments in debt securities is presented in Note 7.5.1.4 .

	As at 31 December 2025	As at 31 December 2024
Cash held in the Mine Closure Fund	525	489
Other non-current financial receivables	41	68
Note 7.1 Total	566	557

Cash designated for decommissioning mines are exposed to the credit risk described in [Note 7.5.2.5](#).

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

Note 7.5 Financial risk management

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

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

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

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

Note 7.5.1 Market risk

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

Note 7.5.1.1 Principles and techniques of market risk management

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

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

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

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

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

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

One of the market risk management techniques in the Parent Entity are hedging strategies using derivatives. The natural hedging is also used. The Parent Entity uses hedging transactions under the hedge accounting.

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

Group	Market risk	Approach to risk management
Note 7.2	Copper price	A strategic approach is applied to this group, aimed at systematically building up a portfolio of instruments mitigating the market risk identified in the area of costs and revenues from sales while taking into account the long-term cyclical nature of various markets. A portfolio of open instruments may be restructured before it expires.
Note 7.2	Silver price	
Note 7.2	USD/PLN exchange rate	
	Prices of energy and energy carriers	
Note 7.2	Prices of other metals and merchandise	From the Group's point of view, this group is comprised of less significant risks, although sometimes these risks are significant from an individual entity's point of view. Therefore, it is tactically managed - on an ad-hoc basis, depending on the market conditions.
Note 7.2	Other exchange rates	
Note 7.2	Interest rates	

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

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

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

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

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

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

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

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

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

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

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

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

- with respect to instruments representing the rights of the Company - up to 85% of planned, monthly sales volumes of copper, silver and gold from own concentrates, and up to 85% of planned, monthly revenues from the sale of products from own concentrates in USD or of the monthly, contracted net foreign currency cash flows in case of other currencies,
- with respect to instruments representing the obligations of the Company (transactions financing the hedging strategies) - up to 50% of planned, monthly sales volumes of copper and silver from own concentrates, and up to 50% of planned, monthly revenues from the sale of products from own concentrates in USD.

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

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

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

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

Note 7.5.1.2 Commodity risk

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

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

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

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

The Group's strategic exposure to the risk of changes in the price of copper and silver in the years 2024-2025 is presented in the table below.

	from 1 January 2025 to 31 December 2025			from 1 January 2024 to 31 December 2024		
	Net	Sales	Purchase	Net	Sales	Purchase
Copper [t]	432 704	624 811	192 107	445 440	649 886	204 446
Silver [t]	1 330	1 339	9	1 337	1 349	12

The notional amount of copper price hedging strategies settled in 2025 represented approx. 9% (2% in 2024) of the total sales of this metal realised by the Parent Entity (it represented approx. 14% of net sales¹ in 2025 and 2% in 2024).

The notional amount of silver price hedging strategies settled in 2025 represented approx. 12% of the total sales of this metal realised by the Company (2% in 2024).

As part of the realisation of the strategic hedging plan of the Parent Entity against market risk, in 2025, transactions hedging the planned revenues from metals sales were implemented. On the copper market, *seagull* option structures (Asian options) for the period from March 2025 to December 2027 for the total tonnage of 138.33 thousand tonnes were entered into. On the silver market, *collar* option structures (Asian options) for the period from July 2025 to December 2027 for the total tonnage of 16.11 million troy ounces and *seagull* option structures (Asian options) for the period from July 2026 to December 2028 for the total tonnage of 11.25 million troy ounces were implemented. In accordance with hedge accounting principles, *collar* structures, which are a part of the *seagull* strategy, were designated as hedging sales revenues.

In 2025 QP adjustment *swap* transactions were entered into on the copper and gold markets with maturities of up to June 2026, as part of the management of a net trading position².

As a result, as at 31 December 2025, the Parent Entity held an open derivatives position for:

- 136.8 thousand tonnes of copper (of which 132 thousand tonnes arose from the strategic management of market risk, while 4.8 thousand tonnes came from the management of a net trading position),
- 27.42 million troy ounces of silver, and
- 36.8 thousand troy ounces of gold (net).

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.

As a result, as at 31 December 2024, the Parent Entity held an open derivatives position for:

- 53.1 thousand tonnes of copper (of which 46.5 thousand tonnes arose from the strategic management of market risk, while 6.6 thousand tonnes came from the management of a net trading position),
- 5.25 million troy ounces of silver, and
- 16.5 thousand troy ounces of gold (net).

In 2025 and in 2024, neither the KGHM INTERNATIONAL LTD. Group nor any of the production companies implemented any forward transactions on the commodity market.

As at 31 December 2025 and 2024, the risk of changes in metals prices was also related to derivatives embedded in the purchase contracts for metal-bearing materials entered into by the Parent Entity.

Condensed tables of open transactions in derivatives held by the Company on the copper and silver markets as at 31 December 2025 and 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).

The purchased put options represent the hedging against the risk of changes in metals prices, the sold call options limit the participation in prices increases, while the sold put options limit the hedge in the case of a price decrease.

Management of the risk of changes in copper prices – open derivatives as at 31 December 2025

Instrument/ option	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price	
		sold put option	purchased put option	sold call option			
	[tonnes]	[USD/t]	[USD/t]	[USD/t]	[USD/t]	[USD/t]	
1st half	seagull	9 000	7 500	9 600	11 500	(100)	9 500
	seagull	9 450	7 500	9 300	11 300	(143)	9 157
	seagull	9 600	7 600	9 213	11 563	(134)	9 079
	seagull	9 600	7 800	9 800	11 800	(132)	9 668
2nd half	seagull	9 450	7 500	9 300	11 300	(143)	9 157
	seagull	9 600	7 600	9 213	11 563	(134)	9 079
	seagull	9 300	7 500	9 465	11 565	(142)	9 323
	seagull	9 600	7 800	9 800	11 800	(132)	9 668
Total I-XII 2026	75 600						
1st half	seagull	9 600	7 600	9 213	11 563	(134)	9 079
	seagull	9 300	7 500	9 465	11 565	(142)	9 323
	seagull	9 600	7 800	9 800	11 800	(132)	9 668
	seagull	9 300	7 700	10 297	12 297	(115)	10 182
2nd half	seagull	9 300	7 700	10 297	12 297	(115)	10 182
	seagull	9 300	7 700	10 229	12 229	(74)	10 155
Total I-XII 2027	56 400						

Management of the risk of changes in copper prices – open derivatives as at 31 December 2024

Instrument/ option	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price	
		sold put option	purchased put option	sold call option			
	[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						

Management of the risk of changes in silver prices – open derivatives as at 31 December 2025

Instrument/ option	Notional [mn ounces]	Average weighted option strike price			Average weighted premium [USD/ounce]	Effective hedge price [USD/ounce]	
		sold put option	purchased put option	sold call option			
		[USD/ounce]	[USD/ounce]	[USD/ounce]			
1st half	collar	1.05	-	30.64	45.64	(0.50)	30.14
	collar	0.99	-	31.00	45.00	(0.59)	30.41
	collar	1.95	-	34.54	47.54	(0.45)	34.09
	collar	2.10	-	37.50	50.50	(0.40)	37.10
	collar	1.02	-	42.75	58.25	-	42.75
2nd half	seagull	0.99	22.00	33.48	45.48	(0.38)	33.10
	collar	1.95	-	34.54	47.54	(0.45)	34.09
	collar	2.10	-	37.50	50.50	(0.40)	37.10
	collar	1.02	-	42.75	58.25	-	42.75
Total I-XII 2026		13.17					
1st half	seagull	0.99	22.00	33.48	45.48	(0.38)	33.10
	collar	1.95	-	34.54	47.54	(0.45)	34.09
	seagull	2.10	22.71	39.64	55.64	-	39.64
	collar	1.02	-	42.75	58.25	-	42.75
	seagull	2.10	22.71	39.64	55.64	-	39.64
2nd half	collar	1.02	-	42.75	58.25	-	42.75
	seagull	0.99	26.00	45.05	62.05	-	45.05
	seagull	0.99	26.00	45.05	62.05	-	45.05
Total I-XII 2027		10.17					
1st half	seagull	2.10	22.71	39.64	55.64	-	39.64
	seagull	0.99	26.00	45.05	62.05	-	45.05
2nd half	seagull	0.99	26.00	45.05	62.05	-	45.05
Total I-XII 2028		4.08					

Management of the risk of changes in silver prices – open derivatives as at 31 December 2024

Instrument/ option	Notional [mn ounces]	Average weighted option strike price			Average weighted premium [USD/ounce]	Effective hedge price [USD/ounce]	
		sold put option	purchased put option	sold call option			
		[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 Parent Entity's sensitivity to the risk of changes in commodity prices in the years 2024-2025

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 Schwartz model (the geometrical Ornstein-Uhlenbeck process) was used.

	Assumed changes as at 31 December 2025		Assumed changes as at 31 December 2024	
	increase in metals prices	decrease in metals prices	increase in metals prices	decrease in metals prices
Copper forward prices [USD/t]	+11%	-20%	+16%	-17%
Silver forward prices [USD/ounce]	+12%	-30%	+21%	-24%
Gold forward prices [USD/ounce]	+13%	-13%	+12%	-12%

Financial assets and liabilities exposed to risk of changes in metals prices as at 31 December 2025	Value at risk	Carrying amount as at 31 December 2025	Impact of price increases		Impact of price decreases	
			financial result	other comprehensive income	financial result	other comprehensive income
Copper price risk						
Derivatives	(565)	(565)	(2)	(507)	(39)	755
Embedded derivatives	(51)	(51)	(79)	-	69	-
Silver price risk						
Derivatives	(2 179)	(2 179)	1	(748)	(13)	1 721
Embedded derivatives	(26)	(26)	(30)	-	76	-
Gold price risk						
Derivatives	(19)	(19)	(21)	-	33	-
Embedded derivatives	(33)	(33)	(35)	-	42	-
			(166)	-	168	-
			-	(1 255)		2 476

Impact on financial result
Impact on other comprehensive income

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

Impact on financial result
Impact on other comprehensive income

Note 7.5.1.3 Risk of changes in foreign exchange rates

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

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

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

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

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

The exposure to currency risk also derives from items in the consolidated statement of financial position denominated in foreign currencies, which under the existing accounting regulations must be translated, upon settlement or periodic valuation, including the translation of foreign operations statements, by applying the current exchange rate of the foreign currencies versus the base (functional) currency. Changes in the carrying amounts of such items between valuation dates result in the volatility of profit or loss for the period or of other comprehensive income.

Items in the consolidated statement of financial position which are exposed to currency risk include in particular:

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

As for the currency market, the notional amount of settled transactions hedging revenues from metals sales amounted to approx. 9% (in 2024: 19%) of the total revenues from sales of copper and silver realised by the Parent Entity in 2025.

In 2025, the Parent Entity did not implement any hedging transactions on the currency market. Nevertheless, on the interest rates markets the hedging position has been restructured. Cross Currency Interest Rate Swap (CIRS) transactions in the notional amount of PLN 1.6 billion with a maturity date of 27 June 2029 hedging both the sales revenues in the currency, as well as the variable interest rate of issued bonds have been closed. As a result of the carried out closure of CIRS transactions, the Parent Entity generated the positive cash flow from a positive valuation of the instrument and effectively moved to the prior, variable interest rate of bonds in PLN.

As a result, as at 31 December 2025 the Parent Entity held an open position on the currency market for the notional amount of USD 240 million (USD 960 million as at 31 December 2024).

The condensed tables of open transactions in derivatives of the Parent Entity on the currency market as at 31 December 2025 and 31 December 2024 are presented below (the hedged notional in the presented periods is allocated evenly on a monthly basis).

Management of the risk of changes in the USD/PLN exchange rate – open derivatives as at 31 December 2025

Instrument/ option	Notional [USD mn]	Average weighted option strike price			Average weighted premium [PLN per USD 1]	Effective hedge price [USD/PLN]
		sold put option	purchased put option	sold call option		
		[USD/PLN]	[USD/PLN]	[USD/PLN]		
1st half collar	240	-	4.04	4.54	(0.05)	3.99
TOTAL I-VI 2026	240					

Management of the risk of changes in the USD/PLN exchange rate – open derivatives as at 31 December 2024

Instrument/ option	Notional [USD mn]	Average weighted option strike price				Average weighted premium [PLN per USD 1]	Effective hedge price [USD/PLN]
		sold put option	purchased put option	sold call option	purchased call option		
		[USD/PLN]	[USD/PLN]	[USD/PLN]	[USD/PLN]		
1st half collar +purchase 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						

As for managing currency risk, the Parent Entity applies natural hedging by borrowing in the currency in which it has revenues. As at 31 December 2025, following their translation to PLN, the bank loans and the investment loans which were drawn in USD amounted to PLN 2 173 million (as at 31 December 2024: PLN 2 420 million).

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

Financial instruments	Value at risk as at 31 December 2025			
	total PLN million	USD million	EUR million	CAD million
Shares	23	-	-	9
Trade receivables	1 348	303	57	6
Cash and cash equivalents	183	28	2	28
Long-term loans granted to a joint venture	8 436	2 342	-	-
Other financial assets	155	26	2	20
Derivatives*	(2 770)	(798)	-	-
Trade and other payables	(2 049)	(218)	(286)	(21)
Borrowings	(2 307)	(614)	(15)	(13)
Other financial liabilities	(69)	(17)	(2)	-

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

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

Note 7.5.1.4 Interest rate risk

In 2025 the Group was exposed to the risk of changes in interest rates due to loans granted to a joint venture, investing cash, the reverse factoring program and using borrowings.

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

In 2025 the Parent Entity restructured the hedging position. Cross Currency Interest Rate Swap (CIRS) transactions in the notional amount of PLN 1.6 billion with a maturity date of 27 June 2029, hedging both the sales revenues in the currency as well as the variable interest rate of issued bonds, have been closed. As a result of the carried out closure of CIRS transactions, the Company generated positive cash flow from a positive valuation of the instrument and effectively transitioned to the prior, variable interest rate of bonds in PLN.

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

	As at 31 December 2025			As at 31 December 2024		
	Cash flow risk	Fair value risk	Total	Cash flow risk	Fair value risk	Total
Cash and cash equivalents	443	-	443	715	-	715
Loans granted	-	22	22	-	21	21
Note 7.1 Borrowings	(4 151)	(1 698)	(5 849)	(3 960)	(2 211)	(6 171)
Trade payables within the reverse factoring mechanism	(1 297)	-	(1 297)	(2 000)	-	(2 000)

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

	31 December 2025 change in interest rate (PLN, USD, EUR)		31 December 2024 change in interest rate (PLN, USD, EUR)			
	+100 bp	-100 bp	+50 bp		-150 bp	
	profit or loss	profit or loss	profit or loss	other comprehensive income	profit or loss	other comprehensive income
Cash and cash equivalents	4	(4)	7	-	(7)	-
Borrowings	(42)	42	(40)	-	40	-
Derivatives – interest rate	-	-	-	56	-	(63)
Trade payables within the reverse factoring mechanism	(13)	13	(20)	-	20	-
Impact on profit or loss	(51)	51	(53)	-	53	-
Impact on other comprehensive income	-	-	-	56	-	(63)

Impact of the reference rates reform

In 2025 the Group used the financial instruments based on SOFR, CME TERM SOFR and EURIBOR (instruments in foreign currencies) and WIBOR (instruments in PLN).

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

One of the key events in 2025 was the formal adoption of documentation required by the Benchmark Regulation with respect to the proposed POLSTR index and the start of its publication. The Steering Committee of the National Working Group announced that on 2 June 2025 the official designation of the POLSTR index commenced, and the first application of the POLSTR index took place on 1 September 2025. Therefore, the POLSTR index gained the status of reference rate pursuant to the requirements of the

Benchmark Regulation. In 2026, indicators as to the occurrence of a regulatory event defined under article 23c sec. 1 of the Benchmark Regulation are to be verified. The occurrence of a regulatory event may be a reason for the initiation of a regulatory procedure leading to the issuance of a decree of the Minister of Finance, which will indicate a replacement for the key reference rate WIBOR. This decree will also define the adjusting spread and the date from which the replacement will be applied.

As at 31 December 2025, the Group estimated that the impact of IBOR reform on the financial statements will be immaterial.

As at 31 December 2025 and 31 December 2024, the Group held financial instruments based on variable interest rates, which were not yet replaced by alternative rates. The amount of financial instruments that are based on a rate subject to planned reform are presented in the following table.

Type of financial instrument		Carrying amount as at 31 December 2025	Carrying amount as at 31 December 2024
Bank loans	WIBOR 1M, 3M	(145)	(201)
Debt securities	WIBOR 6M	(2 604)	(2 602)
Trade payables within the reverse factoring mechanism	WIBOR 1M	(407)	(970)
Derivatives	WIBOR 6M	-	(38)
Total		(3 156)	(3 811)

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

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

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

- electricity and natural gas, which are required to engage in mining and processing operations, including natural gas used to generate electricity to meet the Parent Entity's needs in its own generating sources,
- CO₂ emission allowances, which need to be redeemed due to the level of greenhouse gas emissions by installations operated by the Parent Entity being higher than the level of greenhouse gas emissions for which the Parent Entity received freely-granted rights to emit CO₂,
- property rights to energy resulting from certificates of origin of energy from renewable sources (RES) and energy efficiency certificates (hereafter: property rights), subject to redemption (required for purposes of redemption due to the sale of electricity by the Parent Entity to end users as well as the consumption of purchased electricity for own needs).

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

In the case of the risk of changes in electricity prices, the source of exposure are sales prices in bilateral contracts and energy sales prices on the Polish Power Exchange, where the Parent Entity purchases electricity in forward products (RTEE) as well as on the intra-day and next-day market. Moreover, the Parent Entity 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 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). As part of the management of risk of changes in the prices of energy resources, the Parent Entity entered into option transactions on the TTF (*Title Transfer Facility*) gas market. Seagull option structures on the contract *Endex ICE TTF Natural Gas Month Ahead* were entered into.

Hedging against risk of changes in natural gas prices – open derivatives as at 31 December 2025

Instrument/ option	Notional	Average weighted option strike price			Average weighted premium	Effective hedge price
		sold put option	purchased put option	sold call option		
	[GWh]	[EUR/MWh]	[EUR/MWh]	[EUR/MWh]	[EUR/MWh]	[EUR/MWh]
Q1 seagull	26.9	31.5	42.0	55.0	-	42.0
Q2 seagull	26.2	26.4	35.5	50.0	-	35.5
Q2 seagull	26.2	22.8	32.0	50.0	-	32.0
Q3 seagull	33.1	26.4	35.5	50.0	-	35.5
Q3 seagull	33.1	22.8	32.0	50.0	-	32.0
Q4 seagull	39.8	26.4	35.5	50.0	-	35.5
Q4 seagull	39.8	22.8	32.0	50.0	-	32.0
Total I-XII 2026	225.1					
Q1 seagull	38.9	26.4	35.5	50.0	-	35.5
Q1 seagull	38.9	22.8	32.0	50.0	-	32.0
Q2 seagull	26.2	22.8	32.0	50.0	-	32.0
Q3 seagull	33.1	22.8	32.0	50.0	-	32.0
Q4 seagull	39.8	22.8	32.0	50.0	-	32.0
Total I-XII 2027	176.9					

A sensitivity analysis of open instruments to the risk of changes in natural gas prices TTF as at 31 December 2025

	Value at risk	Carrying amount 31 December 2025	Impact of an increase in prices +92%	Impact of a decrease in prices -49%
			profit or loss	profit or loss
Derivatives	(2)	(2)	22	(11)
		Impact on profit or loss	22	(11)

Commodity risk related to CO₂ 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 CO₂ emission allowances by the Parent Entity from planned amounts. In terms of changes in the prices of CO₂ emission allowances, the Parent Entity has a net short position, resulting from the obligation to redeem rights due to CO₂ 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 terms of the risk of changes in property rights, the Parent Entity has a net short position resulting from the obligation to redeem property rights due to the sale of electricity to an end user as well as to the consumption of purchased electricity for own needs, while the source of exposure are mainly the prices of property rights on the wholesale market, (i.e. on the Polish Power Exchange). KGHM Polska Miedź S.A. sells electricity mostly to customers which provide services to the Parent Entity on properties belonging to KGHM Polska Miedź S.A.

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

Merchandise	Unit	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
CO ₂ emission allowances*	EUA	222 444	206 851
Property rights, so-called green certificates**	GWh	34	101
Property rights, so-called blue certificates***	GWh	2	10
Property rights, so-called white certificates****	TOE	3 070	2 531
Gas	GWh	2 053	2 450
Electricity	GWh	2 702	2 517

* Redemption of CO₂ emission allowances (in line with the actual emission in the given year) less settled allowances received free of charge (933.9 thousand EUA in 2025, 975.5 thousand in 2024).

** 5% of electricity consumption for own needs in 2024, taking into account the obligation for industrial customers of 80% and 8.5% of electricity consumption for own needs in 2025, taking into account the obligation for industrial customers of 15%.

*** 0.5% of electricity consumption for own needs in 2024, taking into account the obligation for industrial customers of 80% in 2024 and 0.5% of electricity consumption for own needs in 2025, taking into account the obligation for industrial customers of 15%.

**** 1.5% of electricity consumption purchased at Polish Power Exchange for own needs/11.63 (11.63 TOE per MWh conversion).

Note 7.5.1.6 Impact of hedge accounting on the financial statements

The following table contains information on changes in the fair value of hedging instruments, as well as corresponding changes in the fair value of hedged positions during the reporting period, being

the basis for recognising the effective and ineffective portions of changes in the fair value of hedging instruments in the years 2024-2025 (excluding the tax effect).

In hedging relations, only the intrinsic value of the option is designated as a hedging instrument. The time value approximates zero in the horizon of a hedging relation. The hedge's inefficiency recognised in the statements of profit or loss in the reporting periods 2024-2025 was immaterial.

relation type risk type instrument type – hedged item	As at 31 December 2025		from 1 January 2025 to 31 December 2025	from 1 January 2025 to 31 December 2025	As at 31 December 2024		from 1 January 2024 to 31 December 2024	from 1 January 2024 to 31 December 2024
	Balance of other comprehensive income due to cash flow hedging for relations		Change in the value of hedged item	Change in the value of hedging instrument	Balance of other comprehensive income due to cash flow hedging for relations		Change in the value of hedged item	Change in the value of hedging instrument
	remaining in hedge accounting	for which hedge accounting was ceased			remaining in hedge accounting	for which hedge accounting was ceased		
Cash flow hedging								
Commodity risk (copper)								
Options – Sales revenue	(662)	-	686	(686)	137	-	(128)	137
intrinsic value	(281)	-	-	(300)	128	-	-	128
time value	(381)	-	-	(386)	9	-	-	9
Commodity risk (silver)								
Options – Sales revenue	(2 205)	-	2 219	(2 214)	28	-	(9)	28
intrinsic value	(1 925)	-	-	(1 926)	9	-	-	9
time value	(280)	-	-	(288)	19	-	-	19
Currency risk (USD)								
Options – Sales revenue	95	-	(96)	96	(17)	-	-	(17)
intrinsic value	105	-	-	105	-	-	-	-
time value	(10)	-	-	(9)	(17)	-	-	(17)
Loans – Sales revenue	-	(16)	-	-	-	(32)	-	-
intrinsic value	-	(16)	-	-	-	(32)	-	-
Currency-interest rate risk								
CIRS – Sales revenue	-	24	-	-	(215)	-	50	(54)
intrinsic value	-	24	-	-	(215)	-	-	(54)
CIRS – Finance income/costs	-	-	-	-	177	-	(5)	10
intrinsic value	-	-	-	-	177	-	-	10
Total, including:	(2 772)	8	2 809	(2 804)	110	(32)	(92)	104
Total intrinsic value	(2 101)	8	-	(2 121)	99	(32)	-	93
Total time value	(671)	-	-	(683)	11	-	-	11

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

relation type risk type instrument type	from 1 January 2025 to 31 December 2025			from 1 January 2024 to 31 December 2024		
	Profit or (loss) due to hedging recognised in other comprehensive income	Amount reclassified from other comprehensive income as a reclassification adjustment, due to realisation of a hedged item in the period		Profit or (loss) due to hedging recognised in other comprehensive income	Amount reclassified from other comprehensive income as a reclassification adjustment, due to realisation of a hedged item in the period	
		to statement of profit or loss	to non-current assets		to statement of profit or loss	to non-current assets
Cash flow hedging						
Commodity risk (copper)						
Options*	(829)	(31)	-	146	9	-
Commodity risk (silver)						
Options*	(2 303)	(70)	-	28	-	-
Currency risk (USD)						
Options*	260	148	-	(26)	672	-
Loans**	-	(16)	-	-	(16)	-
Currency-interest rate risk						
CIRS***	189	80	47	-	(37)	70
Total	(2 683)	111	47	148	628	70

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, (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 2024 and 2025.

	2025			2024		
	Effective value *	Cost of hedging **	Total	Effective value *	Cost of hedging **	Total
Other comprehensive income due to cash flow hedging – as at 1 January	70	8	78	603	25	628
Impact of measurement of hedging transactions (effective part and cost of hedging)	(1 927)	(756)	(2 683)	145	3	148
Reclassification to the statement of profit or loss and non-current assets due to realisation of hedged item	(235)	77	(158)	(678)	(20)	(698)
Other comprehensive income due to cash flow hedging – as at 31 December	(2 092)	(671)	(2 763)	70	8	78

* 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)

Note 7.5.2 Credit risk

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

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

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

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

Accounting policies
<p>The Group recognises impairment loss on expected credit losses on financial assets measured at amortised cost. Expected credit losses are credit losses weighed by the default probability. The Group applies the following models for designating impairment losses:</p> <ul style="list-style-type: none"> - the simplified model – for trade receivables, - the general (basic) model – for other financial assets. <p>Under the general model the Group monitors changes in the level of credit risk related to a given financial asset and classifies financial assets to one of three stages of determining impairment losses – based on observations of changes in the level of credit risk compared to an instrument's initial recognition. In particular, the following are monitored: the credit rating and the financial condition of the customer and the payment delay period. Depending on which degree it is classified to, an impairment loss is estimated for a 12-month period (degree 1) or in the horizon of lifetime (degree 2 and degree 3). The absolute indicator of default is an overdue period of more than 90 days.</p> <p>Under the simplified model the Group does not monitor changes in the level of credit risk during an instrument's life and estimates the expected credit loss over the time horizon of maturity of the instrument based on historical data respecting the repayments of receivables.</p>

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

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

As at 31 December 2025, the total amount of free and restricted cash and cash equivalents of PLN 438 million was held in bank accounts and in short-term deposits (in total as at 31 December 2024: PLN 711 million).

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

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

Rating level	As at 31 December 2025	As at 31 December 2024
Highest from AAA to AA- according to S&P and Fitch, and from Aaa to Aa3 according to Moody's	26%	21%
Medium-high from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	40%	48%
Medium from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	34%	31%

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.

As at 31 December 2025 the maximum single entity share of the amount exposed to credit risk arising from cash and bank deposits amounted to 27%, or PLN 117 million (as at 31 December 2024: 29%, or PLN 207 million).

	As at 31 December 2025			As at 31 December 2024	
	Amount	Rating		Amount	Rating
Counterparty 1	117	BBB+/Fitch	Counterparty 1	207	A2/Moody's
Counterparty 2	85	AA-/S&P	Counterparty 2	174	BBB/Fitch
Counterparty 3	69	A2/Moody's	Counterparty 3	92	AA-/S&P
Counterparty 4	30	BBB-/Fitch	Counterparty 4	54	A-/S&P
Counterparty 5	30	A-/Fitch	Counterparty 5	39	A+/Fitch
Other	107	-	Other	145	-
Total	438		Total	711	

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

Note 7.5.2.2 Credit risk related to derivative transactions

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

The Group's credit exposure related to derivatives by main counterparties is presented in the table below³.

Exposure to credit risk by main counterparties

	As at 31 December 2025			As at 31 December 2024		
	Open derivatives	Settled derivatives	Exposure to credit risk	Open derivatives	Settled derivatives	Exposure to credit risk
	Financial receivables	Net financial receivables ⁴		Financial receivables	Net financial receivables ³	
Counterparty 1	47	-	47	148	3	151
Counterparty 2	41	4	45	63	2	65
Counterparty 3	42	-	42	63	2	65
Other	166	19	185	216	27	243
Total	296	23	319	490	34	524

Taking into consideration the receivables due to open derivatives transactions entered into by the Parent Entity (excluding embedded derivatives) as at 31 December 2025 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 15%, or PLN 47 million (as at 31 December 2024: 29%, or PLN 151 million).

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

³ Excludes embedded derivatives.

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

Financial assets and liabilities due to settled derivatives by main counterparties as at 31 December 2025

	As at 31 December 2025					
	Gross financial receivables	Gross financial liabilities	Subject to compensation		Net financial receivables	Net financial liabilities
			Financial receivables	Financial liabilities		
Counterparty 1	-	(9)	-	-	-	(9)
Counterparty 2	5	(4)	1	(4)	4	(3)
Counterparty 3	-	(8)	-	-	-	(8)
Other	19	(38)	-	-	19	(38)
Total	24	(59)	1	(4)	23	(58)

Financial assets and liabilities due to settled derivatives by main counterparties as at 31 December 2024

	As at 31 December 2024					
	Gross financial receivables	Gross financial liabilities	Subject to compensation		Net financial receivables	Net financial liabilities
			Financial receivables	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)

The Parent Entity determines that, due to its cooperation solely with renowned financial institutions, as well as continuous monitoring of their ratings, it is not materially exposed to credit risk as a result of transactions concluded with them.

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

Rating level		As at 31 December 2025	As at 31 December 2024
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	100%	92%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	-	8%

Note 7.5.2.3 Credit risk related to trade receivables

The following Group companies had significant trade receivables as at 31 December 2025:

	As at 31 December 2025	As at 31 December 2024
KGHM Polska Miedź S.A.	1 137	759
KGHM INTERNATIONAL LTD. Group	433	282
WPEC w Legnicy S.A.	66	63
„MCZ” S.A.	56	35
CENTROZŁOM WROCŁAW S.A.	44	69
NITROERG S.A.	40	38
KGHM ZANAM S.A.	15	13
MERCUS Logistyka sp. z o.o.	14	6
KGHM Metraco S.A.	13	13
WMN "Łabędy" S.A.	12	16
Uzdrowiska Kłodzkie S.A. - Grupa PGU	11	8

The total net amount of trade receivables of the Group as at 31 December 2025, excluding the fair value of accepted collateral, up to the amount of which the Group may be exposed to credit risk, amounts to PLN 1 885 million (as at 31 December 2024: PLN 1 345 million).

The Parent Entity limits its exposure to credit risk related to trade receivables by evaluating and monitoring the financial condition of its customers, setting credit limits, requiring collateral, and non-recourse factoring. The terms of factoring agreements entered into meet the criteria of removing receivables from the books at the moment of their purchase by the factor. As at 31 December 2025, the amount of receivables transferred to factoring, for which payment from factors was not received, amounted to PLN 3 million (as at 31 December 2024: PLN 13 million). Information on the amount of revenues from sales subjected to factoring in the financial period is presented in [Note 2.4](#).

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

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

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

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

Taking into account the above forms of collateral and the credit limits received from the insurance company, as at 31 December 2025 the Parent Entity had secured 87% of its trade receivables (as at 31 December 2024, 80%).

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

Assessment of concentration of credit risk in the Group:

Sector concentration	While KGHM Polska Miedź S.A. and KGHM INTERNATIONAL LTD. operate in the same sector, these two companies are different both in terms of their portfolios of products as well as in terms of the geographic location and nature of their customers, and consequently this sector concentration of credit risk is considered to be acceptable.
Customers concentration	Other companies of the Group operate in various economic sectors, such as transport, construction, commerce, industrial production and energy. As a consequence, in the case of most Group companies, in terms of sectors, there is no concentration of credit risk. As at 31 December 2025 the balance of receivables from the 7 largest customers represented 68% of trade receivables (as at 31 December 2024: 51%). Despite the concentration of this type of risk, it is believed that due to the availability of historical data and the many years of experience cooperating with its customers, as well as to the securing used, the level of credit risk is low.
Geographical concentration	Companies of the Group have been cooperating for many years with a large number of customers, which affects the geographical diversification of trade receivables. Geographical concentration of credit risk for trade receivables is presented in the table below.

Trade receivables (net)	As at 31 December 2025	As at 31 December 2024
Poland	31%	27%
Canada	9%	8%
European Union (excluding Poland)	2%	8%
Asia	13%	34%
Other countries	45%	23%

Accounting policies

The Group applies the simplified model of calculating the allowance for impairment of trade receivables (regardless of their maturity). The expected credit loss on trade receivables is calculated at the closest ending date of the reporting period after the moment of recognition of a receivable in the statement of financial position and is updated at every subsequent reporting period ending date. In order to estimate the expected credit loss on trade receivables, the Group's entities apply provision matrices, made on the basis of historical levels of payment of trade receivables, which are periodically recalibrated in order to update them.

The Group adopted an assumption that the receivable risk is characterised by the number of days of delay and this parameter determines the estimated PD, i.e. the probability of a delay in payment of trade receivables by at least 90 days. For the purpose of estimating PD, 5 risk groups have been selected based on the criteria of number of days in payment, according to ranges presented below as "Important estimates and assumptions".

Default is defined as being a failure by a customer to meet its liabilities after a period of 90 days from the due date. In order to estimate the loss allowance for expected credit losses, collateral is also taken into account by allocating expected recovery rates to the particular types of collateral.

Moreover, forward-looking information is taken into account in the applied parameters of the model for estimating expected losses, by adjusting the base coefficients of default probability. This means that if as a result of analysis of macroeconomic data, such as for example: current GDP dynamics, inflation, unemployment rate, or WIG index, the Group recognises any deterioration in them in comparison to the previous period, in the ECL calculation the *forward looking* factor, which corrects risk connected with any decrease in receivables recovery, is taken into account. As at the end of the reporting period, on 31 December 2025, no deterioration of macroeconomic factors was noted.

Important estimates and assumptions						
Time frame in days	31 December 2025			31 December 2024		
	Percent of allowance for impairment*	Gross amount of receivables	Allowance for impairment in individual time frames**	Percent of allowance for impairment*	Gross amount of receivables	Allowance for impairment in individual time frames**
Not overdue	0.01-9.53	486	(4)	0.04-7.2	604	(4)
<1,30)	0.07-19.49	58	(1)	0.3-50	34	(1)
<30,60)	0.05-77.72	4	(1)	0.4-77.7	4	-
<60,90)	0.28-88.85	2	(1)	6-88.8	1	-
Default	100	28	(28)	100	35	(35)
Total		578	(35)		678	(40)

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

**The amount of allowance for impairment includes the recovery due to collateral.

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

	2025	2024
Gross amount as at 1 January	678	557
Change in the balance of receivables	(98)	121
Utilisation of a loss allowance in the period	(2)	-
Note 10.2 Gross amount as at 31 December	578	678

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

	2025	2024
Loss allowance for expected credit losses as at 1 January	40	39
Change in allowance in the period recognised in profit or loss	(3)	1
Utilisation of a loss allowance in the period	(2)	-
Note 10.2 Loss allowance for expected credit losses as at 31 December	35	40

As at 31 December 2025, disputed receivables amounted to PLN 17 million (as at 31 December 2024, PLN 27 million). The Group is taking actions aimed at recovering these receivables or explaining the validity of pursuing claims.

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

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

The basis for accruing interest on POCI loans is their gross value less any allowance for impairment at the moment of initial recognition.

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

Changes in the value of POCI loans in the reporting and comparable periods are presented in [Note 6.2](#).

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

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

As at 31 December 2025, the Group classified the fair value measurement of loans granted to level 3 of the fair value hierarchy because of the utilisation in the measurement of a significant unobservable parameter, being the forecasted cash flows of Sierra Gorda S.C.M. These cash flows are the most sensitive to changes in copper prices, which implies other assumptions such as forecasted production and operating margin. Therefore, pursuant to IFRS 13 p.93.f, the Group performed a sensitivity analysis of the fair value (level 3) of loans to changes in copper prices.

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

Classes of financial instruments	Fair value as at 31 December 2025	Sensitivity analysis of the fair value to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
		Loans granted measured at amortised cost	7 729
Loans granted measured at amortised cost (USD million)	2 146	2 171	2 117

Classes of financial instruments	Carrying amount as at 31 December 2025	Sensitivity analysis of the carrying amount to changes in copper price	
		Base plus 0.1 USD/lb (220 USD/t) during mine life	Base minus 0.1 USD/lb (220 USD/t) during mine life
		Loans granted measured at amortised cost	8 436
Loans granted measured at amortised cost (USD million)	2 342	2 356	2 325

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

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

Note 7.5.2.5 Credit risk related to other financial assets

As at 31 December 2025, the most significant item in other financial assets was cash accumulated on the separate, special purpose bank accounts of the Mine Closure Fund in the amount of PLN 532 million (as at 31 December 2024: PLN 491 million).

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

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

Rating level		As at 31 December 2025	As at 31 December 2024
Highest	AAA to AA- according to S&P and Fitch, and from Aaa to Aa3 according to Moody's	8%	10%
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	92%	90%
		As at 31 December 2025	As at 31 December 2024
Counterparty 1		488	443
Counterparty 2		44	48
Total		532	491

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

PART 8 – Borrowings and the management of liquidity and capital

Note 8.1 Capital management policy

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

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

Ratios	Calculations	31 December 2025	31 December 2024
Net Debt/Adjusted EBITDA	Relation of net debt to adjusted EBITDA	0.76	0.81
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	5 424	5 303
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.	7 161	6 580

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

The level of the Net Debt/Adjusted EBITDA ratio achieved in 2025 is consistent with the assumptions adopted by the Group in the reporting period and confirms its stable financial condition.

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

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

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

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

Details regarding the impact of changes in interest rates on the occurrence of liquidity risks are presented in [Note 7.5.1.4](#).

The second indicator monitored by the Group in the liquidity and capital management process, in particular in order to meet the obligations arising from the borrowing agreements concluded by the Parent Entity, is the value of adjusted operating profit, which is the basis for calculating EBITDA, which is a part of the financial covenant. The value of this ratio is presented in the table below:

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Profit on sales	3 959	3 767
Interest income on loans granted to a joint venture	557	552
Other operating income and (costs)	(1 623)	444
Adjusted operating profit*	2 893	4 763

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

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

As at 31 December 2025 the carrying amount of liabilities drawn under the agreements containing the financial covenant amounted to PLN 1 447 million.

As at the end of the reporting period, in the financial year and after the end of the reporting period, up to the date of publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2025 and 31 December 2025, met the conditions stipulated in the credit agreements. There are no indications that the Group will have difficulties with fulfilling the liabilities due to meeting the covenants when they are checked again as at 30 June 2026.

Note 8.2 Equity

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

Note 8.2.1 Share capital

As at 31 December 2025 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 share. In the years ended 31 December 2025 and 31 December 2024, there were no changes in either registered share capital or in the number of issued shares. In 2025, there were no changes in the ownership of significant blocks of shares of KGHM Polska Miedz S.A.

The Company's shareholder structure as at 31 December 2025 and at the date these consolidated financial statements were signed, established on the basis of notifications received by the Company pursuant to art. 69 of the Act on public offerings and conditions governing the introduction of financial instruments to organised trading, and on public companies, was as follows:

The Company's shareholder structure as at 31 December 2025 and at the date these consolidated financial statements were signed

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

¹⁾ based on a notification received by the Company dated 12 January 2010

²⁾ based on a notification received by the Company dated 15 May 2023

³⁾ based on a notification received by the Company dated 18 August 2016

Note 8.2.2 Changes of other equity items

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

	Other reserves from measurement of financial instruments			Actuarial gains / (losses) on post-employment benefits programs	Surplus from the fair value remeasurement of investment properties as at the date of reclassification from fixed assets	Exchange differences from the translation of statements of operations with a functional currency other than PLN	Share in other comprehensive income of a joint venture accounted for using the equity method	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	Other reserves from measurement of financial instruments, total					
As at 1 January 2025	(227)	65	(162)	(722)	9	2 491	-	27 374
Other changes	-	-	-	-	-	-	-	1
Profit for the period	-	-	-	-	-	-	-	3 687
Fair value gains on financial assets measured at fair value through other comprehensive income	903	-	903	-	-	-	-	-
Note 7.2 Impact of transactions hedging effective portion of cash flow and hedging cost	-	(2 683)	(2 683)	-	-	-	-	-
Note 7.2 Amount transferred to profit or loss and non-current assets due to settlement of hedging instruments	-	(158)	(158)	-	-	-	-	-
Note 11.2 Actuarial gains on post-employment benefits	-	-	-	19	-	-	-	-
Exchange differences from the translation of statements of operations with a functional currency other than PLN	-	-	-	-	-	(289)	-	-
Note 5.1.1 Deferred income tax	(169)	540	371	(4)	-	-	-	-
Other	-	-	-	-	(1)	-	(8)	-
Other comprehensive income	734	(2 301)	(1 567)	15	(1)	(289)	(8)	-
Total comprehensive income	734	(2 301)	(1 567)	15	(1)	(289)	(8)	3 687
As at 31 December 2025	507	(2 236)	(1 729)	(707)	8	2 202	(8)	31 062

Based on the Act of 15 September 2000, i.e. the Commercial Partnerships and Companies Code, the Parent Entity is required to create reserve capital for any potential (future) or existing losses, to which no less than 8% of a given financial year's profit is transferred until the reserve capital has been built up to no less than one-third of the registered share capital. The reserve capital created in this manner may not be employed otherwise than in covering the loss reported in the financial statements. As at 31 December 2025 the statutory reserve capital in the Group's entities amounted to PLN 762 million, of which PLN 667 million relates to the Parent Entity, and is recognised in retained earnings.

Note 8.3 Liquidity management policy

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

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

The Management Board of the Parent Entity, supported by the Financial Liquidity Committee, is responsible for financial liquidity management in the Group and it is performed based on the approved, appropriate Policy.

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

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

As a part of the process of liquidity management, the Group makes use of the reverse factoring program which supports the process of working capital management and diversifies the sources of working capital financing.

The level of utilisation of factoring limits of individual factors is monitored on an ongoing basis. Since the Group identifies the possibility of liquidity risk concentration due to the application of reverse factoring, in order to reduce it, reverse factoring agreements are concluded with various factors for an indefinite period of time.

All entities which concluded reverse factoring agreements with the Group are renowned financial institutions.

Under the liquidity management process, the Group also utilises other instruments which enhance its effectiveness such as 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.

Moreover, 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.

As part of the implementation of the above assumption, on 2 December 2025 the Parent Entity entered into an unsecured revolving credit facility agreement in the amount of USD 1 500 million with an international consortium of banks for a period of 5 years with an option to extend for another 2 years (5+1+1). The agreement also includes a non-binding option to increase the loan amount by a total amount not exceeding USD 500 million on terms identical to the terms of the base amount. The credit facility replaced the revolving syndicated credit facility in the amount of USD 1 500 million dated 20 December 2019.

On 17 December 2025, under the Bond Issuance Program agreement entered into in 2024, the Parent Entity issued 7-year bonds, D series, with a nominal value of PLN 1 600 million and a redemption date of 17 December 2032. The funds raised from the issuance were used for an earlier redemption of 10-year B series bonds issued in June 2019. The Parent Entity's exercise of the right to early redemption of series B bonds was associated with the need to pay a premium to bondholders.

Note 8.3.1 Contractual maturities for financial liabilities**Financial liabilities – as at 31 December 2025**

Contractual maturities from the end of the reporting period	Maturity periods				Total (without discounting)	Carrying amount
	up to 3 months	over 3 months to 12 months	over 1 year to 3 years	over 3 years		
Borrowings	369	405	1 335	591	2 700	2 515
Debt securities liabilities	-	130	261	3 044	3 435	2 604
Lease liabilities	35	86	183	1 259	1 563	730
Trade payables	3 137	16	32	324	3 509	3 391
Other payables – reverse factoring	837	460	-	-	1 297	1 297
Derivatives – commodity contracts – metals*	243	963	1 129	9	2 344	2 952
Derivatives – embedded	110	-	-	-	110	110
Derivatives – energy resources	-	-	-	-	-	4
Other financial liabilities	264	6	16	5	291	294
Total	4 995	2 066	2 956	5 232	15 249	13 897

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

Overdue liabilities	Overdue periods				Total/ Carrying amount
	up to 1 month	over 1 months to 12 months	over 1 year to 3 years	over 3 years	
Trade payables	9	8	-	-	17

The above tables do not include financial guarantees in the amount of PLN 2 421 million, which are due if there is a breach in contractual terms by Parties to which the guarantees were granted and toward which the Group cannot postpone payments, that is they must be paid on demand within 3 months. Details on financial guarantees and their maturity dates were described in [Note 8.6](#).

Financial liabilities – as at 31 December 2024

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

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

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

The above tables do not contain financial guarantees in the amount of PLN 915 million, which are due if contractual terms are breached by the Parties towards which the guarantee was granted and the Group cannot postpone payments, that is they must be paid on demand within 3 months.

Note 8.4 Borrowings**Accounting policies**

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

Note 8.4.1 Net debt

	As at 31 December 2025	As at 31 December 2024
Bank loans	795	130
Loans	1 018	1 556
Debt securities	2 600	2 600
Leases	621	624
Note 7.1 Non-current liabilities due to borrowings	5 034	4 910
Bank loans	314	726
Loans	388	424
Debt securities	4	2
Leases	109	109
Note 7.1 Current liabilities due to borrowings	815	1 261
Total borrowings	5 849	6 171
Note 8.5 [-] Free cash and cash equivalents	425	691
[-] Derivatives related to external sources of financing	-	177
[-] Net debt	5 424	5 303

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

	As at 31 December 2025	As at 31 December 2024
PLN/WIBOR	2 848	2 769
EUR/EURIBOR	41	-
EUR/fixed	21	31
USD/SOFR	1 271	1 033
PLN/fixed	688	834
USD/fixed	940	1 443
CAD/fixed	35	49
other	5	12
Total	5 849	6 171

As at 31 December 2025, the Group's liabilities due to borrowing, debt securities issued and leases, translated into PLN, amounted to PLN 5 849 million, or broken down by currencies: USD 614 million, PLN 3 536 million, EUR 15 million, CAD 13 million and in other currencies in the amount of PLN 5 million (as at 31 December 2024 liabilities, translated into PLN, amounted to PLN 6 171 million, or broken down by currencies: USD 604 million, PLN 3 603 million, EUR 7 million, CAD 17 million and in other currencies in the amount of PLN 12 million).

As at 31 December 2025, the balance of trade payables transferred to reverse factoring by the Group amounted to PLN 1 297 million (as at 31 December 2024: PLN 2 000 million).

Trade payables within the reverse factoring mechanism are presented in the statement of financial position as "Trade and other payables" and are in the category of "other", as due to the significant judgment of the Group presented in [Note 10.3](#), such a presentation most accurately presents the nature of these transactions.

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

Note 8.4.2 Net debt changes

	As at 1 January 2025	Cash flows	Accrued interest	Exchange differences	Other changes	As at 31 December 2025
[+] Bank loans	856	295	76	(118)	-	1 109
[+] Loans	1 980	(417)	61	(212)	(6)	1 406
[+] Debt securities	2 602	(198)	200	-	-	2 604
[+] Leases	733	(135)	41	(4)	95*	730
[=] Total debt	6 171	(455)	378	(334)	89	5 849
[-] Free cash and cash equivalents	691	(266)	-	-	-	425
[-] Derivatives related to sources of external financing	177	128	-	-	(305)	-
[=] Net debt, including:	5 303	(317)	378	(334)	394	5 424
<i>Net debt excluding derivatives**</i>	5 480	(189)	378	(334)	89	5 424

* The signing and modification of lease agreements.

**Net debt excluding derivatives - calculated in accordance with the definition of net debt for the purposes of calculating covenants in bank loans agreements.

	As at 1 January 2024	Cash flows	Accrued interest	Exchange differences	Other changes	As at 31 December 2024
[+] Bank loans	667	82	82	19	6	856
[+] Loans	2 272	(454)	82	77	3	1 980
[+] Debt securities	2 002	429	171	-	-	2 602
[+] Leases	784	(137)	42	-	44*	733
[=] Total debt	5 725	(80)	377	96	53	6 171
[-] Free cash and cash equivalents	1 702	(1 011)	-	-	-	691
[-] Derivatives related to sources of external financing	175	59	-	-	(57)	177
[=] Net debt, including:	3 848	872	377	96	110	5 303
<i>Net debt excluding derivatives***</i>	4 023	931	377	96	53	5 480

*The signing and modification of lease agreements.

**Net debt excluding derivatives - calculated in accordance with the definition of net debt for the purposes of calculating covenants in bank loans agreements.

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

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Financing activities		
[+] Proceeds from the issuance of debt financial instruments	1 599	1 000
[+] Proceeds from borrowings	957	1 940
[-] Proceeds from derivatives related to sources of external financing	39	64
[+] Redemption of debt financial instruments	(1 599)	(400)
[-] Proceeds from collateral for bonds	81	-
[+] Repayment of borrowings	(935)	(2 154)
[+] Repayment of lease liabilities	(95)	(97)
[-] Expenditures on derivatives related to sources of external financing	(30)	(75)
[+] Repayment of interest on borrowings and debt securities	(15)	(28)
[+] Repayment of interest on leases	(4)	(10)
Investing activities		
[+] Paid capitalised interest on borrowings	(354)	(331)
[-] Proceeds on settlement of an instrument hedging interest rate of bonds	47	70
[-] Change in free cash and cash equivalents	(266)	(1 011)
[=] TOTAL	(317)	872

Structure of sources of external financing

The structure of financing sources is presented below.

Unsecured, revolving syndicated credit facility	2025	2024
Amount granted	5 402 (USD 1 500 mn)	5 898 (USD 1 438 mn)
Amount of the liability	-	-

Purpose: general corporate purposes

Covenants: the agreement obliges the Parent Entity to comply with a financial covenant Net Consolidated Total Debt/Consolidated EBITDA and non-financial covenants; the obligation exists to report the level of financial covenant as at 30 June and as at 31 December. A breach of a financial covenant constitutes an event of default and may result in the termination of the agreement by the syndicate. The Parent Entity's management does not identify circumstances indicating that the Group may have difficulties in meeting the covenants. As at the reporting date, during the financial year and after the reporting date, up to the publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2025 and as at 31 December 2025, complied with the conditions of the agreement.

Interest: based on SOFR plus a margin, which is dependent on the financial covenant.

Maturity: 2 December 2030 with an option to extend it by another 2 years (5+1+1)

Investment loans	2025	2024
<u>Amount granted</u>	3 479	3 521
<u>Amount of the liability</u>	1 406	1 980

Purpose: financing of investment projects

Covenants: the agreements concluded by the Parent Entity oblige the Group to comply with a financial covenant Net Consolidated Total Debt/Consolidated EBITDA and non-financial covenants; the obligation exists to report the level of financial covenant as at 30 June and as at 31 December.

A breach of a financial covenant constitutes grounds for early repayment of loans.. The Parent Entity's management does not identify circumstances indicating that the Group may have difficulties in meeting the covenants.

As at the reporting date, during the financial year and after the reporting date, up to the publication of these consolidated financial statements, the value of the financial covenant subject to the obligation to report as at 30 June 2025 and as at 31 December 2025, complied with the provisions of the agreement.

Interest: individual instalments of the loans drawn by the Parent Entity are based on a fixed interest rate or on SOFR rate plus a margin, which is dependent on the financial covenant.

Maturities of individual instalments: 30 October 2026, 30 August 2028, 23 May 2029, 28 June 2030, 23 April 2031, 11 September 2031, 6 March 2035

Other bank loans	2025	2024
<u>Amount granted</u>	4 333	4 294
<u>Amount of the liability</u>	1 109	856

Purpose: general corporate purposes and financing of investment projects

Interest: based on a fixed interest rate or variable WIBOR, SOFR, EURIBOR plus a margin

Maturities: up to 5 years

Debt securities	2025	2024
<u>Nominal value of the issuance</u>	2 600	2 600
<u>Amount of the liability</u>	2 604	2 602

Purpose: general corporate purposes

The Company issued bonds on the Polish market under the bond issuance program up to the amount of PLN 4 000 million which was established by an issuance agreement dated 29 May 2024.

The issuance dated 26 June 2024 in the amount of PLN 1 000 million, under which 7-year bonds, C-series, were issued with a redemption date of 26 June 2031.

The issuance dated 17 December 2025 in the amount of PLN 1 600 million, under which 7-year bonds, D-series, were issued with a redemption date of 17 December 2032.

Interest: based on WIBOR 6M

Due to the requirement, resulting from art. 35 sec. 1 point 2 of the act on bonds, to disclose information as regards forecasts of financial liabilities due to borrowings, the issuance of debt securities and leases on the last day of the reporting year, the Parent Entity has presented on its website the forecasted amount of Group's liabilities, i.e. PLN 10 121 million (the unaudited amount). The actual amount of financial liabilities based on consolidated financial statements as at 31 December 2025 was PLN 5 850 million. The deviation of the actual amount of financial liabilities of the Group as at the end of 2025 from the published estimated amounts results from the achieved EBITDA at a level higher than forecasted.

Total bank and other loans, debt securities	2025	2024
Amount granted / Nominal value of the issuance	15 814	16 313
Amount of the liability	5 119	5 438

The aforementioned sources ensure the availability of external financing in the amount of PLN 15 814 million. The funds available for use from these sources fully cover the liquidity needs of the Group.

The syndicated credit in the amount of USD 1 500 million (PLN 5 402 million), the investment loans in the amount of PLN 3 340 million, and the bilateral bank loans granted to the Parent Entity in the amount of PLN 4 268 million, are unsecured.

Repayment of a part of the liabilities of other Group companies due to bilateral bank loans and other loans are secured amongst others by statements on submitting to an enforcement regime, contractual mortgages, registered pledges or the assignment of receivables. The carrying amount of guarantees as at 31 December 2025 amounted to PLN 271 million, including collateral on property, plant and equipment in the amount of PLN 155 million (as at 31 December 2024: PLN 238 million, including collateral on property, plant and equipment in the amount of PLN 122 million).

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 2025	As at 31 December 2024
Cash in bank accounts	340	534
Other financial assets with a maturity of up to 3 months from the date of acquisition - deposits	98	160
Other cash	5	21
Total cash and cash equivalents, of which:	443	715
Restricted cash	18	24
Note 8.4.1 Free cash and cash equivalents	425	691

As at 31 December 2025, the Group had cash in bank deposits in the amount of PLN 63 million (as at 31 December 2024 PLN 61 million), which are funds in separate VAT accounts, designated for servicing split payments. These funds are gradually used to pay the VAT payables to suppliers and other payments mandated by law.

Note 8.6 Liabilities due to guarantees granted

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

Accounting policies
The Group issued guarantees which meet the definition of contingent liabilities pursuant to IAS 37 and recognises them in contingent liabilities and guarantees, which meet the definition of financial guarantees under IFRS 9, and which are measured and recognised as financial instruments pursuant to this standard.
At the moment of initial recognition, the Group recognises in the statement of financial position a financial guarantee at its fair value, in the item: <ul style="list-style-type: none"> • financial assets measured at amortised cost (other financial assets), • other liabilities (deferred income)
The liability due to the financial guarantee granted as at the end of the reporting period is recognised at the higher of two amounts: the initial value of the issued guarantee less the amount of profits recognised in profit or loss on guarantees, or the amount of an allowance for expected credit losses – set pursuant to the principles of the general model, described in accounting policies in Note 7.5.2.

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

As at 31 December 2025, the contingent liabilities of the Group due to guarantees and letters of credit granted amounted to a total of PLN 2 740 million (as at 31 December 2024, PLN 1 150 million) and due to promissory note payables amounted to PLN 211 million (as at 31 December 2024, PLN 223 million).

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

Guarantees - contingent liabilities (IAS 37)	Guarantee amount	
	As at 31 December 2025	As at 31 December 2024
Security on the proper execution by the Parent Entity of future environmental obligations related to the obligation to restore terrain, following the conclusion of operations of the Żelazny Most tailings storage facility Validity period up to 1 year.	137	109
Security on the obligations incurred by Brokerage House due to settlements of transactions entered into by the Parent Entity on the markets run by Towarowa Gielda Energii S.A. Validity period up to 1 year.	85	70
Security on claims to cover costs by the Group related to collecting and processing waste Validity period up to 2 years.	21	17
Security on the obligations related to proper execution of agreements concluded by the Group Validity period up to 5 years.	53 (PLN 4 mn, CAD 2 mn, EUR 2 mn, USD 10 mn)	26 (PLN 3 mn, CAD 3 mn, EUR 2 mn, USD 1 mn)

The most significant items of liabilities due to financial guarantees granted

Financial guarantees (IFRS 9)	Carrying amount*		Guarantee amount	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Guarantee set as security on a bank loan drawn by Sierra Gorda S.C.M. Validity period until September 2027.	11 (USD 3 mn)	47 (USD 11 mn)	793 (USD 220 mn)	904 (USD 220 mn)
Guarantee set as security on payment obligations of KGHM INTERNATIONAL LTD towards Robinson Holdings (USA) Ltd. Validity period until December 2026.	26 (USD 7 mn)	-	1 621 (USD 450 mn)	-

* 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 amount of expected credit loss (Stage 1) is PLN 9 million)

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

Guarantees - off-balance-sheet liabilities	Guarantee amount	
	As at 31 December 2025	As at 31 December 2024
Guarantee securing potential claims against the Parent Entity 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. Validity period up to 1 year.	141	128
Bank guarantees securing funds to execute obligations 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. Validity period up to 1 year.	802	750

PART 9 – Non-current assets and related liabilities

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

Accounting policies – property, plant and equipment

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

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

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

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

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

Right-to-use assets are initially measured at cost, which comprises the initial lease liability and all lease payments paid on the date the lease began and before that date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs which will be incurred by the lessee due to the disassembly or removal of a base asset or restoration of the site in which it was placed.

The perpetual usufruct right to land is measured at the amount of the liability on the perpetual usufruct right to land, which is measured using the perpetual rent method and all lease payments paid on the date the lease began or before that date (including payments for acquisition of the perpetual usufruct right to land on the market).

After the initial recognition, a right-to-use asset, excluding the perpetual usufruct right to land measured using the perpetual rent method, is measured at cost decreased by accumulated depreciation/amortisation and accumulated impairment losses, adjusted by the updated measurement of lease liabilities.

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

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

Important estimates and assumptions

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

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

For own fixed assets:

Group	Fixed assets type	Total useful lives
Buildings and land	Land	Not subject to depreciation
	Buildings in mines and metallurgical plants,	40-100 years
	Sheds, reservoirs, container switchgears	20-30 years
	Primary mine tunnels	22-90 years
	Backfilling pipelines to transfer sand with water,	6-9 years
	Technological pipelines, 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	Mining vehicles, mining roof support	4-10 years
	Conveyor belts, belt weigher	10-66 years
	Switchboards, switchgears	4-50 years
	Underground electric locomotives,	20-50 years
	Underground diesel locomotives	10-20 years
	Mining vehicles, railway vehicles, tankers, transportation platforms	7-35 years
	Trolleys, forklift, battery-electric truck	7-22 years
	Cars, trucks, special vehicles	5-22 years
	Other fixed assets, including tools and equipment	5-25 years
Pre-stripping costs	Total useful life depends on the expected individual mine life to which the costs applies:	
	– Robinson	14 years
	– Carlota	2 years

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

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

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

The Group performs regular reviews of its property, plant and equipment in terms of the adequacy of adopted economic useful lives to current operating conditions, including the impact of climate changes.

Limiting the environmental impact by reducing greenhouse gas emissions may apply, in particular, to vehicles with combustion engines used in the Group's mines if the European Union or Polish regulators introduce changes to regulations on exhaust emission standards. As at the end of the annual reporting period, the Group has not identified any significant regulatory risk in this area in the foreseeable future.

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate a risk 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, and water rights in Chile.

Exploration and evaluation assets

The following expenditures are classified as exploration and evaluation assets:

- geological projects,
- obtaining environmental decisions,
- obtaining concessions and mining usufruct for geological exploration,
- work related to drilling (drilling; geophysical and hydrogeological research; geological, analytical and geotechnical services; etc.),
- the purchase of geological information,
- the preparation of geological documentation and its approval,
- the preparation of economic and technical assessments of resources for the purpose of making decisions regarding applying for mine operating concessions, and
- equipment usage costs (property, plant and equipment) used in exploratory work.

Expenditures on exploration and evaluation assets are measured at cost less accumulated impairment losses and are recognised as intangible assets not yet available for use.

The Group is required to test an individual entity (project) for impairment when:

- the technical feasibility and commercial viability of extracting mineral resources is demonstrable; and
- the facts and circumstances indicate that the carrying amount of exploration and evaluation assets may exceed their recoverable amount.

Any potential impairment losses are recognised prior to reclassification resulting from the demonstration of the technical and economic feasibility of extracting the mineral resources.

Important estimates, assumptions and judgments

Important estimates and assumptions relating to impairment of mining and metallurgical property, plant and equipment and intangible assets are presented in [Note 3](#).

The net value of mining and metallurgical property, plant and equipment which are subject to depreciation using the natural method as at 31 December 2025 amounted to PLN 1 287 million (as at 31 December 2024: PLN 1 454 million).

Mining and metallurgical property, plant and equipment and intangible assets

	Property, plant and equipment			Intangible assets			Total
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Water rights	Exploration and evaluation assets	Other	
As at 1 January 2024							
Gross carrying amount	23 887	18 503	6 265	245	3 541	1 493	53 934
Accumulated depreciation/amortisation	(11 688)	(9 890)	-	-	-	(354)	(21 932)
Impairment losses	(3 965)	(1 348)	(966)	(157)	(2 003)	(68)	(8 507)
Net carrying amount, of which:	8 234	7 265	5 299	88	1 538	1 071	23 495
own fixed assets and intangible assets	7 794	7 202	5 299	88	1 538	1 071	22 992
leased fixed assets (right-to-use)	440	63	-	-	-	-	503
Changes in 2024 net							
Settlement of fixed assets under construction	1 267	2 502	(3 769)	(4)	-	4	-
Purchase	-	-	2 872	4	116	59	3 051
Leases – new contracts, modification of contracts	(30)	29	-	-	-	-	(1)
Stripping cost in surface mines	711	-	-	-	-	-	711
Self-constructed	-	-	1 369	-	54	1	1 424
Capitalised borrowing costs	-	-	212	-	68	-	280
Note 9.4 Change in provisions for decommissioning costs of mines and other technological facilities	135	-	-	-	-	-	135
Note 4.1 Depreciation/amortisation, of which:	(781)	(1 394)	-	-	-	(20)	(2 195)
own fixed assets and intangible assets	(747)	(1 372)	-	-	-	(20)	(2 139)
leased fixed assets (right-to-use)	(34)	(22)	-	-	-	-	(56)
Note 4.4 (Recognition)/reversal of impairment losses, of which:	21	6	(2)	-	(9)	(4)	12
own fixed assets and intangible assets	21	6	(2)	-	(9)	(4)	12
leased fixed assets (right-to-use)	-	-	-	-	-	-	-
Exchange differences from the translation of statements of operations with a functional currency other than PLN	48	50	21	4	57	1	181
Reclassification to assets held for sale, of which:	(57)	(27)	(4)	-	(17)	-	(105)
gross carrying amount	(3 668)	(571)	(4)	-	(125)	-	(4 368)
accumulated depreciation/amortisation	1 887	455	-	-	-	-	2 342
impairment losses	1 724	89	-	-	108	-	1 921
Utilisation of impairment losses	3	8	2	1	-	-	14
Liquidation, sale, donations and free of charge transfer	(8)	(38)	(2)	-	-	(4)	(52)
Settlement of fixed assets under construction into intangible assets	-	-	(67)	-	67	-	-
Recognition/(redemption) of CO ₂ emission allowances	-	-	-	-	-	(248)	(248)
Transfers between groups	209	-	-	-	-	-	209
Transfer of mining and metallurgical property, plant and equipment into other property, plant and equipment	(145)	(125)	270	-	-	-	-
Other changes	(10)	(2)	(22)	(1)	2	2	(31)
As at 31 December 2024							
Gross carrying amount	22 785	19 664	6 873	255	3 797	1 302	54 676
Accumulated depreciation/amortisation	(10 732)	(9 990)	-	-	-	(371)	(21 093)
Impairment losses	(2 456)	(1 400)	(694)	(163)	(1 921)	(69)	(6 703)
Net carrying amount, of which:	9 597	8 274	6 179	92	1 876	862	26 880
own fixed assets and intangible assets	9 221	8 204	6 179	92	1 876	862	26 434
leased fixed assets (right-to-use)	376	70	-	-	-	-	446

Mining and metallurgical property, plant and equipment and intangible assets

	Property, plant and equipment			Intangible assets			Total
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction	Water rights	Exploration and evaluation assets	Other	
As at 1 January 2025							
Gross carrying amount	22 785	19 664	6 873	255	3 797	1 302	54 676
Accumulated depreciation/amortisation	(10 732)	(9 990)	-	-	-	(371)	(21 093)
Impairment losses	(2 456)	(1 400)	(694)	(163)	(1 921)	(69)	(6 703)
Net carrying amount, of which:	9 597	8 274	6 179	92	1 876	862	26 880
own fixed assets and intangible assets	9 221	8 204	6 179	92	1 876	862	26 434
leased fixed assets (right-to-use)	376	70	-	-	-	-	446
Changes in 2025 net							
Settlement of fixed assets under construction	900	2 031	(2 931)	(4)	2	2	-
Purchase	-	-	2 362	4	119	9	2 494
Leases – new contracts, modification of contracts, other changes	52	4	-	-	-	-	56
Stripping cost in surface mines	400	-	-	-	-	-	400
Self-constructed	-	-	1 548	-	49	-	1 597
Capitalised borrowing costs	-	-	266	-	40	-	306
Note 9.4 Change in provisions for decommissioning costs of mines and other technological facilities	58	-	-	-	-	-	58
Note 4.1 Depreciation/amortisation, of which:	(898)	(1 521)	-	-	-	(18)	(2 437)
own fixed assets and intangible assets	(868)	(1 500)	-	-	-	(18)	(2 386)
leased fixed assets (right-to-use)	(30)	(21)	-	-	-	-	(51)
Note 4.4 (Recognition)/reversal of impairment losses, of which:	(27)	(53)	(44)	-	(7)	(9)	(140)
own fixed assets and intangible assets	(27)	(53)	(44)	-	(7)	(9)	(140)
leased fixed assets (right-to-use)	-	-	-	-	-	-	-
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(159)	(149)	(78)	(11)	(184)	(2)	(583)
Utilisation of impairment losses	3	21	51	-	3	12	90
Accepted from the settlement of intangible assets not yet available for use	-	16	-	-	-	-	16
Liquidation, sale, donations and free of charge transfer	(14)	(43)	(52)	-	(3)	(12)	(124)
Settlement of fixed assets under construction into intangible assets	-	-	(56)	-	56	-	-
Recognition/(redemption) of CO ₂ emission allowances	-	-	-	-	-	(68)	(68)
Transfers between groups	-	-	(21)	-	-	-	(21)
Reclassification of an impairment loss due to the settlement of expenditures on property, plant and equipment	(62)	(50)	110	-	-	-	(2)
Other changes	(10)	8	(1)	-	1	(10)	(12)
As at 31 December 2025							
Gross carrying amount	23 202	20 490	7 903	224	3 700	1 184	56 703
Accumulated depreciation/amortisation	(11 050)	(10 545)	-	-	-	(357)	(21 952)
Impairment losses	(2 312)	(1 407)	(570)	(143)	(1 748)	(61)	(6 241)
Net carrying amount, of which:	9 840	8 538	7 333	81	1 952	766	28 510
own fixed assets and intangible assets	9 442	8 485	7 333	81	1 952	766	28 059
leased fixed assets (right-to-use)	398	53	-	-	-	-	451

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

	As at 31 December 2025	As at 31 December 2024
Deposit Access Program	4 068	3 504
Construction of the SW-4 shaft	752	718
Underground copper and nickel mine construction project in Canada - Victoria project	655	519
Investment activity related to the development and operation of the Żelazny Most Tailings Storage Facility	297	176
Outfitting the mines	277	363
Work involving actions to restrict the level of the water hazard carried out as part of the project called Anti-filtration barrier	248	100
Construction of conveyors in the Lubin mine	126	136
Development of pipeline network in mines	65	88
Purchase of mining machinery	32	61

Note 9.1.2 Exploration and evaluation assets

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

Operating segment	Description	As at 31 December 2025		As at 31 December 2024	
		Gross carrying amount	Impairment losses	Gross carrying amount	Impairment losses
KGHM Polska Miedź S.A.	Exploration for and evaluation of a deposit of potassium and magnesium salts in the vicinity of Puck "PUCK"	209	-	205	-
KGHM Polska Miedź S.A.	Exploration for and evaluation of economic copper mineralisation in the Retków Ścinawa region	183	-	168	-
KGHM Polska Miedź S.A.	Exploration for and evaluation of economic copper mineralisation in the Synklina Grodziecka region -SYNKLINA	118	118	118	118
KGHM Polska Miedź S.A.	Exploration and evaluation of economic copper mineralisation in the Głogów region - Głogów	63	-	63	-
KGHM INTERNATIONAL LTD.	Expenditures related to exploratory work, mainly within the Victoria project located in Canada	2 248	1 023	2 404	1 148
KGHM INTERNATIONAL LTD.	Expenditures related to exploratory work within the Ajax project	542	542	588	588

Note 9.1.3 Expenses related to mining and metallurgical assets

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Purchase	(2 494)	(3 051)
Self-constructed fixed assets	(1 597)	(1 424)
Stripping costs of surface mines	(400)	(711)
Costs of external financing	(306)	(280)
Change in liabilities due to purchases	(221)	107
Other	131	183
Total*	(4 887)	(5 176)

* Including expenses on exploration and evaluation assets in the amount of PLN 206 million (in 2024: PLN 199 million).

Note 9.2 Other property, plant and equipment and intangible assets

Accounting policies	
Other property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Depreciation is done using the straight-line method.	
For individual groups of fixed assets, the following useful lives have been adopted:	
The Group	Total useful lives
Buildings	25-60 years
Technical equipment and machines	4-15 years
Motor vehicles	3-14 years
Other fixed assets	5-10 years
Intangible assets presented as “other intangible assets” include in particular: acquired property rights not related to mining operations and software as well as CO ₂ emission allowances (the appropriate accounting policies in this regard may be found in Note 9.8). These assets are measured at cost less any accumulated amortisation and impairment losses.	
Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the main groups of intangible assets are as follows:	
The Group	Total useful lives
Acquired property rights not related to mining activities	5-50 years
Software	2-5 years
Other intangible assets	40-50 years

Other property, plant and equipment and intangible assets

	Property, plant and equipment			Intangible assets	Total
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction		
As at 1 January 2024					
Gross carrying amount	2 925	3 432	231	747	7 335
Accumulated depreciation/amortisation	(1 082)	(1 856)	-	(282)	(3 220)
Impairment losses	(448)	(255)	(6)	(152)	(861)
Net carrying amount, of which:	1 395	1 321	225	313	3 254
own fixed assets and intangible assets	1 263	1 252	225	313	3 053
leased fixed assets (right-to-use)	132	69	-	-	201
Changes in 2024 net					
Settlement of fixed assets under construction	161	307	(468)	-	-
Purchase	-	-	486	48	534
Self-constructed	-	-	165	-	165
Leases – new contracts, modification of contracts	1	28	-	-	29
Note 4.1 Depreciation/amortisation, of which:	(29)	(265)	-	(23)	(317)
own fixed assets and intangible assets	(27)	(240)	-	(23)	(290)
leased fixed assets (right-to-use)	(2)	(26)	-	-	(28)
Note 4.4 (Recognition)/reversal of impairment losses, of which:	(17)	(231)	-	(2)	(250)
own fixed assets and intangible assets	(11)	(231)	-	(2)	(244)
right-to-use (leased fixed assets)	(6)	-	-	-	(6)
Liquidation, sale, donations and free of charge transfer	-	(10)	(1)	(34)	(45)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	16	-	-	-	16
As at the date of obtaining control over a subsidiary, of which:	42	159	1	-	202
own fixed assets and intangible assets	18	159	1	-	178
right-to-use (leased fixed assets)	24	-	-	-	24
Transfers between groups	(209)	-	-	-	(209)
Recognition/(redemption) of CO ₂ emission allowances received free of charge	-	-	-	(96)	(96)
Other changes	(19)	-	30	7	18
As at 31 December 2024					
Gross carrying amount	2 922	3 736	444	664	7 766
Accumulated depreciation/amortisation	(1 116)	(1 941)	-	(299)	(3 356)
Impairment losses	(465)	(487)	(6)	(152)	(1 110)
Net carrying amount, of which:	1 341	1 308	438	213	3 300
own fixed assets and intangible assets	1 192	1 237	438	213	3 080
leased fixed assets (right-to-use)	149	71	-	-	220

Other property, plant and equipment and intangible assets

	Property, plant and equipment			Intangible assets	Total
	Buildings and land	Technical equipment, machines, motor vehicles and other fixed assets	Fixed assets under construction		
As at 1 January 2025					
Gross carrying amount	2 922	3 736	444	664	7 766
Accumulated depreciation/amortisation	(1 116)	(1 941)	-	(299)	(3 356)
Impairment losses	(465)	(487)	(6)	(152)	(1 110)
Net carrying amount, of which:	1 341	1 308	438	213	3 300
own fixed assets and intangible assets	1 192	1 237	438	213	3 080
leased fixed assets (right-to-use)	149	71	-	-	220
Changes in 2025 net					
Settlement of fixed assets under construction	326	318	(644)	-	-
Purchase	-	-	485	77	562
Self-constructed	-	-	105	-	105
Leases – new contracts, modification of contracts, other changes	2	30	-	-	32
Note 4.1 Depreciation/amortisation, of which:	(96)	(265)	-	(20)	(381)
own fixed assets and intangible assets	(95)	(236)	-	(20)	(351)
leased fixed assets (right-to-use)	(1)	(29)	-	-	(30)
Note 4.4 (Recognition)/reversal of impairment losses, of which:	(201)	(35)	(4)	(2)	(242)
own fixed assets and intangible assets	(180)	(35)	(4)	(2)	(221)
right-to-use (leased fixed assets)	(21)	-	-	-	(21)
Liquidation, sale, donations and free of charge transfer	(2)	(35)	(2)	(24)	(63)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(35)	-	-	-	(35)
Transfers between groups	-	-	21	-	21
Recognition/(redemption) of CO ₂ emission allowances received free of charge	-	-	-	(69)	(69)
Utilisation of impairment losses	4	16	-	-	20
Other changes	10	-	4	6	20
As at 31 December 2025					
Gross carrying amount	3 158	3 886	412	641	8 097
Accumulated depreciation/amortisation	(1 165)	(2 043)	-	(306)	(3 514)
Impairment losses	(644)	(506)	(9)	(154)	(1 313)
Net carrying amount, of which:	1 349	1 337	403	181	3 270
own fixed assets and intangible assets	1 220	1 265	403	181	3 069
leased fixed assets (right-to-use)	129	72	-	-	201

Note 9.3 Depreciation/amortisation

	Property, plant and equipment		Intangible assets	
	from 1 January 2025 to	from 1 January 2024 to	from 1 January 2025 to	from 1 January 2024 to
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Note 4.1 Total depreciation/amortisation	2 780	2 470	38	43
settled in profit or loss, of which:				
cost of manufacturing products	2 333	1 968	33	38
administrative expenses	2 289	1 925	31	36
selling costs	34	34	2	2
being part of the manufacturing cost of assets	10	9	-	-
	447	502	5	5

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

Accounting policies
<p>The provision for future decommissioning costs of mines and other technological facilities is recognised based on the estimated expected costs of decommissioning of such facilities and of restoring the sites to their original condition following the end of operations, which are made on the basis of ore extraction forecasts (for mining facilities), and technical-economic studies prepared either by specialist firms or by the Parent Entity.</p> <p>In the case of surface mines, certain actions and costs may influence the scope of restoration work, such as costs of hauling barren rock, incurred during mine life and due to its operations, are recognised as operating costs being an integral part of the production process and are therefore excluded from costs that are a basis of calculating the provision for mine decommissioning.</p> <p>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:</p> <ol style="list-style-type: none"> 1) calculating of the estimated decommissioning costs to the current value in connection with the change in prices using the price change indices of construction-assembly production published by the Central Statistical Office. 2) discounting of the decommissioning costs to the current value using effective discount rates calculated based on the nominal interest rates and the inflation rate (quotient of the nominal rate and the inflation rate), whereby: <ul style="list-style-type: none"> – the nominal interest rate in the Parent Entity is based on the yield on treasury bonds at the end of the reporting period, with maturities nearest to the planned financial outflow and if there are no treasury bonds with maturities close to the planned financial outflows – the nominal interest rate is determined by the professional judgment of the Parent Entity's Management on the basis of the consistency of the adopted assumptions. In the KGHM INTERNATIONAL LTD. Group it is the rate of return on investments in ten- and twenty-year treasury bills of the US Federal Reserve and the rate of return on investments in five-year treasury bonds issued by the governments of Canada and Chile. – the inflation rate is based on the forecast of future inflation used in the calculation of future employee benefits liabilities. <p>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).</p> <p>The increase in the provision due to the time lapse is recognised in finance costs.</p> <p>The provision for decommissioning costs of mines and other technological facilities includes balances of the Mine Closure Fund and Tailings Storage Facility Restoration Fund, which the Parent Entity creates under separate regulations, i.e. the act of 9 June 2011 Geological and Mining Law and the Act of 14 December 2012 on waste, respectively. The role of the Funds is to secure cash for the future execution by the Parent Entity of its obligations related to the closure, decommissioning and restoration of mines and tailings storage facilities, by collecting them in the manner provided for by the laws.</p> <p>In the case of the Mine Closure Fund, the Parent Entity has separated a bank cash account to which it transfers cash equivalent to 3% of the depreciation charges on fixed assets of mines, determined in accordance with the provisions of the income tax act. Income from cash transferred to a separate bank account increases their value and are recognised in profit or loss as other operating income. Details on the credit risk related to the cash accumulated on the separate account of Mine Closure Fund are presented in Note 7.5.2.4.</p> <p>In accordance with the regulations, one of the forms of securing the funds of the Tailings Storage Facility Restoration Fund are financial guarantees issued by the bank on demand of the Parent Entity, of which the Parent Entity is a beneficiary. As at 31 December 2025 the guarantees amounted to PLN 141 million and their amount is updated on an annual basis. The Parent Entity strives to fully secure funds for the restoration of individual tailings storage facilities in the year for which the liquidation and restoration schedule provides for the closure of a given tailings storage facility, by systematically increasing the value of these guarantees.</p>

Important estimates, assumptions and judgments

For the measurement of provision, the Company adopted an inflation rate at the level of 2.9% for 2026 and for subsequent periods at the level of 2.5%, in line with the long-term inflation target (in the comparable period - 5.6% for 2025 and 2.7% for 2026 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 up to 2035), the Company adopted a risk-free rate of 5.15% (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 up to 2034, a risk-free rate of 5.87% 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).

Estimation of this provision is based on specially-prepared studies using ore extraction forecasts (for mining facilities), and technical-economic expertise. The latest update of the study was prepared as at the end of 2025. Decommissioning costs are calculated based on current prices of the sector for construction and assembly services, which incorporate climate risk by reflecting the current level of costs incurred by the industry to adapt to climate change and to mitigate the effects of climate risks. In the future, as the industry's climate protection costs increase, this indicator will increasingly include climate risk mitigation expenditures. An example of the construction and assembly industry adapting to climate risk is the gradual replacement of combustion-powered machinery with low-emission ones (e.g. battery-powered), used to decommission facilities covered by the provision for decommissioning costs of mines and other technological facilities.

In the KGHM INTERNATIONAL LTD. Group, in the current period for the purpose of the measurement of the provision for decommissioning costs of mines and other technological facilities located in the United States of America and Canada, a real discount rate at the level of 1.87% to 2.62% was adopted depending on the mine (in the comparable period at the level of 1.07% to 2.48%).

With regard to the costs of some activities carried out during the exploratory work of surface mines, which at the same time serve to restore (recultivate) such pits, the Group made a judgment and recognised that these costs are mostly current production costs, because these activities primarily determine the current mine production and revenue generation, and their restoration is a secondary effect. Therefore, the costs of such activities are not included in the measurement of the restoration provision.

Expenditures on the decommissioning of mines and other technological facilities planned for 2026-2075

	2026-2035	2036-2045	2046-2055	2056-2065	2066-2075	Total nominal value
Mines	345	665	565	1 207	87	2 869
Smelters	224	79	3	2	-	308
Total	569	744	568	1 209	87	3 177

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
	2 128	1 974
Note 9.1		
Provisions at the beginning of the reporting period	2 128	1 974
Changes in estimates recognised in fixed assets	58	135
Utilisation	(2)	(2)
Other	(52)	21
Provisions at the end of the reporting period, of which:	2 132	2 128
non-current provisions, including:	2 123	2 084
Mine Closure Fund and Tailings Storage Facility	599	482
Restoration Fund	9	44
current provisions	9	44

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

	As at 31 December 2025	As at 31 December 2024
increase in discount rate by 1 percentage point	(391)	(408)
decrease in discount rate by 1 percentage point	525	522

Note 9.5 Capitalised borrowing costs

During the period from 1 January 2025 to 31 December 2025, the Group recognised PLN 313 million of borrowing costs in property, plant and equipment and intangible assets and in the period from 1 January 2024 to 31 December 2024 - PLN 288 million. The capitalisation rate applied by the Group to determine borrowing costs in 2025 amounted to 5.33%, in 2024: 4.77%.

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

	As at 31 December 2025	As at 31 December 2024
Buildings	170	142
Technical equipment and machines	5	31
Land	1	8
Total	176	181

The carrying amount of assets representing collateral of repayment of financial liabilities as at 31 December 2025 amounted to PLN 176 million, including the carrying amount of assets set as collaterals of repayment of external financing of the companies of the KGHM Polska Miedź S.A. Group as at 31 December 2025 in the amount of PLN 154 million (as at 31 December 2024: PLN 181 million and PLN 120 million, respectively).

Note 9.7 Lease disclosures – the Group as a lessee**Accounting policies**

As a lessee, the Group identifies leases in usufruct agreements, inter alia, land, perpetual usufruct right to land, and transmission easements, as well as technical equipment, machines, and transport vehicles.

The Group applies a uniform lease accounting model, which assumes that the lessee recognises the right-to-use assets and lease liabilities related to all lease agreements, including exemptions. The Group does not recognise lease assets and liabilities in relation to:

- short-term leases - for agreements without the option to purchase an asset, concluded for a period shorter than 12 months from the commencement of the agreement, including agreements concluded for an indefinite period with a short notice period if there is no reasonable certainty that the Group will not make use of termination.
- leases in respect of which the underlying asset has a low value.

In the case of an agreement that is or includes a lease, the Group recognises each lease component under the agreement as a lease, separately from non-lease components.

The right-to-use assets and the measurement policy for these assets are presented in [Note 9.1](#).

The Group initially measures the lease liability at the present value of lease payments due to be paid as at the date of initial recognition, which include: fixed lease payments, variable lease payments which are dependent on an index or rate, amounts which the lessee is expected to pay under the guaranteed residual value, the strike price call option if it is reasonably certain that the lessee will exercise the option, and penalties for terminating the lease if the given lease period was set with the assumption that the lessee will terminate the agreement. In fixed lease payments, the Group also includes payments for the exclusion of land from forestry and agricultural production, if they relate to land used under lease agreements.

The lease payments exclude variable payments made by the lessee to the lessor for the right to use the underlying asset during the lease period, which depend on external factors other than payments based on a rate or index.

After the date the lease began, the Group measures the carrying amount of lease liabilities by:

- an increase due to interest on lease liabilities,
- a decrease due to paid lease payments,
- an update due to reassessment or modification of a lease agreement.

Lease liabilities are presented in [Note 8.4](#).

Lease rate - lease payments are discounted by the Group using the incremental borrowing rate of the lessee, except when the interest rate of a lease agreement can be easily determined.

Important estimates, assumptions and judgmentsIdentification of non-lease components

In the agreements for the lease of mining machinery, apart from the lease component, the Group identified non-lease components related to the provision of services other than the lease of assets. To separate the lease and non-lease components, the Group made a judgment, respectively allocating the remuneration for a given agreement to both components, based on the relative unit price of the lease component and the total unit price of the non-lease components.

Estimation of the incremental borrowing rate of the lease

For the purpose of calculating the discount rates under IFRS 16, the Group assumes that the discount rate should reflect the cost of financing that would be incurred to purchase the leased item. The Group calculates the incremental borrowing rates, for individual time ranges of lease agreements, on a quarterly basis and this rate is used to measure lease liabilities arising from lease agreements concluded or modified during a given quarter.

The materiality threshold for leases of low-value of underlying assets is set at PLN 20 000.

Lease disclosures – the Group as a lessee

		from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
<u>Note 9.1</u> <u>Note 9.2</u>	Depreciation/amortisation cost	81	84
<u>Note 4.3</u>	Interest cost	4	10
	Short-term lease cost	8	6
	Cost associated with leases of low-value of underlying assets not recognised as short-term agreements	2	5
	Cost associated with variable lease payments not recognised in the measurement of lease liabilities	9	8
<u>Note 8.4.2</u>	Total cash outflows due to leases	135	137
<u>Note 9.1</u> <u>Note 9.2</u>	Increase in right-to-use assets	88	28
		As at 31 December 2025	As at 31 December 2024
<u>Note 9.1</u> <u>Note 9.2</u>	Carrying amount of right-to-use assets (division by underlying assets in notes, pursuant to references)	652	666
<u>Note 8.4.2</u>	Carrying amount of right-to-use liabilities	730	733

In 2025 and in comparable period, the Group did not enter into sales and leaseback transactions.

As at 31 December 2025, the Group has lease agreements that contain extension options and termination options, and the estimated value of future cash outflows, to which the Group is potentially exposed and are not included in the measurement of lease liabilities amount to PLN 16 million and PLN 29 million respectively (as at 31 December 2024: PLN 26 million and PLN 42 million). The Group has lease agreements with guaranteed residual values, but they were included in the measurement of lease liabilities. Moreover, in the comparable period, the Group had lease agreements that had not commenced yet, to which it is obliged as a lessee, and the value of future cash outflows in this respect amounted to PLN 13 million.

Note 9.8 Greenhouse gas emissions allowances

Accounting policies
<p>CO₂ emission allowances received free of charge and purchased, intended to be used for the entity's own needs, are recognised as intangible assets.</p> <p>At the moment of initial recognition:</p> <ul style="list-style-type: none"> • CO₂ 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 CO₂ emission allowances are measured at cost. <p>At the end of the reporting period, emission allowances are measured at initial value less amortisation and impairment losses. The value of the CO₂ emission allowances is not subject to depreciation/amortisation, if their end value is equal to or higher than their carrying amount.</p> <p>Disposals of the emission allowances recognised as intangible assets are carried out in accordance with the FIFO method. CO₂ emission allowances recognised as intangible assets are settled and excluded from the register whenever they are redeemed* by the Group. The settlement of CO₂ emission allowances is recognised in the provision which is created in accordance with the obligation to redeem the allowances.</p> <p>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.</p> <p>The provision is recognised in the production cost.</p> <p>In the statement of profit or loss, the Group settles the subsidy recognised in deferred income in the period for which it was granted. The subsidy settled up to the cost of the created provision (respectively to the tonnage of CO₂ 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 in other operating income.</p> <p><i>* 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.</i></p>

Financial statements item	As at 31 December 2025		As at 31 December 2024	
	amount (t)	value	amount (t)	value
Intangible assets of which:	1 616 575	472	1 949 883	589
purchased CO ₂ emission allowances	185 786	52	646 298	187
CO ₂ emission allowances received free of charge	1 430 789	420	1 303 585	402
Accruals	1 646 001	501	1 615 578	496

Financial statements item	from	from
	1 January 2025 to 31 December 2025	1 January 2024 to 31 December 2024
Financial result (excluding the tax effect), of which:	170	204
Cost of sold products	170	199
Other operating income	-	5

Note 9.9 Assets held for sale (disposal group) and liabilities associated with them

Accounting policies
<p>Non-current assets (or disposal groups) are classified by the Group as held for sale, if their carrying amount will be recovered by a sale transaction rather than by continued usage, contingent on their availability for immediate sale in their current condition and maintaining conditions that are customarily applied in the sale of these assets (or disposal groups) and their sale is highly probable. A sale is understood as highly probable if the Group is determined to fulfil the plan to sell an asset or a disposal group, actions were undertaken to actively search for a buyer, an asset is offered at cost, which is rational as compared to its current fair value, and the Group intends to sell an asset within a year from the classification day. Extension of the period required to conclude the sale by more than one year is possible only if the delay was caused by events or circumstances outside of the Group's control, and the Group itself may prove that it is determined to fulfil the plan to sell an asset.</p> <p>At the moment of reclassification, these assets are measured at the lower of the following values: the carrying amount or the fair value decreased by costs to sell. The difference between the measurement at fair value is recognised in other operating costs. At the moment of later measurement, the potential reversal of fair value is recognised in other operating income.</p>

In the current period, part of the assets of the Sudbury Basin and liabilities associated with them, which in the comparable period were reclassified to held for sale (disposal groups), were disposed. Details are presented in the information below.

Assets and liabilities of the Sudbury Basin in the KGHM INTERNATIONAL LTD. Group

In connection to a Share Purchase Agreement which was entered into on 11 September 2024 for the sale of shares of the special purpose company Project Nikolas Company Inc. by FNX Mining Company Inc. to Magna Mining Inc., the sale transaction of a part of the assets of the Sudbury Basin, i.e the mines McCreedy West, Levack/Morrison and Podolsky, as well as exploration concessions: Kirkwood, Falconbridge, NW Foy, Rand and North Range, and liabilities associated with them, was concluded on 28 February 2025.

The agreed purchase price comprised the cash contribution in the amount of CAD 5.3 million at the moment of closure of the transaction, CAD 2 million deferred to 31 December 2026 as an unconditional cash payment, the acquisition by FNX Mining Company Inc. of 1 180 705 shares in the company Magna Mining Inc. in the amount of CAD 2 million and conditional payments in the total maximum amount of up to CAD 24 million.

The profit on the sale in the amount of PLN 70 million was recognised in the item "Other operating income".

Settlement of the sale transaction of assets and liabilities of Sudbury Basin

	PLN million
Initial purchase price – cash received	15
Deferred payment (current value)	5
Value of received Magna Mining Inc. shares	6
Initial acquisition price	26
Carrying amount of assets and liabilities subject to the sale transaction	(29)
Cash contributed to Project Nikolas Company Inc. before disposal	1
Value of contingent payments	15
Profit on the sale	69
Exchange differences reclassified from other comprehensive income to gains on disposal	1
Gain on disposal in consolidated statement of profit or loss	70

The individual assets held for sale and liabilities associated with them were presented in the segment KGHM INTERNATIONAL LTD.

The value of the assets sold and liabilities associated with them have been presented together with continued activities in the consolidated statement of profit or loss, the consolidated statement of cash flows and in the explanatory notes to these statements, as they represent neither a material part of the activities nor an element of the broader plan of disposal of a material part of the activities (IFRS 5.32 a and b).

Main groups of selected assets and liabilities of the Sudbury Basin classified to disposal group

	As at 28 February 2025 (date of disposal - date of loss of control)	As at 31 December 2024 (presented under assets and liabilities classified to Disposal group)
ASSETS		
Mining and metallurgical property, plant and equipment	80	82
Mining and metallurgical intangible assets	14	17
Mining and metallurgical property, plant and equipment and intangible assets	94	99
Deferred tax assets	9	-
Non-current assets	103	99
Inventories	22	24
Current assets	22	24
TOTAL ASSETS HELD FOR SALE (DISPOSAL GROUP)	125	123
LIABILITIES		
Provisions for decommissioning costs of mines and other technological facilities	37	38
Other liabilities – liabilities due to Franco Nevada streaming contract	100	108
Non-current liabilities	137	146
Other liabilities – liabilities due to Franco Nevada streaming contract	17	14
Current liabilities	17	14
TOTAL LIABILITIES RELATED TO DISPOSAL GROUP	154	160

PART 10 – Working capital

Note 10.1 Inventories

Accounting policies
<p>The Group measures inventories at cost, not higher than the sales price less costs of completing production and costs to sell. Any differences in the value of finished goods constitutes a write-down and is recognised in the costs of sold products. Fixed indirect costs of production are allocated on the basis of the normal level of production capacity utilisation. The valuation of the inventory component disposal is made according to the weighted average purchase price and the weighted average actual production cost.</p> <p>The Group also classifies as inventories stand-by spare parts that do not meet the criteria for recognition as property, plant and equipment in accordance with IAS 16 par. 7 and in accordance with the principles of capitalization of significant components, adopted in the accounting principles of the Parent Entity, where a materiality threshold of at least PLN 300 thousand has been set, for which the spare parts are analysed in terms of meeting the capitalization criteria of IAS 16. In relation to the above, stand-by spare parts are in particular recognised as inventories, the value of which is insignificant or are not replaced at regular intervals, or which, after their installation, due to the failure of a spare part in an item of property, plant and equipment, will not contribute to the obtainment of higher economic benefits from further use of this component than those assumed at the moment of initial recognition of the component and putting it into use. The costs of such stand-by spare parts as a current maintenance cost of assets are recognized in profit or loss as they are consumed.</p>

Important estimates, assumptions and judgments
<p>In the consolidated financial statements the volume of those inventories of the KGHM INTERNATIONAL LTD. Group which arise from the leaching process, is determined based on the estimated recovery of metal from ore. The nature of the process of leaching copper from ore limits the precision of monitoring the level of inventories arising during this process. In subsequent reporting periods, adjustments are made to the estimated recovery of copper from the leaching of ore in a given reporting period to the level of production achieved in the subsequent period.</p> <p>As at 31 December 2025 the provisionally-set value of inventories amounted to PLN 9 million (as at 31 December 2024, PLN 21 million).</p> <p>The Group measures inventories at cost, not higher than the net sales price. The Group determines the net sales price of copper at the end of the reporting period on the basis of the forward LME (London Metal Exchange) curve for the metal, set for months in which the sale of copper inventories will be made.</p>

	As at 31 December 2025	As at 31 December 2024
Materials	1 648	1 736
Half-finished goods and work in progress	6 460	4 566
Finished products	1 409	1 664
Merchandise	91	97
Note 10.4 Total inventories	9 608	8 063
	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Note 4.4 Write-downs of inventories in the financial year		
Write-down recognised in cost of sales	(30)	(87)*
Write-down reversed in cost of sales	21	16
	As at 31 December 2025	As at 31 December 2024
Maturities of inventories		
Over 12 months from the end of the reporting period	725	510
Up to 12 months from the end of the reporting period	8 883	7 553

* Including: PLN 55 million due to a write-down recognised in KGHM INTERNATIONAL LTD. since the cost was higher than the net realisable value.

As at 31 December 2025 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 and packages of spare parts deposited as part of contractual obligations. Moreover, the KGHM INTERNATIONAL LTD. Group has an inventory of ore which will be used in the period of over 12 months.

Note 10.1.1 Property rights arising from certificates of origin for electricity generated in renewable energy sources and from energy efficiency

Accounting policies
<p>Property rights to energy are certificates attesting to the source of electricity which confirm that the electricity is generated by renewable energy sources (RES).</p> <p>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.</p> <p>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.</p> <p>As at the end of reporting period, these assets are measured at cost less any impairment losses, though no higher than the net sale price.</p> <p>Freely acquired, granted by the President of the Energy Regulatory Office, certificates of origin for energy from renewable sources and certificates resulting from the act on energy efficiency are recognised as merchandise, while their free acquirement is treated as a non-financial subsidy and is measured at the moment of initial recognition at fair value based on the current market price.</p> <p>The subsidy resulting from the receipt of freely acquired property rights to coloured energy is recognised in the statement of profit or loss as reduction of cost of generating the energy from renewable energy resources at the moment of initial recognition.</p> <p>The subsidy resulting from the receipt of freely acquired certificates attesting to energy efficiency are recognised as a subsidy to assets, in deferred income, and is systematically settled in the financial result in other operating income, following the depreciation of fixed assets, whose acquisition/generation resulted in the arising of the energy efficiency for which the Group received the certificates.</p> <p>At the end of the reporting period, freely acquired property rights to energy and certificates attesting to energy efficiency are measured at initial cost less any impairment losses, though no higher than the net sale price.</p> <p>Measurement of the disposal of property rights and of certificates attesting to energy efficiency are made using the FIFO method. 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.</p> <p><u>Provision for costs of meeting the obligation to redeem property rights to energy and of certificates attesting to energy efficiency</u></p> <p>Due to the obligation to redeem property rights to energy and of certificates attesting to energy efficiency, the entities of the Group create a provision in accruals.</p> <p>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.</p> <p>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.</p>

Recognition of property rights to coloured energy and white certificates

Financial statements item	As at 31 December 2025		As at 31 December 2024	
	amount	value	amount	value
Inventories - merchandise, of which:		13		11
green property rights (MWh)	87 829	1	158 009	6
blue property rights (MWh)	3 459	1	11 128	3
white certificates (TOE)	766 214	11	640	2
Accruals, of which:		12		17
provision for redemption of green property rights (MWh)	46 143	1	107 229	5
provision for redemption of blue property rights (MWh)	2 683	1	10 723	3
provision for redemption of white certificates (TOE)	4 413	10	3 640	9

Item from the statement of profit or loss	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Profit or loss (excluding the tax effect), of which:	13	18
Cost of products sold	9	15
Cost of merchandise sold	3	2
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 in which case the receivables are initially recognised at fair value). After initial recognition, trade receivables are measured as follows:

- receivables not transferred to non-recourse factoring and not based on the M+ pricing formula*: at amortised cost while taking into account the loss allowance for expected credit losses (ECL). Trade receivables with maturity dates of less than 12 months are not discounted.
- receivables transferred to non-recourse factoring: at fair value through profit or loss, where the fair value is determined in the amount of their carrying amount less the factor's compensation, which include, among others, interest costs and risk assumption costs. Because of the short duration between the transferral of receivables to the factor and its payment and due to the low credit risk of the counterparty (factor), the fair value of these receivables does not include the impact of these factors. Receivables transferred to non-recourse factoring are obligatorily designated to the category of financial assets measured at fair value through profit or loss, because they were classified to a business model in which cash flows are realised solely by selling financial assets.
- receivables based on the M+ pricing formula: at fair value through profit or loss, where fair value is set as the nominal value (i.e. at the price in the invoice), adjusted by the impact of market and credit risks. Adjustment due to the market risk is calculated as the difference between the current market price for a given pricing period in the future (the period in which there will be a final determination of the settlement price) and the receivables' price recognised in the accounting books (multiplied by the sales volume). Adjustment due to the credit risk is calculated analogously to the calculation of expected credit losses for trade receivables measured at amortised cost. Receivables based on the M+ pricing formula are obligatorily designated to the category of financial assets measured at fair value through profit or loss, because these receivables do not pass the SPPI contractual cash flow test (solely payments of principal and interest) because of the element of variable price after the date of initial recognition of the receivables.

Receivables may be measured at fair value both based on the applied M+ pricing formula as well as due to transferral to factoring. The measurements are carried out independently of each other. The result of both measurements is recognised in the profit or loss in other operating income/(costs).

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

The Group is exposed to the credit risk and currency risk related to trade receivables. Credit risk management and assessment of the credit quality of receivables is presented in [Note 7.5.2.3](#). Information on currency risk is presented in [Note 7.5.1.3](#).

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

	As at 31 December 2025	As at 31 December 2024
Trade receivables measured at amortised cost - gross value	578	678
Loss allowance for an expected credit loss	(35)	(40)
Trade receivables measured at amortised cost - net value	543	638
Trade receivables measured at fair value	1 342	707
Total trade receivables	1 885	1 345

Note 10.4

Note 10.3 Trade and other payables**Accounting policies**

Trade and other payables are initially recognised at fair value less transaction cost and are measured at amortised cost at the end of the reporting period.

Interest due to repayment of payables at a later date, in particular trade payables within the reverse factoring mechanism, is recognised in profit or loss, in the item “finance costs”.

Important estimates, assumptions and judgments

Trade and other payables presented in the statement of financial position also contain trade payables within the reverse factoring mechanism, which are in the category of “other”.

Moreover, this item also includes intra-group trade payables transferred by the debtor to the factor, for which the debtor received payment from the factor. At the moment of transfer of the liabilities to reverse factoring, the Parent Entity recognises payables towards the factor*, who due to the subrogation of receivables, from the legal point of view, assumes the rights and obligations common for trade payables.

Reverse factoring is not directly regulated by IFRS, and as a result of the ambiguous nature of these transactions, it was necessary for the Parent Entity to make an important judgment on the presentation of balances of payables transferred to factoring in the statement of financial position and the presentation of transactions in the statement of cash flows.

In the Parent Entity's opinion, in presenting the balance of trade payables transferred to reverse factoring as „Trade and other payables” together with other trade payables and not as debt liabilities, the following aspects had a crucial impact:

- from the legal point of view, at the moment of subrogation of trade payables by the reverse factoring there is a transfer of rights and obligations arising from the liabilities, rather than their expiry and the establishment of new rights and obligations in respect of the factor,
- there is no establishment of new guarantees related to the reverse factoring, nor are there any changes in commercial terms related to any breach of the contract terms and annulment of a contract,
- the goal of the program is not only to improve the Parent Entity's liquidity, but also to provide support to suppliers engaged in obtaining favourable financing in order to build long term business relationships,
- the established payment deadlines, as well as payment models (including as regards interest and discounting) do not change in respect of trade payables towards a given supplier which are not subject to reverse factoring. In light of the above, as well as taking into account the established interest rates and discounts and extended repayment periods, cash flows related to the liabilities transferred to reverse factoring do not change by more than 10%,
- costs related to reverse factoring are incurred both by the Parent Entity and its suppliers. The Parent Entity incurs interest cost arising from the payment of liabilities over an extended period, while the supplier incurs a discount cost due to early (that is, before the end of the base term, which is usually 60 days) payment received from the factor,
- the Parent Entity, together with individual suppliers, on the basis of signed contracts, will determine which invoices will be transferred to reverse factoring, and what the deadline for early payment to the supplier through the factor will be.

Moreover, although the Parent Entity identified characteristics which indicate the nature of reverse factoring as liabilities due to financing (liability due to credit granted by the factor), they were judged by the Parent Entity to be insufficient for the purpose of recognising that, at the moment of transfer of trade payables to reverse factoring, there is a complete change in the nature of the relationship from that of a trade to a debt one, which would necessitate presentation in the statement of financial position as debt financial liabilities and presentation in the statement of cash flows, in financial activities:

- the factor is a bank, and at the moment of subrogation by the factor there is a change in the debtor,
- in order to obtain more favourable terms, the factoring agreement was negotiated with the factor by the Parent Entity and not directly by the suppliers,
- the actual deadline for the payment of trade payables subject to reverse factoring amounts up to 180 days and is longer than the deadline for the payment of other trade payables, which are not transferred to factoring, which usually amounts to 60 days,
- the main costs of trade payables within the reverse factoring mechanism are incurred by the Parent Entity, and suppliers are charged only if they receive payment on the date before the date stipulated in the trade contract, which usually amounts to 60 days from the day of receiving the invoice by the Company (discount for the payment before 60 days or other, stipulated in the trade contract).

As part of the analysis of IFRS in the context of presenting the balance of trade payables within the reverse factoring mechanism, the Parent Entity also analysed the statement published in December 2020 by the International Financial Reporting Interpretations Committee (Committee) on the presentation of transactions within the reverse factoring mechanism in the statement of financial position and the statement of cash flows. In the Parent Entity's opinion, the aspects indicated by the Committee as well as the summary of the key requirements related to the analysed issue do not have an impact on the conclusions of the assessment conducted by the Parent Entity. The Committee, recommending the appropriate presentation of liabilities subject to reverse factoring, indicated the same issues that were analysed and disclosed by the Parent Entity as part of important judgments above. In particular, in the context of the areas of analysis indicated by the Committee, the Parent Entity confirms that:

- covering the trade payables by the reverse factoring mechanism did not require the establishment of any additional collateral for the bank-factor, nor there are any additional guarantees related to reverse factoring established. Furthermore, there is no change in the trade terms and conditions related to non-compliance with the terms of the contract and the cancellation of the contract,
- taking the above into consideration, and taking into account the agreed interest and discount rates, and the extended repayment date, the cash flows related to the trade payables within the reverse factoring mechanism will not change by more than 10%; thus, the criteria of ceasing the disclosure of liabilities, i.e. the 10% test and the other criteria for ceasing the disclosure of liabilities under IFRS 9 have not been met,
- the agreed payment dates as well as the payment pattern (including interest and discount rates) do not change in relation to trade payables towards a given supplier, which are not covered by reverse factoring mechanism,
- the trade payables within the reverse factoring mechanism are part of the working capital used by the unit in the unit's regular operating cycle.

The Parent Entity indicates that the actual deadline for the payment of trade payables subject to reverse factoring is longer (up to 180 days) than the deadline for the payment of other trade payables, which are not transferred to factoring, which usually amounts to 60 days, which may indicate a change in the nature of these liabilities from trade to debt. However, this characteristic has been judged by the Parent Entity to be insufficient to conclude that when the trade payables was covered by reverse factoring mechanism, the nature of the liability changed completely. Apart from the above criteria, no other terms of liabilities covered by reverse factoring differ from the terms of other trade payables.

Therefore, the Parent Entity's assessment of the nature of trade payables transferred to reverse factoring and their presentation, means that the trade payables transferred to reverse factoring are presented by the Group in the statement of financial position under "Trade and other payables", including those under the "other" category.

Commencing with the annual financial statements published for the year beginning on 1 January 2024, the Group is bound by amendments to IAS 7 and IFRS 7 on the disclosure of information regarding supplier financing mechanisms. The amendments to IAS 7 and IFRS 7 do not affect the method of making judgments, including the criteria analysed above regarding the presentation of trade payables covered by supplier financing programs, because they concern only the disclosure of information on such programs. However, in order to adapt to the most commonly used names of supplier financing programs in the amended IAS 7, paragraph 44G, the Group decided to use the name "reverse factoring" as consistent with the nomenclature used in the IFRS accounting standards and at the same time adequate to the principles of the implemented program. This change is intended to increase the information value of the financial statements for their users.

**The Company has agreements for the provision of reverse factoring services with financial institutions that are factoring companies or banks.*

	As at 31 December 2025	As at 31 December 2024
	195	195
Note 10.4	3 213	3 132
Note 10.4	1 297	2 000
	4 705	5 327

In 2025, the factors' total participation limit in the Parent Entity amounted to PLN 5 150 million (as at 31 December 2024 it amounted to PLN 4 500 million). Group companies do not have agreements for the provision of reverse factoring services. Currently, the Parent Entity has concluded open-ended agreements for the provision of reverse factoring services with several factors. The cost of reverse factoring, depending on the terms of the concluded agreements, is at the level of: for PLN - WIBOR 1M + margin, for EUR - EURIBOR 1M + margin, for USD - Term SOFR 1M/SOFR ON + margin. The reverse factoring program was implemented in 2019 in order to make it possible for the Parent Entity's suppliers to receive repayment of receivables faster, as part of the standard procurement process executed by the Parent Entity, alongside an extension of payment dates of payables by the Parent Entity. In 2025, the Parent Entity transferred to the factors payables in the amount of PLN 5 975 million, and as at 31 December 2025 the

trade payables within the reverse factoring mechanism (i.e. trade payables paid by the factor) amounted to PLN 1 297 million (in the year ended 31 December 2024, the Parent Entity transferred payables in the amount of PLN 7 087 million and the trade payables within the reverse factoring mechanism (i.e. trade payables paid by the factor) amounted to PLN 2 000 million).

In the current year, payments made towards the factors by the Parent Entity amounted to PLN 6 670 million (in the year ended 31 December 2024, PLN 8 131 million). Interest costs paid by the Group towards the factors in 2025 amounted to PLN 101 million (in the year ended 31 December 2024, interest costs paid amounted to PLN 164 million).

Factors' share in the amount of trade payables transferred to reverse factoring

	As at 31 December 2025	As at 31 December 2024
Factor A	53%	13%
Factor B	33%	66%
Factor C	14%	21%
Factor D	0%	0%
Factor E	0%	-
Total	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	<i>Covered by reverse factoring</i>	Extended up to 180 days
		<i>Comparable trade payables not covered by the supplier financing mechanism</i>	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 2025, amounted to PLN 193 million in the non-current part and PLN 720 million in the current part (as at 31 December 2024, PLN 195 million and PLN 847 million, respectively).

The Group is exposed to currency risk arising from trade and other payables, as well as to liquidity risk. Information on currency risk is presented in [Note 7.5.1.3](#) and on liquidity risk in [Note 8.3.1](#).

The fair value of trade and other payables approximates their carrying amount.

Note 10.4 Change in working capital**Accounting policies**

Cash flows arising from interest on reverse factoring transactions are presented in cash flows from financing activities. The actually repaid principal amounts of receivables transferred to reverse factoring to a factor are presented in cash flows from operating activities, and partially also from investment activities. Moreover, the Parent Entity, as regards changes in working capital in the statement of cash flows, presented a separate line “Change in trade payables transferred to reverse factoring” for the purposes of clear and transparent presentation.

Important estimates, assumptions and judgments

The Parent Entity implemented reverse factoring in the period ended on 31 December 2019 (detailed information may be found in [Note 10.3](#)).

Since market practice with respect to the presentation of reverse factoring transactions in the statement of cash flows is not uniform, the Management Board had to apply its own judgment in this regard. In the case of these transactions, the Parent Entity had to make an assessment as to whether expenses related to payments towards the factor should be classified to cash flows from operating activities or to cash flows from financing activities in the statement of cash flows. Pursuant to IAS 7.11, an entity should present cash flows from operating, investing and financing activities in a manner which is most appropriate to its business, because it provides information that allows users of financial statements to assess the impact of those activities on the financial position of the entity and the amount of its cash and cash equivalents.

Due to the above, in the Parent Entity's view:

- presentation of the repayment of the principal amounts of receivables in the trade payables within the reverse factoring mechanism in cash flows from operating activities is compliant with the objective of individual transaction elements and consistent with the presentation of these transactions in the statement of financial position. When legal subrogation of receivables is made by the factor, from a legal standpoint they assume the rights and responsibilities characteristic for trade receivables. Only cash flows from the repayment of principal amounts of receivables from liabilities due to the purchase and construction of fixed assets and intangible assets are presented under investing activities (more information may be found in [Note 10.3](#)).
- the financial aspect related to the factoring transaction is indicated in the presentation of interest in financing activities. This is consistent with recognising this interest in financing costs in the statement of profit or loss pursuant to the accounting policy adopted by the Parent Entity for the presentation of interest cost of reverse factoring in the financial activities.

Moreover, in terms of judgment regarding the presentation of cash flows resulting from reverse factoring transactions in the statement of cash flows in operating activities, the Company also relies on the position of the International Financial Reporting Interpretations Committee (Committee) on the presentation of reverse factoring transactions in the statement of financial position and the statement of cash flows. In its position, the Committee emphasized that the main problem requiring a decision, in terms of presenting reverse factoring transactions in the statement of cash flow under IAS 7, is to determine whether cash flows should be presented as a part of operating or finance activities. The Committee considers that the decision regarding the classification of cash flows resulting from reverse factoring transactions may result from the previously determined classification of the relevant liabilities in the statement of financial position. If an entity concludes that a trade payable within the reverse factoring mechanism is a “Trade and other payable”, and in this way declares it as part of the working capital which is used in the core business of an entity that generates the revenues, the entity shall present the outflow from the payment for those liabilities as arising on operating activities in the statement of cash flows. Otherwise, these cash flows should be recognised in finance activities.

Taking into account the above, the Company assesses the nature of trade payables within the reverse factoring mechanism and presents them in the statement of financial position as “trade and other payables” (information presented in [Note 10.3](#)), which confirms the Company's judgment as to the method of presentation of these transactions in the statement of cash flows as presented in the accounting policies in [Note 10.4](#).

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2025	(8 063)	(1 345)	3 132	2 000	(4 276)
As at 31 December 2025	(9 608)	(1 885)	3 213	1 297	(6 983)
Impact of changes in the statement of financial position	(1 545)	(540)	81	(703)	(2 707)
Exchange differences from translation of statements of operations with a functional currency other than PLN	(71)	(42)	25	-	(88)
Depreciation/amortisation recognised in inventories	352	-	-	-	352
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	7	103	110
Change in liabilities due to interest	-	-	-	7	7
Reclassification to property, plant and equipment	(9)	-	-	-	(9)
Adjustments	272	(42)	32	110	372
Change in the statement of cash flows from operating activities	(1 273)	(582)	113	(593)	(2 335)

* Trade payables within the reverse factoring mechanism

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2024	(8 425)	(932)	3 167	3 021	(3 169)
As at the date of obtaining control of a subsidiary	-	(2)	1	-	(1)
As at 31 December 2024	(8 063)	(1 345)	3 132	2 000	(4 276)
Impact of changes in the statement of financial position	362	(411)	(36)	(1 021)	(1 106)
Exchange differences from translation of statements of operations with a functional currency other than PLN	18	12	(8)	-	22
Depreciation/amortisation recognised in inventories	349	-	-	-	349
Change in liabilities due to purchase of property, plant and equipment and intangible assets	-	-	(127)	-	(127)
Change in liabilities due to interest	-	-	-	14	14
Reclassification to property, plant and equipment	(27)	-	-	-	(27)
Adjustments	340	12	(135)	14	231
Change in the statement of cash flows from operating activities	702	(399)	(171)	(1 007)	(875)

* Trade payables within the reverse factoring mechanism

PART 11 – Employee benefits

Accounting policies

The Group is obliged to pay specified benefits following the period of employment (retirement benefits due to one-off retirement-disability rights, post-mortem benefits and the coal equivalent) and other long-term benefits (jubilee bonuses), in accordance with the Collective Labour Agreement.

The amount of the liabilities due to both of these benefits is estimated at the end of the reporting period by an independent actuary using the projected unit credit method.

The present value of liabilities from these benefits is determined by discounting estimated future cash outflow using the interest rates on treasury bonds expressed in the currency of the future benefits payments, with maturities similar to the date of settlement for liabilities.

Actuarial gains and losses from the measurement of specified benefits following the period of employment are recognised in other comprehensive income in the period in which they arose. Actuarial gains/losses from the measurement of other benefits (benefits due to jubilee bonuses) are recognised in profit or loss.

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 Group's entities is used for setting the present value of estimated future cash outflow due to these benefits. In setting the discount rate for the reporting period, the actuary extrapolates current interest rates of treasury bonds along the yield curve expressed in the currency of the future benefits payments, to obtain a discount rate enabling the discounting of payments with maturities which are longer than the maturities of the bonds.

Other macroeconomic assumptions used to measure liabilities due to future employee benefits, such as the inflation rate or the minimum salary, are based on current market conditions.

The actuarial assumptions adopted for measurement of employee benefits in the Group reflect the economic relationships between factors such as inflation, the salary growth rate, the discount rate and the coal price growth rate.

The assumptions used for measurement as at 31 December 2025 are presented in Note 11.2.

The following sensitivity analysis is based on the same measurement method which was used to measure liabilities recognised in these financial statements, that is the Projected Unit Credit Method. In order to analyse the impact of a given factor (assumption), its value is changed by +/- 1 percentage point, while leaving all other assumptions and the database of people entitled to benefits unchanged. Therefore, the result of analysis shows the impact of change in only one selected factor.

Impact of changes in the assumptions on the balance of liabilities (of the Parent Entity) as at 31 December 2025

	Discount rate		Planned base increases*	
	-1 pp.	+1 pp.	-1 pp.	+1 pp.
Retirement and disability benefits	39	(34)	(37)	48
Coal equivalent	248	(197)	(195)	242
Jubilee awards	39	(34)	(37)	47
Other benefits	3	(2)	(3)	3
Total liabilities	329	(267)	(272)	340
Impact on profit or loss	39	(34)	(37)	47
Impact on other comprehensive income	290	(233)	(235)	293

* 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.

Impact of changes in the assumptions on the balance of liabilities (of the Parent Entity) 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

As the above analysis indicates, the benefits with the longest maturity horizon, i.e. coal equivalents that will be paid to current employees following their retirement or disability leave, are most sensitive to changes in assumptions. For these benefits, the deviation ranges from -17.6% to 23.5% (in the comparable period: from -17.7% to 22.9%).

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 -6.3% to 8.8% (in the comparable period: from -6.2% to 8.6%).

Note 11.1 Employee benefits liabilities

Components of the item: employee benefits liabilities

	As at 31 December 2025	As at 31 December 2024
Non-current	2 892	2 784
Current	290	297
Note 11.2 Liabilities due to future employee benefits programs	3 182	3 081
Employee remuneration liabilities	503	469
Social security liabilities	457	392
Accruals (unused annual leave, bonuses, other)	966	861
Other current employee liabilities	1 926	1 722
Total employee benefits liabilities	5 108	4 803

Employee benefits expenses

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Remuneration	6 806	6 454
Costs of social security and other benefits	2 356	2 232
Costs of future benefits	355	279
Note 4.1 Employee benefits expenses	9 517	8 965

Note 11.2 Change in liabilities related to future employee benefits programs

	Total liabilities	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
As at 1 January 2024	3 384	680	560	2 027	117
Note 11.1 Total costs recognised in profit or loss, of which:	279	72	61	134	12
interest costs	173	35	28	104	6
current service costs	113	44	33	30	6
actuarial gains recognised in profit or loss	(7)	(7)	-	-	-
Note 8.2.2 Actuarial (gains)/losses recognised in other comprehensive income	(335)	-	(10)	(331)	6
Benefits paid	(247)	(82)	(43)	(116)	(6)
As at 31 December 2024	3 081	670	568	1 714	129
Note 11.1 Total costs recognised in profit or loss, of which:	355	151	65	125	14
interest costs	179	39	33	100	7
current service costs	116	52	32	25	7
actuarial losses recognised in profit or loss	60	60	-	-	-
Note 8.2.2 Actuarial (gains)/losses recognised in other comprehensive income	(19)	-	41	(22)	(38)
Benefits paid	(235)	(92)	(45)	(92)	(6)
As at 31 December 2025	3 182	729	629	1 725	99
As at 31 December	2025	2024	2023	2022	2021
Present value of liabilities due to employee benefits	3 182	3 081	3 384	2 893	2 468

Main actuarial assumptions (of the Parent Entity) adopted for measurement as at 31 December 2025:

	2026	2027	2028	2029	2030 and beyond
- discount rate	5.25%	5.25%	5.25%	5.25%	5.25%
- coal price growth rate	-6.10%	2.50%	2.50%	2.50%	2.50%
- rate of growth of the lowest salary	3.00%	4.00%	4.00%	4.00%	4.00%
- expected inflation	2.90%	2.50%	2.50%	2.50%	2.50%
- future expected increase in salary	6.40%	4.00%	4.00%	4.00%	4.00%

Main actuarial assumptions (of the Parent Entity) adopted for measurement as at 31 December 2024:

	2025	2026	2027	2028	2029 and beyond
- discount rate	5.80%	5.80%	5.80%	5.80%	5.80%
- coal price growth rate	-20.48%	0.00%	2.50%	2.50%	2.50%
- rate of growth of the lowest salary	8.51%	4.20%	4.00%	4.00%	4.00%
- expected inflation	5.60%	2.70%	2.50%	2.50%	2.50%
- future expected increase in salary	8.50%	4.20%	4.00%	4.00%	4.00%

For purposes of reassessment of the liabilities at the end of the period, the parameters assumed were based on available forecasts of inflation, analysis of coal prices rates and of the lowest salary rates, and also based on the anticipated profitability of long-term treasury bonds.

Actuarial (gains)/losses as at 31 December 2025 versus assumptions adopted as at 31 December 2024

Change in financial assumptions	15
Change in demographic assumptions	15
Other changes	11
Total actuarial losses	41

Actuarial (gains)/losses as at 31 December 2024 versus assumptions adopted as at 31 December 2023

Change in financial assumptions	(377)
Change in demographic assumptions	60
Other changes	(25)
Total actuarial gains	(342)

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

Maturity profile of future employee benefits liabilities

Year of maturity:	Total liabilities	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
2026	289	88	88	100	13
2027	259	73	84	96	6
2028	190	62	32	90	6
2029	177	53	33	86	5
2030	180	58	36	81	5
Other years	2 087	395	356	1 272	64
Total liabilities in the statement of financial position as at 31 December 2025	3 182	729	629	1 725	99

Maturity profile of future employee benefits liabilities

Year of maturity:	Total liabilities	Jubilee awards	Retirement and disability benefits	Coal equivalent	Other benefits
2025	297	84	71	129	13
2026	260	66	85	103	6
2027	185	58	28	94	5
2028	176	53	29	89	5
2029	170	49	33	83	5
Other years	1 993	360	322	1 216	95
Total liabilities in the statement of financial position as at 31 December 2024	3 081	670	568	1 714	129

PART 12 – Other notes

Note 12.1 Related party transactions

The accounting policies and important estimates and assumptions presented in [Parts 2](#) and [10](#) are applicable to transactions entered into with related parties.

The transactions between the Group and related parties include transactions with:

- the joint venture Sierra Gorda S.C.M.,
- entities controlled or jointly controlled by the State Treasury or over which it has significant influence, and
- the Management Board and the Supervisory Board (remuneration) – [Note 12.10](#).

Operating income from related entities

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Revenues from sales of products, merchandise and materials to a joint venture Sierra Gorda S.C.M.	18	16
Interest income on loans granted to a joint venture Sierra Gorda S.C.M.	557	552
Revenues from other transactions with a joint venture Sierra Gorda S.C.M.	6	18
Revenues from other transactions with other related parties	33	14
Total	614	600

Purchase from related entities

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Purchase of services, merchandise and materials	39	37
Other purchase transactions	5	7
Total	44	44

Trade and other receivables from related parties

	As at 31 December 2025	As at 31 December 2024
From the joint venture Sierra Gorda S.C.M. – loans granted	8 436	9 800
From the joint venture Sierra Gorda S.C.M. - other receivables	16	50
From other related parties	6	5
Total	8 458	9 855

Trade and other payables towards related parties

	As at 31 December 2025	As at 31 December 2024
Towards joint venture Sierra Gorda S.C.M.	11	47
Towards other related parties	6	5
Total	17	52

The State Treasury is an entity controlling KGHM Polska Miedź S.A. at the highest level. The Group makes use of the exemption to disclose a detailed scope of information on transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence (IAS 24.25).

In 2025, the Parent Entity and subsidiaries did not enter into significant transactions with related parties under other than arm's length conditions.

Pursuant to the scope indicated in IAS 24.26, the Group informs that as at 31 December 2025 and in the period from 1 January to 31 December 2025, it realised the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence, unusual due to their nature or amount:

- due to an agreement on setting mining usufruct for the extraction of mineral resources and for the exploration for and assessment of mineral resources – balance of payables in the amount of PLN 242 million (as at 31 December 2024: PLN 241 million); including payables due to mining usufruct for the extraction of mineral resources recognised in costs in the amount of PLN 35 million (2024: PLN 34 million),

- due to a reverse factoring agreement - payables in the amount of PLN 438 million and interest costs for the period from 1 January to 31 December 2025 in the amount of PLN 61 million (as at 31 December 2024, payables in the amount of PLN 1 727 million and interest costs for the period from 1 January to 31 December 2024 in the amount of PLN 119 million),
- other transactions and economic operations related to spot currency exchange, depositing cash, granting bank loans, guarantees, and letters of credit (including documentary letters of credit), running bank accounts, servicing of business credit cards, processing of a documentary collection, servicing of special purpose funds, advising on concluding a syndicated revolving loan agreement, advising on issuing corporate bonds and entering into transactions on the forward currency market as part of cooperation with banks related to the State Treasury.

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

The remaining transactions between the Group and the Polish Government and with entities controlled or jointly controlled by the Polish Government, or over which the government has significant influence, were within the scope of ordinary, daily economic operations. These transactions concerned the following:

- the purchase of goods (energy, fuels, services), merchandise, materials and fixed assets to meet the needs of current operating activities. In the period from 1 January to 31 December 2025, the turnover from these transactions amounted to PLN 2 946 million (from 1 January to 31 December 2024: PLN 2 935 million), and, as at 31 December 2025, the unsettled balance of liabilities from these transactions amounted to PLN 202 million (as at 31 December 2024: PLN 271 million),
- sales to Polish State Treasury companies. In the period from 1 January to 31 December 2025, the turnover from these sales amounted to PLN 739 million (from 1 January to 31 December 2024: PLN 806 million), and, as at 31 December 2025, the unsettled balance of receivables from these transactions amounted to PLN 234 million (as at 31 December 2024: PLN 189 million).

Note 12.2 Dividends paid

In accordance with Resolution No. 6/2025 of the Ordinary General Meeting of KGHM Polska Miedź S.A. dated 18 June 2025 regarding the allocation of profit of KGHM Polska Miedź S.A. for 2024, it was decided to allocate the profit in the amount of PLN 2 788 million, in its entirety to the Company's reserve capital.

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, it was decided to pay a dividend to shareholders in the amount of PLN 300 million (PLN 1.50/share). The dividend for 2023 was paid from the profits of KGHM Polska Miedź S.A. for previous years. The Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date for 2023 at 28 June 2024 and the dividend payment date for 2023 at 16 July 2024.

All shares of the Parent Entity are ordinary shares.

As at the date of publication, no decision was made on the allocation of profit for 2025.

Note 12.3 Other assets

Accounting policies	
	Receivables not constituting financial assets are initially recognised at nominal value, and at the end of the reporting period they are measured in the amount receivable.
	Investment properties (other than those used under a lease agreement) are measured at initial recognition at cost or cost of sold product. Initial measurement takes into account transaction costs. Investment properties held by the lessee as a right-to-use asset are measured at cost in accordance with IFRS 16 Leases. At the end of the reporting period, investment properties, both owned and held as right-to-use assets, are measured at fair value. A gain or loss resulting from a change in the fair value of investment properties affects the financial result in the period in which the change occurs and is recognised in other income or other operating costs, respectively. In the case of reclassification of an item of property, plant and equipment to investment properties, the surplus of the fair value over the carrying amount of the reclassified item of property, plant and equipment, determined on the reclassification date, is recognised in other comprehensive income within the revaluation reserve. This surplus is not subject to reclassification to the financial result in subsequent periods. At the time of disposal of the investment property, this amount will be transferred to retained earnings, omitting the financial result, in accordance with IAS 40.62.

		As at 31 December 2025	As at 31 December 2024
	Other non-current non-financial assets	270	277
Note 7.1	Investment property	189	177
	Prepayments	6	10
	Non-financial advances	12	22
	Receivables due to overpayment of property tax	63	68
	Other current assets	502	683
Note 7.1	Financial	237	317
	Amounts retained (collateral) due to long-term contracts	1	5
	Receivables due to guarantees granted	6	16
	Receivables due to settled derivatives	23	34
	Receivables due to compensation for energy-intensive sector due to incurrance of the costs of purchasing CO ₂ emission allowances in the prices of electricity	114	148
	Receivables due to conditional payments associated with the agreement on the sale of a subsidiary S.C.M. Franke	18	41
	Receivables due to settlement of the Franco Nevada streaming contract	20	28
	Other	55	45
	Non-financial	265	366
	Non-financial advances	76	162
	Receivables due to measurement of long-term contracts	105	127
	Receivables due to property and personal insurance	40	35
	Other	44	42
	Other non-current and current assets, total	772	960

Note 12.4 Other liabilities**Accounting policies**

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

	As at 31 December 2025	As at 31 December 2024
Deferred income	123	143
Trade payables	195	195
Other financial liabilities	19	25
Other non-financial liabilities	34	34
Other non-current liabilities	371	397
Deferred income, including:	42	47
trade payables	21	14
Accruals, including:	818	818
provision for purchase of property rights related to electricity	11	16
charges for discharging gases and dusts to the air	372	374
other costs accounted on the basis of contracts entered into	182	189
Liabilities due to settled derivatives	58	3
Other financial liabilities	217	124
Other non-financial liabilities	70	69
Other current liabilities	1 205	1 061
Other non-current and current liabilities, total	1 576	1 458

Note 12.5 Provisions for liabilities and other charges

	As at 31 December 2025	As at 31 December 2024
Provisions		
For decommissioning costs of mines and other technological facilities	9	44
For decommissioning costs of fixed assets and fixed assets under construction	20	20
For disputed issues and court proceedings	83	81
Other provisions for expected losses, expenses and liabilities	25	135
Total	137	280

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 was determined based on estimates.

	As at 31 December 2025	As at 31 December 2024
Contingent assets	490	428
Guarantees received	256	297
Promissory notes receivables	216	107
Other	18	24
Contingent liabilities	774	784
Note 8.6 Guarantees and letters of credit	319	235
Note 8.6 Promissory note payables	211	223
Property tax on underground mine workings	-	8
Liability due to a claim arising from the executed contract	29	31
Financial support granted to municipalities in the form of a donation*	120	131
Tax audit in a subsidiary of the Group – KGHM INTERNATIONAL LTD.**	25	83
Other	70	73

* The Parent Entity's obligation to provide financial support (cash donations) resulting from agreements concluded with the municipalities of Polkowice, Rudna and Grębocice, where the "Żelazny Most" Tailings Storage Facility is located. These donations are intended to reduce the inconvenience resulting from the Company's current operations in the areas of these municipalities as well as to support them in meeting their needs in the scope of technical, economic and social infrastructure development and relate to events that will or may occur in the coming years. The agreements specify the maximum amount of support available in each year and the maximum total amount of payments in the years 2025-2036. Payments are subject to the municipalities preparing applications in accordance with the terms specified in the agreements. The issue of submitting applications by the municipalities is beyond the Company's control. The municipalities are also required to prepare a report on the expenditure of the funds received, which is verified by the Parent Entity.

** In 2023, Chilean tax authorities ("SII") under the Audit Program "Financial operations with related international companies" commenced the control procedure against Quadra FNX Holding Chile Limitada, a company within the KGHM INTERNATIONAL LTD. Group (hereafter: "Quadra Chile" or "the Company") for the financial year 2020. On 30 August 2024, SII issued a decision on imposing a sanction in the amount of PLN 17 million (USD 4.6 million), as it determined that the amount of costs recognised in profit or loss for 2020 was, in their opinion, not correct. Pursuant to the Chilean law, the fine is not to be paid until all remedies have been exhausted.

Since Quadra Chile did not agree with SII's decision, on 15 October 2024 an administrative appeal was filed. The formal response from SII on rejecting the appeal was received on 24 February 2025. On 3 March 2025 Quadra Chile filed a so-called hierarchical appeal, which was rejected by the Director of the SII Legal Department in May 2025. Having exhausted its administrative options, on 2 July 2025, the company filed a complaint with the court, and the legal proceedings remain pending.

On 17 December 2025 the Chilean tax authorities began an audit of the financial year 2022. It is estimated that the fine, together with interest associated with the audited years 2020 and 2022 will amount to PLN 31.6 million (USD 8.8 million) for which in the current reporting period a PLN 15.8 million (USD 4.4 million) provision has been recognised. The liability has been reclassified from a contingent liability to a provision due to the increasing advancement of the administrative and legal proceedings and the increasing likelihood of a sanction being imposed.

The financial year 2021 is no longer subject to audit due to the expiry of the statute of limitations. The Company expects that SII may also begin a control in other unexpired periods (that is: 2023 and 2024) and impose fines of a similar nature, since the method of calculating costs was the same in this period. The total estimated potential impact of fines, together with interest, for the following years: 2023 (USD 3.8 million), 2024 (USD 3.1 million) amounts in total to PLN 25 million (USD 6.9 million). Liabilities in the above years were recognised as contingent liabilities due to the lack of initiation of proceedings for the years 2023-2024.

Note 12.7 Litigation and claims

A proceeding pending since 26 September 2007 regarding the payment of royalties for the use of invention project no. 1/97/KGHM called „Method for increasing the production capacity of the electrorefining sections of the Metallurgical Plants“. Details are presented in The Management Board's Report on the activities of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group in 2025, in section 1.6.5 Litigation and claims.

Note 12.8 Contractual commitments for the acquisition of property, plant and equipment and intangible assets

Contractual commitments incurred in the reporting period, but not yet recognised in the consolidated statement of financial position, were as follows:

	As at 31 December 2025	As at 31 December 2024
Contractual commitments for the acquisition of:		
property, plant and equipment	2 015	1 303
intangible assets	15	11
Total capital commitments	2 030	1 314

The Group's share in capital commitments of the joint venture (Sierra Gorda S.C.M.) is presented in [Note 6.1](#).

Note 12.9 Employment structure

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
White-collar employees	11 518	11 430
Blue-collar employees	22 903	23 062
Total (full-time)	34 421	34 492

Note 12.10 Remuneration of key managers

Remuneration of members of the Management Board (in PLN thousands)	Period when function served	from 1 January 2025 to 31 December 2025			Total earnings
		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	
Members of the Management Board serving in the function as at 31 December 2025					
Andrzej Szydło	01.01-31.12	2 633	-	-	2 633
Zbigniew Bryja	01.01-31.12	2 548	-	-	2 548
Piotr Krzyżewski	01.01-31.12	2 587	-	-	2 587
Mirosław Laskowski	01.01-31.12	2 603	-	-	2 603
Anna Sobieraj-Kozakiewicz	02.06-31.12	808	-	-	808
Piotr Stryczek	01.01-31.12	2 692	-	-	2 692
Members of the Management Board not serving in the function as at 31 December 2025					
Iga Dorota Lis	01.01-09.04	841	-	359	1 200
TOTAL		14 712	-	359	15 071

Remuneration of members of the Management Board (in PLN thousands)	Period when function served	from 1 January 2024 to 31 December 2024			Total earnings
		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	
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 Supervisory Board (in PLN thousands)	Period when function served	from 1 January 2025 to 31 December 2025		Total earnings
		Current employee benefits	Current benefits due to serving in the function	
Members of the Supervisory Board serving in the function as at 31 December 2025				
Aleksander Cieśliński	01.01-31.12	-	181	181
Zbysław Dobrowolski	01.01-31.12	-	174	174
Józef Czyczerski	01.01-31.12	4	174	178
Przemysław Darowski	01.01-31.12	156	173	329
Dominik Januszewski	01.01-31.12	-	173	173
Bogusław Szarek	01.01-31.12	347	179	526
Tadeusz Kocowski	01.01-31.12	-	190	190
Marian Noga	01.01-31.12	-	173	173
Piotr Prugar	01.01-31.12	-	173	173
Joanna Zakrzewska	08.01-31.12	-	170	170
TOTAL		507	1 760	2 267

from 1 January 2024 to 31 December 2024				
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
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	151	187	338
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		513	1 819	2 332

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Current employee benefits of other key managers (in PLN thousands)*	6 446	4 917

*The remuneration of other key managers represents the remuneration of the members of the Board of Directors of KGHM INTERNATIONAL LTD. earned in companies of the KGHM Polska Miedź S.A. Group. The increase in the remuneration results from the appointment of Company's employees as members of the Board of Directors of KGHM INTERNATIONAL LTD. in the current reporting period.

Based on the definition of key management personnel according to IAS 24 and based on an analysis of the rights and scope of responsibilities of members of management bodies of the KGHM Polska Miedź S.A. Group arising from corporate documents and from management contracts, the members of the Board of Directors of KGHM INTERNATIONAL LTD. and the President of the Board of Directors of KGHM INTERNATIONAL LTD. were recognised as other key managers of the Group.

Note 12.11 Remuneration of the entity entitled to audit the financial statements and of entities related to it, in PLN thousands

	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Companies of the PricewaterhouseCoopers group, total	6 928	7 087
From the contract for the review and audit of financial statements and contracts for assurance services, of which:	6 820	6 961
audit of annual financial statements	4 598	4 598
assurance services, of which:	2 222	2 363
review of financial statements	914	854
mandatory assurance on sustainability reporting	1 025	850
other assurance services	283	659
From realisation of other contracts	108	126

Note 12.12 Subsequent events

Change in the composition of the Supervisory Board of the Parent Entity

On 20 January 2026 the Extraordinary General Meeting of KGHM Polska Miedź S.A. dismissed the following persons from the composition of the Supervisory Board of the Parent Entity:

- Aleksander Cieśliński,
- Zbysław Dobrowolski,
- Dominik Januszewski,
- Tadeusz Kocowski,

as well as appointed the following persons to the composition of the Supervisory Board of KGHM Polska Miedź S.A.:

- Zbigniew Cwiąkański,
- Remigiusz Paszkiewicz,
- Artur Ulrich,
- Łukasz Żelewski.

Change in the composition of the Management Board of the Parent Entity

On 30 January 2026 the Supervisory Board of the Company adopted a resolution on dismissal of the following persons from the 12th term Management Board of KGHM Polska Miedź S.A.:

- Andrzej Szydło – President of the Management Board of KGHM Polska Miedź S.A.,
- Piotr Stryczek – Vice President of the Management Board (Corporate Affairs).

Moreover, the Supervisory Board of the Company adopted a resolution on delegation of Remigiusz Paszkiewicz - a member of the Supervisory Board, to temporarily carry out the duties of the President of the Management Board of KGHM Polska Miedź S.A. and the Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A. for the period from 30 January 2026 to the date of results of the qualification proceedings for the positions of President of the Management Board of KGHM Polska Miedź S.A. and the Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A., but not longer than for a period of three months.

Bank loan from Bank Gospodarstwa Krajowego

On 3 February 2026, Bank Gospodarstwa Krajowego (BGK) granted a bank loan in the amount of PLN 209 million to the Parent Entity. In this way, the Company will finance the construction of four photovoltaic installations with a total capacity of 94 MW.

The investment will contribute to increasing the volume of electricity consumed from RES, reducing the carbon footprint of final products and consistently advancing the Company's decarbonization program. The expansion of its own, zero- and low-emission generation sources by ensuring a sustainable supply of its own cheap electricity is to provide the Company with greater independence from fluctuations in market electricity prices.

Conclusion of an annex to the agreement with the NKT Group for the sale of copper wire rod

On 16 February 2026 the Company concluded an annex to a long-term agreement with one of the largest recipients of copper wire rod – the NKT Group. The annex extends cooperation with the NKT Group until December 2036. The total estimated value of the extended contract is from a minimum of PLN 22.77 billion up to a maximum of PLN 29.28 billion.

Changes in the Supervisory Board of the Parent Entity

On 24 February 2026 the Management Board of KGHM Polska Miedź S.A. received a declaration from Remigiusz Paszkiewicz announcing his resignation, upon the submission of the declaration, from the delegation as a Member of the Supervisory Board of KGHM Polska Miedź S.A. to temporarily carry out the duties of the President of the Management Board of KGHM Polska Miedź S.A. and the Vice President of the Management Board (Corporate Affairs) of KGHM Polska Miedź S.A. as well as his resignation from serving in the function of a member of the Supervisory Board of the Company.

Change in the composition of the Management Board of the Parent Entity

On 24 February 2026 the Supervisory Board of the Company adopted a resolution on appointing Remigiusz Paszkiewicz to the 12th term Management Board of KGHM Polska Miedź S.A. granting him the function of President of the Management Board of KGHM Polska Miedź S.A. At the same time, the Supervisory Board adopted a resolution in which it decided to determine the number of Members of the 12th term Management Board of KGHM Polska Miedź S.A. at five Members of the Management Board.

PART 13 – Quarterly financial information of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	from 1 October 2025 to 31 December 2025 unaudited and unreviewed	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024	
Note 2.3	Revenues from contracts with customers	10 495	9 181	36 366	35 320
Note 4.1	Cost of sales	(8 797)	(7 751)	(30 126)	(29 348)
	Gross profit on sales	1 698	1 430	6 240	5 972
Note 4.1	Selling costs and administrative expenses	(699)	(649)	(2 281)	(2 205)
	Net profit on sales	999	781	3 959	3 767
Note 6.1	Share in the profits of a joint venture accounted for using the equity method	1 608	-	1 608	-
Note 6.1	Reversal of an impairment loss on shares in a joint venture	252	-	252	-
Note 6.2	Allowances for impairment of loans granted to a joint venture	-	253	-	-
Note 6.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	326	226	484	226
Note 6.2	Interest income on loans granted to a joint venture calculated using the effective interest rate method	133	122	557	552
	Profit or loss on involvement in a joint venture	2 319	601	2 901	778
Note 4.2	Other operating income, including:	210	1 225	661	1 562
	other interest calculated using the effective interest rate method	12	38	52	63
	reversal of impairment losses on financial instruments	2	(1)	3	-
Note 4.2	Other operating costs, including:	(407)	(149)	(2 284)	(1 118)
	impairment losses on financial instruments	1	2	-	(1)
Note 4.3	Finance income	88	61	418	135
Note 4.3	Finance costs	(39)	(299)	(246)	(516)
	Profit before income tax	3 170	2 220	5 409	4 608
Note 5.1	Income tax expense	(495)	(664)	(1 721)	(1 738)
	PROFIT FOR THE PERIOD	2 675	1 556	3 688	2 870
	Profit for the period attributable to:				
	shareholders of the Parent Entity	2 675	1 555	3 687	2 868
	non-controlling interest	-	1	1	2
	Weighted average number of ordinary shares (million)	200	200	200	200
	Basic/diluted earnings per share (in PLN)	13.38	7.78	18.44	14.34

Explanatory notes to the consolidated statement of profit or loss

Note 13.1 Expenses by nature

	from 1 October 2025 to 31 December 2025 unaudited and unreviewed	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Depreciation of property, plant and equipment and amortisation of intangible assets	700	646	2 818	2 513
Employee benefits expenses	2 710	2 477	9 517	8 965
Materials and energy, including:	3 979	3 161	14 242	13 328
purchased metal-bearing materials	2 521	1 749	8 335	7 439
electrical and other energy	401	305	1 825	1 677
External services	821	868	3 060	3 091
Minerals extraction tax	1 541	996	4 693	3 865
Other taxes and charges	270	255	992	939
Advertising costs and representation expenses	45	23	74	75
Property and personal insurance	21	25	94	92
Recognition of impairment losses on property, plant and equipment and intangible assets	314	264	316	290
Reversal of write-down of inventories	(5)	(2)	(19)	(14)
Reversal of impairment losses on property, plant and equipment and intangible assets	-	(1)	-	(69)
Recognition of write-downs of inventories	11	12	30	84
Other costs	27	26	92	83
Total expenses by nature	10 434	8 750	35 909	33 242
Cost of merchandise and materials sold (+)	88	125	412	547
Change in inventories of finished goods and work in progress (+/-)	(313)	220	(1 720)	180
Cost of products for internal use of the Group (-)	(713)	(695)	(2 194)	(2 416)
Total cost of sales, selling costs and administrative expenses, of which:	9 496	8 400	32 407	31 553
Cost of sales	8 797	7 751	30 126	29 348
Selling costs	122	133	482	529
Administrative expenses	577	516	1 799	1 676

Note 13.2 Other operating income and (costs)

	from 1 October 2025 to 31 December 2025 unaudited and unreviewed	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Gains on derivatives, of which:	75	41	197	617
measurement	(2)	(14)	74	68
realisation	77	55	123	549
Interest income calculated using the effective interest rate method	12	38	52	63
Exchange differences on financial assets and liabilities other than borrowings	-	932	-	555
Reversal of impairment losses on fixed assets under construction and intangible assets not yet available for use	-	1	-	5
Fair value gains on trade receivables and other financial assets	18	9	65	9
Reversal of impairment losses on trade receivables and other financial receivables	2	(1)	3	-
Provisions released	73	126	104	133
Gain on disposal of intangible assets	-	-	7	4
Gain on disposal of subsidiaries	(19)	-	70	-
Government grants received	8	6	24	16
Income from servicing of letters of credit and guarantees	-	-	6	18
Compensation, fines and penalties received	17	4	29	35
Other	24	69	104	107
Total other operating income	210	1 225	661	1 562
Losses on derivatives, of which:	(195)	46	(457)	(566)
measurement	(55)	90	(185)	(14)
realisation	(140)	(44)	(272)	(552)
Impairment losses on trade receivables and other financial receivables	1	2	-	(1)
Fair value losses on trade receivables	(19)	(45)	(83)	(136)
Impairment losses on fixed assets under construction and intangible assets not yet available for use	(25)	31	(66)	(22)
Exchange differences on financial assets and liabilities other than borrowings	(105)	-	(1 498)	-
Provisions recognised	(16)	(125)	(42)	(220)
Losses on disposal of property, plant and equipment	(21)	10	(26)	(29)
Donations granted	(5)	(24)	(49)	(68)
Other	(22)	(44)	(63)	(76)
Total other operating costs	(407)	(149)	(2 284)	(1 118)
Other operating income/(costs)	(197)	1 076	(1 623)	444

Note 13.3 Finance income/(costs)

	from 1 October 2025 to 31 December 2025 unaudited and unreviewed	from 1 October 2024 to 31 December 2024 unaudited and unreviewed	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Exchange differences on measurement and realisation of borrowings	16	-	317	-
Gains on derivatives - realisation	-	60	29	134
Result of settlement of a transaction hedging interest rate risk due to the issuance of bonds with a variable interest rate	71	-	71	-
Other	1	1	1	1
Total finance income	88	61	418	135
Interest on borrowings due to leases	-	(3)	(4)	(10)
Interest on trade payables within the reverse factoring mechanism	(18)	(44)	(94)	(150)
Unwinding of the discount effect, including:	(23)	(21)	(100)	(92)
provision for decommissioning of mines	(21)	(22)	(89)	(82)
financial liabilities	(2)	1	(11)	(10)
Bank fees and charges on borrowings	6	(5)	(11)	(23)
Losses on derivatives - realisation	-	(66)	(30)	(146)
Exchange differences on measurement and realisation of borrowings	-	(157)	-	(84)
Other	(4)	(3)	(7)	(11)
Total finance costs	(39)	(299)	(246)	(516)
Finance income /(costs)	49	(238)	172	(381)

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

These financial statements were adopted for issue on 24 March 2026.

President
of the Management Board

Remigiusz Paszkiewicz

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

Anna Sobieraj - Kozakiewicz

SIGNATURE OF PERSON RESPONSIBLE FOR ACCOUNTING

Executive Director
of Accounting Services Centre
Chief Accountant

Agnieszka Sinior