POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated half-year report PSr 2024

(in accordance with § 60 section 2 and § 62 section 3 of the Decree of the Minister of Finance dated 29 March 2018)

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

for the first half of financial year **2024** from **1 January 2024** to **30 June 2024**
containing the condensed consolidated financial statements prepared under International Accounting Standard 34 in PLN and condensed financial statements under International Accounting Standard 34 in PLN.

publication date: 13 August 2024

KGHM Polska Miedź Spółka Akcyjna
(name of the issuer)

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

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.

SELECTED FINANCIAL DATA

data concerning the condensed consolidated financial statements of the KGHM Polska Miedź S.A. Group

		in PLN mn		in EUR mn	
		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
I.	Revenues from contracts with customers	17 480	17 757	4 055	3 849
II.	Profit on sales	2 110	895	489	194
III.	Profit before income tax	1 949	903	452	196
IV.	Profit for the period	1 074	401	249	87
V.	Profit for the period attributable to shareholders of the Parent Entity	1 073	394	249	85
VI.	Profit for the period attributable to non-controlling interest	1	7	-	2
VII.	Other comprehensive income	(22)	441	(5)	96
VIII.	Total comprehensive income	1 052	842	244	183
IX.	Total comprehensive income attributable to the shareholders of the Parent Entity	1 051	836	244	182
X.	Total comprehensive income attributable to non-controlling interest	1	6	-	1
XI.	Number of shares issued (million)	200	200	200	200
XII.	Earnings per ordinary share (in PLN/EUR) attributable to the shareholders of the Parent Entity	5.37	1.97	1.25	0.43
XIII.	Net cash generated from/(used in) operating activities	3 028	2 930	702	635
XIV.	Net cash generated from/(used in) investing activities	(2 576)	(1 987)	(598)	(431)
XV.	Net cash generated from/(used in) financing activities	268	(281)	62	(61)
XVI.	Total net cash flow	720	662	166	143
		As at 30 June 2024	**As at 31 December 2023**	**As at 30 June 2024**	**As at 31 December 2023**
XVII.	Non-current assets	39 306	37 981	9 114	8 736
XVIII.	Current assets	13 933	13 402	3 230	3 082
XIX.	Total assets	53 239	51 383	12 344	11 818
XX.	Non-current liabilities	11 273	11 136	2 614	2 561
XXI.	Current liabilities	12 583	11 617	2 917	2 672
XXII.	Equity	29 383	28 630	6 813	6 585
XXIII.	Equity attributable to shareholders of the Parent Entity	29 316	28 565	6 797	6 570
XXIV.	Equity attributable to non-controlling interest	67	65	16	15

data concerning the condensed financial statements of KGHM Polska Miedź S.A.

		in PLN mn		in EUR mn	
		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
I.	Revenues from contracts with customers	15 076	15 510	3 497	3 362
II.	Profit on sales	1 671	1 441	388	312
III.	Profit before income tax	2 018	1 803	468	391
IV.	Profit for the period	1 331	1 207	309	262
V.	Other comprehensive income	(63)	548	(15)	118
VI.	Total comprehensive income	1 268	1 755	294	380
VII.	Number of shares issued (million)	200	200	200	200
VIII.	Earnings per ordinary share (in PLN/EUR)	6.66	6.04	1.55	1.31
IX.	Net cash generated from/(used in) operating activities	2 227	3 098	517	672
X.	Net cash generated from/(used in) investing activities	(1 995)	(2 210)	(463)	(479)
XI.	Net cash generated from/(used in) financing activities	481	(307)	112	(67)
XII.	Total net cash flow	713	581	166	126
		As at 30 June 2024	**As at 31 December 2023**	**As at 30 June 2024**	**As at 31 December 2023**
XIII.	Non-current assets	38 062	36 781	8 825	8 460
XIV.	Current assets	12 663	12 115	2 936	2 786
XV.	Total assets	50 725	48 896	11 761	11 246
XVI.	Non-current liabilities	9 487	9 468	2 200	2 178
XVII.	Current liabilities	11 452	10 610	2 655	2 440
XVIII.	Equity	29 786	28 818	6 906	6 628

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Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Note 2.3	Revenues from contracts with customers	17 480	17 757
Note 3.1	Cost of sales	(14 391)	(15 929)
	Gross profit	**3 089**	**1 828**
Note 3.1	Selling costs and administrative expenses	(979)	(933)
	Profit on sales	**2 110**	**895**
Note 4.2	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	-	482
Note 4.2	Loss due to the allowances for impairment of loans granted to a joint venture	(407)	-
Note 4.2	Interest income on loans granted to a joint venture calculated using the effective interest rate method	291	292
	Profit or loss on involvement in a joint venture	(116)	774
Note 3.2	Other operating income, including:	952	384
	other interest calculated using the effective interest rate method	18	23
	reversal of impairment losses on financial instruments	1	3
Note 3.2	Other operating costs, including:	(784)	(1 333)
	impairment losses on financial instruments	(2)	(5)
Note 3.3	Finance income	74	353
Note 3.3	Finance costs	(287)	(170)
	Profit before income tax	**1 949**	**903**
	Income tax expense	(875)	(502)
	PROFIT FOR THE PERIOD	**1 074**	**401**
	Profit for the period attributable to:		
	shareholders of the Parent Entity	1 073	394
	non-controlling interest	1	7
	Weighted average number of ordinary shares (million)	**200**	**200**
	Basic/diluted earnings per share (in PLN)	**5.37**	**1.97**

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Profit for the period	**1 074**	**401**
Measurement and settlement of hedging instruments net of the tax effect	(264)	515
Exchange differences from the translation of statements of operations with a functional currency other than PLN	9	(88)
Other comprehensive income, which will be reclassified to profit or loss	**(255)**	**427**
Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	30	92
Actuarial gains/(losses) net of the tax effect	173	(78)
Gains on measurement of investment properties, net of the tax effect	30	-
Other comprehensive income, which will not be reclassified to profit or loss	**233**	**14**
Total other comprehensive net income	**(22)**	**441**
TOTAL COMPREHENSIVE INCOME	**1 052**	**842**
Total comprehensive income attributable to:		
shareholders of the Parent Entity	1 051	836
non-controlling interest	1	6

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CASH FLOWS

		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
	Cash flow from operating activities		
	Profit before income tax	1 949	903
	Depreciation/amortisation recognised in profit or loss	822	920
	Interest on loans granted to a joint venture	(291)	(292)
	Other interest	94	(8)
	Impairment losses on property, plant and equipment and intangible assets	47	10
	Gain due to the reversal of allowance for impairment of loans granted to a joint venture	-	(482)
	Allowances for impairment of loans granted to a joint venture	407	-
	Gains due to the reversal of impairment losses on property, plant and equipment and intangible assets	-	(31)
	Losses on disposal of property, plant and equipment and intangible assets	1	2
	Exchange differences, of which:	(219)	559
	from investing activities and on cash	(278)	793
	from financing activities	59	(234)
	Change in provisions for decommissioning of mines, liabilities related to future employee benefits programs and other provisions	176	228
	Change in other receivables and liabilities other than working capital	(79)	5
	Change in assets and liabilities due to derivatives	108	630
	Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(286)	(64)
	Other adjustments	12	13
	Exclusions of income and costs, total	792	1 490
	Income tax, of which:	107	(1 082)
	payments of income tax	(521)	(1 082)
	refunds of income tax	628	-
Note 4.11	Changes in working capital, including:	180	1 619
Note 4.11	change in trade payables within the reverse factoring mechanism	451	753
	Net cash generated from/(used in) operating activities	**3 028**	**2 930**
	Cash flow from investing activities		
	Expenditures on mining and metallurgical assets, including:	(2 245)	(1 784)
Note 4.5	paid capitalised interest on borrowings	(159)	(153)
Note 4.5	proceeds from settlement of an instrument hedging interest rate of bonds	39	-
	Expenditures on other property, plant and equipment and intangible assets	(252)	(261)
	Expenditures on financial assets designated for decommissioning of mines and other technological facilities	(33)	(30)
	Expenditures on the acquisition of subsidiaries	(73)	-
	Proceeds from disposal of property, plant and equipment and intangible assets	11	28
	Interest received on loans granted to a joint venture	44	68
	Advances granted on property, plant and equipment and intangible assets	(21)	(11)
	Other	(7)	3
	Net cash generated from/(used in) investing activities	**(2 576)**	**(1 987)**

amounts in PLN millions, unless otherwise stated

	Cash flow from financing activities		
Note 4.5	Proceeds from issuance of debt financial instruments	1 000	-
Note 4.5	Proceeds from borrowings	1 413	1 385
Note 4.5	Proceeds from derivatives related to external sources of financing	35	87
Note 4.5	Redemption of debt financial instruments	(400)	-
Note 4.5	Repayment of borrowings	(1 608)	(1 605)
Note 4.5	Repayment of lease liabilities	(31)	(57)
Note 4.5	Expenditures due to derivatives related to external sources of financing	(41)	(41)
	Interest paid, of which:	(102)	(52)
	trade payables within the reverse factoring mechanism	(74)	(1)
Note 4.5	borrowings	(28)	(51)
	Other	2	2
	Net cash generated from/(used in) financing activities	**268**	**(281)**
	NET CASH FLOW	**720**	**662**
	Exchange gains/(losses)	(8)	17
	Cash and cash equivalents at beginning of the period	1 729	1 200
	Cash and cash equivalents at end of the period, including:	**2 441**	**1 879**
	restricted cash	24	27

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024	As at 31 December 2023
	ASSETS		
	Mining and metallurgical property, plant and equipment	21 858	20 798
	Mining and metallurgical intangible assets	2 585	2 697
	Mining and metallurgical property, plant and equipment and intangible assets	24 443	23 495
	Other property, plant and equipment	3 266	2 941
	Other intangible assets	337	313
	Other property, plant and equipment and intangible assets	3 603	3 254
Note 4.2	Involvement in a joint venture – loans granted	9 162	9 096
	Derivatives	234	233
	Other financial instruments measured at fair value	937	905
	Other financial instruments measured at amortised cost	512	475
Note 4.3	Financial instruments, total	1 683	1 613
	Deferred tax assets	135	137
	Other non-financial assets	280	386
	Non-current assets	**39 306**	**37 981**
	Inventories	8 452	8 425
Note 4.3	Trade receivables, including:	1 450	932
	Trade receivables measured at fair value through profit or loss	896	414
	Tax assets	347	985
Note 4.3	Derivatives	406	760
Note 4.3	Other financial assets	261	296
	Other non-financial assets	576	275
Note 4.3	Cash and cash equivalents	2 441	1 729
	Current assets	**13 933**	**13 402**
	TOTAL ASSETS	**53 239**	**51 383**
	EQUITY AND LIABILITIES		
	Share capital	2 000	2 000
	Other reserves from measurement of financial instruments	43	277
	Accumulated other comprehensive income other than from measurement of financial instruments	1 694	1 482
	Retained earnings	25 579	24 806
	Equity attributable to shareholders of the Parent Entity	29 316	28 565
	Equity attributable to non-controlling interest	67	65
	Equity	**29 383**	**28 630**
Note 4.3	Borrowings, leases and debt securities	4 987	4 761
Note 4.3	Derivatives	228	202
Note 4.6	Employee benefits liabilities	2 814	3 117
Note 4.7	Provisions for decommissioning costs of mines and other technological facilities	1 915	1 923
	Deferred tax liabilities	844	646
Note 4.8	Other liabilities	485	487
	Non-current liabilities	**11 273**	**11 136**
Note 4.3	Borrowings, leases and debt securities	1 206	964
Note 4.3	Derivatives	266	499
Note 4.3	Trade and other payables	6 350	6 188
Note 4.6	Employee benefits liabilities	1 776	1 709
	Tax liabilities	1 095	611
	Provisions for liabilities and other charges	247	194
Note 4.8	Other liabilities	1 643	1 452
	Current liabilities	**12 583**	**11 617**
	Non-current and current liabilities	**23 856**	**22 753**
	TOTAL EQUITY AND LIABILITIES	**53 239**	**51 383**

amounts in PLN millions, unless otherwise stated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the Parent Entity						
	Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total	Equity attributable to non-controlling interest	Total equity
As at 1 January 2023	**2 000**	**(427)**	**1 812**	**28 704**	**32 089**	**57**	**32 146**
Transactions with non-controlling interest	-	-	-	-	**-**	3	**3**
Transactions with owners – dividend approved but not paid	-	-	-	(200)	**(200)**	-	**(200)**
Profit for the period	**-**	-	-	394	**394**	7	**401**
Other comprehensive income	-	607	(165)	-	**442**	(1)	**441**
Total comprehensive income	**-**	**607**	**(165)**	**394**	**836**	**6**	**842**
As at 30 June 2023	**2 000**	**180**	**1 647**	**28 898**	**32 725**	**66**	**32 791**
As at 1 January 2024	**2 000**	**277**	**1 482**	**24 806**	**28 565**	**65**	**28 630**
Transactions with non-controlling interest	-	-	-	-	-	1	**1**
Transactions with owners – dividend approved but not paid	-	-	-	(300)	(300)	-	**(300)**
Profit for the period	-	-	-	1 073	1 073	1	**1 074**
Other comprehensive income	-	(234)	212	-	(22)	-	**(22)**
Total comprehensive income	**-**	**(234)**	**212**	**1 073**	**1 051**	**1**	**1 052**
As at 30 June 2024	**2 000**	**43**	**1 694**	**25 579**	**29 316**	**67**	**29 383**

Part 1 – General information

Note 1.1 Corporate information

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

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

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

The Parent Entity's principal activities include:
- the mining of copper and non-ferrous metals ores, and
- the production of copper, precious and non-ferrous metals.

The business activities of the Group include:
- the mining of copper and non-ferrous metals ores,
- the mined production of metals, including copper, nickel, silver, gold, platinum, palladium,
- the production of goods from copper and precious metals,
- underground construction services,
- the production of machinery and mining equipment,
- transport services,
- services in the areas of research, analysis and design,
- the production of road-building materials, and
- the recovery of associated metals from copper ore.

The condensed 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 an 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 condensed 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 war in Ukraine does not have an impact on the assumption of going concern of the Group, however the impact of the war in Ukraine on individual aspects of the business is described in Note 5.6.

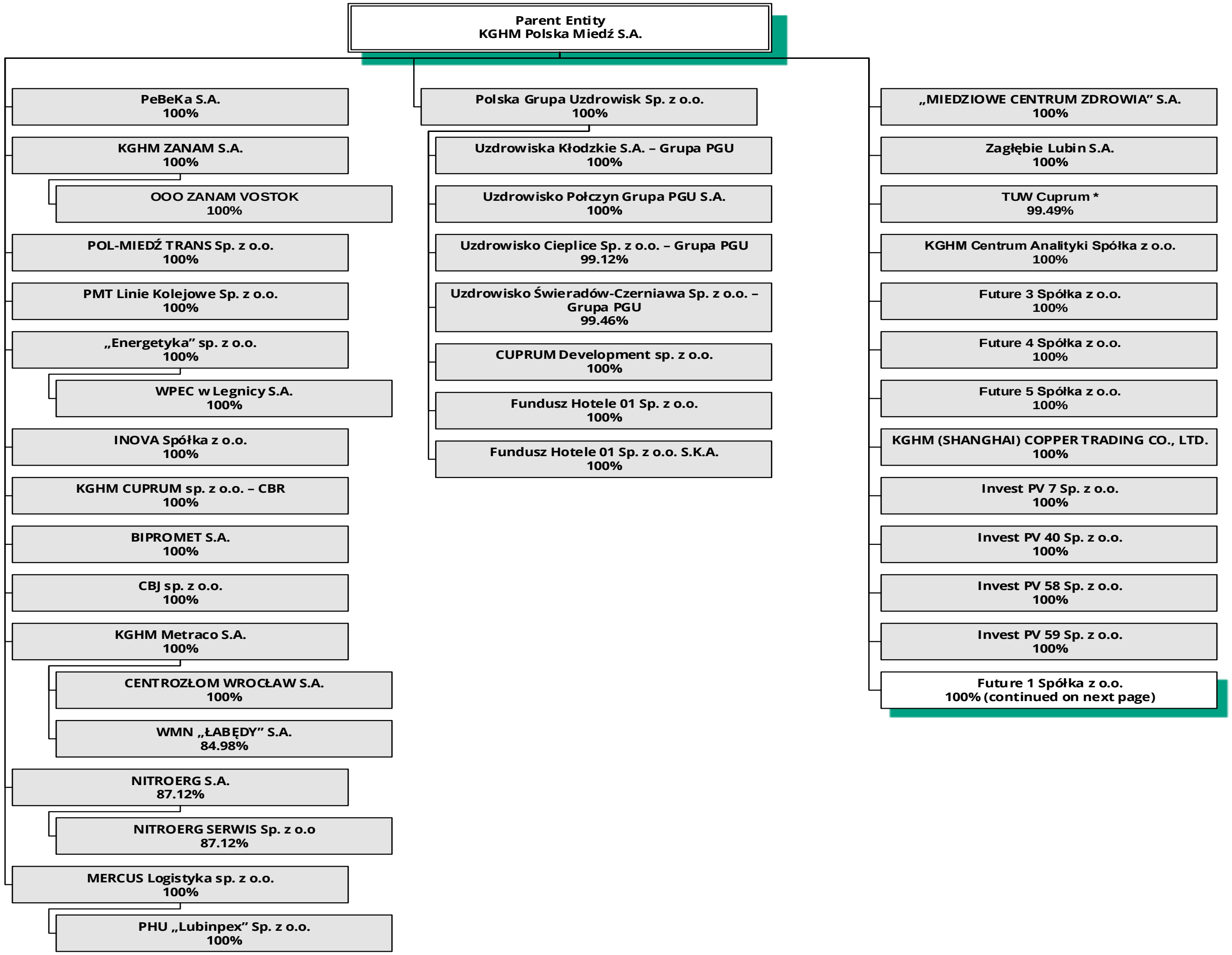
The KGHM Polska Miedź S.A. Group (the Group) carries out the exploration and mining of copper, nickel and precious metals based on exploration and mining concessions for Polish deposits held by KGHM Polska Miedź S.A., and also based on legal titles held by companies of the KGHM INTERNATIONAL LTD. Group for the exploration for and mining of these resources in the USA, Canada and Chile.

Note 1.2 Declaration by the Management Board of KGHM Polska Miedź S.A.

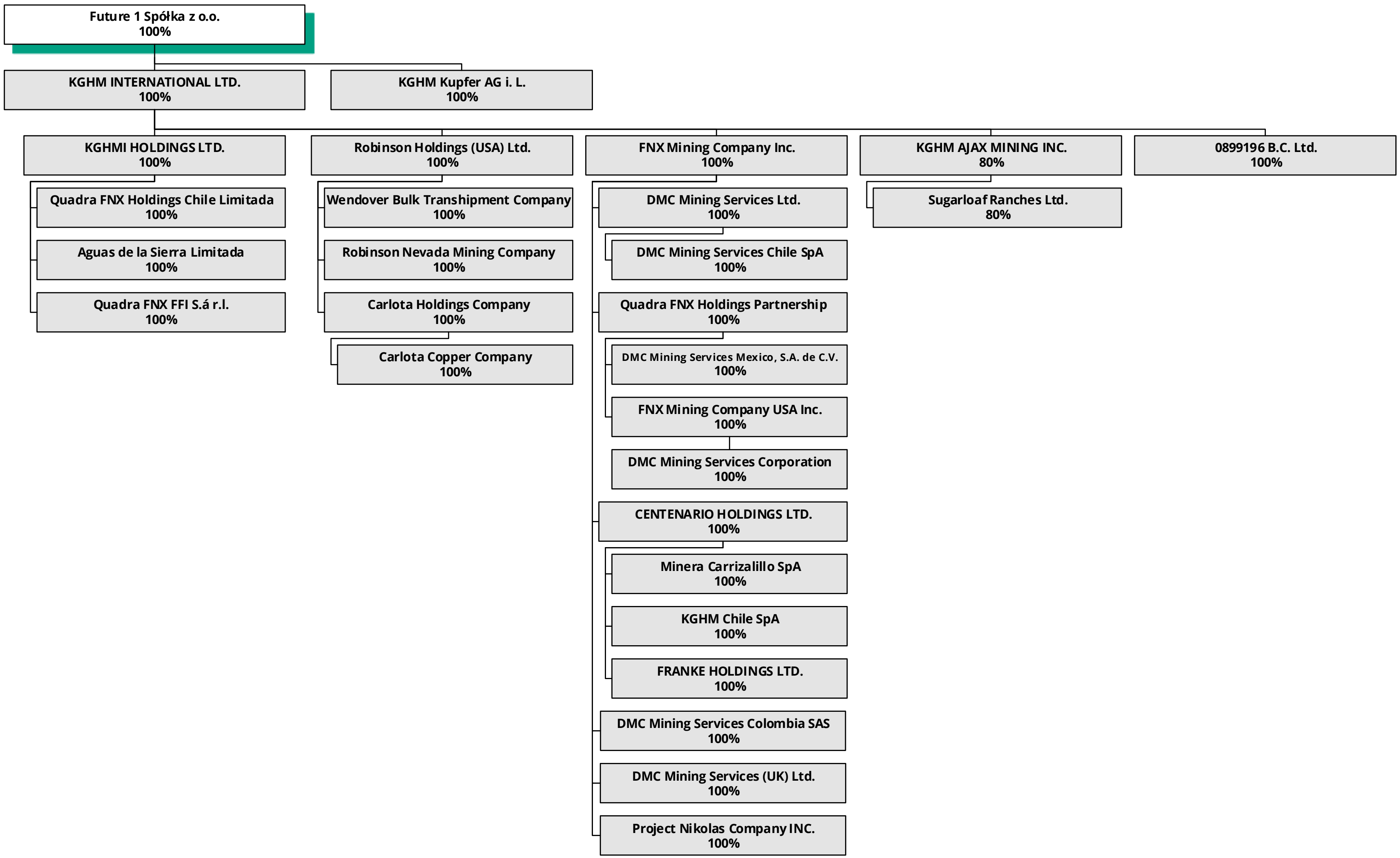
The Management Board of KGHM Polska Miedź S.A. declares that according to its best judgement:
- the condensed consolidated financial statements for the first half of 2024 and comparative data have been prepared in accordance with accounting principles currently in force, and give a true, fair and clear view of the financial position of the KGHM Polska Miedź S.A. Group and the profit for the period of the Group,
- the condensed separate financial statements of KGHM Polska Miedź S.A. for the first half of 2024 and 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 KGHM Polska Miedź S.A. and the profit for the period of KGHM Polska Miedź S.A.,
- the Management Board's report on the activities of the Group in the first half of 2024 presents a true picture of the development and achievements, as well as the condition, of the KGHM Polska Miedź S.A. Group, including a description of the basic exposures and risks.

Note 1.3 Structure of the KGHM Polska Miedź S.A. Group

As at 30 June 2024, KGHM Polska Miedź S.A. included 66 subsidiaries in its condensed consolidated financial statements and used the equity method to account for the shares of two joint ventures (Sierra Gorda S.C.M. and NANO CARBON Sp. z o.o. in bankruptcy).



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


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

Note 1.4 Exchange rates applied

The following exchange rates were applied in the conversion of selected financial data in EUR:

- for the conversion of turnover, profit or loss and cash flow for the current period, the rate of ***4.3109 EURPLN****,
- for the conversion of turnover, profit or loss and cash flow for the comparable period, the rate of ***4.6130 EURPLN****,
- for the conversion of assets, equity and liabilities as at 30 June 2024, the current average exchange rate announced by the National Bank of Poland (NBP) as at 28 June 2024, of ***4.3130 EURPLN,***
- for the conversion of assets, equity and liabilities as at 31 December 2023, the current average exchange rate announced by the NBP as at 29 December 2023, of ***4.3480 EURPLN.***

** The rates represent the arithmetic average of current average exchange rates announced by the NBP on the last day of each month during the period from January to June respectively of 2024 and 2023.*

Note 1.5 Accounting policies and the impact of new and amended standards and interpretations

The following half-year report includes:

1. the condensed consolidated financial statements of the KGHM Polska Miedź S.A. Group for the period from 1 January to 30 June 2024 and the comparable period from 1 January to 30 June 2023, together with selected explanatory information,
2. the condensed separate financial statements of KGHM Polska Miedź S.A. for the period from 1 January to 30 June 2024 and the comparable period from 1 January to 30 June 2023, together with selected explanatory information.

The condensed consolidated financial statements for the period from 1 January to 30 June 2024 and as at 30 June 2024 as well as the condensed separate financial statements for the period from 1 January to 30 June 2024 and as at 30 June 2024 were reviewed by a certified auditor.

The consolidated half-year report for the period from 1 January 2024 to 30 June 2024, in that part concerning the condensed consolidated financial statements of the KGHM Polska Miedź S.A. Group and in that part concerning the condensed separate financial statements of KGHM Polska Miedź S.A., was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, and for a full understanding of the financial position and operating results of KGHM Polska Miedź S.A. and the KGHM Polska Miedź S.A. Group, should be read jointly with the Annual report RR 2023 and the Consolidated annual report SRR 2023.

The financial statements contained in this half-year report were prepared using the same accounting policies and valuation methods for the current and comparable periods as well as the principles applied in the annual financial statements (consolidated and separate), prepared as at 31 December 2023.

Note 1.5.1 Impact of new and amended standards and interpretations

From 1 January 2024, the following amendments to Standards are in force:

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

Up to the date of publication of these condensed consolidated financial statements, the aforementioned amendments to the standards were adopted for use by the European Union. The Group will implement these amendments within the date of their first mandatory application. In the Group's opinion:

- amendments to IAS 1 will not have an impact on current classification of liabilities due to bank and other loans, since the Group presents these liabilities in a manner concurrent with the altered requirements,
- amendments to IAS 7 and IFRS 7 on disclosure requirements regarding supplier finance arrangements will be included by the Group in disclosures on the scope of reverse factoring used by the Group in the Annual Report for 2024, as an addition to information published in the previous consolidated financial statements of the Group, and it was determined that this impact will be insignificant. Pursuant to IAS 7.63 (c) and IFRS 7.B11F, entities are not obligated to disclose information resulting from amendments introduced to IAS 7 and IFRS 7 in their interim financial statements published in the year, in which they apply these amendments for the first time.
- amendments to IFRS 16 do not have an impact on these condensed consolidated financial statements or on the comparable period.

Impact of the international tax system reform

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

In the case of Poland, a draft act of 25 April 2024 on top-up taxation of individual companies of international and Polish groups, which implements the regulations of the Council Directive (EU) 2022/2523, was published on the website of the Government Legislation Centre in order to present the draft act for public consultation, which lasted until 24 May 2024. The Polish legal regulations, which put obligations directly on liable entities, will come into force on 1 January 2025 (for all three top-up taxes, that is a global top-up tax, Polish top-up tax and a top-up tax on undertaxed profits) with an option for voluntary application from 1 January 2024 (in the case of the global top-up tax and the Polish top-up tax).

The Polish draft act is based on OECD Model Rules of 2021 and the EU Directive of 2022 and incorporates provisions of OECD Administrative Guidance on the application of regulations on the BEPS 2.0 reform, which were published in 2023. The analysis of the OECD Framework and the Directive leads to the conclusion that the Company KGHM Polska Miedź S.A., as a so-called MNE (multinational enterprise), will be obliged to report a specific level of the tax rate of subsidiaries at the level of individual jurisdictions, but nevertheless, implementation of an appropriate legal framework at the domestic level is necessary in this regard.

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 Poland as well as in other jurisdictions in which subsidiaries of the Group operate, and analyses their potential impact on the Group. As at the date of publication of these condensed consolidated financial statements of the Group, regulations on the global and domestic top-up tax were implemented in several jurisdictions in which the Group operates, such as Canada, Luxembourg, the United Kingdom and Germany. While the rules of the Directive should encompass the year 2024, the OECD Framework includes a transitional period, which postpones the obligations in this regard by 3 subsequent years. Based on an analysis of the assumptions stipulated in transitional rules, it is expected that the Group will be able to use them in the majority of jurisdictions, but nonetheless the final verification will be made on the basis of an analysis of financial data of individual companies of the Group for 2024.

Due to the above, these interim consolidated financial statements do not contain any amounts arising from the reform of the international tax system – pillar 2.

Note 1.6. Impairment of assets

Pursuant to IAS 36, as at 30 June 2024 the Group assessed the occurrence of indications of impairment of its assets. As a result of the performed evaluation, no indications of impairment of assets were identified. In the first half of 2024, production assets of the Parent Entity were subjected to a further analysis.

Assessment of indications of impairment of the production assets of the KGHM Polska Miedź S.A. Group and the Victoria project
In the first half of 2024, the share price of KGHM Polska Miedź S.A. was under pressure of continued uncertainty as to the development of the global macroeconomic situation and a temporary, negative reception by the investors of information on an impairment loss on Polish production assets (mining and metallurgical assets) recognised as at 31 December 2023. From the point of view of the Company's operations, the key factor influencing the level of market capitalisation is the copper price. It remained in a sideways trend from the beginning of 2024 until the turn of the first and second quarters and did not deviate significantly from the level of 8 500 USD/t. In April, the weakening of the USD and the accumulation of information on the reduction in the expected supply and the increase in the metal deficit on the copper market aroused investors' hopes for an increase in the price of copper, and its price was raised in May up to the average level of 10 129 USD/t. Ultimately, the average price of copper in the first half of 2024 amounted to 9 090 USD/t, which is a level higher than the prices observed in 2023 (average of 8 478 USD/t). It should be noted that in the case of the Polish assets, of significant importance are PLN-expressed metals prices, which are also affected by the USD/PLN exchange rate. Copper price fluctuations are usually largely cushioned by changes in the USD/PLN exchange rate. The average USD/PLN exchange rate in the first half of 2024 amounted to PLN 3.99, which is at a lower level than the exchange rate recorded in 2023 (average of PLN 4.20). In response to the improved sentiment on the copper market, the share price of KGHM Polska Miedź S.A. in the first 6 months of 2024 increased by 22.5% compared to the share price at the end of 2023, and as at 28 June 2024 amounted to PLN 150.35. As a result, the Company's market capitalisation increased from PLN 24 540 million to PLN 30 070 million, which means that as at 30 June 2024 it remained at a level of 0.5% above the amount of the Company's net assets. The Management Board of KGHM Polska Miedź S.A. assessed the adequacy of the assumptions adopted as at 31 December 2023 in the conducted impairment test of Polish production assets (mining and metallurgical assets), including mainly macroeconomic assumptions, forecasts of medium- and long-term production plans and the level of operating costs and planned capital expenditures. No indications were identified that would necessitate a revision of the key assumptions adopted at that time. 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 current period, there was an improvement in operating and financial results of international assets of the KGHM INTERNATIONAL LTD. Group, mainly due to the improved situation of the Robinson mine as compared to the prior year. Following the planned commencement of mining in the proper part of the deposit and increase in productivity of mining machinery in the current reporting period, there was an increase in production of metals due to the increase in all production parameters of the Robinson mine, that is mining, processing, content and recovery. The decrease in the results of the Robinson mine in 2023 was of a temporary nature and will not have an impact on the long-term financial results of the KGHM INTERNATIONAL LTD. Group. The realisation of the Victoria project is on schedule and there were no changes in the project's assumptions. Consequently, there were no indications identified suggesting the risk of further impairment of the Polish and international production assets as well as the Victoria project as compared to the impairment loss recognised as at 31 December 2023, as well as indications suggesting the possibility of reversing the impairment losses which were already made in the past, therefore there were no tests for impairment conducted for these assets as at 30 June 2024.

A summary of analyses undertaken to assess the risk of impairment of assets of the Group as at 31 December 2023 was presented in part 3 of the Consolidated annual report SRR 2023.

Part 2 - Information on segments and revenues

Note 2.1 Information on 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.

As a result of 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 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 condensed consolidated financial statements due to significant settlements with other Group entities.

Each of the segments KGHM Polska Miedź S.A., KGHM INTERNATIONAL LTD. and Sierra Gorda S.C.M. have their own Management Boards, which report 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.

amounts in PLN millions, unless otherwise stated

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

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

** Entities acquired on 29 February 2024 (Note 5.1.)*

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

The Parent Entity’s Management Board monitors the operating results of individual segments in order to make decisions on allocating the Group’s resources and 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, interest in subsidiaries (including interest in KGHM INTERNATIONAL LTD.) are measured at cost less any 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 and recognition/reversal of impairment losses on property, plant and equipment and intangible assets included in the cost of sales, selling costs and administrative expenses.
The Company redefined adjusted EBITDA in the third quarter of 2023, by including depreciation/amortisation recognised in expenses by nature in the calculation method (until now, the depreciation/amortisation recognised in profit or loss was included). The applied approach is commonly used by numerous listed companies, including in the mining sector, and ensures consistency and comparability with plans of individual operating segments of the KGHM Polska Miedź S.A. Group and parameters applied in credit agreements. The comparable period was converted pursuant to the presentation in the current reporting period, adjusted EBITDA changed as compared to the one presented in the published consolidated report for the first half of 2023, and decreased by the amount of PLN 40 million.
Adjusted EBITDA – as a financial indicator not defined by IFRSs – is not a standardised measure and therefore its method of calculation may vary between entities, and consequently the presentation and calculation of adjusted EBITDA applied by the Group may not be comparable to that applied by other market entities.
Revenues from transactions with external entities and inter-segment transactions are carried out at arm's length. Eliminations of mutual settlements, revenues and costs between segments were presented in the item "Consolidation adjustments".
Unallocated assets and liabilities concern companies which have not been classified to any segment. Assets which have not been allocated to the segments comprise cash and trade receivables. Liabilities which have not been allocated to the segments comprise trade payables and deferred tax liabilities.

Note 2.2 Financial results of reporting segments

		from 1 January 2024 to 30 June 2024						
						Reconciliation items to consolidated data		
		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M.	Adjustments *****	Consolidated financial statements
Note 2.3	**Total revenues from contracts with customers, of which:**	**15 076**	**1 361**	**1 590**	**6 403**	**(1 590)**	**(5 360)**	**17 480**
	- inter-segment	351	8	-	5 009	-	(5 360)	**8**
	- external	14 725	1 353	1 590	1 394	(1 590)	-	**17 472**
	Segment result – profit/(loss) for the period	**1 331**	**(506)**	**41**	**74**	**(41)**	**175**	**1 074**
	Additional information on significant cost/revenue items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(801)	(360)	(371)	(159)	371	80	**(1 240)**
	(Recognition)/reversal of impairment losses on non-current assets, including:	18	(422)	-	-	-	(50)	**(454)**
	(Recognition)/ reversal of allowances for impairment of loans	19	(407)	-	-	-	(19)	**(407)**
		As at 30 June 2024						
	Segment assets	**50 725**	**14 785**	**13 864**	**7 151**	**(13 864)**	**(19 422)**	**53 239**
	Liabilities, including:	**20 939**	**20 074**	**13 550**	**3 950**	**(13 550)**	**(21 107)**	**23 856**
	Segment liabilities	20 939	20 074	13 550	3 950	(13 550)	(21 250)	**23 713**
	Liabilities unallocated to segments	-	-	-	-	-	143	**143**
	Other information	from 1 January 2024 to 30 June 2024						
	Cash expenditures on property, plant and equipment and intangible assets – cash flow	1 666	692	572	176	(572)	(37)	**2 497**
	Production and cost data	from 1 January 2024 to 30 June 2024						
	Payable copper (kt)	292.5	29.4	35.7				
	Molybdenum (million pounds)	-	0.1	1.0				
	Silver (t)	665.8	0.7	11.9				
	TPM (koz t)**	44.8	25.6	13.7				
	C1 cash cost of producing copper in concentrate (USD/lb PLN/lb)***	3.00 12.00	1.87 7.46	1.89 7.54				
	Segment result - Adjusted EBITDA	**2 472**	**669**	**807**	**260**	**-**	**-**	**4 208**
	EBITDA margin******	**16%**	**49%**	**51%**	**4%**	**-**	**-**	**22%**

** 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data.*
*** TPM (Total Precious Metals) – precious metals (gold, platinum, palladium).*
**** 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.*
***** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (22%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [4 208 / (17 480 + 1 590) * 100%]*
****** Adjustments include consolidation eliminations and financial data of companies unallocated to any segment.*

Financial results of reporting segments for the comparable period

		from 1 January 2023 to 30 June 2023						
						Reconciliation items to consolidated data		
		KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Adjustments*****	Consolidated financial statements
Note 2.3	**Revenues from contracts with customers, of which:**	**15 510**	**1 217**	**1 711**	**6 439**	**(1 711)**	**(5 409)**	**17 757**
	- inter-segment	357	19	-	5 052	-	(5 409)	**19**
	- external	15 153	1 198	1 711	1 387	(1 711)	-	**17 738**
	Segment result – profit/(loss) for the period	**1 207**	**(158)**	**79**	**81**	**(79)**	**(729)**	**401**
	Additional information on significant cost/revenue items of the segment							
	Depreciation/amortisation recognised in expenses by nature	(848)	(250)	(395)	(144)	395	18	**(1 224)**
	(Recognition)/reversal of impairment losses on non-current assets, including:	80	505	-	1	-	(83)	**503**
	Gain due to the reversal of allowances for impairment of loans granted	86	482	-	-	-	(86)	**482**
		As at 31 December 2023						
	Segment assets	**48 896**	**13 916**	**12 597**	**6 671**	**(12 597)**	**(18 100)**	**51 383**
	Liabilities, of which:	**20 078**	**18 581**	**12 905**	**3 771**	**(12 905)**	**(19 677)**	**22 753**
	Segment liabilities	20 078	18 581	12 905	3 771	(12 905)	(19 790)	**22 640**
	Liabilities unallocated to segments	-	-	-	-	-	113	**113**
	Other information	from 1 January 2023 to 30 June 2023						
	Cash expenditures on property, plant and equipment and intangible assets – cash flow	1 567	338	588	255	(588)	(115)	**2 045**
	Production and cost data	from 1 January 2023 to 30 June 2023						
	Payable copper (kt)	295.8	15.4	40.1				
	Molybdenum (million pounds)	-	-	2.1				
	Silver (t)	699.2	1.5	11.1				
	TPM (koz t)**	57.7	18.3	16.5				
	C1 cash cost of producing copper in concentrate (USD/lb PLN/lb)***	3.03 12.96	5.29 22.66	1.49 6.38				
	Segment result - Adjusted EBITDA	**2 289**	**(352)**	**940**	**231**	**-**	**-**	**3 108**
	EBITDA margin******	**15%**	**(29%)**	**55%**	**4%**	**-**	**-**	**16%**

** 55% of the Group's share in Sierra Gorda S.C.M.'s financial and production data.*
*** TPM (Total Precious Metals) – precious metals (gold, platinum, palladium).*
**** 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.*
***** Adjusted EBITDA to revenues from contracts with customers. For the purposes of calculating the Group's EBITDA margin (16%), the consolidated revenues from contracts with customers were increased by revenues from contracts with customers of the segment Sierra Gorda S.C.M. [3 108 / (17 757 + 1 711) * 100%]*
****** Adjustments arise from consolidation eliminations and financial data of companies unallocated to any segment.*

amounts in PLN millions, unless otherwise stated

Reconciliation of adjusted EBITDA	from 1 January 2024 to 30 June 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	**1 331**	**(506)**	**74**	**175**	**1 074**	**41**	
[-] Profit or loss on involvement in joint ventures	-	(116)	-	-	(116)	-	
[-] Taxes	(687)	(103)	(24)	(61)	(875)	(30)	
[-] Depreciation/amortisation recognised in expenses by nature	(801)	(360)	(159)	80	(1 240)	(371)	
[-] Finance income/(costs)	(231)	(611)	(27)	656	(213)	(376)	
[-] Other operating income/(costs)	578	30	24	(464)	168	11	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	(15)	-	-	(15)	-	
Segment result - adjusted EBITDA	**2 472**	**669**	**260**	**(36)**	**3 365**	**807**	**4 208**

** Adjustments include consolidation eliminations and financial data of companies unallocated to any segment.*
***55% share of the Group in the financial and production data of Sierra Gorda S.C.M.*

Reconciliation of adjusted EBITDA	from 1 January 2023 to 30 June 2023						
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Other segments	Consolidation adjustments*	Consolidated financial statements	Sierra Gorda S.C.M. **	Adjusted EBITDA (segments, total)
	1	2	3	4	5 (1+2+3+4)	6	7 (5+6-4)
Profit/(loss) for the period	**1 207**	**(158)**	**81**	**(729)**	**401**	**79**	
[-] Profit or loss on involvement in joint ventures	-	774	-	-	774	-	
[-] Taxes	(596)	151	(31)	(26)	(502)	(62)	
[-] Depreciation/amortisation recognised in expenses by nature	(848)	(250)	(144)	18	(1 224)	(395)	
[-] Finance income/(costs)	173	(527)	(23)	560	183	(394)	
[-] Other operating income/(costs)	189	54	47	(1 239)	(949)	(10)	
[-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses	-	(8)	1	-	(7)	-	
Adjusted EBITDA	**2 289**	**(352)**	**231**	**(42)**	**2 126**	**940**	**3 108**

** 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.*

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 30 June 2024						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Products							
Copper	11 647	810	1 286	4	(1 286)	(18)	**12 443**
Silver	2 284	7	41	-	(41)	-	**2 291**
Gold	466	126	128	-	(128)	-	**592**
Services	109	364	-	1 299	-	(949)	**823**
Energy	83	-	-	263	-	(189)	**157**
Salt	31	-	-	-	-	2**	**33**
Blasting materials and explosives	-	-	-	146	-	(70)	**76**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	170	-	(145)	**25**
Fuel additives	-	-	-	60	-	(6)	**54**
Lead	149	-	-	-	-	-	**149**
Products from other non-ferrous metals	-	-	-	62	-	(1)	**61**
Other products	98	54	135	429	(135)	(270)	**311**
Merchandise and materials							
Steel	-	-	-	229	-	(29)	**200**
Petroleum and its derivatives	-	-	-	206	-	(178)	**28**
Salt	-	-	-	33	-	(33)**	**-**
Other merchandise and materials	209	-	-	3 502	-	(3 474)	**237**
TOTAL	**15 076**	**1 361**	**1 590**	**6 403**	**(1 590)**	**(5 360)**	**17 480**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*
*** Including: PLN 33 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

amounts in PLN millions, unless otherwise stated

	from 1 January 2023 to 30 June 2023				Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Products							
Copper	11 982	669	1 403	6	(1 403)	(27)	**12 630**
Silver	2 256	18	38	-	(38)	-	**2 274**
Gold	546	94	144	-	(144)	-	**640**
Services	93	351	-	1 324	-	(963)	**805**
Energy	45	-	-	281	-	(198)	**128**
Salt	26	-	-	-	-	10**	**36**
Blasting materials and explosives	-	-	-	165	-	(138)	**27**
Mining machinery, transport vehicles and other types of machinery and equipment	-	-	-	151	-	(66)	**85**
Fuel additives	-	-	-	54	-	-	**54**
Lead	143	-	-	-	-	-	**143**
Products from other non-ferrous metals	-	-	-	77	-	(3)	**74**
Other products	92	85	126	437	(126)	(278)	**336**
Merchandise and materials							
Steel	-	-	-	218	-	(29)	**189**
Petroleum and its derivatives	-	-	-	221	-	(194)	**27**
Salt	-	-	-	36	-	(36)**	**-**
Other merchandise and materials	327	-	-	3 469	-	(3 487)	**309**
TOTAL	**15 510**	**1 217**	**1 711**	**6 439**	**(1 711)**	**(5 409)**	**17 757**

** 55% of the Group's share in revenues of Sierra Gorda S.C.M.*
*** Including: PLN 36 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.*

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 30 June 2024						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers	**15 076**	**1 361**	**1 590**	**6 403**	**(1 590)**	**(5 360)**	**17 480**
Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which:	9 805	997	1 520	-	(1 520)	(57)	**10 745**
settled	9 464	126	260	-	(260)	(57)	**9 533**
unsettled	341	871	1 260	-	(1 260)	-	**1 212**
Revenues from realisation of long-term contracts	-	356	-	123	-	(116)	**363**
Revenues from other sales contracts	5 271	8	70	6 280	(70)	(5 187)	**6 372**
Total revenues from contracts with customers, of which:	**15 076**	**1 361**	**1 590**	**6 403**	**(1 590)**	**(5 360)**	**17 480**
in factoring	4 738	-	-	102	-	(102)	**4 738**
not in factoring	10 338	1 361	1 590	6 301	(1 590)	(5 258)	**12 742**

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Total revenues from contracts with customers, of which:	**17 480**	**17 757**
transferred at a certain moment	16 410	16 660
transferred over time	1 070	1 097

amounts in PLN millions, unless otherwise stated

	from 1 January 2023 to 30 June 2023						
					Reconciliation items to consolidated data		
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M.	Consolidation adjustments	Consolidated data
Total revenues from contracts with customers	**15 510**	**1 217**	**1 711**	**6 439**	**(1 711)**	**(5 409)**	**17 757**
Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which:	11 165	865	1 727	1	(1 727)	(68)	**11 963**
settled	10 407	101	175	1	(175)	(67)	**10 442**
unsettled	758	764	1 552	-	(1 552)	(1)	**1 521**
Revenues from realisation of long-term contracts	-	332	-	114	-	(97)	**349**
Revenues from other sales contracts	4 345	20	(16)	6 324	16	(5 244)	**5 445**
Total revenues from contracts with customers, of which:	**15 510**	**1 217**	**1 711**	**6 439**	**(1 711)**	**(5 409)**	**17 757**
in factoring	4 688	-	-	97	-	(96)	**4 689**
not in factoring	10 822	1 217	1 711	6 342	(1 711)	(5 313)	**13 068**

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

amounts in PLN millions, unless otherwise stated

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

	from 1 January 2024 to 30 June 2024							from 1 January 2023 to 30 June 2023
					Reconciliation items to consolidated data			
	KGHM Polska Miedź S.A.	KGHM INTERNATIONAL LTD.	Sierra Gorda S.C.M.*	Other segments	Elimination of data of the segment Sierra Gorda S.C.M.	Consolidation adjustments	Consolidated data	KGHM Polska Miedź S.A. Group
Poland	3 894	-	-	6 241	-	(5 340)	**4 795**	4 517
Austria	166	-	-	13	-	-	**179**	240
Belgium	23	-	-	3	-	-	**26**	21
Bulgaria	60	-	-	11	-	-	**71**	181
Czechia	1 206	-	-	7	-	-	**1 213**	1 191
Estonia	19	-	-	1	-	-	**20**	14
Finland	15	-	-	2	-	-	**17**	-
France	418	-	-	3	-	-	**421**	450
Greece	10	-	-	6	-	-	**16**	-
Spain	8	94	-	2	-	-	**104**	-
The Netherlands	1	-	36	-	(36)	-	**1**	5
Germany	2 475	-	-	42	-	-	**2 517**	3 704
Romania	62	-	-	1	-	-	**63**	86
Slovakia	98	-	-	7	-	-	**105**	123
Slovenia	52	-	-	2	-	-	**54**	62
Sweden	326	-	-	15	-	-	**341**	16
Hungary	797	-	-	3	-	-	**800**	762
The United Kingdom	806	-	-	1	-	-	**807**	534
Italy	1 144	-	-	8	-	-	**1 152**	1 019
Australia	211	-	-	-	-	-	**211**	206
Bosnia and Herzegovina	13	-	-	1	-	-	**14**	-
Chile	-	268	319	-	(319)	-	**268**	132
China	1 403	445	896	-	(896)	-	**1 848**	2 191
India	-	-	40	-	(40)	-	**-**	3
Japan	-	-	262	-	(262)	-	**-**	-
Canada	22	471	-	-	-	(20)	**473**	471
South Korea	45	-	26	-	(26)	-	**45**	-
The United States of America	678	83	-	7	-	-	**768**	642
Switzerland	633	-	-	1	-	-	**634**	691
Türkiye	230	-	-	4	-	-	**234**	134
Taiwan	-	-	-	-	-	-	**-**	49
Algeria	15	-	-	-	-	-	**15**	44
Thailand	63	-	-	-	-	-	**63**	159
Singapore	17	-	-	-	-	-	**17**	-
Saudi Arabia	131	-	-	3	-	-	**134**	1
Malesia	20	-	-	-	-	-	**20**	51
Other countries	15	-	11	19	(11)	-	**34**	58
TOTAL	**15 076**	**1 361**	**1 590**	**6 403**	**(1 590)**	**(5 360)**	**17 480**	**17 757**

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

amounts in PLN millions, unless otherwise stated

Note 2.6 Main customers

In the period from 1 January 2024 to 30 June 2024 and in the comparable period, the revenues from no single contractor exceeded 10% of the sales revenue of the Group.

Note 2.7 Non-current assets – geographical breakdown

	As at 30 June 2024	As at 31 December 2023
Poland	24 102	23 309
Canada	1 990	1 791
The United States of America	1 942	1 613
Chile	258	228
TOTAL*	**28 292**	**26 941**

** Non-current assets, excluding: derivatives, other financial instruments, other non-financial assets and deferred tax assets (IFRS 8.33b) in the total amount of PLN 11 170 million as at 30 June 2024 (PLN 11 041 million as at 31 December 2023).*

amounts in PLN millions, unless otherwise stated

Part 3 – Explanatory notes to the consolidated statement of profit or loss

Note 3.1 Expenses by nature

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	1 240	1 224
Employee benefits expenses	4 252	4 068
Materials and energy, including:	6 846	7 953
purchased metal-bearing materials	3 861	4 119
External services	1 424	1 407
Minerals extraction tax	1 955	1 973
Other taxes and charges	483	413
Revaluation of inventories*	51	200
Impairment losses on property, plant and equipment and intangible assets	15	8
Reversal of an impairment loss on property, plant and equipment and intangible assets	-	(1)
Other costs	128	126
Total expenses by nature	**16 394**	**17 371**
Cost of merchandise and materials sold (+)	304	368
Change in inventories of finished goods and work in progress (+/-)	(248)	(131)
Cost of manufacturing products for internal use of the Group (-)	(1 080)	(746)
Total costs of sales, selling costs and administrative expenses, of which:	**15 370**	**16 862**
Cost of sales	14 391	15 929
Selling costs	267	233
Administrative expenses	712	700

** PLN 182 million due to a write-down recognised in KGHM INTERNATIONAL LTD. in the first half of 2023 since the cost was higher than the net realisable value.*

amounts in PLN millions, unless otherwise stated

Note 3.2 Other operating income and (costs)

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives, of which:	537	200
measurement	70	165
realisation	467	35
Interest income calculated using the effective interest rate method	18	23
Exchange differences on financial assets and liabilities other than borrowings	303	-
Reversal of impairment losses on financial instruments	1	3
Provisions released	27	29
Gain on disposal of intangible assets	3	6
Reversal of an impairment loss on property, plant and equipment	-	30
Government grants received	6	17
Income from servicing of letters of credit and guarantees	10	10
Compensation, fines and penalties received	20	8
Other	27	58
Total other operating income	**952**	**384**
Losses on derivatives, of which:	(564)	(249)
measurement	(65)	(57)
realisation	(499)	(192)
Fair value losses on financial assets	(74)	(80)
Impairment losses on financial instruments	(2)	(5)
Impairment loss on fixed assets under construction and intangible assets not yet available for use	(32)	(2)
Exchange differences on financial assets and liabilities other than borrowings	-	(855)
Provisions recognised	(65)	(5)
Loss on disposal of property, plant and equipment	(4)	(8)
Donations given	(22)	(43)
Other	(21)	(86)
Total other operating costs	**(784)**	**(1 333)**
Other operating income and (costs)	**168**	**(949)**

amounts in PLN millions, unless otherwise stated

Note 3.3 Finance income and (costs)

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Exchange differences on measurement and realisation of borrowings	-	234
Gains on derivatives - realisation	74	87
Result of the settlement of a transaction hedging against interest rate risk due to the issuance of bonds with a variable interest rate*	-	32
Total finance income	**74**	**353**
Interest on borrowings, including:	(5)	(5)
leases	(5)	(5)
Interest on trade payables within the reverse factoring mechanism	(80)	(7)
Bank fees and charges on borrowings	(10)	(12)
Exchange differences on measurement and realisation of borrowings	(59)	-
Losses on derivatives - realisation	(80)	(93)
Unwinding of the discount effect	(47)	(45)
Other	(6)	(8)
Total finance costs	**(287)**	**(170)**
Finance income and (costs)	**(213)**	**183**

**In the first half of 2023, the result of the settlement of a transaction hedging against the interest rate risk due to the issuance of bonds with a variable interest rate was recognised in the amount of PLN 52 million, adjusted by interest paid on issued bonds in the amount of PLN 20 million.*

amounts in PLN millions, unless otherwise stated

Part 4 – Other explanatory notes

Note 4.1 Information on property, plant and equipment and intangible assets

Purchase of property, plant and equipment and intangible assets

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Purchase of property, plant and equipment, including:	2 453	1 702
leased assets	14	88
Purchase of intangible assets	145	285

Payables due to the purchase of property, plant and equipment and intangible assets

	As at 30 June 2024	As at 31 December 2023
Payables due to the purchase of property, plant and equipment and intangible assets	613	909

Capital commitments related to property, plant and equipment and intangible assets, not recognised in the consolidated statement of financial position

	As at 30 June 2024	As at 31 December 2023
Purchase of property, plant and equipment	1 697	1 668
Purchase of intangible assets	37	22
Total capital commitments	**1 734**	**1 690**

Note 4.2 Involvement in joint ventures

Joint venture Sierra Gorda S.C.M. accounted for using the equity method

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
As at the beginning of the reporting period	-	-
Share of profit for the reporting period	41	81
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	(29)	(104)
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(12)	23
As at the end of the reporting period	-	-

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
The Group's share (55%) of profit for the reporting period of Sierra Gorda S.C.M., of which:	**41**	**81**
recognised in the valuation of the joint venture	41	81

Unrecognised share of the Group of the losses of Sierra Gorda S.C.M.

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
As at the beginning of the reporting period	**(1 054)**	**(1 174)**
Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses)	29	120
As at the end of the reporting period	**(1 025)**	**(1 054)**

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

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
As at the beginning of the reporting period	**9 096**	**9 603**
Repayment of loans (principal and interest)	(44)	(163)
Accrued interest	291	597
Allowance for impairment	(407)	-
Gain due to reversal of allowances for impairment	-	101
Exchange differences	226	(1 042)
As at the end of the reporting period	**9 162**	**9 096**

The Group classifies loans granted to Sierra Gorda S.C.M. 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.

Pursuant to the requirements of IFRS 9.5.5.17, the Group performed measurement 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. Scenario analysis was based on cash flows of Sierra Gorda S.C.M., which were subsequently discounted using the effective interest rate method 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%.

As at 30 June 2024, the Group estimated the expected cash flows on repayment of receivables due to loans granted to Sierra Gorda S.C.M., as a result of which pursuant to the requirements of IFRS 9.5.5.14 an allowance for impairment in the amount of PLN 407 million (USD 101 million) was recognised.

Basic macroeconomic assumptions adopted for cash flow estimation – metal prices

The following price paths were adopted:

Period	IIH 2024	2025	2026	2027	LT
Copper price [USD/t]	10 050	8 700	9 000	9 200	8 250
Gold price [USD/oz]	2 357	1 800	1 650	1 600	1 600

Other key assumptions used for cash flow estimation

Mine life / forecast period	24
Level of copper production during mine life (kt)	3 628
Level of molybdenum production during mine life (million pounds)	225
Level of gold production during mine life (koz)	1 020
Average operating margin during mine life	43.4%
Applied discount rate after taxation (used to calculate the fair value for the disclosure purposes in Note 4.3.)	9.25%
Capital expenditures to be incurred during mine life (USD million)	1 549
Level of capitalised stripping costs during mine life (USD million)	3 963

amounts in PLN millions, unless otherwise stated

Note 4.3 Financial instruments

Financial assets	As at 30 June 2024					As at 31 December 2023				
	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	868	69	9 674	234	**10 845**	829	114	9 571	195	**10 709**
Loans granted to a joint venture	-	-	9 162	-	**9 162**	-	-	9 096	-	**9 096**
Derivatives	-	-	-	234	**234**	-	38	-	195	**233**
Other financial instruments measured at fair value	868	69	-	-	**937**	829	76	-	-	**905**
Other financial instruments measured at amortised cost	-	-	512	-	**512**	-	-	475	-	**475**
Current	-	1 160	3 215	183	**4 558**	-	919	2 475	323	**3 717**
Trade receivables	-	896	554	-	**1 450**	-	414	518	-	**932**
Derivatives	-	223	-	183	**406**	-	437	-	323	**760**
Cash and cash equivalents	-	-	2 441	-	**2 441**	-	-	1 729	-	**1 729**
Other financial assets	-	41	220	-	**261**	-	68	228	-	**296**
Total	**868**	**1 229**	**12 889**	**417**	**15 403**	**829**	**1 033**	**12 046**	**518**	**14 426**

Financial liabilities	As at 30 June 2024				As at 31 December 2023			
	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
Non-current	7	5 207	221	**5 435**	38	4 991	164	**5 193**
Borrowings, lease and debt securities	-	4 987	-	**4 987**	-	4 761	-	**4 761**
Derivatives	7	-	221	**228**	38	-	164	**202**
Other financial liabilities	-	220	-	**220**	-	230	-	**230**
Current	257	8 088	20	**8 365**	480	7 433	26	**7 939**
Borrowings, lease and debt securities	-	1 206	-	**1 206**	-	964	-	**964**
Derivatives	246	-	20	**266**	473	-	26	**499**
Trade payables	-	2 806	-	**2 806**	-	3 167	-	**3 167**
Trade payables within the reverse factoring mechanism	-	3 544	-	**3 544**	-	3 021	-	**3 021**
Other financial liabilities	11	532	-	**543**	7	281	-	**288**
Total	**264**	**13 295**	**241**	**13 800**	**518**	**12 424**	**190**	**13 132**

amounts in PLN millions, unless otherwise stated

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

Classes of financial instruments	As at 30 June 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	21	-	21	-	22	-	22
Listed shares	742	-	-	742	703	-	-	703
Unquoted shares	-	126	-	126	-	126	-	126
Trade receivables	-	896	-	896	-	414	-	414
Derivatives, of which:	-	146	-	146	-	292	-	292
Assets	-	640	-	640	-	993	-	993
Liabilities	-	(494)	-	(494)	-	(701)	-	(701)
Other financial assets	-	31	58	89	-	48	74	122
Other financial liabilities	-	(11)	-	-	-	(7)	-	(7)

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

Classes of financial instruments	As at 30 June 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	-	7 960	9 162	-	-	7 778	9 096
Received long-term bank and other loans	-	(1 754)	-	(1 754)	-	(2 486)	-	(2 486)
Long-term debt securities	(2 628)	-	-	(2 600)	(1 627)	-	-	(1 600)

The Group does not disclose the fair value of financial instruments measured at amortised cost in the statement of financial position, other than those presented in the table above, because it makes use of the exemption arising from IFRS 7.29 (Disclosure of information on the 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 reporting period.

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

Level 1

Listed shares

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

Long-term debt securities

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

Level 2

Unquoted shares

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

Trade receivables

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

Metals derivatives

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

Received long-term bank and other loans

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

Level 3

<u>Loans granted</u>

Loans granted measured at amortised cost in the statement of financial position are included in this category, because of the use of unobservable assumptions in the fair value measurement. With respect to estimating the fair value of these loans, a significant element of the estimation are the forecasted cash flows of Sierra Gorda S.C.M., which are unobservable input data, and pursuant to IFRS 13 the fair value of these assets is classified to level 3 of the hierarchy. The discount rate adopted to estimate the fair value of loans measured at amortised cost was adopted at 9.25% (as at 31 December 2023, 9.13%).

The forecasted cash flows of Sierra Gorda S.C.M., which are the basis for estimating the fair value of loans measured at amortised cost, are the most sensitive to copper price volatility, which affects other assumptions, such as forecasted production and operating margin. Therefore the Group, pursuant to IFRS 13 p.93.f, performed a sensitivity analysis of the fair value of loans to copper price volatility.

Scenarios as at 30 June 2024	IIH 2024	2025	2026	2027	LT
Base	10 050	8 700	9 000	9 200	8 250
Base minus 0.1 USD/lb during mine life (220 USD/t)	9 830	8 480	8 780	8 980	8 030
Base plus 0.1 USD/lb during mine life (220 USD/t)	10 270	8 920	9 220	9 420	8 470

Scenarios as at 31 December 2023	2024	2025	2026	2027	LT
Base	8 500	8 700	9 000	9 200	8 250
Base minus 0.1 USD/lb during mine life (220 USD/t)	8 280	8 480	8 780	8 980	8 030
Base plus 0.1 USD/lb during mine life (220 USD/t)	8 720	8 920	9 220	9 420	8 470

Sensitivity analysis of the fair value to changes in copper prices as at 30 June 2024

Classes of financial instruments	Fair value	Base plus 0.1 USD/lb during mine life	Base minus 0.1 USD/lb during mine life
Loans granted measured at amortised cost	**7 960**	8 190	7 724
Loans granted measured at amortised cost (in USD million)	**1 974**	2 031	1 916

Sensitivity analysis of the carrying amount to changes in copper prices as at 30 June 2024

Classes of financial instruments	Carrying amount	Base plus 0.1 USD/lb during mine life	Base minus 0.1 USD/lb during mine life
Loans granted measured at amortised cost	**9 162**	9 349	8 983
Loans granted measured at amortised cost (in USD million)	**2 272**	2 319	2 228

<u>Other financial assets</u>

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

amounts in PLN millions, unless otherwise stated

Note 4.4 Management of risk of commodity, currency, interest rate and risk of changes in prices of energy and energy carriers in the KGHM Polska Miedź S.A. Group

In managing commodity, currency and interest rate risk, the scale and profile of activities of the Parent Entity and of the mining companies of the KGHM INTERNATIONAL LTD. Group is of the greatest significance for, and has the greatest impact on 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 whole KGHM Polska Miedź S.A. Group's global exposure.

The primary technique used by the Group in market risk management are hedging strategies involving derivatives. Natural hedging is also used. The Parent Entity applies hedging transactions, as understood by hedge accounting.

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

Statement of profit or loss	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Revenues from contracts with customers (reclassification adjustment)	284	227
Other operating income / (costs) (including reclassification adjustment):	(27)	(49)
on realisation of derivatives	(32)	(157)
on measurement of derivatives	5	108
Finance income / (costs) (including reclassification adjustment):	(6)	46
on realisation of derivatives	(6)	(6)
interest on borrowings	-	52
Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect)	**251**	**224**

Statement of other comprehensive income	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Impact of measurement of hedging transactions (effective portion)	(2)	752
Reclassification to the statement of profit or loss due to realisation of a hedged item	(286)	(116)
Reclassification to non-current assets due to realisation of a hedged item*	(39)	-
Impact of hedging transactions (excluding the tax effect)	**(327)**	**636**
TOTAL COMPREHENSIVE INCOME	**(76)**	**860**

**Reclassification to non-current assets due to capitalisation of borrowing costs under the hedge accounting in the cost of non-current assets.*

Statement of financial position – non-current assets	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gain on settlement of an instrument hedging interest rate of bonds*	(39)	-

**Reclassification to non-current assets due to capitalisation of borrowing costs under the hedge accounting in the cost of non-current assets.*

The table below presents information on changes in other comprehensive income due to cash flow hedging (excluding the tax effect) in connection with the application of hedge accounting in the first half of 2024 and in the first half of 2023.

Other comprehensive income due to cash flow hedging (excluding the tax effect)	2024	2023
As at 1 January	**628**	**71**
Impact of measurement of hedging transactions (effective part)	(2)	752
Reclassification to revenues from contracts with customers due to realisation of a hedged item	(284)	(227)
Reclassification to finance costs due to realisation of a hedged item	-	(52)
Reclassification to non-current assets due to realisation of a hedged item*	(39)	-
Reclassification to other operating costs due to realisation of a hedged item (settlement of the hedging cost)	(2)	163
As at 30 June	**301**	**707**

**Reclassification to non-current assets due to capitalisation of borrowing costs under the hedge accounting in the cost of non-current assets.*

The management of market risk in the Parent Entity, and especially the management of the risk of changes in metals prices, exchange rates and interest rates, should be considered through an analysis of the hedging position together with the position being hedged (hedged position). A hedging position is understood as the Parent Entity's position in derivatives. A hedged position is comprised of highly probable, future cash flows (revenues from the physical sale of products).

In the first half of 2024, copper sales of the Parent Entity amounted to 302.6 thousand tonnes (net sales of 204.2 thousand tonnes)[1], and have not been secured by derivatives (in the first half of 2023 the notional amount of copper price hedging strategies represented approx. 31% of the total sales of this metal realised by the Parent Entity and approx. 47% of net sales in this period). Similarly, in the case of silver sales in the first half of 2024 the Parent Entity did not have any transactions hedging the price of this metal (10% in the first half of 2023). Transactions hedging the risk of changes in USDPLN exchange rate settled in the first half of 2024 represented approximately 19% of revenues from copper and silver sales realised by the Parent Entity in this period (approximately 25% in the first half of 2023).

In the first half of 2024, pursuant to the Market Risk Management Policy, the Parent Entity monitored and analysed on an ongoing basis the macroeconomic environment and the situation on financial markets, and also identified and measured market risk related to changes in metals prices, exchange rates and interest rates. As part of the realisation of the strategic hedging plan of the Parent Entity against market risk in the first half of 2024, transactions hedging the planned revenues from copper and silver sales were implemented. On the copper market, seagull option structures (Asian options) for the period from July 2024 to December 2025 in the total tonnage of 29.25 thousand tonnes were entered into. On the silver market, collar option structures (Asian options) for the period from July 2024 to December 2025 in the total tonnage of 3.15 million troy ounces were implemented. In the first half of 2024, the Parent Entity did not enter into any hedging transactions on the forward currency and interest rate markets.

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

As at 30 June 2024, the Parent Entity held an open derivatives position for:

- 33.88 thousand tonnes of copper (of which 29.25 thousand tonnes arose from the strategic management of market risk, while 4.63 thousand tonnes came from the management of a net trading position),
- 3.15 million troy ounces of silver, and
- USD 330 million of planned revenues from sales of metals.

Furthermore, as at 30 June 2024, the Parent Entity had loans with fixed interest rate and open Cross Currency Interest Rate Swap (CIRS) transactions in the notional amount of PLN 1.6 billion, hedging both the sales revenues in the currency, as well as the variable interest rate of issued bonds. Commodity risk was also related to derivatives embedded in the purchase contracts for metal-bearing materials.

With respect to managing currency risk, the Parent Entity uses natural hedging by borrowing in currencies in which it generates revenues. As at 30 June 2024, the bank and investment loans which were drawn in USD, following their translation to PLN, amounted to PLN 2 544 million (as at 31 December 2023: PLN 2 939 million).

In the first half of 2024, none of the Group's mining subsidiaries had implemented any forward transactions on the commodity market or the currency market, and did not hold an open position on this market as at 30 June 2024.

Condensed tables of open transactions in derivatives held by the Parent Entity as at 30 June 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 condensed tables do not reflect opposite transactions (purchase versus sale) consistent with instrument, strike price, notional and maturity period entered into as part of restructuration and restructured hedging strategies.

[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.

Hedging against copper price risk – open derivatives as at 30 June 2024

	Instrument/ option structure	Notional	Average weighted option strike price: sold put option	Average weighted option strike price: purchased put option	Average weighted option strike price: sold call option	Average weighted premium	Effective hedge price
			hedge limited to	*copper price hedging*	*participation limited to*		
		[tonnes]	[USD/t]	[USD/t]	[USD/t]	[USD/t]	[USD/t]
2nd half of 2024	seagull	9 750	7 489	9 549	11 049	-	9 549
TOTAL VII-XII 2024		**9 750**					
1st half of 2025	seagull	9 750	7 489	9 549	11 049	-	9 549
2nd half of 2025	seagull	9 750	7 489	9 549	11 049	-	9 549
TOTAL I-XII 2025		**19 500**					

Hedging against silver price risk– open derivatives as at 30 June 2024

	Instrument/ option structure	Notional	Average weighted option strike price: sold put option	Average weighted option strike price: purchased put option	Average weighted option strike price: sold call option	Average weighted premium	Effective hedge price
			hedge limited to	*silver price hedging*	*participation limited to*		
		[mn ounces]	[USD/ounce]	[USD/ounce]	[USD/ounce]	[USD/ounce]	[USD/ounce]
2nd half of 2024	collar	1.05	-	26.43	40.29	-	26.43
TOTAL VII-XII 2024		**1.05**					
1st half of 2025	collar	1.05	-	26.43	40.29	-	26.43
2nd half of 2025	collar	1.05	-	26.43	40.29	-	26.43
TOTAL I-XII 2025		**2.10**					

Hedging against USD/PLN currency risk - open derivatives as at 30 June 2024

	Instrument/ option structure	Notional	Average weighted option strike price: sold put option	Average weighted option strike price: purchased put option	Average weighted option strike price: sold call option	Average weighted premium	Effective hedge price
			hedge limited to	*exchange rate hedging*	*participation limited to*		
		[USD mn]	[USD/PLN]	[USD/PLN]	[USD/PLN]	[PLN per USD 1]	[USD/PLN]
2nd half of 2024	put spread	330.00	3.60	4.48	-	0.01	4.49
TOTAL VII-XII 2024		**330.00**					

Hedging against currency-interest rate risk connected with the issuance of bonds with a variable interest rate in PLN - open derivatives as at 30 June 2024

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

The table below presents detailed data on derivative transactions designated as hedging, held by the Parent Entity as at 30 June 2024.

Open hedging derivatives	Notional of the transaction	Average weighted price /exchange rate/interest rate	Maturity - settlement period		Period of profit/loss impact***	
Type of derivative	copper [t] silver [mn ounces] currency [USD mn] CIRS [PLN mn]	[USD/t] [USD/ounce] [USD/PLN] [USD/PLN, fixed interest rate for USD]	from	to	from	to
Copper – *seagulls**	29 250	9 549 – 11 049	July'24	- Dec'25	July'24	- Jan'26
Silver – *collars**	3.15	26.43 - 40.29	July'24	- Dec'25	July'24	- Jan'26
Currency – *put spread*	330.00	3.60 - 4.48	July'24	- Dec'24	July'24	- Jan'25
Currency - interest rate – CIRS**	1 600	3.81 and 3.94%		June'29	June'29	- July'29

** Collar structures, i.e. purchased put options and sold call options were designated as hedging under seagull options structures (CFH – Cash Flow Hedging).*
*** Settlements of interest payments are made periodically, on a half-year basis, until the moment of the realisation of the transaction.*
**** Reclassification of profit 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 profit or loss on the settlement of the transaction takes place at the date of its settlement.*

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

The credit risk related to derivatives held is continuously monitored by reviewing the credit ratings and is limited by diversifying the portfolio while implementing hedging strategies.

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 30 June 2024	As at 31 December 2023
Medium-high	from A+ to A- according to S&P and Fitch, and from A1 to A3 according to Moody's	80%	71%
Medium	from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's	20%	29%

Exposure to credit risk by main counterparties

	As at 30 June 2024			As at 31 December 2023		
	Open derivatives	Settled derivatives		Open derivatives	Settled derivatives	
	Financial receivables	*Net financial receivables* [3]	**Exposure to credit risk**	*Financial receivables*	*Net financial receivables* [3]	**Exposure to credit risk**
Counterparty 1	140	7	**147**	238	8	**246**
Counterparty 2	103	5	**108**	236	5	**241**
Counterparty 3	96	-	**96**	149	6	**155**
Other	301	19	**320**	370	29	**399**
Total	**640**	**31**	**671**	**993**	**48**	**1 041**

Taking into consideration the receivables due to open derivative transactions held by the Group (excluding embedded derivatives) as at 30 June 2024 and net receivables due to settled derivatives, the maximum single entity share of the amount exposed to credit risk arising from these transactions amounted to 22%, or PLN 147 million (as at 31 December 2023: 24% or PLN 246 million).

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

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).

[3] *The Parent Entity offsets receivables and liabilities due to settled derivatives (that is for which the future 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.*

amounts in PLN millions, unless otherwise stated

Settled derivatives by main counterparties

	As at 30 June.2024					
			Subject to compensation			
	Gross financial receivables	*Gross financial liabilities*	*Financial receivables*	*Financial liabilities*	*Net financial receivables*	*Net financial liabilities*
Counterparty 1	14	(7)	14	(7)	7	-
Counterparty 2	18	(13)	18	(13)	5	-
Counterparty 3	6	(10)	6	(10)	-	(4)
Other	27	(15)	12	(15)	19	(7)
Total	**65**	**(45)**	**50**	**(45)**	**31**	**(11)**

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

The fair value of open derivatives of the KGHM Polska Miedź S.A. Group as at the end of the reporting period, broken down into hedging transactions[4] and trade transactions (including: embedded and adjustment derivatives) and instruments initially designated as hedging instruments excluded from hedge accounting, is presented in detail in the table below.

[4] *Within the KGHM Polska Miedź S.A. Group, the Parent Entity applies cash flow hedge accounting (CFH).*

amounts in PLN millions, unless otherwise stated

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

Type of derivative	As at 30 June 2024					As at 31 December 2023				
	Financial assets		Financial liabilities			Financial assets		Financial liabilities		
	Non-current	Current	Non-current	Current	Total	Non-current	Current	Non-current	Current	Total
Hedging instruments (CFH), of which:	**234**	**183**	**(221)**	**(20)**	**176**	**195**	**323**	**(164)**	**(26)**	**328**
Derivatives – Metals (price of copper, silver)										
Options – *seagull** (copper)	36	34	(28)	(16)	**26**	-	-	-	-	**-**
Options – collar (silver)	7	5	(8)	(4)	**-**	-	-	-	-	**-**
Derivatives – Currency (USDPLN exchange rate)										
Options – *put spread*	-	144	-	-	**144**	28	315	(2)	(7)	**334**
Derivatives – Currency-interest rate										
Cross Currency Interest Rate Swap CIRS	191	-	(185)	-	**6**	167	8	(162)	(19)	**(6)**
Trade instruments, of which:	**-**	**12**	**(7)**	**(246)**	**(241)**	**-**	**1**	**(38)**	**(473)**	**(510)**
Derivatives – Metals (price of copper, silver, gold)										
Sold put option (copper)	-	-	(7)	(3)	**(10)**	-	-	-	-	**-**
QP adjustment swap transactions (copper)	-	11	-	-	**11**	-	-	-	(5)	**(5)**
QP adjustment swap transactions (gold)	-	1	-	(1)	**-**	-	1	-	(6)	**(5)**
Derivatives – Currency										
Sold put option (USDPLN)	-	-	-	(211)	**(211)**	-	-	(38)	(436)	**(474)**
Purchased call option (USDPLN)	-	-	-	-	**-**	-	-	-	-	**-**
Collar and *forward/swap* (EURPLN)	-	-	-	-	**-**	-	-	-	-	**-**
Embedded derivatives (price of copper, silver, gold)										
Purchase contracts for metal-bearing materials	-	-	-	(31)	**(31)**	-	-	-	(26)	**(26)**
Instruments initially designated as hedging, excluded from hedge accounting, of which:	**-**	**211**	**-**	**-**	**211**	**38**	**436**	**-**	**-**	**474**
Derivatives – Currency (USDPLN exchange rate)										
Options – *collar*	-	211	-	-	**211**	38	436	-	-	**474**
TOTAL OPEN DERIVATIVES	**234**	**406**	**(228)**	**(266)**	**146**	**233**	**760**	**(202)**	**(499)**	**292**

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

The fair value of open derivatives (assets and liabilities) as at 30 June 2024 has changed as compared to 31 December 2023 because of:

- the settlement of transactions in derivatives with maturities in the first half of 2024, which were open at the end of 2023,
- entering into new transactions on the metals forward market,
- the change in macroeconomic conditions (e.g. forward prices of copper, silver, gold, USD/PLN forward rates, interest rates and volatility implied at the measurement date).

amounts in PLN millions, unless otherwise stated

Management of risk of changes in prices of energy and energy carriers

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

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

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

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

In the case of 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 Parent Entity 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 first half of 2024, the Parent Entity acquired an additional 7 photovoltaic farms on the Renewable Energy Sources market. The concluded transaction is the first step on the road towards the realisation of the energy transformation strategy aimed at the diversification of sources and decoupling the Company from volatility of prices on the energy market (details in Note 5.1.).

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

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

In 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 of individual merchandise for own needs

Merchandise	Unit	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
CO_2 emission allowances	EUA	652 648	596 002
Property rights, so-called green certificates	GWh	51	128
Property rights, so-called blue certificates	GWh	5.1	5.3
Property rights, so-called white certificates	TOE	1 383	1 073
Gas	GWh	1 253	1 097
Electricity	GWh	1 284	1 330

amounts in PLN millions, unless otherwise stated

Note 4.5 Liquidity risk and capital management

Capital management policy

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

In accordance with adopted 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	30 June 2024	31 December 2023
Net Debt/adjusted EBITDA	relation of net debt to adjusted EBITDA	**0.72**	**1.02**
Net Debt	Borrowings, debt securities and lease liabilities less free cash and cash equivalents, taking into account the impact of derivatives related to external sources of financing	3 585	3 848
Adjusted EBITDA*	Profit/(loss) for the period pursuant to IFRS, excluding taxes (current and deferred income tax and mining tax), finance income and costs, other operating income and costs, profit or loss on involvement in joint ventures, depreciation/amortisation recognised in expenses by nature, recognition/reversal of impairment losses on property, plant and equipment and intangible assets recognised in the cost of sales, selling costs and administrative expenses	5 011	3 778

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

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

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
Profit/(loss) on sales	2 110	(1 640)
Interest income on loans granted to a joint venture	291	597
Other operating income and (costs)	168	(2 817)
Adjusted profit/(loss) from operating activities*	**2 569**	**(3 860)**

** Presented amount does not include the impairment loss and the gain due to reversal of an allowance for impairment of loans granted to a joint venture.*

As at the end of the reporting period, during the first half of 2024 and after the end of the reporting period, up to the date of publication of this consolidated half-year report, the value of the financial covenant subject to the obligation to report as at 31 December 2023 and 30 June 2024 met the conditions stipulated in the credit agreements.

Liquidity management policy

The basic goal of financial liquidity management in the Group is assuring that the companies are able to meet their current and future obligations.

In managing the risk of liquidity loss, the Group maintains an adequate level of cash and access to a broad portfolio of flexible sources of financing.

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 of financial liquidity in the Group is performed based on the "Financial Liquidity Management Policy in the Group". The basic principles resulting from the Policy are:

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

amounts in PLN millions, unless otherwise stated

In the first half of 2024, the Group continued actions aimed at optimising the financial liquidity management process by concentrating on the effective management of working and debt capital. The effectiveness of this process was advanced by the use of financial instruments such as bank and other loans, cash pooling and factoring.

In accordance with the adopted strategy of basing the financial structure on diversified and long-term financial instruments, in the first half of 2024 the Parent Entity signed a credit agreement with Bank Gospodarstwa Krajowego in the amount of USD 450 million for a financing period of up to 5 years, with an option to extend it by a subsequent 2 years, and obtained additional external financing in the form of bilateral bank loans in the amount of USD 150 million and PLN 200 million.

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

Under the liquidity management process, the Group utilises instruments which enhance its effectiveness. One of the primary instruments used by the Group to deal with current operating activities is cash pooling – local in PLN, USD and EUR and international in USD.

Net debt changes

	As at 31 December 2023	Cash flows related to debt	Accrued interest	Exchange differences	Other changes	As at 30 June 2024
Bank loans	667	(54)	43	13	4	673
Loans	2 272	(228)	42	49	3	2 138
Debt securities	2 002	526	74	-	-	2 602
Leases	784	(57)	30	-	23*	780
1.Total debt	**5 725**	**187**	**189**	**62**	**30**	**6 193**
2. Free cash and cash equivalents	1 702	715	-	-	-	2 417
3. Derivatives related to external sources of financing	175	33	-	-	(17)	191
Net debt (1-2-3), including:	**3 848**	**(561)**	**189**	**62**	**47**	**3 585**
*Net debt excluding derivatives (1-2)***	*4 023*	-	-	-	-	*3 776*

**The amount of PLN 21 million represents the balance of liabilities at the date of obtaining control over entities, the other amounts result from modifications and entering into new lease agreements.*
*** Net debt excluding derivatives presented in order to calculate covenants in bank loan agreements.*

Reconciliation of cash flows related to debt on the consolidated statement of cash flows

	from 1 January 2024 to 30 June 2024
Financing activities	
Proceeds from the issuance of debt financial instruments	1 000
Proceeds from borrowings	1 413
Proceeds from derivatives related to external sources of financing	35
Redemption of debt financial instruments	(400)
Repayment of borrowings	(1 608)
Repayment of lease liabilities	(31)
Expenditures on derivatives related to external sources of financing	(41)
Repayment of interest on borrowings and debt securities	(14)
Repayment of interest on leases	(14)
Investing activities	
Paid capitalised interest on borrowings	(159)
Proceeds from settlement of an instrument hedging interest rate of bonds	39
Change in free cash and cash equivalents	**715**
TOTAL	**(561)**

amounts in PLN millions, unless otherwise stated

Details on external financing sources

As at 30 June 2024, the Group had open credit lines, loans and debt securities with a total balance of available financing being the equivalent of PLN 16 414 million, out of which PLN 5 413 million had been drawn.

The structure of external financing sources is presented below.

Unsecured, revolving syndicated credit facility

A credit facility in the amount of USD 1 500 million, obtained on the basis of a financing agreement concluded by the Parent Entity with a syndicate of banks in 2019 with a maturity of 20 December 2024, with an option to extend it by a further 2 years (5+1+1). The Parent Entity received consent from Syndicate Members twice to extend the term of the agreement. The agreement expires on 20 December 2026, and the amount of available financing during the extension period will amount to USD 1 438 million.
The funds acquired through this credit facility are used to finance general corporate purposes. Interest is based on SOFR plus a margin, depending on the Total Consolidated Net Debt/Consolidated EBITDA financial ratio. The credit facility agreement obliges the Group to comply with the financial covenant and non-financial covenants. In accordance with contractual terms, the Parent Entity is obliged to report the level of the financial covenant for the reporting periods, i.e. as at 30 June and as at 31 December. The Parent Entity continuously monitors the risk of exceeding the level of the financial covenant stipulated in the credit facility agreement. As at the reporting date, during the first half of 2024, and after the reporting date, up to the signing of these consolidated financial statements, the value of the financial covenant complied with the provisions of the agreement.

	30 June 2024	31 December 2023
Amount granted	6 048	5 903
Amount of the liability	-	-

Investment loans

Loans, including loans granted to the Parent Entity by the European Investment Bank in the total amount of PLN 3 340 million:

1. Investment loan in the amount of PLN 2 000 million, with three instalments drawn and the payback periods expiring on 30 October 2026, 30 August 2028 and 23 May 2029 and utilised to the maximum available amount. The funds obtained through this loan were used to finance the Company's investment projects related to modernisation of metallurgy and development of the Żelazny Most tailings storage facility. The loan's instalments have a fixed interest rate.
2. Investment loan in the amount of PLN 1 340 million utilised in four instalments to the maximum available amount. The Parent Entity has drawn three instalments with a fixed interest rate under this loan with maturities on 28 June 2030, 23 April 2031 and 11 September 2031 and one instalment with a variable interest rate based on SOFR with maturity on 6 March 2035. The funds acquired through this loan are used to finance the Parent Entity's projects related to development and replacement at various stages of the production process.

The loan agreements with the European Investment Bank oblige the Parent Entity to comply with the financial covenant and non-financial covenants commonly stipulated in such types of agreements. In accordance with contractual terms, the Parent Entity is obliged to report the level of the financial covenant for the reporting periods, i.e. as at 30 June and as at 31 December. The Parent Entity continuously monitors the risk of exceeding the level of the financial covenant stipulated in the loan agreements. As at the reporting date, during the first half of 2024, and after the reporting date, up to the signing of these consolidated financial statements, the value of the financial covenant complied with the provisions of the loan agreements.

	30 June 2024	31 December 2023
Amount granted	3 536	3 582
Amount of the liability	2 138	2 272

amounts in PLN millions, unless otherwise stated

Other bank loans		
Bilateral bank loans in the total amount up to PLN 4 230 million are used to finance working capital and are a supporting tool in the management of financial liquidity and support financing of advanced investment undertakings. The Group holds lines of credit in the form of short-term and long-term credit agreements. The funds are available under open lines of credit in PLN, USD and EUR, with interest based on a fixed interest rate or variable interest rate based on WIBOR, SOFR or EURIBOR plus a margin.		
	30 June 2024	**31 December 2023**
Amount granted	4 230	3 452
Amount of the liability	673	667

Debt securities

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

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

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

	30 June 2024	**31 December 2023**
Nominal value of the issuance	2 600	2 000
Amount of the liability	2 602	2 002

Total bank and other loans, debt securities	**30 June 2024**	**31 December 2023**
Amount granted / Nominal value of the issue	**16 414**	**14 937**
Amount of the liability	**5 413**	**4 941**

The aforementioned sources fully cover the current, medium and long-term liquidity needs of the Group.

The syndicated credit facility in the amount of USD 1 500 million, the investment loans in the amount of PLN 3 340 million, and bilateral bank loans granted to the Parent Entity in the amount of PLN 4 180 million, are unsecured. Repayment of a part of the liabilities of other Group companies due to bilateral bank loans and other loans are secured and the carrying amount of assets which are the guarantees of repayment of external financing as at 30 June 2024 amounted to PLN 238 million, including property, plant and equipment in the amount of PLN 122 million.

Cash and cash equivalents	**As at 30 June 2024**	**As at 31 December 2023**
Cash in bank accounts	498	602
Other financial assets with a maturity of up to 3 months from the date of acquisition - deposits	1 934	1 119
Other cash	9	8
Total cash and cash equivalents	**2 441**	**1 729**

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.

As at 30 June 2024, the Group held liabilities due to guarantees granted in the total amount of PLN 1 144 million and due to promissory note liabilities in the amount of PLN 221 million.

The most significant items of liabilities due to guarantees granted are liabilities of the Parent Entity aimed at securing the following obligations:

amounts in PLN millions, unless otherwise stated

– **Sierra Gorda S.C.M.** – a corporate guarantee in the amount of PLN 887 million (USD 220 million) set as security on a bank loan drawn by Sierra Gorda S.C.M. The guarantee is valid until September 2024. The carrying amount of the liability due to a financial guarantee granted was recognised in the amount of PLN 9.5 million – the initial amount of the issued guarantee decreased by the amount of revenues recognised in profit or loss due to guarantees (the amount of expected credit losses (Stage 2) is PLN 1.4 million),

– **other entities, including the Parent Entity:**

- PLN 109 million - securing 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, the guarantee is valid up to 1 year,
- PLN 100 million - securing the obligations incurred by Brokerage House due to settlements of transactions entered into by the Parent Entity on the markets run by Towarowa Giełda Energii S.A, the guarantee is valid for up to 1 year,
- PLN 16 million - securing claims for the Group to cover costs related to collecting and processing waste, the guarantee is valid up to 4 years,
- PLN 33 million (PLN 9 million, EUR 3 million, CAD 3 million, USD 1 million) - securing the obligations related to proper execution of agreements concluded by the Group, the guarantee is valid up to 3 years,
- PLN 2 million - securing obligations related to tax and customs duties, the guarantee is valid indefinitely.

Based on the knowledge held, at the end of the reporting period the Group assessed the probability of payments resulting from liabilities due to guarantees granted as low.

Guarantees securing the restoration of tailings storage facilities:

- **in the Parent Entity** - a guarantee securing potential claims against the Parent Entity in connection with art. 137 section 2 of the Act of 14 December 2012 on waste, based on which the manager of a tailings storage facility is obliged to create a restoration fund comprised of cash to execute the obligations related to closure, restoration, and oversight, including monitoring of the tailings storage facility. The fund may be in the form of a separate bank account, a provision or a bank guarantee. As at 30 June 2024, the guarantee amounted to PLN 128 million,
- **in KGHM INTERNATIONAL LTD. -** bank guarantees securing funds to execute the obligations related to closure, restoration and oversight, including monitoring of the tailings storage facilities in accordance with the regulatory requirements of countries where the company has mines and projects. As at 30 June 2024, the guarantees amounted to PLN 731 million.

Note 4.6 Employee benefits liabilities

	As at 30 June 2024	As at 31 December 2023
Non-current	2 814	3 117
Current	277	267
Liabilities due to future employee benefits programs	**3 091**	**3 384**
Remuneration liabilities	252	421
Social insurance liabilities	398	357
Accruals (unused annual leave, bonuses, other)	849	664
Other current employee benefits liabilities	**1 499**	**1 442**
Total employee benefits liabilities	**4 590**	**4 826**

Discount rate adopted for the measurement of liabilities due to future employee benefits programs in the Parent Entity:

as at 30 June 2024	2024	2025	2026	2027	2028 and beyond
- discount rate	5.75%	5.75%	5.75%	5.75%	5.75%

as at 31 December 2023	2024	2025	2026	2027	2028 and beyond
- discount rate	5.20%	5.20%	5.20%	5.20%	5.20%

amounts in PLN millions, unless otherwise stated

Note 4.7 Provisions for decommissioning costs of mines and other technological facilities

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
Provisions at the beginning of the reporting period	**1 974**	**1 893**
Changes in estimates recognised in fixed assets	(47)	100
Interest	11	23
Other	29	(42)
Provisions at the end of the reporting period, of which:	**1 967**	**1 974**
- non-current provisions	1 915	1 923
- current provisions	52	51

Note 4.8 Other liabilities

	As at 30 June 2024	As at 31 December 2023
Deferred income, including:	227	222
Liabilities due to Franco Nevada streaming contract	122	128
Trade payables	191	197
Other financial liabilities	29	33
Other non-financial liabilities	38	35
Other liabilities – non-current	**485**	**487**
Deferred income, including:	209	67
Trade payables	46	33
Non-current assets received free of charge (including CO_2 emission allowances)	131	5
Accruals, including:	845	1 046
Provision for purchase of property rights related to electricity	49	41
Charges for discharging gases and dusts to the air	222	501
Other accounted costs, proportional to achieved revenues, which are future liabilities estimated on the basis of contracts entered into	249	224
Liabilities due to settled derivatives	11	7
Other financial liabilities	532	281
Other non-financial liabilities	46	51
Other liabilities – current	**1 643**	**1 452**
Total – non-current and current liabilities	**2 128**	**1 939**

amounts in PLN millions, unless otherwise stated

Note 4.9 Related party transactions

Operating income from related entities	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Revenues from sales of products, merchandise and materials to a joint venture Sierra Gorda S.C.M.	9	19
Interest income on loans granted to the joint venture Sierra Gorda S.C.M.	291	292
Revenues from other transactions with the joint venture Sierra Gorda S.C.M.	10	10
Revenues from other transactions with other related parties	13	17
Total	**323**	**338**

Purchases from related entities	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Purchase of services, merchandise and materials	34	30
Other purchase transactions	5	3
Total	**39**	**33**

Trade and other receivables from related parties	As at 30 June 2024	As at 31 December 2023
From the joint venture Sierra Gorda S.C.M. - loans granted	9 162	9 096
From the joint venture Sierra Gorda S.C.M. - other receivables	13	29
From other related parties	20	5
Total	**9 195**	**9 130**

Trade and other payables towards related parties	As at 30 June 2024	As at 31 December 2023
Towards the joint venture Sierra Gorda S.C.M.	10	18
Towards other related parties	19	3
Total	**29**	**21**

The State Treasury is an entity controlling KGHM Polska Miedź S.A. at the highest level. The Company makes use of the exemption on the disclosure of detailed information on transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence (IAS 24.25).

Pursuant to the scope of IAS 24.26, as at 30 June 2024 and in the period from 1 January to 30 June 2024, the Group concluded the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, unusual due to their nature or amount:

- due to an agreement on setting mining usufruct for the extraction of mineral resources and for exploration for and evaluation of mineral resources – balance of payables in the amount of PLN 223 million (as at 31 December 2023: PLN 243 million), including fees on setting mining usufruct for the extraction of mineral resources recognised in costs in the amount of PLN 18 million (as at 31 December 2023: PLN 31 million),
- due to a reverse factoring agreement - payables in the amount of PLN 2 067 million, interest costs in the amount of PLN 65 million (as at 31 December 2023, payables in the amount of PLN 2 528 million and interest costs from 1 January to 30 June 2023 in the amount of PLN 1 million),
- other transactions and economic operations: 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, servicing of documentary collection and servicing of special purpose funds 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 normal, daily economic operations. These transactions concerned the following:

- the purchase of products (energy, fuels, services), merchandise and materials, fixed assets to meet the needs of current operating activities. In the period from 1 January to 30 June 2024, the turnover from these transactions amounted to PLN 1 486 million (from 1 January to 30 June 2023: PLN 1 798 million), and, as at 30 June 2024, the unsettled balance of liabilities from these transactions amounted to PLN 182 million (as at 31 December 2023: PLN 378 million),
- sales to Polish State Treasury Companies. In the period from 1 January to 30 June 2024, the turnover from these sales amounted to PLN 310 million (from 1 January to 30 June 2023: PLN 302 million), and, as at 30 June 2024, the unsettled balance of receivables from these transactions amounted to PLN 210 million (as at 31 December 2023: PLN 240 million).

Remuneration of the Supervisory Board of the Parent Entity (in PLN thousands)	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Remuneration due to service in the Supervisory Board, salaries and other current employee benefits	1 240	1 138

Remuneration of the Management Board of the Parent Entity (in PLN thousands)	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Salaries and other current employee benefits due to service	3 096	3 017
Benefits due to termination of employment	2 023	-
Total	**5 119**	**3 017**

Remuneration of other key managers (in PLN thousands)	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Salaries and other current employee benefits	1 955	1 718

Based on the definition of key management personnel pursuant to IAS 24 and based on an analysis of the rights and scope of responsibilities of managers of the 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 Management Board of KGHM INTERNATIONAL LTD. were recognised as other key managers of the Group.

Note 4.10 Assets and liabilities not recognised in the statement of financial position

The value of contingent assets and liabilities and other liabilities not recognised in the statement of financial position were determined based on estimates.

		As at 30 June 2024	As at 31 December 2023
	Contingent assets	**473**	**459**
	Guarantees received	331	324
	Promissory notes receivables	123	111
	Other	19	24
	Contingent liabilities	**578**	**589**
Note 4.5	Guarantees	257	260
Note 4.5	Promissory note liability	221	257
	Liability due to a claim arising from the executed contract	32	8
	Other	68	64
	Other liabilities not recognised in the statement of financial position - liabilities towards local government entities due to expansion of the tailings storage facility	**21**	**26**

amounts in PLN millions, unless otherwise stated

Note 4.11 Changes in working capital

	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 over a subsidiary	-	(2)	1	-	**(1)**
As at 30 June 2024	(8 452)	(1 450)	2 806	3 544	**(3 552)**
Change in the statement of financial position	**(27)**	**(516)**	**(362)**	**523**	**(383)**
Exchange differences from the translation of statements of operations with a functional currency other than PLN	12	7	(5)	-	**14**
Depreciation/amortisation recognised in inventories	350	-	-	-	**350**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	297	(66)	**231**
Change in liabilities due to interest	-	-	-	(6)	**(6)**
Reclassification to property, plant and equipment	(26)	-	-	-	**(26)**
Adjustments	**336**	**7**	**292**	**(72)**	**563**
Change in the statement of cash flows	**309**	**(509)**	**(70)**	**451**	**180**

** Trade payables within the reverse factoring mechanism*

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2023	(8 902)	(1 177)	3 076	18	**(6 985)**
As at 30 June 2023	(8 888)	(765)	3 052	829	**(5 772)**
Change in the statement of financial position	**14**	**412**	**(24)**	**811**	**1 213**
Exchange differences from the translation of statements of operations with a functional currency other than PLN	(36)	(17)	12	-	**(41)**
Depreciation/amortisation recognised in inventories	296	-	-	-	**296**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	234	(53)	**181**
Change in liabilities due to interest	-	-	-	(5)	**(5)**
Reclassification to property, plant and equipment	(25)	-	-	-	**(25)**
Adjustments	**235**	**(17)**	**246**	**(58)**	**406**
Change in the statement of cash flows	**249**	**395**	**222**	**753**	**1 619**

** Trade payables within the reverse factoring mechanism*

Part 5 – Additional information to the consolidated half-year report

Note 5.1 Effect of changes in the organisational structure of the KGHM Polska Miedź S.A. Group

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

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

Note 5.2 Seasonal or cyclical activities

The KGHM Polska Miedź S.A. Group is not affected by seasonal or cyclical activities.

Note 5.3 Information on the issuance, redemption and repayment of debt and equity securities

On 26 June 2024, the Group issued 7-year bonds with the nominal value of PLN 1 000 million with a redemption date of 26 June 2031.
Moreover, on 27 June 2024 the Group redeemed 5-year bonds in the amount of PLN 400 million, issued on 27 June 2019.
Details on the aforementioned transactions may be found in Note 4.5 Liquidity risk and capital management.

Note 5.4 Information related to a paid (declared) dividend, total and per share

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.

In accordance with Resolution No. 7/2023 of the Ordinary General Meeting of KGHM Polska Miedź S.A. dated 21 June 2023 regarding the appropriation of profit for the year ended 31 December 2022, the profit in the amount of PLN 3 533 million was appropriated as follows: as a shareholders dividend in the amount of PLN 200 million (PLN 1.00 per share) and PLN 3 333 million was transferred to the Company's reserve capital. The Ordinary General Meeting of KGHM Polska Miedź S.A. set the dividend date for 2022 at 27 July 2023 and the dividend payment date for 2022 at 10 August 2023.

All shares of the Parent Entity are ordinary shares.

Note 5.5 List of material proceedings before courts, arbitration authorities or public administration authorities respecting the liabilities and receivables of KGHM Polska Miedź S.A. and its subsidiaries

A proceeding regarding the payment of royalties for the use of invention project no. 1/97/KGHM called „Method for increasing the production capacity of the electrorefining sections of the Metallurgical Plants". Details are presented in section 9.6. Litigation and claims of The Management Board's Report on the activities of the Group in the first half of 2024.

Note 5.6 Impact of the war in Ukraine on the Company's and Group's operations

Key risk categories

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

- interruptions in the supply chain and the availability of materials and components, fuels and energy on international markets,
- the continuing low growth rate of global economies,
- volatility in copper and silver prices on the metals markets,
- volatility in the USD/PLN exchange rate,

- volatility in electrolytic copper production costs, including in particular due to the minerals extraction tax, changes in the value of purchased copper-bearing materials consumed and volatility in prices of energy carriers and electricity,
- the general uncertainty on financial markets.

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

Impact on the metals market and shares price

From the point of view of the Group, the war in Ukraine has an impact on market risk connected with volatility in metals prices and stock exchange indices during the reporting period. The Company's share price at the end of the first half of 2024 increased by 23% compared to prices at the end of 2023 and rose by 31.7% compared to prices at the end of the first quarter 2024 and at the close of trading on 28 June 2024 amounted to PLN 150.35. During the same periods the WIG index increased respectively by 13.0% and 7%, and the WIG20 index increased by 9% and 5%. As a result of a change in share prices, the Company's capitalisation increased from PLN 24.54 billion at the end of 2023 to PLN 30.07 billion at the end of the first half of 2024.

Uncertainty related to the volatility on the metals market, in particular copper, is the main factor influencing the level of generated revenues and as a result it may have an impact on the financial result. The average price of copper during the first half of 2024 amounted to 9 090 USD/t, and was above the budget. The average price of copper in the first half of 2024 increased by 11.4% compared to the average price of copper in the fourth quarter of 2023, while compared to the average price of copper in the entire year 2023, it increased by 7.2%.

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

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

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

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

The ongoing war in Ukraine, limited availability of Russian cathodes on European markets and the lack of production of the Ronnskar smelter in Sweden (the fire in June 2023) have already been discounted by the market, and do not constitute an additional factor affecting the sales results of basic copper products in the first half of 2024. Increased logistical difficulty of shipments, Houthi attacks on ships on civilian shipping lanes in the Red Sea and the tense geopolitical situation in the Middle East continued to caused disruptions in the availability of copper in Europe and the supply chain disruptions of this commodity. In the second quarter of this year, there was a gradual increase in the number of cathodes in exchange warehouses, where Russian-made cathodes still have a significant share. Simultaneously, since May 2024, customers' demand for cathodes has clearly decreased in Europe, which was influenced by the slowdown in the economies of some countries in Europe, first and foremost by Germany, where significant processors of copper cathodes are located. At the same time, the situation beyond the eastern border of Poland 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.

Preventive actions in the Group

In KGHM Polska Miedź S.A. as well as in all international mines of the KGHM Polska Miedź S.A. Group and 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.

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

Due to the centralisation of the process of obtaining external financing for the needs of the entire Group, in order to transfer liquidity within the Group, a debt instrument in the form of owners loans is used to support the investment process, and the Group uses local and international cash pooling to service its daily operations.
The Group continues to advance its investment projects in accordance with established schedules and therefore does not identify any increase in risk related to their continuation due to the war in Ukraine.

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

Note 5.7 Subsequent events

Resolutions of the Ordinary General Meeting of KGHM Polska Miedź S.A.

On 5 July 2024, the Management Board of KGHM Polska Miedź S.A. published the resolutions adopted by the Ordinary General Meeting of KGHM Polska Miedź S.A.
The Ordinary General Meeting of KGHM Polska Miedź S.A. adopted resolutions on:

1) not granting approval of the performance of duties of Members of the Management Board of KGHM Polska Miedź S.A. for 2023 of the following persons:
   - Mirosław Kidoń,
   - Marek Pietrzak,
   - Marek Świder,
   - Mateusz Wodejko,
   - Tomasz Zdzikot,
2) granting approval of the performance of duties of Members of the Supervisory Board of KGHM Polska Miedź S.A. for 2023 of the following persons:
   - Józef Czyczerski,
   - Przemysław Darowski,
   - Andrzej Kisielewicz,
   - Katarzyna Krupa,
   - Bogusław Szarek,
   - Agnieszka Winnik-Kalemba,
   - Marek Wojtków,
   - Wojciech Zarzycki,
   - Radosław Zimroz,
   - Piotr Ziubroniewicz,
3) implementing amendments to the "Remuneration Policy for the Members of the Management and Supervisory Boards of KGHM Polska Miedź S.A."

Changes in the composition of the Management Board of KGHM Polska Miedź S.A.

On 6 August 2024, the Supervisory Board of the Parent Entity adopted a resolution on the appointment of Iga Dorota Lis as of 1 September 2024 to the Management Board of KGHM Polska Miedź S.A. as Vice President (International Assets) of the 11th term Management Board of KGHM Polska Miedź S.A.

Part 6 – Quarterly financial information of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
	Revenues from contracts with customers	9 165	8 172	17 480	17 757
Note 6.1	Cost of sales	(7 085)	(7 427)	(14 391)	(15 929)
	Gross profit	**2 080**	**745**	**3 089**	**1 828**
Note 6.1	Selling costs and administrative expenses	(556)	(512)	(979)	(933)
	Profit on sales	**1 524**	**233**	**2 110**	**895**
	Gain due to the reversal of allowances for impairment of loans granted to a joint venture	-	482	-	482
	Allowances for impairment of loans granted to a joint venture	(407)	-	(407)	-
	Interest income on loans granted to a joint venture calculated using the effective interest rate method	147	145	291	292
	Profit or loss on involvement in a joint venture	(260)	627	(116)	774
Note 6.2	Other operating income, including:	680	179	952	384
	other interest calculated using the effective interest rate method	12	13	18	23
	reversal of impairment losses on financial instruments	-	2	1	3
Note 6.2	Other operating costs, including:	(592)	(758)	(784)	(1 333)
	impairment losses on financial instruments	(2)	(3)	(2)	(5)
Note 6.3	Finance income	74	259	74	353
Note 6.3	Finance costs	(180)	(150)	(287)	(170)
	Profit before income tax	**1 246**	**390**	**1 949**	**903**
	Income tax expense	(596)	(153)	(875)	(502)
	PROFIT FOR THE PERIOD	**650**	**237**	**1 074**	**401**
	Profit for the period attributable to:				
	shareholders of the Parent Entity	649	231	1 073	394
	non-controlling interest	1	6	1	7
	Weighted average number of ordinary shares (million)	**200**	**200**	**200**	**200**
	Basic and diluted earnings per share (in PLN)	**3.25**	**1.16**	**5.37**	**1.97**

** Data not subject to review and audit.*

amounts in PLN millions, unless otherwise stated

Explanatory notes to the condensed consolidated statement of profit or loss

Note 6.1 Expenses by nature

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	647	639	1 240	1 224
Employee benefits expenses	2 224	2 143	4 252	4 068
Materials and energy, including:	3 363	3 714	6 846	7 953
purchased metal-bearing materials	1 921	1 908	3 861	4 119
External services	782	713	1 424	1 407
Minerals extraction tax	1 150	905	1 955	1 973
Other taxes and charges	134	58	483	413
Revaluation of inventories**	11	9	51	200
Impairment losses on property, plant and equipment and intangible assets	15	-	15	8
Reversal of impairment losses on property, plant and equipment and intangible assets	-	(1)	-	(1)
Other costs	82	72	128	126
Total expenses by nature	**8 408**	**8 252**	**16 394**	**17 371**
Cost of merchandise and materials sold (+)	136	163	304	368
Change in inventories of finished goods and work in progress (+/-)	(308)	(108)	(248)	(131)
Cost of manufacturing products for internal use of the Group (-)	(595)	(368)	(1 080)	(746)
Total costs of sales, selling costs and administrative expenses, of which:	**7 641**	**7 939**	**15 370**	**16 862**
Cost of sales	7 085	7 427	14 391	15 929
Selling costs	141	109	267	233
Administrative expenses	415	403	712	700

** Data not subject to review and audit.*

*** Including PLN 182 million due to a write-down recognised in KGHM INTERNATIONAL LTD. in the first half of 2023 since the cost was higher than the net realisable value.*

amounts in PLN millions, unless otherwise stated

Note 6.2 Other operating income and (costs)

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives, of which:	470	70	537	200
measurement	13	36	70	165
realisation	457	34	467	35
Exchange differences on financial assets and liabilities other than borrowings	145	-	303	-
Interest income calculated using the effective interest rate method	12	13	18	23
Reversal of impairment losses on financial instruments	-	2	1	3
Release of provisions	22	23	27	29
Gain on disposal of intangible assets	3	6	3	6
Reversal of an impairment loss on property, plant and equipment	-	30	-	30
Government grants received	4	15	6	17
Income from servicing of letters of credit and guarantees	-	-	10	10
Compensation, fines and penalties received	16	6	20	8
Other	8	14	27	58
Total other operating income	**680**	**179**	**952**	**384**
Losses on derivatives, of which:	(481)	(106)	(564)	(249)
measurement	9	(7)	(65)	(57)
realisation	(490)	(99)	(499)	(192)
Fair value losses on financial assets	(46)	(39)	(74)	(80)
Impairment losses on financial instruments	(2)	(3)	(2)	(5)
Impairment loss on fixed assets under construction and intangible assets not yet available for use	(12)	(2)	(32)	(2)
Exchange differences on financial assets and liabilities other than borrowings	-	(550)	-	(855)
Provisions recognised	(26)	-	(65)	(5)
Loss on disposal of property, plant and equipment	(2)	(8)	(4)	(8)
Donations given	(11)	(3)	(22)	(43)
Other	(12)	(47)	(21)	(86)
Total other operating costs	**(592)**	**(758)**	**(784)**	**(1 333)**
Other operating income and (costs)	**88**	**(579)**	**168**	**(949)**

** Data not subject to review and audit.*

amounts in PLN millions, unless otherwise stated

Note 6.3 Finance income and (costs)

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Exchange differences on measurement and settlement of borrowings	-	140	-	234
Gains on derivatives - realisation	74	87	74	87
Result of the settlement of a transaction hedging against interest rate risk due to the issuance of bonds with a variable interest rate**	-	32	-	32
Total finance income	**74**	**259**	**74**	**353**
Interest on borrowings, including:	2	(1)	(5)	(5)
leases	(2)	(3)	(5)	(5)
Interest on trade payables within the reverse factoring mechanism	(44)	(7)	(80)	(7)
Bank fees and charges on borrowings	(5)	(5)	(10)	(12)
Exchange differences on measurement and realisation of borrowings	(26)	-	(59)	-
Losses on derivatives - realisation	(80)	(93)	(80)	(93)
Unwinding of the discount effect	(24)	(39)	(47)	(45)
Other	(3)	(5)	(6)	(8)
Total finance costs	**(180)**	**(150)**	**(287)**	**(170)**
Finance income and (costs)	**(106)**	**109**	**(213)**	**183**

** Data not subject to review and audit.*

*** In the first half of 2023, the result of the settlement of a transaction hedging against interest rate risk due to the issuance of bonds with a variable interest rate was recognised in the amount of PLN 52 million was adjusted by the interest paid on the issued bonds in the amount of PLN 20 million.*

Condensed financial statements of KGHM Polska Miedź S.A.

SEPARATE STATEMENT OF PROFIT OR LOSS

		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Note 2.1	Revenues from contracts with customers	15 076	15 510
Note 2.2	Cost of sales	(12 743)	(13 413)
	Gross profit	**2 333**	**2 097**
Note 2.2	Selling costs and administrative expenses	(662)	(656)
	Profit on sales	**1 671**	**1 441**
Note 2.3	Other operating income, including:	1 314	1 191
	interest income calculated using the effective interest rate method	204	175
	fair value gains on financial assets measured at fair value through profit or loss	337	644
	gain due to reversal of impairment losses on financial instruments	19	88
Note 2.3	Other operating costs, including:	(736)	(1 002)
	impairment losses on financial instruments	-	(7)
Note 2.4	Finance income	74	354
Note 2.4	Finance costs	(305)	(181)
	Profit before income tax	**2 018**	**1 803**
	Income tax expense	(687)	(596)
	PROFIT FOR THE PERIOD	**1 331**	**1 207**
	Weighted average number of ordinary shares (million)	**200**	**200**
	Basic and diluted earnings per share (in PLN)	**6.66**	**6.04**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Profit for the period	**1 331**	**1 207**
Measurement of hedging instruments net of the tax effect	(264)	515
Other comprehensive income, which will be reclassified to profit or loss	**(264)**	**515**
Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect	32	102
Actuarial gains/(losses) net of the tax effect	169	(69)
Other comprehensive income, which will not be reclassified to profit or loss	**201**	**33**
Total other comprehensive net income	**(63)**	**548**
TOTAL COMPREHENSIVE INCOME	**1 268**	**1 755**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF CASH FLOWS

	Cash flow from operating activities	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
	Profit before income tax	2 018	1 803
	Depreciation/amortisation recognised in profit or loss	740	784
	Interest on investment activities	(161)	(139)
	Other interest	126	15
	Dividend income	(10)	-
	Fair value gains on financial assets measured at fair value through profit or loss	(337)	(572)
	Impairment losses on non-current assets	1	6
	Reversal of impairment losses on non-current assets	(18)	(86)
	Exchange differences, of which:	(88)	161
	from investing activities and on cash	(148)	396
	from financing activities	60	(235)
	Change in provisions for decommissioning of mines, employee benefits liabilities and other provisions	181	217
	Change in other receivables and liabilities other than working capital	(142)	301
	Change in assets and liabilities due to derivatives	107	631
	Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives	(286)	(64)
	Other adjustments	8	96
	Exclusions of income and costs, total	121	1 350
	Income tax, including:	101	(1 059)
	payments of income tax	(511)	(1 059)
	refunds of income tax	612	-
Note 3.10	Change in working capital, including:	(13)	1 004
Note 3.10	change in trade payables within the reverse factoring mechanism	451	770
	Net cash generated from/(used in) operating activities	**2 227**	**3 098**
	Cash flow from investing activities		
	Expenditures on mining and metallurgical assets, including:	(1 645)	(1 550)
	paid capitalised interest on borrowings	(117)	(125)
	proceeds from settlement of an instrument hedging interest rate of bonds	31	-
	Expenditures on other property, plant and equipment and intangible assets	(21)	(17)
	Advances grated for property, plant and equipment and intangible assets	(9)	(69)
	Expenditures due to loans granted (principal)	(191)	(472)
	Expenditures due to acquisition of shares	(86)	(117)
	Expenditures on the acquisition of subsidiaries	(74)	-
	Expenditures on financial assets designated for decommissioning of mines and other technological facilities	(33)	(30)
	Interest received on loans granted	33	4
	Proceeds from repayment of loans granted	31	35
	Other	-	6
	Net cash generated from/(used in) investing activities	**(1 995)**	**(2 210)**

amounts in PLN millions, unless otherwise stated

Cash flow from financing activities		
Repayment of borrowings	(1 559)	(1 554)
Redemption of debt financial instruments	(400)	-
Repayment of interest, of which:	(126)	(69)
trade payables within the mechanism of external financing	(74)	(1)
borrowings	(52)	(68)
Expenditures due to derivatives related to external sources of financing	(41)	(41)
Repayment of lease liabilities	(18)	(49)
Proceeds from borrowings	1 390	1 299
Proceeds from issuance of debt financial instruments	1 000	-
Proceeds from cash pooling	200	20
Proceeds from derivatives related to external sources of financing	35	87
Net cash generated from/(used in) financing activities	**481**	**(307)**
NET CASH FLOW	**713**	**581**
Exchange gains/(losses) on cash and cash equivalents	1	9
Cash and cash equivalents at the beginning of the period	1 481	985
Cash and cash equivalents at the end of the period, including:	**2 195**	**1 575**
restricted cash	**17**	**18**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF FINANCIAL POSITION

	ASSETS	As at 30 June 2024	As at 31 December 2023
	Mining and metallurgical property, plant and equipment	19 666	19 006
	Mining and metallurgical intangible assets	1 184	1 419
	Mining and metallurgical property, plant and equipment and intangible assets	20 850	20 425
	Other property, plant and equipment	104	111
	Other intangible assets	49	54
	Other property, plant and equipment and intangible assets	153	165
	Investments in subsidiaries - shares	4 919	4 807
Note 3.3	Loans granted, of which:	10 526	9 638
	measured at fair value through profit or loss	4 097	3 766
	measured at amortised cost	6 429	5 872
Note 3.2	Derivatives	233	233
	Other financial instruments measured at fair value through other comprehensive income	844	803
	Other financial instruments measured at amortised cost	438	445
Note 3.2	Financial instruments, total	12 041	11 119
	Other non-financial assets	99	265
	Non-current assets	**38 062**	**36 781**
	Inventories	7 239	7 506
Note 3.2	Trade receivables, including:	966	471
	Trade receivables measured at fair value through profit or loss	673	211
	Tax assets	298	932
Note 3.2	Derivatives	406	760
	Cash pooling receivables	757	424
	Other financial assets, including:	424	327
	Loans granted	150	28
	Other non-financial assets	378	214
Note 3.2	Cash and cash equivalents	2 195	1 481
	Current assets	**12 663**	**12 115**
	TOTAL ASSETS	**50 725**	**48 896**
	EQUITY AND LIABILITIES		
	Share capital	2 000	2 000
	Other reserves from measurement of financial instruments	88	320
	Accumulated other comprehensive income	(752)	(921)
	Retained earnings	28 450	27 419
	Equity	**29 786**	**28 818**
Note 3.2	Borrowings, lease and debt securities	4 743	4 508
Note 3.2	Derivatives	228	202
Note 3.5	Employee benefits liabilities	2 517	2 821
Note 3.6	Provisions for decommissioning costs of mines and other technological facilities	1 397	1 389
	Deferred tax liabilities	390	328
Note 3.7	Other liabilities	212	220
	Non-current liabilities	**9 487**	**9 468**
Note 3.2	Borrowings, lease and debt securities	1 090	833
Note 3.2	Cash pooling liabilities	551	350
Note 3.2	Derivatives	266	499
Note 3.2	Trade and other payables	6 018	6 065
Note 3.5	Employee benefits liabilities	1 372	1 315
	Tax liabilities	880	405
	Provisions for liabilities and other charges	140	82
Note 3.7	Other liabilities	1 135	1 061
	Current liabilities	**11 452**	**10 610**
	Non-current and current liabilities	**20 939**	**20 078**
	TOTAL EQUITY AND LIABILITIES	**50 725**	**48 896**

amounts in PLN millions, unless otherwise stated

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves from measurement of financial instruments	Accumulated other comprehensive income	Retained earnings	Total equity
As at 1 January 2023	**2 000**	**(395)**	**(702)**	**28 772**	**29 675**
Transactions with owners – dividend approved but not paid	-	-	-	(200)	**(200)**
Profit for the period	-	-	-	1 207	**1 207**
Other comprehensive income	-	617	(69)	-	**548**
Total comprehensive income	-	617	(69)	1 207	**1 755**
As at 30 June 2023	**2 000**	**222**	**(771)**	**29 779**	**31 230**
As at 1 January 2024	**2 000**	**320**	**(921)**	**27 419**	**28 818**
Transactions with owners – dividend approved but not paid	-	-	-	(300)	**(300)**
Profit for the period	-	-	-	1 331	**1 331**
Other comprehensive income	-	(232)	169	-	**(63)**
Total comprehensive income	-	(232)	169	1 331	**1 268**
As at 30 June 2024	**2 000**	**88**	**(752)**	**28 450**	**29 786**

Part 1 – Impairment of assets

Assessment of the occurrence of indications of impairment of production assets of KGHM Polska Miedź S.A.
In the first half of 2024, the share price of KGHM Polska Miedź S.A. was under pressure of continued uncertainty as to the development of the global macroeconomic situation and a temporary, negative reception by investors of information on an impairment loss on the Polish production assets (mining and metallurgical assets) recognised as at 31 December 2023. From the point of view of the Company's operations, the key factor influencing the level of market capitalisation is the copper price. It remained in a sideways trend from the beginning of 2024 until the turn of the first and second quarters and did not deviate significantly from the level of 8 500 USD/t. In April, the weakening of the USD and the accumulation of information on the reduction in the expected supply and the increase in the metal deficit on the copper market aroused investors' hopes for an increase in the price of copper, and its price was raised in May up to the average level of 10 129 USD/t. Ultimately, the average price of copper in the first half of 2024 amounted to 9 090 USD/t, which is a level higher than the prices observed in 2023 (average of 8 478 USD/t). It should be noted, that in the case of the Polish assets, of significant importance are PLN-expressed metals prices, which are also affected by the USD/PLN exchange rate. Copper price fluctuations are usually largely cushioned by changes in the USD/PLN exchange rate. The average USD/PLN exchange rate in the first half of 2024 amounted to PLN 3.99, which is at a lower level than the exchange rate recorded in 2023 (average of PLN 4.20). In response to improved sentiment on the copper market, the share price of KGHM Polska Miedź S.A. in the first 6 months of 2024 increased by 22.5% compared to the share price at the end of 2023, and as at 28 June 2024 amounted to PLN 150.35. As a result, the Company's market capitalisation increased from PLN 24 540 million to PLN 30 070 million, which means that as at 30 June 2024 it remained at a level of 0.5% above the amount of the Company's net assets. The Management Board of KGHM Polska Miedź S.A. assessed the adequacy of the assumptions adopted as at 31 December 2023 in the conducted impairment test of Polish production assets (mining and metallurgical assets), including mainly macroeconomic assumptions, forecasts of medium- and long-term production plans and the level of operating costs and planned capital expenditures. No indications were identified that would necessitate a revision of the key assumptions adopted at that time. 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 concessions and concession proceedings aimed at ensuring the resource base appropriate for operating activities and prolonging mine life. Consequently, there were no indications identified suggesting the risk of further impairment of the Polish production assets as compared to the impairment loss recognised as at 31 December 2023, as well as indications suggesting the possibility of reversing the impairment losses which were already made, therefore there were no tests for impairment conducted for these assets as at 30 June 2024.

The summary of analyses undertaken to assess the risk of impairment of assets of the Company as at 31 December 2023 was presented in the part 3 of the Annual report RR 2023.

amounts in PLN millions, unless otherwise stated

Part 2 – Explanatory notes to the separate statement of profit or loss

Note 2.1 Revenues from contracts with customers – geographical breakdown reflecting the location of end customers

		from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Europe			
	Poland	3 894	3 649
	Germany	2 475	3 668
	Czechia	1 206	1 179
	Italy	1 144	1 011
	The United Kingdom	806	531
	Hungary	797	757
	Switzerland	633	690
	France	418	448
	Sweden	326	-
	Austria	166	230
	Slovakia	98	116
	Bulgaria	60	171
	Romania	62	86
	Slovenia	52	61
	Belgium	23	14
	Estonia	19	13
	Finland	15	6
	Bosnia and Herzegovina	13	6
	Greece	10	-
	Spain	8	4
	Denmark	3	-
	The Netherlands	1	5
	Lithuania	1	3
North and South America			
	The United States of America	678	554
	Canada	22	16
	Argentina	1	-
	Chile	-	2
Australia			
	Australia	211	206
Asia			
	China	1 403	1 655
	Türkiye	230	123
	Saudi Arabia	131	-
	Thailand	63	159
	South Korea	45	-
	Malesia	20	51
	Singapore	17	-
	Taiwan	-	49
	Other countries (dispersed sales)	2	2
Africa		23	45
TOTAL		**15 076**	**15 510**

amounts in PLN millions, unless otherwise stated

Note 2.2 Expenses by nature

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	801	848
Employee benefits expenses	2 768	2 725
Materials and energy, including:	5 995	6 991
purchased metal-bearing materials	3 861	4 119
electrical and other energy	918	1 286
External services, including:	1 310	1 225
transport	178	176
repairs, maintenance and servicing	411	380
mine preparatory work	356	346
Minerals extraction tax	1 955	1 973
Other taxes and charges	376	296
Revaluation of inventories	1	19
Other costs	71	73
Total expenses by nature	**13 277**	**14 150**
Cost of merchandise and materials sold (+)	179	317
Change in inventories of finished goods and work in progress (+/-)	57	(292)
Cost of manufacturing products for internal use (-)	(108)	(106)
Total costs of sales, selling costs and administrative expenses, of which:	**13 405**	**14 069**
Cost of sales	12 743	13 413
Selling costs	91	87
administrative expenses	571	569

amounts in PLN millions, unless otherwise stated

Note 2.3 Other operating income and (costs)

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives, of which:	537	199
measurement	70	164
realisation	467	35
Exchange differences on financial assets and liabilities other than borrowings	171	-
Interest on loans granted and other financial receivables	205	178
Fees and charges on re-invoicing of costs of bank guarantees securing payments of liabilities	11	11
Reversal of impairment losses on financial instruments measured at amortised cost, including:	19	88
gain due to the reversal of allowances for impairment of loans granted	19	86
Fair value gains on financial assets measured at fair value through profit or loss, including:	337	644
loans	337	642
Release of provisions	2	7
Government grants received	1	13
Other	31	51
Total other operating income	**1 314**	**1 191**
Losses on derivatives, of which:	(564)	(249)
measurement	(65)	(57)
realisation	(499)	(192)
Impairment losses on financial instruments measured at amortised cost	-	(7)
Exchange differences on financial assets and liabilities other than borrowings	-	(464)
Fair value losses on financial assets measured at fair value through profit or loss, including:	(67)	(153)
loans	-	(70)
Loss on disposal of property, plant and equipment and fixed assets under construction (including costs associated with disposal)	(6)	(8)
Provisions recognised	(61)	(4)
Donations given	(22)	(43)
Compensations, fines and penalties paid and costs of litigation	(1)	(8)
Other	(15)	(66)
Total other operating costs	**(736)**	**(1 002)**
Other operating income and (costs)	**578**	**189**

amounts in PLN millions, unless otherwise stated

Note 2.4 Finance income and (costs)

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives - realisation	74	87
Exchange differences on measurement and settlement of borrowings	-	235
Result of the settlement of a transaction hedging against interest rate risk due to the issuance of bonds with a variable interest rate	-	32
Total finance income	**74**	**354**
Interest on borrowings, including:	(33)	(29)
leases	(4)	(5)
Interest on trade payables within the reverse factoring mechanism	(80)	(6)
Bank fees and charges on borrowings	(13)	(13)
Exchange differences on measurement and settlement of borrowings	(60)	-
Losses on derivatives – realisation	(80)	(93)
Unwinding of the discount effect	(39)	(40)
Total finance costs	**(305)**	**(181)**
Finance income and (costs)	**(231)**	**173**

amounts in PLN millions, unless otherwise stated

Part 3 – Other explanatory notes

Note 3.1 Information on property, plant and equipment and intangible assets

Purchase of property, plant and equipment and intangible assets

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Purchase of property, plant and equipment, including:	1 480	1 247
leases	10	50
Purchase of intangible assets	24	99

Payables due to the purchase of property, plant and equipment and intangible assets

	As at 30 June 2024	As at 31 December 2023
Payables due to the purchase of property, plant and equipment and intangible assets	926	1 336

Capital commitments related to property, plant and equipment and intangible assets, not recognised in the statement of financial position

	As at 30 June 2024	As at 31 December 2023
Purchase of property, plant and equipment	3 117	3 269
Purchase of intangible assets	70	51
Total capital commitments	**3 187**	**3 320**

amounts in PLN millions, unless otherwise stated

Note 3.2 Financial instruments

	Financial assets:	As at 30 June 2024					As at 31 December 2023				
		At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through other comprehensive income	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
	Non-current	844	4 097	6 867	233	**12 041**	803	3 804	6 317	195	**11 119**
Note 3.3	Loans granted	-	4 097	6 429	-	**10 526**		3 766	5 872	-	**9 638**
	Derivatives	-	-	-	233	**233**	-	38	-	195	**233**
	Other financial instruments measured at fair value	844	-	-	-	**844**	803	-	-	-	**803**
	Other financial instruments measured at amortised cost	-	-	438	-	**438**	-	-	445	-	**445**
	Current	-	897	3 669	182	**4 748**	-	647	2 492	324	**3 463**
	Trade receivables	-	673	293	-	**966**	-	211	260	-	**471**
	Derivatives	-	224	-	182	**406**	-	436	-	324	**760**
	Cash and cash equivalents	-	-	2 195	-	**2 195**	-	-	1 481	-	**1 481**
	Cash pooling receivables*	-	-	757	-	**757**	-	-	424	-	**424**
	Other financial assets	-	-	424	-	**424**	-	-	327	-	**327**
	Total	**844**	**4 994**	**10 536**	**415**	**16 789**	**803**	**4 451**	**8 809**	**519**	**14 582**

** Receivables from subsidiaries of the KGHM Polska Miedź S.A. Group which indebted themselves under the cash pooling system.*

amounts in PLN millions, unless otherwise stated

	Financial liabilities:	As at 30 June 2024				As at 31 December 2023			
		At fair value through profit or loss	At amortised cost	Hedging instruments	Total	At fair value through profit or loss	At amortised cost	Hedging instruments	Total
	Non-current	7	4 948	221	**5 176**	38	4 722	164	**4 924**
Note 3.4	Borrowings, lease and debt securities	-	4 743	-	**4 743**	-	4 508	-	**4 508**
	Derivatives	7	-	221	**228**	38	-	164	**202**
	Other financial liabilities	-	205	-	**205**	-	214	-	**214**
	Current	257	8 238	20	**8 515**	480	7 590	26	**8 096**
Note 3.4	Borrowings, lease and debt securities	-	1 090	-	**1 090**	-	833	-	**833**
Note 3.4	Cash pooling liabilities*	-	551	-	**551**	-	350	-	**350**
	Other liabilities due to settlement under cash pooling contracts **	-	67	-	**67**	-	34	-	**34**
	Derivatives	246	-	20	**266**	473	-	26	**499**
	Trade payables	-	2 474	-	**2 474**	-	3 044	-	**3 044**
	Trade payables within the reverse factoring mechanism	-	3 544	-	**3 544**	-	3 021	-	**3 021**
	Other financial liabilities	11	512	-	**523**	7	308	-	**315**
	Total	**264**	**13 186**	**241**	**13 691**	**518**	**12 312**	**190**	**13 020**

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

amounts in PLN millions, unless otherwise stated

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

	As at 30 June 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
Classes of financial instruments	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	-	4 097	4 097	-	-	3 766	3 766
Listed shares	721	-	-	721	680	-	-	680
Unquoted shares	-	123	-	123	-	106	-	106
Trade receivables	-	673	-	673	-	211	-	211
Other financial assets	-	31	-	31	-	48	-	48
Derivatives, of which:	-	145	-	145	-	292	-	292
- assets	-	639	-	639	-	993	-	993
- liabilities	-	(494)	-	(494)	-	(701)	-	(701)
Other financial liabilities	-	(11)	-	(11)	-	(7)	-	(7)

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

	As at 30 June 2024				As at 31 December 2023			
	fair value			carrying amount	fair value			carrying amount
Classes of financial instruments	level 1	level 2	level 3		level 1	level 2	level 3	
Loans granted	-	1 273	5 099	6 579	-	895	5 050	5 945
Long-term bank and other loans received	-	(1 586)	-	(1 586)	-	(2 306)	-	(2 306)
Long-term debt securities	(2 628)	-	-	(2 600)	(1 627)	-	-	(1 600)

Loans granted measured at amortised cost

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

Loans per impairment model	discount rate level 2	discount rate level 3	carrying amount	Loans per impairment model	discount rate level 2	discount rate level 3	carrying amount
1st and 2nd degree (fixed interest rate)	5.75%	x	895	1st and 2nd degree (fixed interest rate)	6.15%	x	808
1st degree (variable interest rate)	5.85% (WIBOR 1M)	x	250	1st degree (variable interest rate)	5.83% (WIBOR 1M)	x	87
	5.33% (SOFR)	x	123				
2nd degree (fixed interest rate)	x	6.91%	3 503	2nd degree (fixed interest rate)	x	6.16%	3 342
POCI (fixed interest rate)	x	9.25%	1 808	POCI (fixed interest rate)	x	9.13%	1 708
		Total	**6 579**			**Total**	**5 945**

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

Level 1

Listed shares

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

Long-term debt securities

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

Level 2

Long-term loans granted

The fair value of loans measured at amortised cost was estimated on the basis of contractual cash flows (per the contract) using the model of discounted cash flows, including the borrower's credit risk. IBOR current market interest rate acquired from the Reuters system is used in the discounting process.

Unquoted shares

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

Trade receivables

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

Other financial assets/liabilities

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

Currency and currency-interest derivatives

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

Metals derivatives

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

Received long-term bank and other loans

The fair value of bank and other loans is estimated by discounting the cash flows associated with these liabilities in timeframes and under conditions arising from agreements, and by applying current rates. Fair value differs from the carrying amount by the amount of the premium paid to acquire the financing.

Level 3

Long-term loans granted

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

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

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

amounts in PLN millions, unless otherwise stated

Note 3.3 Receivables due to loans granted

	as at 30 June 2024	as at 31 December 2023
Loans measured at amortised cost – gross amount	6 633	6 016
Allowance for impairment	(54)	(71)
Loans measured at amortised cost – carrying amount	6 579	5 945
Loans measured at fair value – carrying amount	4 097	3 766
Total, of which:	**10 676**	**9 711**
- long-term loans	10 526	9 638
- short-term loans	150	73

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

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
At the beginning of the reporting period	**3 766**	**3 233**
repayment of loans	(6)	(30)
fair value gains	337	657
fair value loss	-	(94)
At the end of the reporting period	**4 097**	**3 766**

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

	Total	Degree 1 Medium rating	Degree 2 Medium rating	POCI Medium rating
Gross amount as at 1 January 2024	**6 016**	**901**	**3 361**	**1 754**
granting loans	191	191	-	-
subrogation of loans	170	170	-	-
repayment	(59)	(48)	-	(11)
exchange differences	149	22	83	44
interest accrued using the effective interest rate	166	37	72	57
Gross amount as at 30 June 2024	**6 633**	**1 273**	**3 516**	**1 844**

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

amounts in PLN millions, unless otherwise stated

The following tables present the change in the amount of loss allowance for expected credit losses on loans measured at amortised cost.

	Total	Degree 1	Degree 2	POCI
Loss allowance for expected credit losses as at 1 January 2024	**71**	**8**	**19**	**44**
changes in risk parameters	(19)	(1)	(6)	(12)
exchange differences	2	-	1	1
Loss allowance for expected credit losses as at 30 June 2024	**54**	**7**	**14**	**33**

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

The Company classifies loans granted to one of the three following categories:

1. Measured at amortised cost, which were determined to be credit-impaired at the moment of initial recognition (POCI),
2. Measured at amortised cost, which were not determined to be credit-impaired at the moment of initial recognition,
3. Measured at fair value through profit or loss.

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

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

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

- the borrower's rating - granted using internal methodology of the Company based on Moody's methodology. The Company granted loans mainly to subsidiaries, of which over 99% of borrowers were assigned ratings between Baa3 – B1 (in the comparable period, A3 – Baa3),
- the curve of accumulated parameters of PD (parameter of probability of default, used to calculate the expected credit losses) for a given borrower, which is set on the basis of market sector quotations of Credit Default Swap contracts from the Reuters system, which quantify the market expectations as for the potential probability of default in a given sector and in a given rating. As at 30 June 2024, PD parameters for the adopted ratings were as follows:

Baa3 to B1 ratings according to Moody's (30 June 2024)	
Up to one year	0.51% - 0.55%
1-3 years	3.87%
More than 3 years (at the date of loans' maturity)	29.99%

A3 to Baa3 ratings according to Moody's (31 December 2023)	
Up to one year	0.75% - 1.01%
1-3 years	0.75% - 4.63%
More than 3 years (at the date of loans' maturity)	0.75% - 25.87%

- the level of the LGD parameter (loss given default, expressed as a percentage of the amount outstanding) for the purposes of estimating expected credit losses for loans classified to the degree 1 and 2 is adopted at the level of 75% (based on estimations from Moody's Annual Default Study: Corporate Default and Recovery Rates, 1920 – 2016).

amounts in PLN millions, unless otherwise stated

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

- the effective interest rate method adjusted by the credit risk, determined at the initial recognition of the loan pursuant to IFRS 9.B5.5.45 at the level of 3.69% - 6.64% - for loans measured at amortised cost,
- the market interest rate at the level of 6.93% - 9.25% - for loans measured at fair value.

In the period from 1 January to 30 June 2024 the following was recognised:

- gains on reversal of expected credit losses due to unrecognised credit loss on loans classified as POCI in the amount of PLN 12 million (USD 3 million calculated using an exchange rate of 4.0320 prevailing as at 30 June 2024, that is at the average NBP exchange rate on the date of recognition of the reversal of loss, that is on 28 June 2024),
- for loans measured at fair value – an estimated increase in fair value by the amount of PLN 337 million.

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

As at 30 June 2024 and in the comparable period, the Company 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 unmeasurable parameter, that is the forecasted cash flows of Sierra Gorda. The cash flows are the most sensitive to changes in copper prices, which implies other assumptions such as forecasted production and operating margin.

Considering the above, pursuant to IFRS 13 para. 93.f, the Company performed a sensitivity analysis of the fair value (level 3) of loans to volatility in copper prices.

Copper prices [USD/t]

Scenarios 30 June 2024	IIH 2024	2025	2026	2027	2028	LT
Base	10 050	8 700	9 000	9 200	9 200	8 250
Base minus 0.1 [USD/lbs]	9 830	8 480	8 780	8 980	8 980	8 030
Base plus 0.1 [USD/lbs]	10 270	8 920	9 220	9 420	9 420	8 470

Scenarios as at 31 December 2023	2024	2025	2026	2027	2028	LT
Base	8 500	8 700	9 000	9 200	9 200	8 250
Base minus 0.1 [USD/lbs]	8 280	8 480	8 780	8 980	8 980	8 030
Base plus 0.1 [USD/lbs]	8 720	8 920	9 220	9 420	9 420	8 470

	30 June 2024				31 December 2023			
			Fair value				Fair value	
Classes of financial instruments	Fair value	Carrying amount	Base plus 0.1 [USD/lbs]	Base minus 0.1 [USD/lbs]	Fair value	Carrying amount	Base plus 0.1 [USD/lbs]	Base minus 0.1 [USD/lbs]
Loans granted measured at fair value	**4 097**	**4 097**	4 201	3 816	**3 766**	**3 766**	3 929	3 435
Loans granted measured at amortised cost	**5 099**	**5 311**	5 130	5 057	**4 822**	**5 050**	4 856	4 783

amounts in PLN millions, unless otherwise stated

Note 3.4 Net debt

	As at 30 June 2024	As at 31 December 2023
Bank loans	-	590
Loans	1 586	1 715
Debt securities - bonds	2 600	1 600
Leases	557	603
Total non-current liabilities due to borrowings	**4 743**	**4 508**
Bank loans	608	-
Loans	350	343
Cash pooling liabilities*	551	350
Debt securities	2	402
Leases	130	88
Total current liabilities due to borrowings	**1 641**	**1 183**
1. Total borrowings	**6 384**	**5 691**
2. Free cash and cash equivalents	2 179	1 463
3. Derivatives related to external sources of financing	191	175
Net debt (1-2-3)	**4 014**	**4 053**

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

Note 3.5 Employee benefits liabilities

	As at 30 June 2024	As at 31 December 2023
Jubilee bonuses	484	518
Retirement and disability benefits	444	470
Coal equivalent	1 799	2 027
Other benefits	30	33
Total liabilities due to future employee benefits programs	**2 757**	**3 048**
Remuneration and social insurance liabilities	486	591
Accruals due to employee benefits	646	497
Employee benefits	**1 132**	**1 088**
Total employee benefits liabilities, of which:	**3 889**	**4 136**
- non-current liabilities	2 517	2 821
- current liabilities	1 372	1 315

Discount rate adopted for the measurement of liabilities due to future employee benefits programs as at 30 June 2024

	2024	2025	2026	2027	2028 and beyond
- discount rate	5.75%	5.75%	5.75%	5.75%	5.75%

Discount rate adopted for the measurement of liabilities due to future employee benefits programs as at 31 December 2023

	2024	2025	2026	2027	2028 and beyond
- discount rate	5.20%	5.20%	5.20%	5.20%	5.20%

amounts in PLN millions, unless otherwise stated

Note 3.6 Provisions for decommissioning costs of mines and other technological facilities

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 31 December 2023
Provisions as at the beginning of the reporting period	**1 401**	**1 261**
Changes in estimates recognised in fixed assets	(38)	90
Utilisation	-	(2)
Interest	11	23
Other	34	29
Provisions as at the end of the reporting period, of which:	**1 408**	**1 401**
- non-current provisions, of which:	1 397	1 389
Mine Closure Fund and Tailings Storage Facility Restoration Fund	576	556
- current provisions	11	12

Note 3.7 Other liabilities

	As at 30 June 2024	As at 31 December 2023
Trade payables	191	196
Other	21	24
Other liabilities – non-current	**212**	**220**
Accruals, including:	356	620
provision for purchase of property rights related to electricity	49	41
charge for discharging gases and dusts to the air	222	501
Liabilities due to the settlement of the Tax Group	93	197
Deferred income (including CO_2 emission allowances in 2024)	158	23
Other liabilities due to settlements under cash pooling contracts	67	34
Liabilities due to the dividend payout	300	-
Other	161	187
Other liabilities – current	**1 135**	**1 061**

Note 3.8 Related party transactions

Operating income from related parties	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
From subsidiaries	558	530
From other related parties	9	10
Total	**567**	**540**

In the period from 1 January 2024 to 30 June 2024, the Company received dividends from subsidiaries in the amount of PLN 10 million and the Company did not receive dividends from subsidiaries in the comparable period.

	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Purchase of merchandise and materials and other purchases from subsidiaries	4 965	5 003

amounts in PLN millions, unless otherwise stated

Trade and other receivables from related parties	As at 30 June 2024	As at 31 December 2023
	11 882	**10 514**
From subsidiaries, including:	11 873	10 496
loans granted	10 815	9 711
From other related parties	9	18

Payables towards related parties	As at 30 June 2024	As at 31 December 2023
	1 821	**1 798**
Towards subsidiaries	1 811	1 780
Towards other related parties	10	18

Remuneration of the key managers of KGHM Polska Miedź S.A., i.e. members of the Management Board and members of the Supervisory Board of KGHM Polska Miedź S.A., is presented in part 4, note 4.9 of the consolidated financial statements.

The State Treasury is an entity controlling KGHM Polska Miedź S.A. at the highest level. Pursuant to IAS 24.25, the Company makes use of the exemption to disclose a detailed scope of information on transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence.

Pursuant to the scope of IAS 24.26, in the period from 1 January to 30 June 2024 the Company concluded the following transactions with the Polish Government and entities controlled or jointly controlled by the Polish Government, unusual due to their nature or amount:

- due to an agreement on setting mining usufruct for the extraction of mineral resources and for exploration for and evaluation of mineral resources – balance of payables in the amount of PLN 223 million (as at 31 December 2023: PLN 243 million); including fees on setting mining usufruct for the extraction of mineral resources recognised in costs in the amount of PLN 18 million (as at 31 December 2023: PLN 31 million),
- due to a reverse factoring agreement – as at 30 June 2024 the Company recognised payables in the amount of PLN 2 473 million (as at 31 December 2023, PLN 2 528 million),
- banks related to the State Treasury executed the following transactions and economic operations on the Company’s behalf: spot currency exchange, depositing cash, cash pooling, granting bank loans, guarantees and letters of credit (including documentary letters of credit), processing of a documentary collection, running bank accounts, servicing of special purpose funds and entering into transactions on the forward currency market.

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

The transactions between the Company and the Polish Government and with entities controlled or jointly controlled by the Polish Government, or over which the Polish Government has significant influence, were within the scope of normal, daily economic operations. These transactions concerned the following:

- the purchase of materials, merchandise and services to meet the needs of current operating activities. In the period from 1 January to 30 June 2024, the turnover from these transactions amounted to PLN 1 164 million (from 1 January to 30 June 2023: PLN 1 490 million), and, as at 30 June 2024, the unsettled balance of liabilities from these transactions amounted to PLN 486 million (as at 31 December 2023: PLN 294 million),
- sales to Polish State Treasury Companies. In the period from 1 January to 30 June 2024, the turnover from these sales amounted to PLN 48 million (from 1 January to 30 June 2023: PLN 79 million), and, as at 30 June 2024, the unsettled balance of receivables from these transactions amounted to PLN 167 million (as at 31 December 2023: PLN 173 million).

amounts in PLN millions, unless otherwise stated

Note 3.9 Assets and liabilities not recognised in the statement of financial position

The value of contingent assets and liabilities and other liabilities not recognised in the statement of financial position were determined based on estimates.

	As at 30 June 2024	As at 31 December 2023
Contingent assets	**456**	**531**
Guarantees received	154	147
Promissory notes receivables	300	383
Other	2	1
Contingent liabilities	**762**	**696**
Guarantees	729	665
Other	33	31
Other liabilities not recognised in the statement of financial position	**21**	**26**
Liabilities towards local government entities due to expansion of the tailings storage facility	21	26

Note 3.10 Changes in working capital

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2024	(7 506)	(471)	3 044	3 021	**(1 912)**
As at 30 June 2024	(7 239)	(966)	2 474	3 544	**(2 187)**
Change in the statement of financial position	**267**	**(495)**	**(570)**	**523**	**(275)**
Depreciation/amortisation recognised in inventories	57	-	-		**57**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	277	(66)	**211**
Change in liabilities due to interest	-	-	-	(6)	**(6)**
Adjustments	**57**	**-**	**277**	**(72)**	**262**
Change in the statement of cash flows	**324**	**(495)**	**(293)**	**451**	**(13)**

** Trade payables within the reverse factoring mechanism*

	Inventories	Trade receivables	Trade payables	Other payables*	Working capital
As at 1 January 2023	(7 523)	(620)	2 819	-	**(5 324)**
As at 30 June 2023	(7 876)	(436)	2 836	829	**(4 647)**
Change in the statement of financial position	**(353)**	**184**	**17**	**829**	**677**
Depreciation/amortisation recognised in inventories	61	-	-	-	**61**
Change in payables due to the purchase of property, plant and equipment and intangible assets	-	-	325	(54)	**271**
Change in liabilities due to interest	-	-	-	(5)	**(5)**
Adjustments	**61**	**-**	**325**	**(59)**	**327**
Change in the statement of cash flows	**(292)**	**184**	**342**	**770**	**1 004**

** Trade payables within the reverse factoring mechanism*

Part 4 – Quarterly financial information of KGHM Polska Miedź S.A.

SEPARATE STATEMENT OF PROFIT OR LOSS

		from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
	Revenues from contracts with customers	7 797	7 140	15 076	15 510
Note 4.1	Cost of sales	(6 233)	(6 305)	(12 743)	(13 413)
	Gross profit	**1 564**	**835**	**2 333**	**2 097**
Note 4.1	Selling costs and administrative expenses	(394)	(391)	(662)	(656)
	Profit on sales	**1 170**	**444**	**1 671**	**1 441**
Note 4.2	Other operating income, including:	905	908	1 314	1 191
	interest income calculated using the effective interest rate method	112	87	204	175
	fair value gains on financial assets measured at fair value through profit or loss	209	639	337	644
	gain due to reversal of impairment losses on financial instruments	19	84	19	88
Note 4.2	Other operating costs, including:	(558)	(535)	(736)	(1 002)
	impairment losses on financial instruments	1	1	-	(7)
Note 4.3	Finance income	74	260	74	354
Note 4.3	Finance costs	(183)	(143)	(305)	(181)
	Profit before income tax	**1 408**	**934**	**2 018**	**1 803**
	Income tax expense	(464)	(209)	(687)	(596)
	PROFIT FOR THE PERIOD	**944**	**725**	**1 331**	**1 207**
	Weighted average number of ordinary shares (million)	**200**	**200**	**200**	**200**
	Basic and diluted earnings per share (in PLN)	**4.72**	**3.63**	**6.66**	**6.04**

**Data not subject to review and audit*

amounts in PLN millions, unless otherwise stated

Explanatory notes to the condensed separate statement of profit or loss

Note 4.1 Expenses by nature

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Depreciation of property, plant and equipment and amortisation of intangible assets	406	435	801	848
Employee benefits expenses	1 478	1 458	2 768	2 725
Materials and energy, including:	2 962	3 270	5 995	6 991
purchased metal-bearing materials	1 921	1 908	3 861	4 119
electrical and other energy	453	602	918	1 286
External services, including:	674	645	1 310	1 225
transport	88	87	178	176
repairs, maintenance and servicing	221	209	411	380
mine preparatory work	175	173	356	346
Minerals extraction tax	1 150	905	1 955	1 973
Other taxes and charges	106	55	376	296
Revaluation of inventories	(3)	13	1	19
Other costs	51	46	71	73
Total expenses by nature	**6 824**	**6 827**	**13 277**	**14 150**
Cost of merchandise and materials sold (+)	82	115	179	317
Change in inventories of finished goods and work in progress (+/-)	(225)	(196)	57	(292)
Costs of manufacturing products for internal use (-)	(54)	(50)	(108)	(106)
Total costs of sales, selling costs and administrative expenses, of which:	**6 627**	**6 696**	**13 405**	**14 069**
Cost of sales	6 233	6 305	12 743	13 413
Selling costs	44	43	91	87
Administrative expenses	350	348	571	569

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amounts in PLN millions, unless otherwise stated

Note 4.2 Other operating income and (costs)

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives, of which:	470	69	537	199
measurement	13	35	70	164
realisation	457	34	467	35
Exchange differences on financial assets and liabilities other than borrowings	76	-	171	-
Interest on loans granted and other financial receivables	113	90	205	178
Fees and charges on re-invoicing of costs of bank guarantees securing payments of liabilities	1	-	11	11
Reversal of impairment losses on financial instruments measured at amortised cost, including:	19	84	19	88
gain due to the reversal of allowances for impairment of loans granted	19	86	19	86
Fair value gains on financial assets measured at fair value through profit or loss, including:	209	639	337	644
loans	216	642	337	642
Release of provisions	1	1	2	7
Government grants received	1	13	1	13
Other	15	12	31	51
Total other operating income	**905**	**908**	**1 314**	**1 191**
Losses on derivatives, of which:	(481)	(106)	(564)	(249)
measurement	9	(7)	(65)	(57)
realisation	(490)	(99)	(499)	(192)
Impairment losses on financial instruments measured at amortised cost	1	1	-	(7)
Fair value losses on financial assets measured at fair value through profit or loss, including:	(32)	(95)	(67)	(153)
loans	-	(58)	-	(70)
Loss on disposal of property, plant and equipment and fixed assets under construction (including costs associated with disposal)	(3)	(8)	(6)	(8)
Provisions recognised	(23)	(2)	(61)	(4)
Donations granted	(12)	(3)	(22)	(43)
Exchange differences on financial assets and liabilities other than borrowings	-	(291)	-	(464)
Compensations, fines and penalties paid and costs of litigation	(1)	-	(1)	(8)
Other	(7)	(31)	(15)	(66)
Total other operating costs	**(558)**	**(535)**	**(736)**	**(1 002)**
Other operating income and (costs)	**347**	**373**	**578**	**189**

**Data not subject to review and audit*

amounts in PLN millions, unless otherwise stated

Note 4.3 Finance income and (costs)

	from 1 April 2024 to 30 June 2024*	from 1 April 2023 to 30 June 2023*	from 1 January 2024 to 30 June 2024	from 1 January 2023 to 30 June 2023
Gains on derivatives – realisation	74	87	74	87
Exchange differences on measurement and settlement of borrowings	-	141	-	235
Result of the settlement of a transaction hedging against interest rate risk due to the issuance of bonds with a variable interest rate	-	32	-	32
Total finance income	**74**	**260**	**74**	**354**
Interest on borrowings, including:	(6)	(1)	(33)	(29)
leases	(2)	(3)	(4)	(5)
Interest on trade payables within the reverse factoring mechanism	(44)	(6)	(80)	(6)
Bank fees and charges on external financing	(7)	(6)	(13)	(13)
Exchange differences on measurement and settlement of borrowings	(26)	-	(60)	-
Losses on derivatives - realisation	(80)	(93)	(80)	(93)
Unwinding of the discount effect	(20)	(37)	(39)	(40)
Total finance costs	**(183)**	**(143)**	**(305)**	**(181)**
Finance income and (costs)	**(109)**	**117**	**(231)**	**173**

**Data not subject to review and audit*

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

These financial statements were authorised for issue on 12 August 2024.

President
of the Management Board

Andrzej Szydło

Vice President
of the Management Board

Zbigniew Bryja

Vice President
of the Management Board

Piotr Krzyżewski

Vice President
of the Management Board

Mirosław Laskowski

Vice President
of the Management Board

Piotr Stryczek

SIGNATURE OF PERSON RESPONSIBLE FOR ACCOUNTING

Executive Director
of Accounting Services Centre
Chief Accountant

Agnieszka Sinior