

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr 3 / 2024

(in accordance with § 60 section 2 and § 62 section 1 of the Decree regarding current and periodic information)

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

For the third quarter of the financial year **2024** from **1 July 2024** to **30 September 2024** containing the condensed consolidated financial statements prepared under International Accounting Standard 34 in PLN, and condensed financial statements prepared under IAS 34 in PLN.

publication date: 13 November 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) |
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**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 September 2024 | from 1 January 2023 to 30 September 2023 | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
| | As at 30 September 2024 | As at 31 December 2023 | As at 30 September 2024 | As at 31 December 2023 |
| I. Revenues from contracts with customers | 26 139 | 25 648 | 6 076 | 5 603 |
| II. Profit on sales | 2 986 | 1 089 | 694 | 238 |
| III. Profit before income tax | 2 388 | 1 692 | 555 | 370 |
| IV. Profit for the period | 1 314 | 836 | 305 | 183 |
| V. Profit for the period attributable to shareholders of the Parent Entity | 1 313 | 828 | 305 | 181 |
| VI. Profit for the period attributable to non-controlling interest | 1 | 8 | - | 2 |
| VII. Other comprehensive income | (251) | 324 | (58) | 70 |
| VIII. Total comprehensive income | 1 063 | 1 160 | 247 | 253 |
| IX. Total comprehensive income attributable to shareholders of the Parent Entity | 1 063 | 1 152 | 247 | 251 |
| X. Total comprehensive income attributable to non-controlling interest | - | 8 | - | 2 |
| XI. Number of shares issued (million) | 200 | 200 | 200 | 200 |
| XII. Earnings per ordinary share (PLN/EUR) attributable to shareholders of the Parent Entity | 6.57 | 4.14 | 1.53 | 0.91 |
| XIII. Net cash generated from/(used in) operating activities | 3 433 | 3 642 | 798 | 796 |
| XIV. Net cash generated from/(used in) investing activities | (4 048) | (3 036) | (941) | (663) |
| XV. Net cash generated from/(used in) financing activities | (26) | (386) | (6) | (84) |
| XVI. Total net cash flow | (641) | 220 | (149) | 49 |
| XVII. Non-current assets | 39 544 | 37 981 | 9 242 | 8 736 |
| XVIII. Current assets | 12 253 | 13 402 | 2 863 | 3 082 |
| XIX. Total assets | 51 797 | 51 383 | 12 105 | 11 818 |
| XX. Non-current liabilities | 11 358 | 11 136 | 2 655 | 2 561 |
| XXI. Current liabilities | 11 045 | 11 617 | 2 581 | 2 672 |
| XXII. Equity | 29 394 | 28 630 | 6 869 | 6 585 |
| XXIII. Equity attributable to shareholders of the Parent Entity | 29 328 | 28 565 | 6 854 | 6 570 |
| XXIV. Equity attributable to non-controlling interest | 66 | 65 | 15 | 15 |

data concerning the quarterly financial information of KGHM Polska Miedź S.A.

| | in PLN mn | | in EUR mn | |
|--|---|---|---|---|
| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
| | As at 30 September 2024 | As at 31 December 2023 | As at 30 September 2024 | As at 31 December 2023 |
| I. Revenues from contracts with customers | 22 261 | 22 470 | 5 174 | 4 909 |
| II. Profit on sales | 2 204 | 1 887 | 512 | 412 |
| III. Profit before income tax | 1 997 | 2 640 | 464 | 577 |
| IV. Profit for the period | 1 204 | 1 737 | 280 | 379 |
| V. Other comprehensive net income | (260) | 339 | (61) | 75 |
| VI. Total comprehensive income | 944 | 2 076 | 219 | 454 |
| VII. Number of shares issued (million) | 200 | 200 | 200 | 200 |
| VIII. Earnings per ordinary share (PLN/EUR) | 6.02 | 8.69 | 1.40 | 1.90 |
| IX. Net cash generated from/(used in) operating activities | 2 112 | 3 525 | 491 | 770 |
| X. Net cash generated from/(used in) investing activities | (2 751) | (3 043) | (639) | (665) |
| XI. Net cash generated from/(used in) financing activities | 69 | (386) | 16 | (84) |
| XII. Total net cash flow | (570) | 96 | (132) | 21 |
| XIII. Non-current assets | 37 949 | 36 781 | 8 868 | 8 460 |
| XIV. Current assets | 10 995 | 12 115 | 2 569 | 2 786 |
| XV. Total assets | 48 944 | 48 896 | 11 437 | 11 246 |
| XVI. Non-current liabilities | 9 606 | 9 468 | 2 244 | 2 178 |
| XVII. Current liabilities | 9 876 | 10 610 | 2 308 | 2 440 |
| XVIII. Equity | 29 462 | 28 818 | 6 885 | 6 628 |

Table of contents

| | |
|---|-----------|
| Part 1 – Condensed consolidated financial statements | 3 |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS | 3 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 4 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 5 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 7 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 8 |
| 1 – General information | 9 |
| Note 1.1 Corporate information | 9 |
| Note 1.2 Structure of the KGHM Polska Miedź S.A. Group | 10 |
| Note 1.3 Exchange rates applied | 12 |
| Note 1.4 Accounting policies and the impact of new and amended standards and interpretations | 12 |
| 2 – Realisation of strategy | 14 |
| 2.1 Advancement of the Strategy – key achievements in individual strategic directions of development | 14 |
| 2.2 Development directions of the KGHM Polska Miedź S.A. Group | 16 |
| 3 – Information on operating segments and revenues | 17 |
| Note 3.1 Operating segments | 17 |
| Note 3.2 Financial results of reporting segments | 20 |
| Note 3.3 Revenues from contracts with customers of the Group – breakdown by products | 23 |
| Note 3.4 Revenues from contracts with customers of the Group – breakdown by type of contract | 25 |
| Note 3.5 Revenues from contracts with customers of the Group – geographical breakdown reflecting the location of end clients | 27 |
| Note 3.6 Main customers | 28 |
| Note 3.7 Non-current assets – geographical breakdown | 28 |
| Note 3.8 Information on segments' results | 29 |
| 4 – Selected additional explanatory notes | 40 |
| Note 4.1 Expenses by nature | 40 |
| Note 4.2 Other operating income and (costs) | 41 |
| Note 4.3 Finance income and (costs) | 42 |
| Note 4.4 Information on property, plant and equipment and intangible assets | 43 |
| Note 4.5 Involvement in joint ventures | 43 |
| Note 4.6 Financial instruments | 45 |
| Note 4.7 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 | 50 |
| Note 4.8 Liquidity risk and capital management in the KGHM Polska Miedź S.A. Group | 56 |
| Note 4.9 Related party transactions | 59 |
| Note 4.10 Assets and liabilities not recognised in the statement of financial position | 61 |
| Note 4.11 Changes in working capital | 61 |
| Note 4.12 Assets held for sale (disposal group) and liabilities associated with them | 62 |
| 5 – Additional information to the consolidated quarterly report | 64 |
| Note 5.1 Effect of changes in the organisational structure of the KGHM Polska Miedź S.A. Group | 64 |
| Note 5.2 Seasonal or cyclical activities | 64 |
| Note 5.3 Information on the issuance, redemption and repayment of debt and equity securities | 64 |
| Note 5.4 Information related to a paid (declared) dividend, total and per share | 64 |
| Note 5.5 Other information to the consolidated quarterly report | 65 |
| Note 5.6 Impact of the war in Ukraine on the operations of the Company and the Group | 68 |
| Note 5.7 Subsequent events | 69 |
| Part 2 - Quarterly financial information of KGHM Polska Miedź S.A. | 70 |
| SEPARATE STATEMENT OF PROFIT OR LOSS | 70 |
| SEPARATE STATEMENT OF COMPREHENSIVE INCOME | 71 |
| SEPARATE STATEMENT OF CASH FLOWS | 72 |
| SEPARATE STATEMENT OF FINANCIAL POSITION | 74 |
| SEPARATE STATEMENT OF CHANGES IN EQUITY | 75 |
| Explanatory notes | 76 |
| Note 1 Revenues from contracts with customers – geographical breakdown reflecting the location of end customers | 76 |
| Note 2 Expenses by nature | 77 |
| Note 3 Other operating income and (costs) | 78 |
| Note 4 Finance income and (costs) | 79 |
| Note 5 Changes in working capital | 80 |

Part 1 – Condensed consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 | |
|----------|---|---|--|---|--------------|
| Note 3.3 | Revenues from contracts with customers | 8 659 | 26 139 | 7 891 | 25 648 |
| Note 4.1 | Cost of sales | (7 206) | (21 597) | (7 225) | (23 154) |
| | Gross profit | 1 453 | 4 542 | 666 | 2 494 |
| Note 4.1 | Selling costs and administrative expenses | (577) | (1 556) | (472) | (1 405) |
| | Profit on sales | 876 | 2 986 | 194 | 1 089 |
| Note 4.5 | Gain due to the reversal of allowances for impairment of loans granted to a joint venture | - | - | 11 | 493 |
| Note 4.5 | Allowances for impairment of loans granted to a joint venture | 154 | (253) | - | - |
| Note 4.5 | Interest income on loans granted to a joint venture calculated using the effective interest rate method | 139 | 430 | 154 | 446 |
| | Profit or loss on involvement in a joint venture | 293 | 177 | 165 | 939 |
| Note 4.2 | Other operating income, including: | 65 | 714 | 1 033 | 702 |
| | other interest calculated using the effective interest rate method | 7 | 25 | 21 | 44 |
| | reversal of impairment losses on financial instruments | - | 1 | - | 3 |
| Note 4.2 | Other operating costs, including: | (865) | (1 346) | (336) | (954) |
| | impairment losses on financial instruments | (1) | (3) | (1) | (6) |
| Note 4.3 | Finance income | 132 | 147 | (32) | 138 |
| Note 4.3 | Finance costs | (62) | (290) | (235) | (222) |
| | Profit before income tax | 439 | 2 388 | 789 | 1 692 |
| | Income tax expense | (199) | (1 074) | (354) | (856) |
| | PROFIT FOR THE PERIOD | 240 | 1 314 | 435 | 836 |
| | Profit for the period attributable to: | | | | |
| | shareholders of the Parent Entity | 240 | 1 313 | 434 | 828 |
| | non-controlling interest | - | 1 | 1 | 8 |
| | Weighted average number of ordinary shares (in million) | 200 | 200 | 200 | 200 |
| | Basic/diluted earnings per share (in PLN) | 1.20 | 6.57 | 2.17 | 4.14 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|--|---|--|---|
| Profit for the period | 240 | 1 314 | 435 | 836 |
| Measurement and settlement of hedging instruments net of the tax effect | (74) | (338) | (283) | 232 |
| Exchange differences from the translation of statements of operations with a functional currency other than PLN | (31) | (22) | 94 | 6 |
| Other comprehensive income which will be reclassified to profit or loss | (105) | (360) | (189) | 238 |
| Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect | (89) | (59) | 123 | 215 |
| Actuarial gains/(losses) net of the tax effect | (35) | 138 | (51) | (129) |
| Gains on measurement of investment properties, net of the tax effect | - | 30 | - | - |
| Other comprehensive income, which will not be reclassified to profit or loss | (124) | 109 | 72 | 86 |
| Total other comprehensive net income | (229) | (251) | (117) | 324 |
| TOTAL COMPREHENSIVE INCOME | 11 | 1 063 | 318 | 1 160 |
| Total comprehensive income attributable to: | | | | |
| shareholders of the Parent Entity | 12 | 1 063 | 316 | 1 152 |
| non-controlling interest | (1) | - | 2 | 8 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Cash flow from operating activities | | |
| Profit before income tax | 2 388 | 1 692 |
| Depreciation/amortisation recognised in profit or loss | 1 413 | 1 691 |
| Interest on loans granted to a joint venture | (430) | (446) |
| Other interest | 130 | 52 |
| Impairment losses on property, plant and equipment and intangible assets | 78 | 10 |
| Gains due to the reversal of impairment losses on property, plant and equipment and intangible assets | (71) | (32) |
| Allowances for impairment of loans granted to a joint venture | 253 | - |
| Gain due to the reversal of allowances for impairment of loans granted to a joint venture | - | (493) |
| Losses on disposal of property, plant and equipment and intangible assets | 35 | 10 |
| Exchange differences, of which: | 281 | 38 |
| from investing activities and on cash | 354 | 89 |
| from financing activities | (73) | (51) |
| Change in provisions for decommissioning of mines, liabilities related to future employee benefits programs and other provisions | 367 | 280 |
| Change in other receivables and liabilities other than working capital | (127) | (150) |
| Change in assets and liabilities due to derivatives | 229 | 728 |
| Reclassification of other comprehensive income to profit or loss due to the realisation of derivative hedging instruments | (470) | (167) |
| Other adjustments | 20 | 45 |
| Exclusions of income and costs, total | 1 708 | 1 566 |
| Income tax paid, of which: | (150) | (1 324) |
| payments of income tax | (778) | (1 324) |
| refunds of income tax | 628 | - |
| Note 4.11 Changes in working capital, including: | (513) | 1 708 |
| change in trade payables within the reverse factoring mechanism | (197) | 1 949 |
| Net cash generated from/(used in) operating activities | 3 433 | 3 642 |
| Cash flow from investing activities | | |
| Expenditures on mining and metallurgical assets, including: | (3 669) | (2 653) |
| Note 4.8 paid capitalised interest on borrowings | (204) | (224) |
| Note 4.8 proceeds from the settlement of an instrument hedging interest rate of bonds | 39 | 52 |
| Expenditures on other property, plant and equipment and intangible assets | (461) | (386) |
| Expenditures on financial assets designated for decommissioning of mines and other technological facilities | (39) | (36) |
| Expenditures on the acquisition of subsidiaries | (63) | - |
| Advances granted on property, plant and equipment and intangible assets | (19) | (12) |
| Advances granted for the purchase of financial assets | - | (141) |
| Proceeds from repayment of loans granted to a joint venture (principal) | 99 | 28 |
| Proceeds from disposal of property, plant and equipment and intangible assets | 19 | 33 |
| Interest received on loans granted to a joint venture | 94 | 135 |
| Other | (9) | (4) |
| Net cash generated from/(used in) investing activities | (4 048) | (3 036) |

| Cash flow from financing activities | | | |
|--|--|---------------|---------------|
| Note 4.8 | Proceeds from issuance of debt financial instruments | 1 000 | - |
| Note 4.8 | Proceeds from borrowings | 1 934 | 1 660 |
| Note 4.8 | Proceeds from derivatives related to sources of external financing | 35 | 35 |
| Note 4.8 | Redemption of debt financial instruments | (400) | - |
| Note 4.8 | Repayment of borrowings | (2 022) | (1 731) |
| Note 4.8 | Repayment of lease liabilities | (82) | (70) |
| Note 4.8 | Expenditures due to derivatives related to sources of external financing | (41) | (41) |
| | Interest paid, of which: | (154) | (43) |
| | trade payables within the reverse factoring mechanism | (120) | (16) |
| Note 4.8 | borrowings | (34) | (27) |
| | Expenditures due to dividends paid to shareholders of the Parent Entity | (300) | (200) |
| | Other | 4 | 4 |
| | Net cash generated from/(used in) financing activities | (26) | (386) |
| | NET CASH FLOW | (641) | 220 |
| | Exchange gains/(losses) | 24 | (17) |
| | Cash and cash equivalents at beginning of the period | 1 729 | 1 200 |
| | Cash and cash equivalents at end of the period, including: | 1 112 | 1 403 |
| | restricted cash | 16 | 27 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30 September 2024 | As at 31 December 2023 |
|--|----------------------------|---------------------------|
| ASSETS | | |
| Mining and metallurgical property, plant and equipment | 22 767 | 20 798 |
| Mining and metallurgical intangible assets | 2 576 | 2 697 |
| Mining and metallurgical property, plant and equipment and intangible assets | 25 343 | 23 495 |
| Other property, plant and equipment | 3 161 | 2 941 |
| Other intangible assets | 202 | 313 |
| Other property, plant and equipment and intangible assets | 3 363 | 3 254 |
| Note 4.5 Involvement in joint ventures – loans granted | 8 801 | 9 096 |
| Derivatives | 230 | 233 |
| Other financial instruments measured at fair value | 805 | 905 |
| Other financial instruments measured at amortised cost | 558 | 475 |
| Note 4.6 Financial instruments, total | 1 593 | 1 613 |
| Deferred tax assets | 162 | 137 |
| Other non-financial assets | 282 | 386 |
| Non-current assets | 39 544 | 37 981 |
| Inventories | 8 097 | 8 425 |
| Note 4.6 Trade receivables, including: | 1 557 | 932 |
| trade receivables measured at fair value through profit or loss | 923 | 414 |
| Tax assets | 327 | 985 |
| Note 4.6 Derivatives | 310 | 760 |
| Other financial assets | 266 | 296 |
| Other non-financial assets | 472 | 275 |
| Note 4.6 Cash and cash equivalents | 1 112 | 1 729 |
| Note 4.12 Assets held for sale (disposal group) | 112 | - |
| Current assets | 12 253 | 13 402 |
| TOTAL ASSETS | 51 797 | 51 383 |
| EQUITY AND LIABILITIES | | |
| Share capital | 2 000 | 2 000 |
| Other reserves from measurement of financial instruments | (120) | 277 |
| Accumulated other comprehensive income, other than from measurement of financial instruments | 1 629 | 1 482 |
| Retained earnings | 25 819 | 24 806 |
| Equity attributable to shareholders of the Parent Entity | 29 328 | 28 565 |
| Equity attributable to non-controlling interest | 66 | 65 |
| Equity | 29 394 | 28 630 |
| Note 4.6 Borrowings, lease and debt securities | 4 953 | 4 761 |
| Note 4.6 Derivatives | 182 | 202 |
| Employee benefits liabilities | 2 940 | 3 117 |
| Provisions for decommissioning costs of mines and other technological facilities | 1 972 | 1 923 |
| Deferred tax liabilities | 901 | 646 |
| Other liabilities | 410 | 487 |
| Non-current liabilities | 11 358 | 11 136 |
| Note 4.6 Borrowings, lease and debt securities | 1 223 | 964 |
| Note 4.6 Derivatives | 243 | 499 |
| Note 4.6 Trade and other payables | 5 490 | 6 188 |
| Employee benefits liabilities | 1 822 | 1 709 |
| Tax liabilities | 770 | 611 |
| Provisions for liabilities and other charges | 259 | 194 |
| Other liabilities | 1 060 | 1 452 |
| Note 4.12 Liabilities related to disposal group | 178 | - |
| Current liabilities | 11 045 | 11 617 |
| Non-current and current liabilities | 22 403 | 22 753 |
| TOTAL EQUITY AND LIABILITIES | 51 797 | 51 383 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity attributable to shareholders of the Parent Entity | | | | Total | Equity attributable to non-controlling interest | Total equity |
|---|--|--|--|-------------------|---------------|---|---------------|
| | Share capital | Other reserves from measurement of financial instruments | Accumulated other comprehensive income | Retained earnings | | | |
| As at 1 January 2023 | 2 000 | (427) | 1 812 | 28 704 | 32 089 | 57 | 32 146 |
| Transactions with non-controlling interest | - | - | - | - | - | 2 | 2 |
| Transactions with owners – dividend approved and paid | - | - | - | (200) | (200) | - | (200) |
| Profit for the period | - | - | - | 828 | 828 | 8 | 836 |
| Other comprehensive income | - | 447 | (123) | - | 324 | - | 324 |
| Total comprehensive income | - | 447 | (123) | 828 | 1 152 | 8 | 1 160 |
| As at 30 September 2023 | 2 000 | 20 | 1 689 | 29 332 | 33 041 | 67 | 33 108 |
| 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 and paid | - | - | - | (300) | (300) | - | (300) |
| Profit for the period | - | - | - | 1 313 | 1 313 | 1 | 1 314 |
| Other comprehensive income | - | (397) | 147 | - | (250) | (1) | (251) |
| Total comprehensive income | - | (397) | 147 | 1 313 | 1 063 | - | 1 063 |
| As at 30 September 2024 | 2 000 | (120) | 1 629 | 25 819 | 29 328 | 66 | 29 394 |

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.

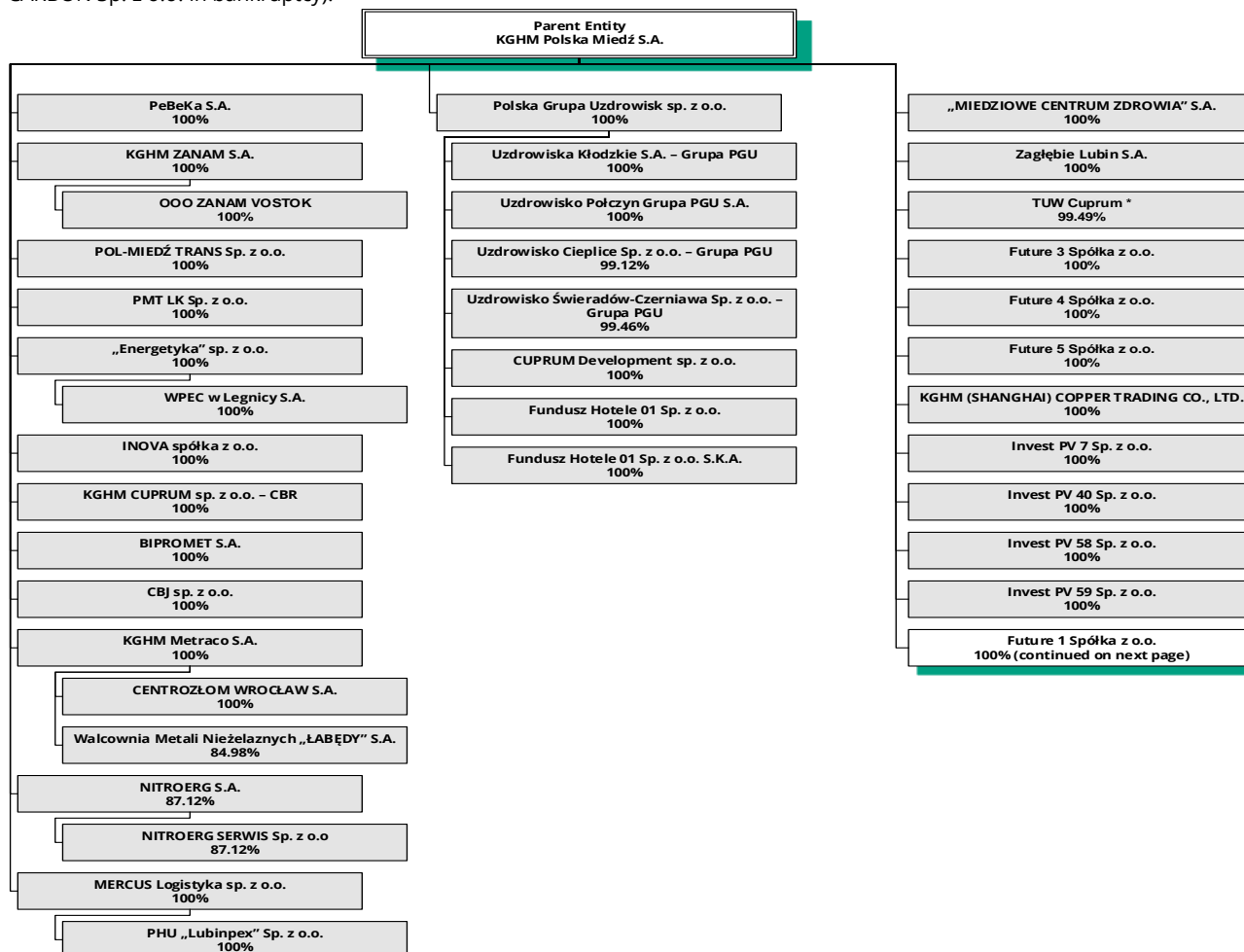
The business activities of the Group include:

- 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.

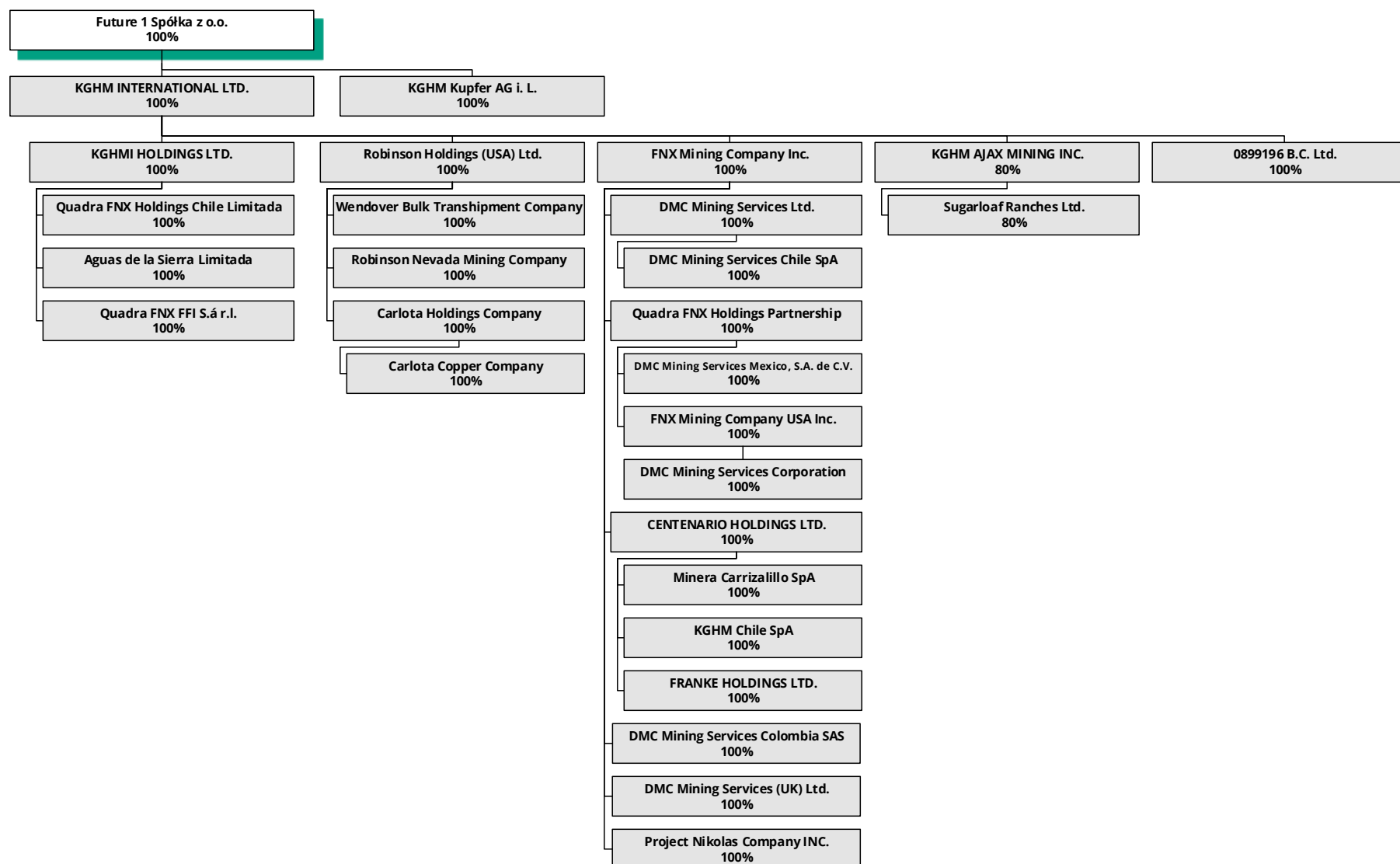
The KGHM Polska Miedź S.A. Group (“the Group”) carries out exploration for and mining of copper, nickel and precious metals based on concessions for Polish deposits held by KGHM Polska Miedź S.A., and also based on legal titles held by companies of the KGHM INTERNATIONAL LTD. Group for the exploration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

Note 1.2 Structure of the KGHM Polska Miedź S.A. Group

As at 30 September 2024, KGHM Polska Miedź S.A. consolidated 65 subsidiaries and used the equity method to account for the shares of two joint ventures (Sierra Gorda S.C.M. and NANO CARBON Sp. z o.o. in bankruptcy).



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



Note 1.3 Exchange rates applied

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

- for the conversion of turnover, profit or loss and cash flow for the current period, the rate of **4.3022 EURPLN***,
- for the conversion of turnover, profit or loss and cash flow for the comparable period, the rate of **4.5773 EURPLN***,
- for the conversion of assets, equity and liabilities as at 30 September 2024, the current average exchange rate announced by the National Bank of Poland (NBP) as at 30 September 2024, of **4.2791 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 September respectively of 2024 and 2023.*

Note 1.4 Accounting policies and the impact of new and amended standards and interpretations

The following quarterly report includes:

1. the condensed consolidated financial statements of the KGHM Polska Miedź S.A. Group for the period from 1 January to 30 September 2024 and the comparable period from 1 January to 30 September 2023, together with selected explanatory information (**Part 1**),
2. the quarterly financial information of KGHM Polska Miedź S.A. for the period from 1 January to 30 September 2024 and the comparable period from 1 January to 30 September 2023 (**Part 2**).

Neither the condensed consolidated financial statements for the period from 1 January to 30 September 2024 and as at 30 September 2024 nor the quarterly financial information of KGHM Polska Miedź S.A. for the period from 1 January to 30 September 2024 and as at 30 September 2024 were subject to audit by a certified auditor.

The consolidated quarterly report for the period from 1 January 2024 to 30 September 2024 was prepared in accordance with IAS 34 Interim Financial Reporting as approved 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.

This quarterly report's financial statements were prepared using the same accounting policies and valuation methods for the current and comparable periods and principles applied in annual financial statements (consolidated and separate), prepared as at 31 December 2023.

Note 1.4.1 Impact of new and amended standards and interpretations

From 1 January 2024, the following amendments to Standards came into 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 IFRS 16 do not have an impact on these condensed consolidated financial statements or on the comparable period,
- 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.

Impact of the international tax system reform – pillar 2 of the BEPS 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 (hereafter: the Directive). The Directive obliges the individual member states to implement rules of the Directive to their domestic legal systems, in accordance with legislative rules in force in individual states.

In the case of Poland, on 6-7 November 2024 the Parliament of Poland adopted an act on top-up taxation of individual companies of international and Polish groups, which implements the regulations of the Directive, and is currently pending the signature of the President of Poland. Pursuant to the act, 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 act is based on OECD Model Rules of 2021 and the EU Directive and incorporates provisions of OECD Administrative Guidance on the application of regulations on the BEPS 2.0 reform, which were published in 2023. The analysis of the OECD Framework, the Directive and the act leads to the conclusion that the Company KGHM Polska Miedź S.A., as a so-called MNE (multinational enterprise), will be obliged to report a specific level of the tax rate of subsidiaries at the level of individual jurisdictions, 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 all 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.

2 – Realisation of strategy

During the current reporting period, the Company continued to advance the “Strategy of the KGHM Polska Miedź S.A. Group to the year 2030 with an outlook to 2040” approved on 14 January 2022 by the Company’s Supervisory Board, based on the development directions: Elasticity/flexibility, Efficiency, Ecology, E-industry and Energy.

Currently, work continues on reviewing and updating the Company’s Strategy, adapting it to the changing conditions in the sector as well as to current challenges and the Group’s operating situation. Completion of this work is planned by the end of 2024.

2.1 Advancement of the Strategy – key achievements in individual strategic directions of development

Efficiency

- Copper production in the domestic assets amounted to 343.74 thousand tonnes of copper in ore. Production of electrolytic copper amounted to 441.2 thousand tonnes and was higher compared to the adopted budget targets, both in total as well as in own concentrate.
- Copper production in the international assets was lower compared to the adopted budget targets. Payable copper production: Sierra Gorda 57.1 thousand tonnes (55%); Robinson 41.7 thousand tonnes; Carlota 2.1 thousand tonnes; the Sudbury Basin 1.6 thousand tonnes.
- Production of silver amounted to 981 tonnes for the Group. First place was maintained in the World Silver Survey 2024 ranking of the “largest silver mines in the world”. In the category „largest silver producers”, second place was once again earned in the global ranking.
- Continuation of the Deposit Access Program – 30.1 kilometres of tunnelling were excavated in the Rudna and Polkowice-Sieroszowice mines. All of the work carried out under the Mine Projects Group enables the successive opening of new mining areas.
- Development of the Żelazny Most Tailings Storage Facility continued, in particular of the Southern Quarter and of the Tailings Segregation and Compacting Station.
- R&D activities were carried out, aimed at searching for innovative solutions primarily for the Core Production Business of the Company.
- Work was carried out involving actions to restrict the level of the water hazard – a project called “Anti-filtration barrier” was continued.
- Use of external sources to finance R&D&I projects continued. PLN 159 million in subsidies were acquired from the National Fund for Environmental Protection and Water Management under the program „Support for energy-intensive industry related to the prices of natural gas and electricity in 2023”.

Elasticity /flexibility

- Modernisation work was carried out at the Legnica Copper Smelter and Refinery in terms of electrorefining.
- Actions continued on extending the value chain of the Company, including involving the commencement of the design work on the construction of an Upcast II production line together with a Conform installation at the Cedynia Wire Rod Plant to, among others, enhance the flexibility of the Company’s product line.
- Exploration projects continued with respect to exploring for and evaluating copper ore deposits in Poland (Retków-Ścinawa, Głogów, Synklina Grodziecka, Radwanice, Kulów-Luboszyce) as well as other concessions (non-copper) involving exploration and evaluation (the hydrocarbon concession Nowe Miasteczko and the deposit of potassium and magnesium salts in the vicinity of Puck – geological documentation was submitted to the Ministry of Climate and the Environment for approval).
- Development projects in the international assets were continued, including the sinking of an exploration shaft under the Advanced Exploration stage of the Victoria project in Canada, whose goal is to provide a detailed level of knowledge of the mineral resources. The Sierra Gorda mine continued to operate based solely on electricity generated by renewable energy sources.
- The debut of series C bonds on the Catalyst market, being a segment of the trading of debt instruments on the Warsaw Stock Exchange, was carried out. Bonds in the total notional amount of PLN 1 billion were issued on 26 June 2024, with maturity falling on 26 June 2031.

Ecology, Safety and Sustainable Development

- Scope 1, 2 and 3 greenhouse gas emissions by the Group in 2023 were calculated.
- Annual reports on CO₂ emissions for 2023 were prepared to meet the needs of the system for the trading of greenhouse gas emissions allowances.
- Applications were submitted for the allocation of emission allowances under the system for the trading of greenhouse gas emissions allowances.
- Work continued on the Transformation Plan for KGHM Polska Miedź S.A. to lessen the impact on the environmental change.

- Actions continued related to managing water and reducing the salt content of water discharged to the Odra river, aimed at increasing care for the environment.
- The Occupational Health and Safety Improvement Program was continued (accident frequency ratios for the first three quarters of 2024 were as follows: LTIFR: 6.43, TRIR: 0.28).

E-industry

- The advancement of projects to automate the production lines of the Mining Divisions of the Company continued (including, among others, the implementation of initiatives connected with testing electric and battery-powered mining machinery, as well as the testing of an electric hammer for crushing rock and a self-propelled bolting rig equipped with an automated bolting head).
- Testing continued of new Reflux Flotation Cell flotation technology in the Concentrators Division, which is aimed at improving hydrodynamic of the process and production parameters in terms of recovery and concentrate quality.
- The system for locating and identifying machinery and people in the underground mines was integrated and expanded.
- Functionality tests were continued on a specialised robot able to work in high temperatures at the Głogów Copper Smelter and Refinery.
- Activities were continued in the area of digital transformation, ICT security and cybersecurity.

Energy

- Projects aimed at increasing production of energy from renewable energy sources (RES) were advanced, utilising among others photovoltaic farms (PV) and wind farms (WF):

RES projects on own land:

- Realisation stage: for the project PV „HMG I-III” power plant (7.5 MW) the process continues of preparing tender proceedings to select a General Contractor and Oversight Inspector for each of the designed PV installations.
- Preparation stage: for the projects PV *Obora Sandpit* (50 MW), PV „Wartowice I” (88 MW) and PV „Kalinówka” (2 MW) the technical conditions for grid connection were obtained (TWP) based on the initially-assumed power levels. In terms of the projects PV „Tarnówek”, PV „Kalinówka” and PV „Polkowice” (in total approx. 10 MW) positive environmental decisions were received. For the project PV „HM Cedynia” (1.5 MW) a decision was received for the construction conditions. With respect to the project PV „Kopalnia Lubin Zachodni” (5 MW), Rural Municipality Lubin commenced design work on changes to the local spatial development plan for the area of “Szkłary Górne”. For the project PV „Wartowice I” preparatory work continues on the development of an area management concept. Realisation is considered of the project WF „Radwanice-Żukowice” (20 MW) located partially on land belonging to the Company, near the Głogów Copper Smelter and Refinery.
- Work continued on utilising the potential of own land for RES projects.

RES projects - acquisitions:

- On 29 February 2024 shares were acquired in three special purpose companies which owned photovoltaic farm projects with a total capacity of 42 MW, thanks to which, considering the previously-purchased projects, the Company owns 8 photovoltaic farms with a total capacity of 47 MW, located in the following voivodeships: Lower Silesia, Łódź, Pomerania and Greater Poland.
- The market for SMR (Small Modular Reactor) technology continued to be observed. Irrespective of directional decisions regarding the development of SMR technology in the Company, results are being analysed of the preliminary feasibility study for the construction of a nuclear power plant using SMR technology in order to potentially use this technology to meet the needs of KGHM Polska Miedź S.A. for electrical power.
- Meeting the needs of the Company for electrical power from own sources in the first three quarters of 2024 amounted to 428 GWh - 19.93% of the total electricity used by the Company's Divisions.

2.2 Development directions of the KGHM Polska Miedź S.A. Group

In the short-term perspective, the current policy aimed at adapting the functioning of the Group to the business model and the market environment, as well as at cooperation between the Group's entities, will be continued. Nevertheless, an important task will be the advancement of investments with a view to ensuring cost effectiveness and development scenarios for the individual international assets in the Company's portfolio.

The Group will continue its exploratory work, the goal of which is to develop the resource base and, as a consequence, to maintain optimum production levels and maximise the value of the Company's assets in the long term.

As part of the implementation of the climate policy and the energy transition, an increase is expected in the scope of investments in renewable energy sources, projects related to improving energy efficiency and projects aimed at protecting the environment and adapting to increasing regulatory requirements in this regard.

The aforementioned intentions will be carried out by continuing projects already commenced or bringing into operation new investments, including key investments, such as:

- outfitting the mines along with the construction of conveyor belts,
- replacement of mining machinery,
- construction of mine de-watering systems,
- construction of air cooling systems,
- construction of the Tailings Segregation and Compacting Station at the Żelazny Most Tailings Storage Facility,
- the Hybrid Legnica Smelter and Refinery,
- modernisation of electrorefining at the Legnica Copper Smelter and Refinery by converting to permanent starter sheet technology,
- intensification of the production of oxygen-free copper at the Cedynia Wire Rod Plant by building new production lines,
- the Deposit Access Program (Deep Głogów along with access and development tunnels),
- searching for and exploring deposits in areas under exploration concessions,
- development of the Żelazny Most Tailings Storage Facility above the crown height of 195 m a.s.l.,
- construction of installations and acquisitions in terms of photovoltaic energy.

Moreover, work will continue on new intelligent technology and production management systems, based on online communication between elements of the production process and advanced data analysis.

3 – Information on operating segments and revenues

Note 3.1 Operating segments

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

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. Moreover, it receives and analyses reports of 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. and 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 companies.

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.

| THE SEGMENT KGHM INTERNATIONAL LTD. | |
|-------------------------------------|--|
| Location | Company |
| The United States of America | Carlota Copper Company, Carlota Holdings Company, DMC Mining Services Corporation, FNX Mining Company USA Inc., Robinson Holdings (USA) Ltd., Robinson Nevada Mining Company, Wendover Bulk Transshipment Company |
| Chile | Aguas de la Sierra Limitada, Minera Carrizalillo SpA, KGHM Chile SpA, Quadra FNX Holdings Chile Limitada, DMC Mining Services Chile SpA |
| Canada | KGHM INTERNATIONAL LTD., 0899196 B.C. Ltd., Centenario Holdings Ltd., DMC Mining Services Ltd., FNX Mining Company Inc., FRANKE HOLDINGS LTD., KGHM AJAX MINING INC., KGHMI HOLDINGS LTD., Quadra FNX Holdings Partnership, Sugarloaf Ranches Ltd., Project Nikolas Company INC. |
| Mexico | DMC Mining Services Mexico, S.A. de C.V. |
| 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 Polczyn Grupa PGU S.A., Uzdrowisko Świeradów - Czerniawa Sp. z o.o. – Grupa PGU |
| Investment funds, financing activities | Fundusz Hotele 01 Sp. z o.o., Fundusz Hotele 01 Sp. z o.o. S.K.A., Polska Grupa Uzdrowisk sp. z o.o. |
| Other activities | CENTROZŁOM WROCŁAW S.A., CUPRUM Development sp. z o.o., KGHM (SHANGHAI) COPPER TRADING CO., LTD., KGHM Kupfer AG i L., MERCUS Logistyka sp. z o.o., MIEDZIOWE CENTRUM ZDROWIA S.A., NITROERG S.A., NITROERG SERWIS Sp. z o.o., PHU "Lubinpex" Sp. z o.o., PMT LK Sp. z o.o., Walcownia Metali Nieżelaznych "ŁABĘDY" S.A., Zagłębie Lubin S.A., OOO ZANAM VOSTOK, KGHM Centrum Analityki Sp. z o.o.**, Invest PV 7 Sp. z o.o., Invest PV 40 Sp. z o.o.*, Invest PV 58 Sp. z o.o.*, Invest PV 59 Sp. z o.o.* |

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

** Entities merged on 30 September 2024 (Note 5.1).

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

The Parent Entity's Management Board monitors the operating results of individual segments in order to make decisions on allocating the Group's resources and 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 indirect interest in KGHM INTERNATIONAL LTD.) are measured at cost, including the 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 separate 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 performance of segments on the basis of adjusted EBITDA and the profit or loss for the period.

The Group defines adjusted EBITDA as profit/loss for the period pursuant to IFRS, excluding taxes (current and deferred income tax as well as the mining tax), finance income and costs, other operating income and costs, profit or loss on involvement in joint ventures, depreciation/amortisation recognised in expenses by nature 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.

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

Reconciliation of adjusted EBITDA

from 1 January 2024 to 30 September 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 | 1 204 | (270) | 68 | 312 | 1 314 | 103 | |
| [-] Profit or loss on involvement in joint ventures | - | 177 | - | - | 177 | - | |
| [-] Current and deferred income tax, mining tax*** | (793) | (193) | (31) | (57) | (1 074) | (75) | |
| [-] Depreciation/amortisation recognised in expenses by nature | (1 198) | (515) | (240) | 86 | (1 867) | (578) | |
| [-] Finance income and (costs) | (174) | (877) | (42) | 950 | (143) | (569) | |
| [-] Other operating income and (costs) | (33) | (26) | 41 | (614) | (632) | 3 | |
| [-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses | - | 35 | 7 | - | 42 | - | |
| Segment result - adjusted EBITDA | 3 402 | 1 129 | 333 | (53) | 4 811 | 1 322 | 6 186 |

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

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

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

Reconciliation of adjusted EBITDA

from 1 January 2023 to 30 September 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 | 1 737 | (494) | 83 | (490) | 836 | 53 | |
| [-] Profit or loss on involvement in joint ventures | - | 939 | - | - | 939 | - | |
| [-] Current and deferred income tax, mining tax*** | (903) | 135 | (35) | (53) | (856) | (84) | |
| [-] Depreciation/amortisation recognised in expenses by nature | (1 275) | (419) | (217) | 26 | (1 885) | (586) | |
| [-] Finance income and (costs) | (125) | (794) | (37) | 872 | (84) | (588) | |
| [-] Other operating income and (costs) | 878 | 118 | 56 | (1 303) | (251) | 14 | |
| [-] (Recognition)/reversal of impairment losses on non-current assets recognised in cost of sales, selling costs and administrative expenses | - | (8) | 2 | - | (6) | - | |
| Segment result - adjusted EBITDA | 3 162 | (465) | 314 | (32) | 2 979 | 1 297 | 4 308 |

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

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

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

Note 3.3 Revenues from contracts with customers of the Group – breakdown by products

from 1 January 2024 to 30 September 2024

| | KGHM Polska Miedź S.A. | KGHM INTERNATIONAL LTD. | Sierra Gorda S.C.M.* | Other segments | Reconciliation items to consolidated data | | Consolidated data |
|---|---------------------------|----------------------------|----------------------|-------------------|--|------------------------------|----------------------|
| | | | | | Elimination of data of the segment Sierra Gorda S.C.M. | Consolidation adjustments | |
| Products | | | | | | | |
| Copper | 17 159 | 1 439 | 2 067 | 7 | (2 067) | (29) | 18 576 |
| Silver | 3 485 | 10 | 63 | - | (63) | - | 3 495 |
| Gold | 640 | 272 | 220 | - | (220) | - | 912 |
| Services | 166 | 562 | - | 2 009 | - | (1 483) | 1 254 |
| Energy | 105 | - | - | 325 | - | (247) | 183 |
| Salt | 45 | - | - | - | - | (2)** | 43 |
| Blasting materials and explosives | - | - | - | 226 | - | (107) | 119 |
| Mining machinery, transport vehicles and other types of machinery and equipment | - | - | - | 258 | - | (219) | 39 |
| Fuel additives | - | - | - | 82 | - | - | 82 |
| Lead | 213 | - | - | - | - | - | 213 |
| Products from other non-ferrous metals | - | - | - | 85 | - | - | 85 |
| Other products | 151 | 63 | 178 | 666 | (178) | (432) | 448 |
| Merchandise and materials | | | | | | | |
| Steel | - | - | - | 346 | - | (42) | 304 |
| Petroleum and its derivatives | - | - | - | 302 | - | (264) | 38 |
| Salt | - | - | - | 43 | - | (43)** | - |
| Other merchandise and materials | 297 | - | - | 5 211 | - | (5 160) | 348 |
| TOTAL | 22 261 | 2 346 | 2 528 | 9 560 | (2 528) | (8 028) | 26 139 |

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

** Including: PLN 43 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.

from 1 January 2023 to 30 September 2023

| | | | | Other segments | Reconciliation items to consolidated data | | Consolidated data |
|---|---------------------------|----------------------------|----------------------|----------------|--|------------------------------|-------------------|
| | KGHM Polska Miedź S.A. | KGHM INTERNATIONAL LTD. | Sierra Gorda S.C.M.* | | Elimination of data of the segment Sierra Gorda S.C.M. | Consolidation adjustments | |
| Products | | | | | | | |
| Copper | 17 208 | 911 | 2 002 | 7 | (2 002) | (35) | 18 091 |
| Silver | 3 410 | 26 | 54 | - | (54) | - | 3 436 |
| Gold | 776 | 124 | 204 | - | (204) | - | 900 |
| Services | 142 | 518 | - | 1 967 | - | (1 426) | 1 201 |
| Energy | 74 | - | - | 348 | - | (270) | 152 |
| Salt | 41 | - | - | - | - | 19** | 60 |
| Blasting materials and explosives | - | - | - | 239 | - | (116) | 123 |
| Mining machinery, transport vehicles and other types of machinery and equipment | - | - | - | 266 | - | (230) | 36 |
| Fuel additives | - | - | - | 75 | - | - | 75 |
| Lead | 196 | - | - | - | - | - | 196 |
| Products from other non-ferrous metals | - | - | - | 107 | - | (5) | 102 |
| Other products | 136 | 108 | 219 | 667 | (219) | (430) | 481 |
| Merchandise and materials | | | | | | | |
| Steel | - | - | - | 354 | - | (71) | 283 |
| Petroleum and its derivatives | - | - | - | 331 | - | (274) | 57 |
| Salt | - | - | - | 60 | - | (60)** | - |
| Other merchandise and materials | 487 | - | - | 4 978 | - | (5 010) | 455 |
| TOTAL | 22 470 | 1 687 | 2 479 | 9 399 | (2 479) | (7 908) | 25 648 |

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

** Including: PLN 60 million – reclassification from revenues from the sale of merchandise and materials to revenues from the sale of products.

Note 3.4 Revenues from contracts with customers of the Group – breakdown by type of contract

from 1 January 2024 to 30 September 2024

| | KGHM Polska Miedź S.A. | KGHM INTERNATIONAL LTD. | Sierra Gorda S.C.M.* | Other segments | Reconciliation items to consolidated data | | Consolidated data |
|--|---------------------------|-------------------------------|-------------------------|-------------------|--|------------------------------|----------------------|
| | | | | | Elimination of data of the segment Sierra Gorda S.C.M. | Consolidation adjustments | |
| Total revenues from contracts with customers | 22 261 | 2 346 | 2 528 | 9 560 | (2 528) | (8 028) | 26 139 |
| Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which: | 14 424 | 1 784 | 2 426 | 146 | (2 426) | (216) | 16 138 |
| settled | 13 946 | 368 | 1 045 | - | (1 045) | (87) | 14 227 |
| unsettled | 478 | 1 416 | 1 381 | 146 | (1 381) | (129) | 1 911 |
| Revenues from realisation of long-term contracts for mine construction | - | 352 | - | 183 | - | (165) | 370 |
| Revenues from other sales contracts | 7 837 | 210 | 102 | 9 231 | (102) | (7 647) | 9 631 |
| Total revenues from contracts with customers, of which: | 22 261 | 2 346 | 2 528 | 9 560 | (2 528) | (8 028) | 26 139 |
| in factoring | 6 924 | - | - | 172 | - | (172) | 6 924 |
| not in factoring | 15 337 | 2 346 | 2 528 | 9 388 | (2 528) | (7 856) | 19 215 |

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Total revenues from contracts with customers, of which: | 26 139 | 25 648 |
| transferred at a certain moment | 24 577 | 24 054 |
| transferred over time | 1 562 | 1 594 |

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

| | from 1 January 2023 to 30 September 2023 | | | | | | |
|--|---|-------------------------------|-------------------------|-------------------|--|------------------------------|-------------------|
| | Reconciliation items to consolidated data | | | | | | 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 | |
| Total revenues from contracts with customers | 22 470 | 1 687 | 2 479 | 9 399 | (2 479) | (7 908) | 25 648 |
| Revenues from sales contracts, for which the price is set after the date of recognition of the sales (M+ principle), of which: | 16 160 | 1 170 | 2 507 | 3 | (2 507) | (98) | 17 235 |
| settled | 15 452 | 673 | 928 | 1 | (928) | (96) | 16 030 |
| unsettled | 708 | 497 | 1 579 | 2 | (1 579) | (2) | 1 205 |
| Revenues from realisation of long-term contracts for mine construction | - | 489 | - | 180 | - | (152) | 517 |
| Revenues from other sales contracts | 6 310 | 28 | (28) | 9 216 | 28 | (7 658) | 7 896 |
| Total revenues from contracts with customers, of which: | 22 470 | 1 687 | 2 479 | 9 399 | (2 479) | (7 908) | 25 648 |
| in factoring | 6 715 | - | - | 136 | - | (136) | 6 715 |
| not in factoring | 15 755 | 1 687 | 2 479 | 9 263 | (2 479) | (7 772) | 18 933 |

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

Note 3.5 Revenues from contracts with customers of the Group – geographical breakdown reflecting the location of end clients

from 1 January 2024 to 30 September 2024

from 1 January 2023
to 30 September 2023

| | Reconciliation items to consolidated data | | | | | | | KGHM Polska Miedź S.A. Group |
|------------------------------|---|----------------------------|----------------------|-------------------|--|------------------------------|-------------------|---------------------------------|
| | 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 | |
| Poland | 5 582 | - | - | 9 318 | - | (7 993) | 6 907 | 6 644 |
| Austria | 240 | - | - | 19 | - | - | 259 | 325 |
| Belgium | 44 | - | - | 5 | - | - | 49 | 31 |
| Bulgaria | 111 | - | - | 17 | - | - | 128 | 256 |
| Czechia | 1 762 | - | - | 10 | - | - | 1 772 | 1 776 |
| Estonia | 27 | - | - | 2 | - | - | 29 | 21 |
| Finland | 24 | - | - | 4 | - | - | 28 | - |
| France | 556 | - | - | 4 | - | - | 560 | 700 |
| Greece | 101 | - | - | 9 | - | - | 110 | - |
| Spain | 14 | 190 | - | 2 | - | - | 206 | - |
| The Netherlands | 4 | - | 45 | 1 | (45) | - | 5 | 6 |
| Germany | 3 498 | - | - | 65 | - | - | 3 563 | 4 990 |
| Romania | 89 | - | - | 1 | - | - | 90 | 124 |
| Slovakia | 137 | - | - | 9 | - | - | 146 | 178 |
| Slovenia | 75 | - | - | 2 | - | - | 77 | 87 |
| Sweden | 495 | - | - | 23 | - | - | 518 | 23 |
| Hungary | 1 129 | - | - | 3 | - | - | 1 132 | 1 123 |
| The United Kingdom | 1 321 | - | - | 2 | - | - | 1 323 | 864 |
| Italy | 1 693 | - | - | 4 | - | - | 1 697 | 1 617 |
| Australia | 282 | - | - | - | - | - | 282 | 269 |
| Bosnia and Herzegovina | 19 | - | - | 2 | - | - | 21 | 11 |
| Chile | - | 255 | 503 | - | (503) | - | 255 | 201 |
| China | 2 060 | 905 | 1 429 | - | (1 429) | - | 2 965 | 2 998 |
| India | 70 | - | 62 | - | (62) | - | 70 | - |
| Japan | 2 | - | 445 | - | (445) | - | 2 | - |
| Canada | 38 | 780 | - | - | - | (35) | 783 | 639 |
| South Korea | 99 | - | 30 | - | (30) | - | 99 | - |
| The United States of America | 1 031 | 216 | - | 11 | - | - | 1 258 | 1 051 |
| Switzerland | 844 | - | - | 2 | - | - | 846 | 1 032 |
| Türkiye | 409 | - | - | 8 | - | - | 417 | 190 |
| Taiwan | - | - | - | 1 | - | - | 1 | 49 |
| Morocco | 12 | - | - | - | - | - | 12 | - |
| Egypt | 59 | - | - | - | - | - | 59 | - |
| Algeria | 37 | - | - | - | - | - | 37 | 65 |
| Brazil | 6 | - | 14 | - | (14) | - | 6 | - |
| Thailand | 174 | - | - | - | - | - | 174 | 245 |
| Malaysia | 21 | - | - | - | - | - | 21 | 52 |
| Singapore | 29 | - | - | - | - | - | 29 | - |
| Saudi Arabia | 161 | - | - | 5 | - | - | 166 | - |
| Other countries | 6 | - | - | 31 | - | - | 37 | 81 |
| TOTAL | 22 261 | 2 346 | 2 528 | 9 560 | (2 528) | (8 028) | 26 139 | 25 648 |

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

Note 3.6 Main customers

In the period from 1 January 2024 to 30 September 2024, the revenues from contracts with customers from no single contractor exceeded 10% of the revenues from contracts with customers of the Group.

In the comparable period, revenues from no single contractor exceeded 10% of the revenues from contracts with customers of the Group.

Note 3.7 Non-current assets – geographical breakdown

| | As at 30 September 2024 | As at 31 December 2023 |
|------------------------------|----------------------------|---------------------------|
| Poland | 24 672 | 23 309 |
| Canada | 1 984 | 1 791 |
| The United States of America | 2 007 | 1 613 |
| Chile | 264 | 228 |
| TOTAL* | 28 927 | 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 10 617 million as at 30 September 2024 (PLN 11 041 million as at 31 December 2023).

Note 3.8 Information on segments' results

3.8.1 The segment KGHM Polska Miedź S.A.

Production results

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|-----------------------------------|-------|------------------------------|------------------------------|------------|------------------------------------|------------------------------------|------------------------------------|
| Ore extraction (dry weight) | mn t | 23.3 | 23.3 | - | 7.6 | 7.7 | 7.9 |
| Copper content in ore | % | 1.48 | 1.47 | +0.7 | 1.46 | 1.49 | 1.48 |
| Copper production in concentrate | kt | 304.1 | 303.2 | +0.3 | 98.6 | 103.1 | 102.5 |
| Silver production in concentrate | t | 1 002.5 | 1 011.6 | (0.9) | 322.8 | 336.6 | 343.2 |
| Production of electrolytic copper | kt | 441.2 | 443.5 | (0.5) | 148.7 | 146.3 | 146.2 |
| - including from own concentrate | kt | 284.2 | 287.0 | (1.0) | 90.9 | 98.2 | 95.1 |
| Production of metallic silver | t | 962.6 | 1 080.1 | (10.9) | 296.8 | 356.0 | 309.8 |
| Production of gold | koz t | 64.3 | 83.3 | (22.8) | 19.4 | 24.7 | 20.1 |

Ore extraction in the first 9 months of 2024 was at the same level as in the corresponding period of 2023. Copper content increased to 1.48% due to extraction from a rich deposit.

Copper production in concentrate amounted to 304.1 thousand tonnes and was higher by 0.9 thousand tonnes (+0.3%) as compared to the first 9 months of 2023. An increase in production is a result of a higher extraction of a better quality ore by the mines and its processing by the Concentrators.

As compared to the corresponding period of 2023, there was a decrease in electrolytic copper production by 2.3 thousand tonnes due to availability of production lines as a result of the maintenance at the Głogów I Copper Smelter and Refinery. Production of metallic silver amounted to 962.6 tonnes and was lower by 117.5 tonnes (-10.9%) as compared to the first 9 months of 2023. Lower production of metallic silver results from the availability of feed material at the Precious Metals Plant.

Production of metallic gold amounted to 64.3 thousand troy ounces and was lower by 19.0 thousand troy ounces (-22.8%) as compared to the first 9 months of 2023. Lower production of metallic gold is a result of lower processing of gold-bearing materials.

Sales

Revenues from contracts with customers

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|---------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers, including: | PLN mn | 22 261 | 22 470 | (0.9) | 7 185 | 7 797 | 7 279 |
| - copper | PLN mn | 17 159 | 17 208 | (0.3) | 5 512 | 5 933 | 5 714 |
| - silver | PLN mn | 3 486 | 3 410 | +2.2 | 1 201 | 1 266 | 1 018 |
| - gold | PLN mn | 640 | 776 | (17.5) | 174 | 258 | 208 |
| Sales volume: | | | | | | | |
| - copper | kt | 446.6 | 444.5 | +0.5 | 144.0 | 143.8 | 158.8 |
| - silver | t | 1 000.0 | 1 040.7 | (3.9) | 320.9 | 342.8 | 336.2 |
| - gold | koz t | 70.7 | 95.4 | (25.9) | 18.0 | 27.5 | 25.2 |

The decrease in revenues from contracts with customers by PLN 209 million as compared to the prior year was mainly due to:

- a decrease by PLN 1 327 million in revenues from sales of basic products (copper, silver and gold) due to a less favourable average annual USD/PLN exchange rate,
- an increase by PLN 1 433 million in revenues due to higher prices of basic products,
- a decrease by PLN 251 million in revenues due to lower sales volume of silver and gold,
- an increase by PLN 36 million in adjustments to revenues due to hedging transactions, from +PLN 425 million to +PLN 461 million,
- a decrease by PLN 100 million in other revenues from sales, including mainly revenues from the sale of merchandise and materials (-PLN 192 million).

Costs

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|---------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Cost of sales, selling costs and administrative expenses | PLN mn | 20 057 | 20 583 | (2.6) | 6 652 | 6 627 | 6 778 |
| Expenses by nature | PLN mn | 19 799 | 20 491 | (3.4) | 6 522 | 6 824 | 6 453 |
| Pre-precious metals credit unit cost of electrolytic copper production from own concentrate ¹ | PLN/t | 44 078 | 44 728 | (1.5) | 45 421 | 44 122 | 42 748 |
| Total unit cost of electrolytic copper production from own concentrate | PLN/t | 31 427 | 33 436 | (6.0) | 32 200 | 30 218 | 31 937 |
| C1 unit cost² | USD/lb | 3.08 | 3.01 | +2.3 | 3.24 | 3.00 | 3.01 |

1) Unit cost prior to decrease by the value of anode slimes containing, among others, silver and gold

2) Cash cost of concentrate production reflecting the minerals extraction tax, plus administrative expenses and smelter treatment and refining charges (TC/RC), less depreciation/amortisation cost and the value of by-product premiums, calculated for sold payable copper in concentrate

The Parent Entity's cost of sales, selling costs and administrative expenses (total cost of products, merchandise and materials sold, selling costs and administrative expenses) for the first nine months of 2024 amounted to PLN 20 057 million and were lower by 2.6% as compared to the corresponding period of 2023, mainly due to lower costs of consumption of purchased metal-bearing materials, materials, fuels and energy factors alongside higher utilisation of inventories of finished goods due the higher realised sales volume of copper goods while production was lower.

As compared to the first 9 months of 2023, total expenses by nature in the first 9 months of 2024 were lower by PLN 692 million alongside the higher minerals extraction tax by PLN 72 million, mainly due to higher silver prices.

Cost of consumption of purchased metal-bearing materials was lower by PLN 107 million due to lower purchase price by 2% while the volume of consumption was comparable to the one in the first 9 months of 2023.

The decrease in expenses by nature, excluding purchased metal-bearing materials and the minerals extraction tax, amounted to PLN 657 million and resulted mainly from decreases in the costs of the following items:

- materials and technological fuels by PLN 404 million - mainly due to lower purchase prices, but also thanks to optimised use of these materials,
- energy carriers by PLN 479 million - mainly due to a decrease in prices, but also as a result of the lower volume of purchased energy alongside higher production of own energy,
- depreciation/amortisation by PLN 77 million due to an impairment loss on production assets at the end of 2023,

alongside the increases in the costs of the following items:

- labour by PLN 176 million due to higher wage rates, alongside lower coal equivalent and lower impact of revaluation of the provision for future employee benefits,
- external services by PLN 86 million, mainly due to overhauls and maintenance.

C1 cost for the first nine months of 2024 amounted to 3.08 USD/lb and was higher by 2.3% than in the corresponding period of 2023. The increase in this cost was mainly caused by the higher mineral extraction tax and weakening of the US dollar versus the PLN. C1 cost expressed in PLN and excluding the tax is lower by over 7%.

The pre-precious metals credit unit cost of electrolytic copper production from own concentrate (unit cost prior to decrease by the value of anode slimes containing, among others, silver and gold) amounted to 44 078 PLN/t (in the comparable period of 2023: 44 728 PLN/t) and was lower by 1.5%, mainly due to the aforementioned decrease in expenses by nature alongside a decrease in copper production from own concentrate by 1% and higher mineral extraction tax burden by 293 PLN/t.

The total unit cost of electrolytic copper production from own concentrate amounted to 31 427 PLN/t and was lower by 6% as compared to the first nine months of 2023, mainly as a result of higher valuation of anode slimes by 12% due to higher prices of silver and gold.

Financial results

The Company recorded a profit for the first 9 months of 2024 in the amount of PLN 1 204 million, or PLN 533 million lower than for the corresponding period of 2023.

Basic items of statement of profit or loss (in PLN million)

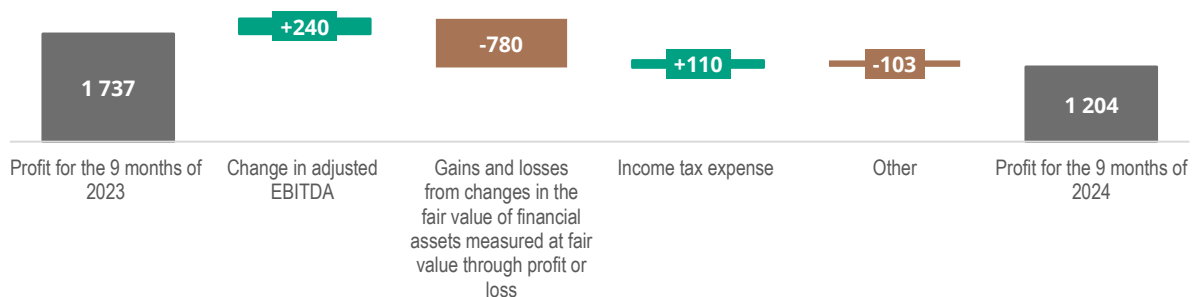
| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|------------------------------|------------------------------|---------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers, including: | 22 261 | 22 470 | (0.9) | 7 185 | 7 797 | 7 279 |
| - adjustment of revenues due to hedging transactions | 461 | 425 | +8.5 | 177 | 124 | 160 |
| Cost of sales, selling costs and administrative expenses | (20 057) | (20 583) | (2.6) | (6 652) | (6 627) | (6 778) |
| Profit/(loss) on sales | 2 204 | 1 887 | +16.8 | 533 | 1 170 | 501 |
| Other operating income and (costs) | (33) | 878 | x | (611) | 347 | 231 |
| Finance income and (costs) | (174) | (125) | +39.2 | 57 | (109) | (122) |
| Profit/(loss) before income tax | 1 997 | 2 640 | (24.4) | (21) | 1 408 | 610 |
| Income tax expense | (793) | (903) | (12.2) | (106) | (464) | (223) |
| Profit/(loss) for the period | 1 204 | 1 737 | (30.7) | (127) | 944 | 387 |
| Adjusted EBITDA¹⁾ | 3 402 | 3 162 | +7.6 | 930 | 1 576 | 896 |

1) Adjusted EBITDA = profit/(loss) on sales + depreciation/amortisation (recognised in expenses by nature) + impairment loss (-reversal of impairment losses) on non-current assets, recognised in cost of sales, selling costs and administrative expenses

Main factors for the change in profit or loss

| Item | Impact on change of profit or loss (in PLN million) | Description |
|--|--|--|
| Adjusted EBITDA | +240 | An increase in EBITDA mainly due to: <ul style="list-style-type: none"> - a decrease in revenues from contracts with customers by PLN 209 million, described above, - a decrease in the level of expenses by nature (excluding depreciation/amortisation) by PLN 615 million, described above, - an increase in change in products and work in progress by PLN 346 million (+PLN 164 million in 2024, -PLN 182 million in 2023) |
| Gains and losses from changes in the fair value of financial assets measured at fair value through profit or loss | (780) | A decrease in the result on changes in the fair value of financial assets measured at fair value through profit or loss from PLN 797 million to PLN 17 million, mostly with respect to loans granted (-PLN 811 million) |
| Income tax expense | +110 | A decrease in income tax by PLN 110 million, mainly due to the current tax on the settlement of the Tax Group after the first 9 months of 2024 in the amount of -PLN 140 million |
| Other | (103) | Other changes in the result, mainly in respect of: <ul style="list-style-type: none"> - gains/losses on derivatives, +PLN 100 million, - recognition/reversal of impairment losses on financial instruments measured at amortised cost, -PLN 91 million, - result on exchange differences, PLN 88 million, - a change in the result due to the recognition and release of provisions, -PLN 79 million - interest costs on trade payables within the reverse factoring mechanism, -PLN 71 million, |

Change in profit or loss for the period (PLN million)



Capital expenditures

In the first three quarters of 2024, capital expenditures on property, plant and equipment amounted to PLN 2 520 million. CO₂ emission allowances were purchased for the amount of PLN 26 million in the reporting period.

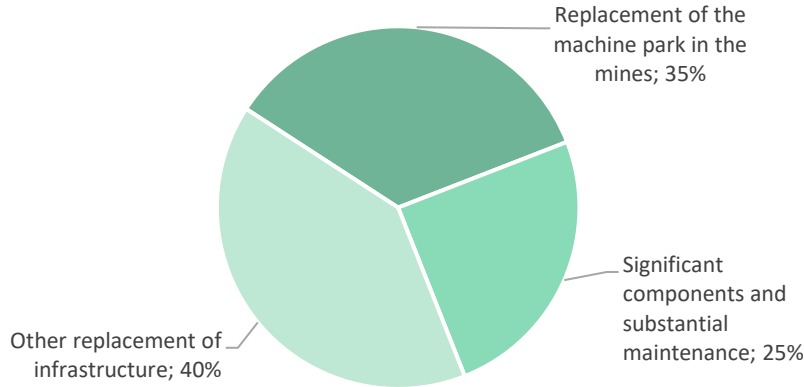
Structure of expenditures on property, plant and equipment and intangible assets (PLN million)

| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|-------------------------------------|------------------------|------------------------|--------------|---------------------------------|---------------------------------|---------------------------------|
| Mining | 2 012 | 1 750 | +15.0 | 731 | 745 | 536 |
| Metallurgy | 396 | 311 | +27.3 | 195 | 114 | 87 |
| Other activities | 22 | 18 | +22.2 | 11 | 6 | 5 |
| Development work - uncompleted | 2 | 3 | (33.3) | 1 | 1 | - |
| Leases per IFRS 16 | 88 | 85 | +3.5 | 12 | 52 | 24 |
| CO ₂ emission allowances | 26 | - | x | 26 | - | - |
| Total | 2 546 | 2 167 | +17.5 | 976 | 918 | 652 |
| including borrowing costs | 159 | 152 | +4.6 | 65 | 35 | 59 |

Investment activities comprised projects related to replacement, maintenance and development in the following areas: mining, metallurgy and other activities.

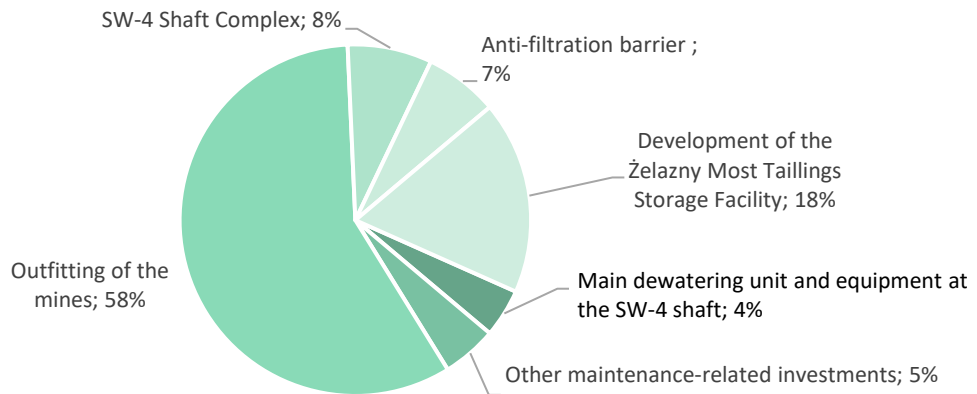
Projects related to replacement aimed at maintaining production equipment in an undeteriorated condition, represent 34% of expenditures incurred.

Structure of expenditures on replacement



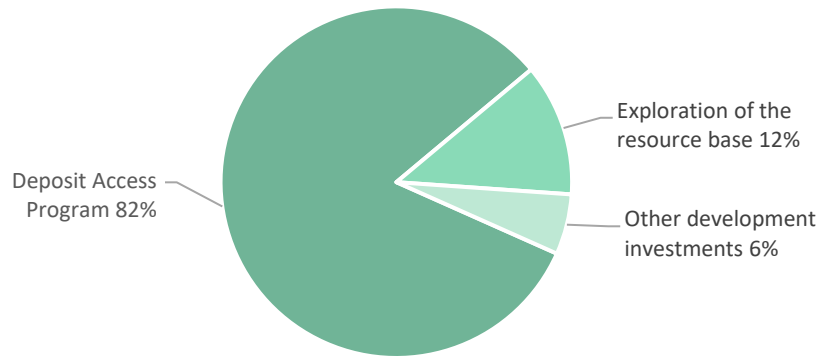
Projects related to maintenance aimed at maintaining mine production at the level set in the approved Production Plan (development of infrastructure to match mine advancement) represent 38% of total expenditures incurred.

Structure of expenditures on maintenance



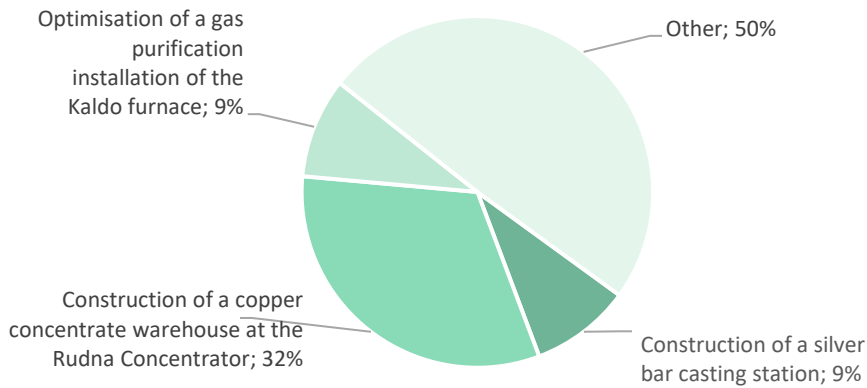
Development projects aimed at increasing the level of revenues from sales or maintaining them at the current level, at the implementation of technical and technological activities optimising the use of existing infrastructure, and at reducing operating costs, represent 26% of expenditures incurred.

Structure of expenditures on development



Adaptation projects aimed at adapting the company's operations to changes in laws, existing standards or other regulations, especially as regards occupational health and safety, securing property, cybersecurity, ethical and anti-corruption standards, environmental impact, quality standards and management systems, represent 2% of expenditures incurred.

Structure of expenditures on adaptation



Detailed information on the advancement of key projects may be found in part of the report on the realisation of Strategy in 2024 (Part 1, Note 2).

3.8.2 The segment KGHM INTERNATIONAL LTD.

Production results of KGHM INTERNATIONAL LTD.

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|--------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Payable copper, including: | kt | 45.5 | 24.1 | +88.8 | 16.1 | 13.4 | 16.0 |
| - Robinson mine (USA) | kt | 41.7 | 17.3 | x 2.4 | 15.3 | 12.1 | 14.3 |
| Payable nickel | kt | 0.4 | 0.3 | +33.3 | 0.1 | 0.2 | 0.1 |
| Precious metals (TPM), including: | koz t | 39.4 | 26.0 | +51.5 | 13.8 | 11.4 | 14.2 |
| - Robinson mine (USA) | koz t | 30.6 | 11.0 | x 2.8 | 12.1 | 8.3 | 10.2 |
| - Sudbury Basin mines (Canada) ⁽¹⁾ | koz t | 8.8 | 15.1 | (41.7) | 1.7 | 3.1 | 4.0 |

¹⁾ McCreedy West mine in the Sudbury Basin

It should be noted that in the first three quarters of 2023 the Robinson mine operated in much more difficult geological conditions and extraction was accompanied by numerous problems with the fleet of mining machinery, which resulted in lower production results achieved in 2023 as compared to previous years and currently in 2024.

Sales

Volume and revenues from sales of KGHM INTERNATIONAL LTD. (USD million)

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|---------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers¹, including: | USD mn | 592 | 399 | +48.4 | 252 | 208 | 132 |
| - copper | USD mn | 363 | 215 | +68.8 | 160 | 133 | 70 |
| - nickel | USD mn | 6 | 7 | (14.3) | 1 | 3 | 2 |
| - precious metals (TPM) | USD mn | 75 | 46 | +63.0 | 38 | 23 | 14 |
| Copper sales volume | kt | 41.3 | 27.0 | +53.0 | 18.8 | 13.8 | 8.7 |
| Nickel sales volume | kt | 0.4 | 0.3 | +33.3 | 0.1 | 0.2 | 0.1 |
| TPM sales volume | koz t | 35.6 | 28.5 | +24.9 | 15.2 | 11.5 | 8.9 |

¹⁾ Reflects processing premium

Revenues from sales of KGHM INTERNATIONAL LTD. (PLN million)

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|---------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers¹, including: | PLN mn | 2 346 | 1 687 | +39.1 | 985 | 836 | 525 |
| - copper | PLN mn | 1 439 | 911 | +58.0 | 629 | 532 | 278 |
| - nickel | PLN mn | 25 | 31 | (19.4) | 4 | 13 | 8 |
| - TPM – precious metals | PLN mn | 297 | 195 | +52.3 | 149 | 92 | 56 |

¹⁾ Reflects processing premium

Improved production results of Robinson, resulting among others from shifting to mining a deposit with higher metal content, enabled the increase in sales within the entire KGHM INTERNATIONAL LTD. segment, and therefore the increase in revenues by 49% as compared to the first 9 months of 2023 (revenues denominated in USD).

Costs

The cost of sales, selling costs and administrative expenses amounted to USD 428 million, i.e. 30% below the amounts recorded in the first nine months of 2023.

C1 payable copper production cost of KGHM INTERNATIONAL LTD.

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|---------------|------------------------------|------------------------------|---------------|------------------------------------|------------------------------------|------------------------------------|
| Cost of sales, selling costs and administrative expenses | USD mn | (428) | (609) | (29.7) | (161) | (149) | (118) |
| Cost of sales, selling costs and administrative expenses | PLN mn | (1 697) | (2 579) | (34.2) | (630) | (597) | (470) |
| C1 payable copper production cost¹ | USD/lb | 1.69 | 5.32 | (68.2) | 1.47 | 1.68 | 2.17 |

¹⁾ C1 unit production cost of copper – cash cost of payable copper production, reflecting costs of ore extraction and processing, the minerals extraction tax, transport costs, administrative expenses during the mining phase and smelter treatment and refining charges (TC/RC) less by-product value

For the greater part of 2023, due to the unfavourable atmospheric conditions at the beginning of the year and problems with mining machinery, the Robinson mine carried out a marginal amount of stripping work. As a result, the level of capitalised stripping costs was substantially lower than in 2024. Moreover, in the first 9 months of 2024 there were significantly lower write-downs of inventories (USD 14 million versus USD 72 million in the first 9 months of 2023) and a reversal of an impairment loss on property, plant and equipment regarding assets held for sale (Sudbury) in the amount of USD 16 million (no such event in the corresponding period of 2023 occurred).

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Impact on gross profit or loss (USD million) |
|--|---------------|------------------------|------------------------|--|
| Costs prior to change in inventories and capitalisation of stripping costs | USD mn | (596) | (614) | +18 |
| Change in inventories and work in progress | USD mn | 37 | (15) | +52 |
| Capitalisation of stripping costs and other | USD mn | 131 | 20 | +111 |
| Total costs of sales, selling costs and administrative expenses | USD mn | (428) | (609) | +181 |

Moreover, in the case of C1 unit cost, the improvement in production efficiency was also an important factor, with a corresponding rise in the amount of copper sold by the Robinson mine.

Financial results

Financial results of KGHM INTERNATIONAL LTD. (USD million)

| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|------------------------|------------------------|---------------|---------------------------------|---------------------------------|---------------------------------|
| Revenues from contracts with customers | 592 | 399 | +48.4 | 252 | 208 | 132 |
| Cost of sales, selling costs and administrative expenses, including: ¹ | (428) | (609) | (29.7) | (161) | (149) | (118) |
| (recognition)/reversal of impairment losses on non-current assets | 9 | (2) | x | 13 | (4) | - |
| Profit/(loss) on sales | 164 | (210) | x | 91 | 59 | 14 |
| Profit/(loss) for the period | (68) | (117) | (41.9) | 59 | (105) | (22) |
| Depreciation/amortisation | (130) | (99) | +31.3 | (40) | (42) | (48) |
| Adjusted EBITDA | 285 | (109) | x | 118 | 105 | 62 |

¹⁾ Cost of products, merchandise and materials sold, selling costs and administrative expenses

Financial results of KGHM INTERNATIONAL LTD. (PLN million)

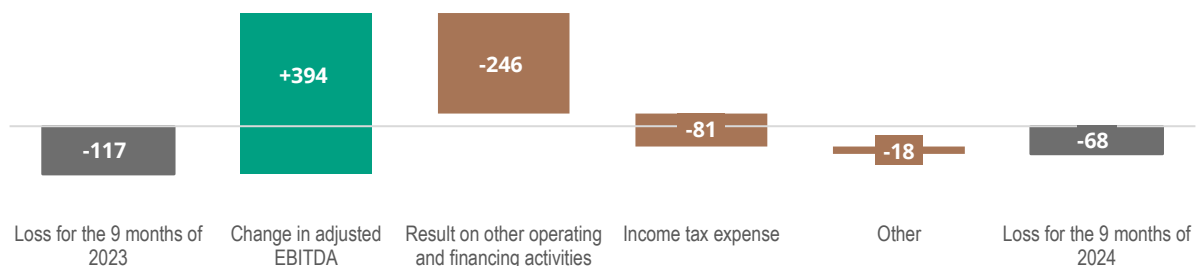
| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---|------------------------|------------------------|---------------|---------------------------------|---------------------------------|---------------------------------|
| Revenues from contracts with customers | 2 346 | 1 687 | +39.1 | 985 | 836 | 525 |
| Cost of sales, selling costs and administrative expenses, including: ¹ | (1 697) | (2 579) | (34.2) | (630) | (597) | (470) |
| (recognition)/reversal of impairment losses on non-current assets | 35 | (8) | x | 50 | (15) | - |
| Profit/(loss) on sales | 649 | (892) | x | 355 | 239 | 55 |
| Profit/(loss) for the period | (270) | (494) | (45.3) | 236 | (417) | (89) |
| Depreciation/amortisation | (515) | (419) | +22.9 | (155) | (168) | (192) |
| Adjusted EBITDA | 1 129 | (465) | x | 460 | 422 | 247 |

¹⁾ Cost of products, merchandise and materials sold, selling costs and administrative expenses

Main factors impacting the change in profit or loss of KGHM INTERNATIONAL LTD.

| Item | Impact on change of profit or loss (USD million) | Description |
|---|--|--|
| Adjusted EBITDA | +394 | +USD 193 million – an increase in revenues, including mainly due to an increase in the volumes of sales of copper (+USD 133 million) and gold (+USD 31 million), higher metals prices (+USD 16 million) and higher revenues from mining services carried out by DMC (+USD 23 million) |
| | | +USD 201 million – lower costs reducing EBITDA, including mainly lower write-downs of inventories (+USD 58 million), higher capitalisation of stripping costs (+USD 111 million) and the difference in the change in inventories (+PLN 52 million) – due to reduced production results, in 2023 Robinson sold inventories of concentrate, which increased costs of the segment by USD 15 million, but together with the improved production efficiency in 2024 the copper sales are carried out in line with the approved budget and as a result, there was an increase in inventories of concentrate (decrease in costs of the segment due to changes in inventories by USD 37 million). |
| Result on other operating and financing activities | (246) | -USD 187 million – recognition of an impairment loss on financial instruments in the amount of USD 67 million in the first nine months of 2024 as compared to the reversal of an impairment loss in the amount of USD 120 million in the corresponding period of 2023 – concerns POCL loans (loans granted to Sierra Gorda) |
| | | -USD 59 million – other, including higher finance costs due to an increase in level of debt (-USD 34 million) |
| Income tax expense | (81) | -USD 16 million – change in current tax |
| | | -USD 65 million – change in deferred tax |
| Other | (18) | -USD 30 million – higher depreciation/amortisation due to an increase in cash expenditures, including due to higher scope of access work (stripping work) |
| | | -USD 4 million – recognition of an impairment loss on property, plant and equipment: -USD 6 million versus -USD 2 million in the first nine months of 2023 (assets of the Carlota mine) |
| | | +USD 16 million – reversal of an impairment loss on property, plant and equipment in the first 9 months of 2024 (assets held for sale – Sudbury) |

Change in profit or loss for the period of KGHM INTERNATIONAL LTD. (USD million)



Cash expenditures

Cash expenditures of KGHM INTERNATIONAL LTD. (USD million)

| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---------------------|------------------------|------------------------|-------------|---------------------------------|---------------------------------|---------------------------------|
| Victoria project | 63 | 50 | +26.0 | 25 | 18 | 20 |
| Stripping and other | 243 | 82 | x3.0 | 108 | 73 | 62 |
| Total | 306 | 132 | x2.3 | 133 | 91 | 82 |

Cash expenditures of KGHM INTERNATIONAL LTD. (PLN million)

| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---------------------|------------------------|------------------------|-------------|---------------------------------|---------------------------------|---------------------------------|
| Victoria project | 249 | 212 | +17.5 | 97 | 72 | 80 |
| Stripping and other | 963 | 348 | x2.8 | 423 | 291 | 249 |
| Total | 1 212 | 560 | x2.2 | 520 | 363 | 329 |

The more-than-doubled increase in cash expenditures by KGHM INTERNATIONAL LTD. compared to the first nine months of 2023 was mainly due to a higher scope of stripping work at the Robinson mine.

3.8.3 The segment Sierra Gorda S.C.M.

The segment Sierra Gorda S.C.M. is a joint venture of the KGHM Polska Miedź S.A. Group (55%) and the Australian mining group South32 (45%).

The following production and financial data are presented on a 100% basis for the joint venture and proportionally to the interest in the company Sierra Gorda S.C.M. (55%), pursuant to the methodology of presentation of data in note of the condensed consolidated financial statements on operating segments.

Production results

Production of copper, molybdenum and precious metals by Sierra Gorda S.C.M.¹

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|---------------------------------------|-----------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Copper production | kt | 103.9 | 108.5 | (4.2) | 39.0 | 34.0 | 30.9 |
| Copper production – segment (55%) | kt | 57.1 | 59.7 | (4.2) | 21.4 | 18.7 | 17.0 |
| Molybdenum production | mn lbs | 3.7 | 5.6 | (33.9) | 2.0 | 0.8 | 0.9 |
| Molybdenum production – segment (55%) | mn lbs | 2.0 | 3.1 | (33.9) | 1.1 | 0.4 | 0.5 |
| TPM production – gold | koz t | 42.1 | 44.0 | (4.3) | 17.2 | 13.0 | 11.9 |
| TPM production – gold – segment (55%) | koz t | 23.1 | 24.2 | (4.3) | 9.4 | 7.2 | 6.5 |

¹⁾ Payable metal in concentrate.

In the third quarter of 2024, Sierra Gorda S.C.M. significantly improved its copper and molybdenum production results due to processing higher quality ore which enabled higher copper and molybdenum recovery as compared to the amounts recorded in the first and second quarters of 2024. Sierra Gorda S.C.M. expects that this positive trend will be maintained in the fourth quarter.

Despite the improvement in the third quarter, copper and molybdenum content, and recovery of these metals recorded in the first 9 months of 2024 were lower than the ones recorded in the corresponding period of 2023, which was the main reason behind the decrease in production of payable metals during the year.

Sales

Revenues from sales in the first 9 months of 2024 amounted to USD 1 161 million (on a 100% basis), or PLN 2 528 million proportionally to the interest held by KGHM Polska Miedź S.A. (55%).

Volume and revenues from sales of Sierra Gorda S.C.M.

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|---------------|------------------------------|------------------------------|-------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers,¹ including from the sale of: | USD mn | 1 161 | 1 065 | +9.0 | 438 | 414 | 309 |
| - copper | USD mn | 949 | 860 | +10.3 | 364 | 342 | 243 |
| - molybdenum | USD mn | 82 | 94 | (12.8) | 21 | 26 | 35 |
| - TPM (gold) | USD mn | 101 | 88 | +14.8 | 43 | 34 | 24 |
| Copper sales volume | kt | 103.1 | 108.3 | (4.8) | 39.8 | 34.1 | 29.2 |
| Molybdenum sales volume | mn lbs | 4.0 | 4.0 | - | 0.87 | 1.3 | 1.8 |
| TPM (gold) sales volume | koz t | 41.9 | 44.5 | (5.8) | 17.3 | 13.1 | 11.5 |
| Revenues from contracts with customers¹ - segment (55% share) | PLN mn | 2 528 | 2 479 | +2.0 | 938 | 911 | 679 |

¹⁾ Reflects smelter treatment and refining charges and other

²⁾ Reflects smelter treatment and refining charges and other

Despite the decrease in copper and gold sales volumes, revenues after the first 9 months of 2024 are higher by 9% (in USD) than in the corresponding period of 2023. The decisive factor in this case were higher prices achieved on the sale of copper, gold and silver.

The detailed impact of individual factors on changes in revenues is presented in the subsection discussing the financial results of Sierra Gorda S.C.M.

Costs

The cost of sales, selling costs and administrative expenses amounted to USD 819 million and proportionally to the interest held (55%) the costs of the segment amounted to PLN 1 784 million.

Cost of sales, selling costs and administrative expenses and C1 payable copper production cost of Sierra Gorda S.C.M.

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|---------------|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Cost of sales, selling costs and administrative expenses | USD mn | (819) | (759) | +7.9 | (294) | (285) | (240) |
| Cost of sales, selling costs and administrative expenses – segment (55% share) | PLN mn | (1 784) | (1 768) | +0.9 | (630) | (627) | (527) |
| C1¹ payable copper production cost | USD/lb | 1.81 | 1.55 | +16.8 | 1.68 | 1.88 | 1.90 |

1) C1 unit production cost of copper - cash cost of payable copper production, reflecting costs of ore extraction and processing, the minerals extraction tax, transport costs, administrative expenses during the mining phase and smelter treatment and refining charges (TC/RC) less by-product value

As compared to the first 9 months of 2023, there was an increase in the cost of sales, selling costs and administrative expenses by USD 60 million (+8%):

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Impact on gross profit or loss (USD million) |
|--|---------------|------------------------------|------------------------------|--|
| Costs prior to change in inventories and capitalisation of stripping costs | USD mn | (1 038) | (1 004) | (34) |
| Change in inventories and work in progress | USD mn | (19) | 17 | (36) |
| Capitalisation of stripping costs | USD mn | 238 | 228 | +10 |
| Total costs of sales, selling costs and administrative expenses | USD mn | (819) | (759) | (60) |

The increase in costs prior to change in inventories and capitalisation of stripping costs by USD 34 million (+3%) mainly concerned depreciation/amortisation, energy, fuels and spare parts, while an increase in stripping costs subject to capitalisation by USD 10 million (+4%) is a result of an increase in the scope of stripping work and a higher unit cost which is the basis used to calculate these costs.

The additional factor which contributed to the worsening of the unit payable copper production cost was the recorded decrease in copper production volume.

Financial results

Adjusted EBITDA for the first 9 months of 2024 amounted to USD 607 million, of which proportionally to the interest held (55%) PLN 1 322 million is attributable to the KGHM Group.

Results of Sierra Gorda S.C.M. in USD million (on a 100% basis)

| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers | 1 161 | 1 065 | +9.0 | 438 | 414 | 309 |
| Cost of sales, selling costs and administrative expenses | (819) | (759) | +7.9 | (294) | (285) | (240) |
| Profit/loss on sales | 342 | 306 | +11.8 | 144 | 129 | 69 |
| Profit/(loss) for the period | 47 | 23 | x 2.1 | 28 | 27 | (8) |
| Depreciation/amortisation recognised in expenses by nature | (265) | (252) | +5.2 | (96) | (87) | (82) |
| Adjusted EBITDA | 607 | 558 | +8.8 | 240 | 216 | 151 |

Results of the segment Sierra Gorda S.C.M. proportionally to the interest held (55%) in PLN million

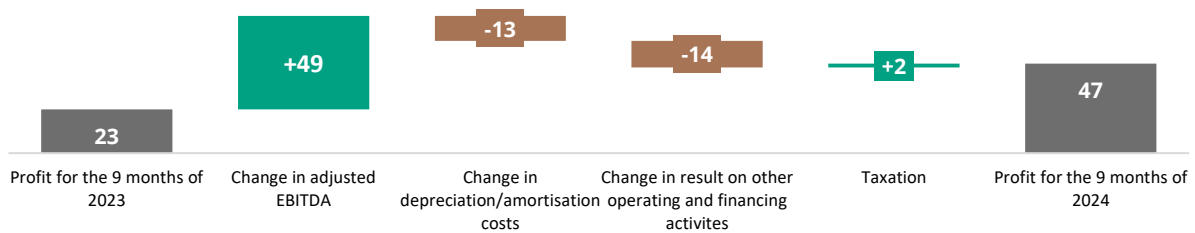
| | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|------------------------------------|
| Revenues from contracts with customers | 2 528 | 2 479 | +2.0 | 938 | 911 | 679 |
| Cost of sales, selling costs and administrative expenses | (1 784) | (1 768) | +0.9 | (630) | (627) | (527) |
| Profit/loss on sales | 744 | 711 | +4.6 | 308 | 284 | 152 |
| Profit/(loss) for the period | 103 | 53 | +94.3 | 62 | 58 | (17) |
| Depreciation/amortisation recognised in expenses by nature | (578) | (586) | (1.4) | (207) | (191) | (180) |
| Adjusted EBITDA¹ | 1 322 | 1 297 | +1.9 | 515 | 475 | 332 |

The adjusted EBITDA expressed in the functional currency (USD) is higher by 9% as compared to the one recorded in the first 9 months of 2023, while following its conversion to PLN the deviation was below 2% due to the USD/PLN exchange rate adopted for the conversion in both periods (strengthening of PLN). The impact of main factors on the increase in EBITDA and profit or loss was presented in the table below.

Main factors impacting the change in profit or loss of the segment Sierra Gorda S.C.M.

| Item | Impact on change of profit or loss (in USD million) | Description |
|---|---|--|
| Adjusted EBITDA | +49 | +USD 96 million – higher revenues due to more favourable market conditions (+USD 123 million together with Mark to Market valuation) and a more favourable refining premium (+USD 19 million) alongside a negative impact of the decrease in sales volume (-USD 46 million) -USD 47 million – higher costs prior to depreciation/amortisation |
| Depreciation/ amortisation | (13) | Increase by 5% from USD 252 million to USD 265 million |
| Result on other operating and financing activities | (14) | -USD 2 million – a lower foreign exchange gains -USD 7 million – higher interest costs on bank and other loans and lease transactions -USD 5 million – other |
| Taxation | +2 | +USD 4 million – change in income tax -USD 2 million – higher mining tax |

Change in profit/(loss) for the period (USD million)



Cash expenditures

Cash expenditures presented in Sierra Gorda S.C.M.'s statement of cash flows, amounted to USD 378 million, of which USD 207 million represented expenditures on stripping to gain access to further areas of the deposit, and the remaining part concerned development and replacement of property, plant and equipment.

Cash expenditures of Sierra Gorda S.C.M.

| | Unit | First 9 months of 2024 | First 9 months of 2023 | Change (%) | 3 rd quarter of 2024 | 2 nd quarter of 2024 | 1 st quarter of 2024 |
|--|--------|------------------------|------------------------|------------|---------------------------------|---------------------------------|---------------------------------|
| Cash expenditures on property, plant and equipment | USD mn | 378 | 352 | +7.4 | 118 | 115 | 145 |
| Cash expenditures on property, plant and equipment – segment (55% share) | PLN mn | 822 | 821 | +0.1 | 250 | 253 | 319 |

Cash expenditures on stripping were not substantially different during the year, while expenditures on replacement and development recorded an increase by USD 20 million (+13%), mainly due to the realisation of investment projects related to the tailings pond and exploration.

Net cash generated from operating activities amounted to USD 502 million and fully covered cash expenditures and a significant part of expenditures related to financing activities (USD 136 million), the most significant item of which were subsequent payments to Owners on the principal amount and interest on the loan granted for mine construction. The total amount for these payments in the first 9 months was USD 90 million (USD 50 million proportionally to the interest held by the KGHM Polska Miedź S.A. Group) as compared to USD 70 million in the corresponding period of 2023.

4 – Selected additional explanatory notes

Note 4.1 Expenses by nature

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|--|--|---|--|---|
| Depreciation of property, plant and equipment and amortisation of intangible assets | 627 | 1 867 | 661 | 1 885 |
| Employee benefits expenses | 2 236 | 6 488 | 2 058 | 6 126 |
| Materials and energy, including: | 3 321 | 10 167 | 3 343 | 11 296 |
| purchased metal-bearing materials | 1 829 | 5 690 | 1 678 | 5 797 |
| External services | 799 | 2 223 | 741 | 2 148 |
| Minerals extraction tax | 914 | 2 869 | 824 | 2 797 |
| Other taxes and charges | 201 | 684 | 189 | 602 |
| Write down of inventories* | 9 | 60 | 124 | 324 |
| Recognition/(reversal) of impairment losses on property, plant and equipment and intangible assets | (57) | (42) | (1) | 6 |
| Other costs | 48 | 176 | 56 | 182 |
| Total expenses by nature | 8 098 | 24 492 | 7 995 | 25 366 |
| Cost of merchandise and materials sold (+) | 118 | 422 | 173 | 541 |
| Change in inventories of finished goods and work in progress (+/-) | 208 | (40) | (36) | (167) |
| Cost of manufacturing products for internal use of the Group (-) | (641) | (1 721) | (435) | (1 181) |
| Total costs of sales, selling costs and administrative expenses, of which: | 7 783 | 23 153 | 7 697 | 24 559 |
| Cost of sales | 7 206 | 21 597 | 7 225 | 23 154 |
| Selling costs | 129 | 396 | 114 | 347 |
| Administrative expenses | 448 | 1 160 | 358 | 1 058 |

* In the first three quarters of 2023 the amount of PLN 306 million due to the recognition of an impairment loss in KGHM INTERNATIONAL LTD. since the cost was higher than the net realisable value.

Note 4.2 Other operating income and (costs)

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|--|---|--|---|
| Gains on derivatives, of which: | 39 | 576 | 198 | 398 |
| measurement | 12 | 82 | 164 | 329 |
| realisation | 27 | 494 | 34 | 69 |
| Interest income calculated using the effective interest rate method | 7 | 25 | 21 | 44 |
| Exchange differences on financial assets and liabilities other than borrowings | - | - | 715 | - |
| Reversal of impairment losses on financial instruments | - | 1 | - | 3 |
| Provisions released | (20) | 7 | 58 | 87 |
| Gain on disposal of intangible assets | 1 | 4 | 2 | 8 |
| Reversal of an impairment loss on property, plant and equipment and intangible assets not yet available for use | 4 | 4 | - | 30 |
| Government grants received | 4 | 10 | 4 | 21 |
| Income from servicing of letters of credit and guarantees | 8 | 18 | - | 10 |
| Compensation, fines and penalties received | 11 | 31 | 25 | 33 |
| Other | 11 | 38 | 10 | 68 |
| Total other operating income | 65 | 714 | 1 033 | 702 |
| Losses on derivatives, of which: | (48) | (612) | (285) | (534) |
| measurement | (39) | (104) | (171) | (228) |
| realisation | (9) | (508) | (114) | (306) |
| Fair value losses on financial assets | (17) | (91) | (15) | (95) |
| Impairment losses on financial instruments | (1) | (3) | (1) | (6) |
| Impairment loss on fixed assets under construction and intangible assets not yet available for use | (21) | (53) | - | (2) |
| Exchange differences on financial assets and liabilities other than borrowings | (680) | (377) | - | (140) |
| Provisions recognised | (30) | (95) | (1) | (6) |
| Losses on the sale of property, plant and equipment | (35) | (39) | (10) | (18) |
| Donations granted | (22) | (44) | (11) | (54) |
| Other | (11) | (32) | (13) | (99) |
| Total other operating costs | (865) | (1 346) | (336) | (954) |
| Other operating income and (costs) | (800) | (632) | 697 | (252) |

Note 4.3 Finance income and (costs)

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|--|---|--|---|
| Exchange differences on measurement and realisation of liabilities other than borrowings | 132 | 73 | - | 51 |
| 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 | 132 | 147 | (32) | 138 |
| Interest on borrowings, including: | | | | |
| leases | (2) | (7) | 4 | (1) |
| Interest on trade payables within the reverse factoring mechanism | (26) | (106) | (28) | (35) |
| Unwinding of the discount effect | (24) | (71) | (21) | (66) |
| Exchange differences on measurement and realisation of borrowings | - | - | (183) | - |
| Losses on derivatives - realisation | - | (80) | - | (93) |
| Bank fees and charges on borrowings | (8) | (18) | (6) | (18) |
| Other | (2) | (8) | (1) | (9) |
| Total finance costs | (62) | (290) | (235) | (222) |
| Finance income and (costs) | 70 | (143) | (267) | (84) |

Note 4.4 Information on property, plant and equipment and intangible assets**Purchase of property, plant and equipment and intangible assets**

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|---|---|---|
| Purchase of property, plant and equipment, including: | 4 028 | 2 977 |
| leased assets | 40 | 107 |
| Purchase of intangible assets | 233 | 379 |

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

| | As at 30 September 2024 | As at 31 December 2023 |
|---|----------------------------|---------------------------|
| Payables due to the purchase of property, plant and equipment and intangible assets | 614 | 909 |

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

| | As at 30 September 2024 | As at 31 December 2023 |
|---|----------------------------|---------------------------|
| Purchase of property, plant and equipment | 1 577 | 1 668 |
| Purchase of intangible assets | 30 | 22 |
| Total capital commitments | 1 607 | 1 690 |

Note 4.5 Involvement in joint ventures**Joint venture Sierra Gorda S.C.M. accounted for using the equity method**

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|---|---|---|
| As at the beginning of the reporting period | - | - |
| Share of profit for the reporting period | 103 | 53 |
| Settlement of the Group's share of unsettled losses from prior years (accumulated comprehensive losses) | (103) | (55) |
| Exchange differences from the translation of statements of operations with a functional currency other than PLN | - | 2 |
| As at the end of the reporting period | - | - |

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Share of the Group (55%) in profit of Sierra Gorda S.C.M. for the reporting period, of which: | 103 | 53 |
| recognised in the valuation of the joint venture | 103 | 53 |

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

| | from 1 January 2024 to 30 September 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) | 103 | 120 |
| As at the end of the reporting period | (951) | (1 054) |

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

| | from 1 January 2024 to 30 September 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) | (193) | (163) |
| Accrued interest | 430 | 597 |
| Allowance for impairment | (253) | - |
| Gain due to reversal of allowances for impairment | - | 101 |
| Exchange differences | (279) | (1 042) |
| As at the end of the reporting period | 8 801 | 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 scenario analysis and the 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 September 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 253 million (USD 66 million) was recognised.

| Basic macroeconomic assumptions adopted for cash flow estimation – metal prices | | | | | |
|--|----------------|-------------|-------------|-------------|-----------|
| Period | 3Q 2024 | 2025 | 2026 | 2027 | LT |
| Copper price [USD/t] | 9 220 | 8 700 | 9 000 | 9 200 | 8 250 |
| Gold price [USD/oz] | 2 516 | 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) | 3 590 |
| Level of molybdenum production during mine life (million pounds) | 224 |
| Level of gold production during mine life (koz) | 1 007 |
| 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 4.6.) | 9.25% |
| Capital expenditures to be incurred during mine life (USD million) | 1 485 |
| Level of capitalised stripping costs during mine life (USD million) | 3 880 |

Note 4.6 Financial instruments

| | As at 30 September 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 |
| Financial assets | | | | | | | | | | |
| Non-current | 757 | 48 | 9 359 | 230 | 10 394 | 829 | 114 | 9 571 | 195 | 10 709 |
| Loans granted to a joint venture | - | - | 8 801 | - | 8 801 | - | - | 9 096 | - | 9 096 |
| Derivatives | - | - | - | 230 | 230 | - | 38 | - | 195 | 233 |
| Other financial instruments measured at fair value | 757 | 48 | - | - | 805 | 829 | 76 | - | - | 905 |
| Other financial instruments measured at amortised cost | - | - | 558 | - | 558 | - | - | 475 | - | 475 |
| Current | - | 1 120 | 1 965 | 160 | 3 245 | - | 919 | 2 475 | 323 | 3 717 |
| Trade receivables | - | 923 | 634 | - | 1 557 | - | 414 | 518 | - | 932 |
| Derivatives | - | 150 | - | 160 | 310 | - | 437 | - | 323 | 760 |
| Cash and cash equivalents | - | - | 1 112 | - | 1 112 | - | - | 1 729 | - | 1 729 |
| Other financial assets | - | 47 | 219 | - | 266 | - | 68 | 228 | - | 296 |
| Total | 757 | 1 168 | 11 324 | 390 | 13 639 | 829 | 1 033 | 12 046 | 518 | 14 426 |

| Financial liabilities | As at 30 September 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 | 14 | 5 173 | 168 | 5 355 | 38 | 4 991 | 164 | 5 193 |
| Borrowings, lease and debt securities | - | 4 953 | - | 4 953 | - | 4 761 | - | 4 761 |
| Derivatives | 14 | - | 168 | 182 | 38 | - | 164 | 202 |
| Other financial liabilities | - | 220 | - | 220 | - | 230 | - | 230 |
| Current | 214 | 6 884 | 34 | 7 132 | 480 | 7 433 | 26 | 7 939 |
| Borrowings, lease and debt securities | - | 1 223 | - | 1 223 | - | 964 | - | 964 |
| Derivatives | 209 | - | 34 | 243 | 473 | - | 26 | 499 |
| Trade payables | - | 2 664 | - | 2 664 | - | 3 167 | - | 3 167 |
| Trade payables within the reverse factoring mechanism | - | 2 826 | - | 2 826 | - | 3 021 | - | 3 021 |
| Other financial liabilities | 5 | 171 | - | 176 | 7 | 281 | - | 288 |
| Total | 228 | 12 057 | 202 | 12 487 | 518 | 12 424 | 190 | 13 132 |

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

| Classes of financial instruments | As at 30 September 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 | 631 | - | - | 631 | 703 | - | - | 703 |
| Unquoted shares | - | 126 | - | 126 | - | 126 | - | 126 |
| Trade receivables | - | 923 | - | 923 | - | 414 | - | 414 |
| Derivatives, of which: | - | 115 | - | 115 | - | 292 | - | 292 |
| Assets | - | 540 | - | 540 | - | 993 | - | 993 |
| Liabilities | - | (425) | - | (425) | - | (701) | - | (701) |
| Other financial assets | - | 42 | 32 | 74 | - | 48 | 74 | 122 |
| Other financial liabilities | - | (5) | - | (5) | - | (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 September 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 | - | - | 7 556 | 8 801 | - | - | 7 778 | 9 096 |
| Received long-term bank and other loans | - | (1 708) | - | (1 708) | - | (2 486) | - | (2 486) |
| Long-term debt securities | (2 663) | - | - | (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 asset or financial liability.

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 is 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 currency derivatives transactions 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 the Reuters system. The standard Garman-Kohlhagen model is used to measure European options on currency markets.

Metals derivatives

In the case of derivatives on the commodity market, forward prices from the maturity dates of individual transactions were used to determine their fair value. In the case of copper, official closing prices from the London Metal Exchange were used, and with respect to silver and gold - the fixing price set by the London Bullion Market Association. Volatility ratios and forward prices for measurement of derivatives at the end of the reporting period were obtained from the Reuters system. Levy 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**Loans granted**

Loans granted measured at amortised cost in the statement of financial position are included in this category, because of the use of unobservable assumptions in the fair value measurement. With respect to estimating the fair value of these loans, a significant element of the estimation are the forecasted cash flows of Sierra Gorda S.C.M., which are unobservable input data, and pursuant to IFRS 13 the fair value of these assets is classified to level 3 of the hierarchy. The discount rate adopted to calculate the fair value of loans measured at amortised cost amounts to 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 September 2024 | 3Q 2024 | 2025 | 2026 | 2027 | LT |
|--|----------------|-------------|-------------|-------------|-----------|
| Base (USD/t) | 9 220 | 8 700 | 9 000 | 9 200 | 8 250 |
| Base minus 0.1 USD/lb during mine life (220 USD/t) | 9 000 | 8 480 | 8 780 | 8 980 | 8 030 |
| Base plus 0.1 USD/lb during mine life (220 USD/t) | 9 440 | 8 920 | 9 220 | 9 420 | 8 470 |

| Scenarios as at 31 December 2023 | 2024 | 2025 | 2026 | 2027 | LT |
|--|-------------|-------------|-------------|-------------|-----------|
| Base (USD/t) | 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 September 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 | 7 556 | 7 774 | 7 334 |
| Loans granted measured at amortised cost (in USD million) | 1 978 | 2 035 | 1 920 |

Sensitivity analysis of the carrying amount to changes in copper prices as at 30 September 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 | 8 801 | 8 979 | 8 639 |
| Loans granted measured at amortised cost (in USD million) | 2 304 | 2 351 | 2 262 |

Other financial assets

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

Note 4.7 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

Management of risk of commodity, currency and interest rate

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 KGHM Polska Miedź S.A. Group's global exposure.

The primary technique used by the Group in market risk management is the use of 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 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Revenues from contracts with customers (reclassification adjustment) | 461 | 425 |
| Other operating income / (costs)*: | | |
| on realisation of derivatives | (36) | (136) |
| on measurement of derivatives | (14) | (237) |
| Income / (costs): | (6) | (6) |
| on realisation of derivatives | (6) | (6) |
| Impact of derivatives and hedging instruments on profit or loss for the period (excluding the tax effect) | 419 | 283 |

*Including reclassification adjustment for the first three quarters of 2024 in the amount of PLN 9 million; for the first three quarters of 2023 in the amount of PLN (258) million.

| Statement of other comprehensive income | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|---|---|---|
| Impact of measurement of hedging transactions (effective part) | 91 | 506 |
| Reclassification to the statement of profit and loss due to realisation of a hedged item | (470) | (167) |
| Reclassification to non-current assets due to realisation of a hedged item* | (39) | (52) |
| Impact of hedging transactions (excluding the tax effect) | (418) | 287 |
| TOTAL COMPREHENSIVE INCOME | 1 | 570 |

* Due to capitalisation of borrowing costs under the hedge accounting.

| Statement on financial position - non-current assets | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Gain on settlement of an instrument hedging interest rate of bonds* | (39) | (52) |

* Due to capitalisation of borrowing costs under the hedge accounting.

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 three quarters of 2024 and in the first three quarters 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) | 91 | 506 |
| Reclassification to revenues from contracts with customers due to realisation of a hedged item | (461) | (425) |
| Reclassification to non-current assets due to realisation of a hedged item* | (39) | (52) |
| Reclassification to other operating costs due to realisation of a hedged item (settlement of the hedging cost) | (9) | 258 |
| As at 30 September | 210 | 358 |

* Due to capitalisation of borrowing costs under the hedge accounting.

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 three quarters of 2024, copper sales of the Parent Entity amounted to 446.6 thousand tonnes (net sales of 302.5 thousand tonnes)¹, while the notional amount of copper price hedging strategies settled in this period amounted to 4.9 thousand tonnes, which represented approx. 1% of the total sales of this metal realised by the Parent Entity and approx. 2% of net sales in this period (in the first three quarters of 2023, 32% and 49% respectively). The notional amount of settled silver price hedging transactions in the first three quarters of 2024 represented approx. 2% of sales of this metal by the Parent Entity during that period (in the first three quarters of 2023, 8%). In the case of currency transactions, approx. 19% of revenues from copper and silver sales realised by the Parent Entity in the first three quarters of 2024 were hedged (26% in the first three quarters of 2023).

In the third quarter 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 third quarter of 2024, transactions hedging the planned revenues from copper sales were implemented. Seagull option structures (Asian options) for the period from January 2025 to June 2026 for the total tonnage of 27 thousand tonnes were entered into. In the third quarter of 2024, no hedging transactions were entered into on the silver, currency and interest rates markets.

In terms of managing the net trading position² in the third quarter of 2024 so-called QP adjustment *swap* transactions were entered into on the copper and gold markets with maturity periods falling in December 2024.

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

- 57.28 thousand tonnes of copper (including: 51.38 thousand tonnes arose from the strategic management of market risk, while 5.9 thousand tonnes came from the management of a net trading position),
- 2.63 million troy ounces of silver, and
- USD 165 million of planned revenues from sales of metals.

Furthermore, as at 30 September 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 has revenues. As at 30 September 2024, the bank and investment loans which were drawn in USD, following their translation to PLN, amounted to PLN 2 328 million (as at 31 December 2023: PLN 2 939 million).

In the third quarter 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 September 2024.

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

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

² Applied for the purpose of reacting to changes in customers' contractual terms, the occurrence of non-standard pricing in metal sales and the purchase of copper-bearing materials.

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

| Instrument/ option structure | Notional [tonnes] | Average weighted option strike price | | | Average weighted premium [USD/t] | Effective hedge price [USD/t] | |
|---------------------------------|----------------------|--------------------------------------|--|--|---|-------------------------------------|-------|
| | | sold put option | purchased put option | sold call option | | | |
| | | <i>hedge limited to</i> [USD/t] | <i>copper price hedging</i> [USD/t] | <i>participation limited to</i> [USD/t] | | | |
| 4th quarter of 2024 | seagull | 4 875 | 7 489 | 9 549 | 11 049 | - | 9 549 |
| TOTAL X-XII 2024 | | 4 875 | | | | | |
| 1st half of 2025 | seagull | 9 750 | 7 489 | 9 549 | 11 049 | - | 9 549 |
| | seagull | 9 000 | 7 500 | 9 600 | 11 500 | (100) | 9 500 |
| 2nd half of 2025 | seagull | 9 750 | 7 489 | 9 549 | 11 049 | - | 9 549 |
| | seagull | 9 000 | 7 500 | 9 600 | 11 500 | (100) | 9 500 |
| TOTAL I-XII 2025 | | 37 500 | | | | | |
| 1st half of 2026 | seagull | 9 000 | 7 500 | 9 600 | 11 500 | (100) | 9 500 |
| TOTAL I-VI 2026 | | 9 000 | | | | | |

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

| Instrument/ option structure | Notional [mn ounces] | Average weighted option strike price | | | Average weighted premium [USD/ounce] | Effective hedge price [USD/ounce] | |
|---------------------------------|-------------------------|--|--|--|---|---|-------|
| | | sold put option | purchased put option | sold call option | | | |
| | | <i>hedge limited to</i> [USD/ounce] | <i>silver price hedging</i> [USD/ounce] | <i>participation limited to</i> [USD/ounce] | | | |
| 4th quarter of 2024 | collar | 0.53 | - | 26.43 | 40.29 | - | 26.43 |
| TOTAL X-XII 2024 | | 0.53 | | | | | |
| 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 September 2024

| Instrument/ option structure | Notional [USD mn] | Average weighted option strike price | | | Average weighted premium [PLN per USD 1] | Effective hedge price [USD/PLN] | |
|---------------------------------|----------------------|--------------------------------------|---|--|---|---------------------------------------|------|
| | | sold put option | purchased put option | sold call option | | | |
| | | <i>hedge limited to</i> [USD/PLN] | <i>exchange rate hedging</i> [USD/PLN] | <i>participation limited to</i> [USD/PLN] | | | |
| 4th quarter of 2024 | put spread | 165.00 | 3.60 | 4.48 | - | 0.01 | 4.49 |
| TOTAL X-XII 2024 | | 165.00 | | | | | |

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

| Instrument/ option structure | Notional [PLN mn] | Average interest rate | Average exchange rate | |
|---------------------------------|----------------------|-------------------------------|-----------------------|------|
| | | [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 September 2024.

| Open derivative hedging instruments | Notional of the transaction | Average weighted price /exchange rate/interest rate | Maturity - settlement period | | Period of profit/loss impact*** | |
|-------------------------------------|--|---|------------------------------|-----------|---------------------------------|------------|
| | | | from | to | from | to |
| Type of derivative | copper [t] silver [mn ounces] currency [USD mn] CIRS [PLN mn] | [USD/t] [USD/ounce] [USD/PLN] [USD/PLN, fixed interest rate for USD] | | | | |
| Copper - seagulls* | 51 375 | 9 576 - 11 286 | Oct'24 | - June'26 | Oct'24 | - July'26 |
| Silver - collars | 2.63 | 26.43 - 40.29 | Oct'24 | - Dec'25 | Oct'24 | - Jan'26 |
| Currency - put spread | 165.00 | 3.60 - 4.48 | Oct'24 | - Dec'24 | Oct'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 revenues from contracts with customers 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 September 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 | 84% | 71% |
| Medium | from BBB+ to BBB- according to S&P and Fitch, and from Baa1 to Baa3 according to Moody's | 16% | 29% |

Exposure to credit risk by main counterparties

| | As at 30 September 2024 | | Exposure to credit risk |
|----------------|--|---|-------------------------|
| | Open derivatives <i>Financial receivables</i> | Settled derivatives <i>Net financial receivables³</i> | |
| Counterparty 1 | 107 | 10 | 117 |
| Counterparty 2 | 78 | - | 78 |
| Counterparty 3 | 71 | 6 | 77 |
| Other | 284 | 26 | 310 |
| Total | 540 | 42 | 582 |

Taking into consideration the receivables due to open derivative transactions held by the Group (excluding embedded derivatives) as at 30 September 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 20%, or PLN 117 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 cooperating 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 cash flows are known at the end of the reporting period) pursuant to the principles of net settlements of cash flows adopted in framework agreements with individual customers.

Settled derivatives by main counterparties

| | As at 30 September 2024 | | | | | |
|----------------|--------------------------------|--------------------------------|-------------------------|-----------------------|------------------------------|------------------------------|
| | Gross financial receivables | Gross financial liabilities | Subject to compensation | | Net financial receivables | Net financial liabilities |
| | | | Financial receivables | Financial liabilities | | |
| Counterparty 1 | 18 | (8) | 18 | (8) | 10 | - |
| Counterparty 2 | 7 | (12) | 7 | (12) | - | (5) |
| Counterparty 3 | 23 | (17) | 23 | (17) | 6 | - |
| Other | 36 | (10) | 18 | (10) | 26 | - |
| Total | 84 | (47) | 66 | (47) | 42 | (5) |

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 transactions⁴ and trade transactions (including embedded and adjustment derivatives) and instruments initially designated as hedging instruments excluded from hedge accounting, is presented in the table below.

Derivatives - open positions as at the end of the reporting period

| Type of derivative | As at 30 September 2024 | | | | |
|---|-------------------------|------------|-----------------------|--------------|--------------|
| | Financial assets | | Financial liabilities | | Total |
| | Non-current | Current | Non-current | Current | |
| Hedging instruments (CFH), of which: | 230 | 160 | (168) | (34) | 188 |
| Derivatives – Metals (price of copper, silver) | | | | | |
| Options – <i>seagull</i> * (copper) | 63 | 50 | (50) | (28) | 35 |
| Options – <i>collar</i> (silver) | 3 | 4 | (5) | (6) | (4) |
| Derivatives – Currency (USD/PLN exchange rate) | | | | | |
| Options – <i>put spread</i> | - | 106 | - | - | 106 |
| Derivatives – Currency-interest rate | | | | | |
| Cross Currency Interest Rate Swap CIRS | 164 | - | (113) | - | 51 |
| Trade instruments, of which: | - | 9 | (14) | (209) | (214) |
| Derivatives – Metals (price of copper, silver, gold) | | | | | |
| Sold put option (copper) | - | - | (14) | (5) | (19) |
| QP adjustment swap transactions (copper) | - | - | - | (14) | (14) |
| QP adjustment swap transactions (gold) | - | 9 | - | (15) | (6) |
| Derivatives – Currency | | | | | |
| Sold put option (USD/PLN) | - | - | - | (141) | (141) |
| Purchased call option (USD/PLN) | - | - | - | - | - |
| Embedded derivatives (price of copper, silver, gold) | | | | | |
| Purchase contracts for metal-bearing materials | - | - | - | (34) | (34) |
| Instruments initially designated as hedging, excluded from hedge accounting, of which: | - | 141 | - | - | 141 |
| Derivatives – Currency (USD/PLN exchange rate) | | | | | |
| Options – <i>collar</i> | - | 141 | - | - | 141 |
| TOTAL OPEN DERIVATIVES | 230 | 310 | (182) | (243) | 115 |

* *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 transactions in derivatives (assets and liabilities) as at 30 September 2024 has changed as compared to 31 December 2023 because of:

- the settlement of transactions in derivatives with maturities in the period from January to September 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).

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

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,
- **CO₂ 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 CO₂,
- **property rights to energy** resulting from certificates of origin of energy from renewable sources (RES) and **energy efficiency certificates** (hereafter: property rights), subject to redemption (required for purposes of redemption due to the sale of electricity by the Parent Entity to end users as well as the consumption of purchased electricity for own needs).

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

In the case of 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 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 CO₂ emission allowances is connected with the exposure to changes in the prices of emission allowances quoted in EUR on an exchange (e.g. European Energy Exchange) and in the EUR/PLN exchange rate, as well as differences in the utilisation of CO₂ emission allowances by the Parent Entity from planned amounts. | In terms of changes in the prices of CO₂ emission allowances, the Parent Entity has a net short position, resulting from the obligation to redeem rights due to CO₂ systemic emissions which occur as a result of the combustion of coal within coal-bearing materials in installations functioning in the copper smelters, and also as a result of the combustion of gas in the CCGT (Combined Cycle Gas Turbine) blocks generating electricity to meet the Parent Entity's needs. In the third quarter of 2024, the Parent Entity purchased CO₂ emission allowances in forward transactions to secure its own needs. Such derivatives, which are acquired and maintained to secure own needs, are excluded under IFRS 9 Financial Instruments and are not subject to measurement as at the end of the reporting period.

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

Exposure of the Parent Entity to a given risk – demand volume for own needs by title:

| | Unit | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|---|------|---|---|
| CO ₂ emission allowances | EUA | 896 588 | 907 309 |
| Property rights, so-called green certificates | GWh | 77 | 192 |
| Property rights, so-called blue certificates | GWh | 7.7 | 8.0 |
| Property rights, so-called white certificates | TOE | 1 932 | 1 764 |
| Gas | GWh | 1 768 | 1 623 |
| Electricity | GWh | 1 920 | 1 999 |

Note 4.8 Liquidity risk and capital management in the KGHM Polska Miedź S.A. Group

Liquidity and capital 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.

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

Due to the centralisation of the process of obtaining external financing for the entire KGHM Polska Miedź S.A. Group's needs at the Parent Entity's level, the realisation of intra-group liquidity transfers is made using debt and equity instruments. The main debt instrument used in intra-group liquidity transfers are owner loans, which support the process of investment activities.

Under the process of liquidity management, and with respect to supporting the current activities, the Group makes use of a supporting tool – local cash pooling in PLN, USD and EUR and internationally in USD. Cash pooling aims to optimise the management of cash held, limiting interest costs, efficient financing of current working capital needs and supporting short-term financial liquidity in the Group.

In the first three quarters of 2024, the KGHM Polska Miedź S.A. Group showed a full capacity for meeting its obligations. The cash held and external financing obtained by the Group guarantee continued liquidity and enable the realisation of investment projects.

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 as at the end of the reporting period:

| Ratio | 30 September 2024 | 31 December 2023 |
|----------------------------------|-------------------|------------------|
| Net debt/Adjusted EBITDA* | 0.86 | 1.02 |

*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.

Net debt changes

| | As at 31 December 2023 | Cash flows related to debt | Accrued interest | Exchange differences | Other changes | As at 30 September 2024 |
|---|------------------------------|-------------------------------|---------------------|-------------------------|------------------|-------------------------------|
| Bank loans | 667 | 111 | 64 | (22) | 2 | 822 |
| Loans | 2 272 | (327) | 62 | (51) | (2) | 1 954 |
| Debt securities | 2 002 | 525 | 123 | - | - | 2 650 |
| Leases | 784 | (117) | 35 | - | 48* | 750 |
| 1.Total debt | 5 725 | 192 | 284 | (73) | 48 | 6 176 |
| 2. Free cash and cash equivalents | 1 702 | (606) | - | - | - | 1 096 |
| 3. Derivatives related to external sources of financing | 175 | 33 | - | - | (44) | 164 |
| Net debt (1-2-3), including: | 3 848 | 765 | 284 | (73) | 92 | 4 916 |
| Net debt excluding derivatives (1-2)** | 4 023 | - | - | - | - | 5 080 |

*The amount of PLN 21 million represents the balance of liabilities at the date of obtaining control over entities, the remaining amount results from modifications and entering into new lease agreements.

** Indicator 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 September 2024 |
|--|---|
| Financing activities | |
| Proceeds from the issuance of debt financial instruments | 1 000 |
| Proceeds from borrowings | 1 934 |
| Proceeds from derivatives related to sources of external financing | 35 |
| Redemption of debt financial instruments | (400) |
| Repayment of borrowings | (2 022) |
| Repayment of lease liabilities | (82) |
| Expenditures on derivatives related to sources of external financing | (41) |
| Repayment of interest on borrowings and debt securities | (22) |
| Repayment of interest on leases | (12) |
| Investing activities | |
| Paid capitalised interest on borrowings | (204) |
| Proceeds from settlement of an instrument hedging interest rate of bonds | 39 |
| Change in free cash and cash equivalents | (606) |
| TOTAL | 765 |

Structure of sources of external financing

As at 30 September 2024, the Group had open credit lines, loans and debt securities with a total balance of available financing being the equivalent of PLN 15 898 million, out of which PLN 5 426 million had been drawn.

The structure of financing sources is presented below.

| | As at 30 September 2024 | As at 31 December 2023 |
|---|------------------------------------|-----------------------------------|
| Unsecured revolving syndicated credit facility | | |
| Amount granted | 5 729 | 5 903 |
| Amount of the liability | - | - |
| Investment loans | | |
| Amount granted | 3 536 | 3 582 |
| Amount of the liability | 1 954 | 2 272 |
| Other bank loans | | |
| Amount granted | 4 033 | 3 452 |
| Amount of the liability | 822 | 667 |
| Debt securities | | |
| Nominal value of the issuance | 2 600 | 2 000 |
| Amount of the liability | 2 650 | 2 002 |
| Total bank and other loans, debt securities | | |
| Amount granted / Nominal value of the issuance | 15 898 | 14 937 |
| Amount of the liability | 5 426 | 4 941 |

Liabilities due to guarantees granted

Guarantees are essential financial liquidity management tools 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 September 2024, the Group held liabilities due to guarantees granted in the total amount of PLN 1 070 million and due to promissory note liabilities in the amount of PLN 222 million.

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

– **Sierra Gorda S.C.M.** – a corporate guarantee in the amount of PLN 841 million (USD 220 million) set as security on a bank loan drawn by Sierra Gorda S.C.M. The guarantee is valid until September 2027. The carrying amount of the liability due to a financial guarantee granted was recognised in the amount of PLN 51.9 million (the initial value of the issued guarantee less the amount of revenues recognised in profit or loss due to guarantees),

- other entities, including the Parent Entity:

- PLN 97 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 for up to 1 year,
- PLN 70 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 17 million - securing claims for the Group to cover costs related to collecting and processing waste, the guarantee is valid up to 4 years.
- PLN 25 million (PLN 2 million, EUR 2 million, CAD 3 million and USD 1 million) - securing the obligations related to proper execution of agreements concluded by the Group, the guarantee is valid for up to 3 years.

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 September 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 September 2024, the guarantees amounted to PLN 704 million.

Note 4.9 Related party transactions

| Operating income from related entities | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|---|--|---|--|
| Revenues from sales of products, merchandise and materials to the joint venture Sierra Gorda S.C.M. | 2 | 11 | 9 | 28 |
| Interest income on loans granted to the joint venture Sierra Gorda S.C.M. | 139 | 430 | 154 | 446 |
| Revenues from other transactions with the joint venture Sierra Gorda S.C.M. | 8 | 18 | - | 10 |
| Revenues from other transactions with other related parties | 1 | 14 | 6 | 23 |
| Total | 150 | 473 | 169 | 507 |

| Purchases from related entities | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|---|--|---|--|
| Purchase of services, merchandise and materials | 2 | 36 | 2 | 32 |
| Other purchase transactions | - | 5 | - | 3 |
| Total | 2 | 41 | 2 | 35 |

| Trade and other receivables from related parties | As at 30 September 2024 | As at 31 December 2023 |
|--|----------------------------|---------------------------|
| From the joint venture Sierra Gorda S.C.M.- loans granted | 8 801 | 9 096 |
| From the joint venture Sierra Gorda S.C.M. – other receivables | 63 | 29 |
| From other related parties | 12 | 5 |
| Total | 8 876 | 9 130 |

| Trade and other payables towards related parties | As at 30 September 2024 | As at 31 December 2023 |
|---|----------------------------|---------------------------|
| Towards the joint venture Sierra Gorda S.C.M. | 52 | 18 |
| Towards other related parties | 11 | 3 |
| Total | 63 | 21 |

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

Pursuant to the scope of IAS 24.26, as at 30 September 2024 and in the period from 1 January to 30 September 2024, the Group carried out 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 as at 30 September 2024 in the amount of PLN 233 million (as at 31 December 2023: PLN 243 million), including fees on setting mining usufruct for the extraction of mineral resources recognised in costs as at 30 September 2024 in the amount of PLN 26 million (as at 31 December 2023: PLN 31 million),
- due to a reverse factoring agreement - payables in the amount of PLN 1 863 million, interest costs from 1 January to 30 September 2024 in the amount of PLN 87 million (as at 31 December 2023, payables in the amount of PLN 2 528 million and interest costs from 1 January to 30 September 2023 in the amount of PLN 22 million),
- other transactions and economic operations regarding the 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 as part of the cooperation with banks related to the State Treasury.

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

The remaining transactions between the Group and the Polish Government and with entities controlled or jointly controlled by the Polish Government, or over which the government has significant influence, were within the scope of 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 September 2024, the turnover from these transactions amounted to PLN 2 219 million (from 1 January to 30 September 2023: PLN 2 679 million), and, as at 30 September 2024, the unsettled balance of liabilities from these transactions amounted to PLN 551 million (as at 31 December 2023: PLN 378 million),
- the sale to Polish State Treasury Companies. In the period from 1 January to 30 September 2024, the turnover from these sales amounted to PLN 494 million (from 1 January to 30 September 2023: PLN 486 million), and, as at 30 September 2024, the unsettled balance of receivables from these transactions amounted to PLN 243 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 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Remuneration due to service in the Supervisory Board, salaries and other current employee benefits | 1 763 | 1 882 |
| Remuneration of the Management Board of the Parent Entity (in PLN thousands) | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
| Salaries and other current employee benefits due to serving in the function | 4 933 | 9 943 |
| Benefits due to termination of employment | 2 354 | (163)* |
| Total | 7 287 | 9 780 |
| <i>* Return of compensation paid in 2022 due to the non-competition clause</i> | | |
| Remuneration of other key managers (in PLN thousands) | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
| Salaries and other current employee benefits | 2 925 | 2 533 |

Based on the definition of key management personnel according to IAS 24 and based on an analysis of the rights and scope of responsibilities of managers of the KGHM Polska Miedź S.A. Group arising from corporate documents and from management contracts, the members of the Board of Directors of KGHM INTERNATIONAL LTD. and the President of the 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 September 2024 | Increase/(decrease) since the end of the last financial year |
|--|----------------------------|--|
| Contingent assets | 448 | (11) |
| Guarantees received | 310 | (14) |
| Promissory notes receivables | 114 | 3 |
| Other | 24 | - |
| Contingent liabilities | 545 | (44) |
| Note 4.8 Guarantees | 226 | (34) |
| Note 4.8 Promissory note liability | 222 | (35) |
| Liability due to a claim arising from the executed contract | 31 | 23 |
| Other | 66 | 2 |
| Other liabilities not recognised in the statement of financial position - liabilities towards local government entities due to expansion of the tailings storage facility | 33 | 7 |

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 September 2024 | (8 097) | (1 557) | 2 664 | 2 826 | (4 164) |
| Impact of changes in the statement of financial position | 328 | (623) | (504) | (195) | (994) |
| Exchange differences from the translation of statements of operations with a functional currency other than PLN | (15) | (9) | 5 | - | (19) |
| Depreciation/amortisation recognised in inventories | 342 | - | - | - | 342 |
| Change in payables due to the purchase of property, plant and equipment and intangible assets | - | - | 205 | (16) | 189 |
| Change in payables due to interests | - | - | - | 14 | 14 |
| Reclassification to property, plant and equipment | (45) | - | - | - | (45) |
| Total adjustments | 282 | (9) | 210 | (2) | 481 |
| Change in the statement of cash flows | 610 | (632) | (294) | (197) | (513) |

* Trade payables within the reverse factoring mechanism

| | Inventories | Trade receivables | Trade payables | Other payables* | Working capital |
|---|-------------|-------------------|----------------|-----------------|-----------------|
| As at 1 January 2023 | (8 902) | (1 178) | 3 262 | 18 | (6 800) |
| As at 30 September 2023 | (8 783) | (1 514) | 3 159 | 2 055 | (5 083) |
| Impact of changes in the statement of financial position | 119 | (336) | (103) | 2 037 | 1 717 |
| Exchange differences from the translation of statements of operations with a functional currency other than PLN | (18) | (6) | 1 | - | (23) |
| Depreciation/amortisation recognised in inventories | 178 | - | - | - | 178 |
| Change in payables due to the purchase of property, plant and equipment and intangible assets | - | - | (53) | (69) | (122) |
| Change in payables due to interests | - | - | - | (19) | (19) |
| Reclassification to property, plant and equipment | (23) | - | - | - | (23) |
| Total adjustments | 137 | (6) | (52) | (88) | (9) |
| Change in the statement of cash flows | 256 | (342) | (155) | 1 949 | 1 708 |

* Trade payables within the reverse factoring mechanism

Note 4.12 Assets held for sale (disposal group) and liabilities associated with them

The Management Board of the Parent Entity undertook corporate decisions enabling the sale of international mining assets within the KGHM INTERNATIONAL LTD. Group – part of the assets of the Sudbury Basin, i.e. the mines McCreedy West, Levack/Morrison and Podolsky, as well as mining concessions: Kirkwood, Falconbridge, NW Foy, Rand and North Range. Based on the conducted due diligence process, two binding offers were received for the acquisition of these assets, as a result of which the Management Board of the Parent Entity accepted the terms of the offer from Magna Mining Inc. Based on the agreed commercial terms and the structure of the transaction carried out, the subject of the sale is the acquisition by Magna Mining Inc. of 100% of the shares in the target company Project Nikolas Company Inc., to which, at the moment of the transaction, the assets and liabilities related to the assets being sold will be transferred.

On 11 September 2024 a Share Purchase Agreement was entered into between FNX Mining Company Inc. (the owner of the target company), KGHM INTERNATIONAL LTD. (guarantor), Project Nikolas Company Inc. (target company) and Magna Mining Inc. (buyer), which assumes the sale by FNX Mining Company Inc. of 100% of the shares of the target company Project Nikolas Company Inc. to Magna Mining Inc. The agreed purchase price comprises the cash contribution in the amount of CAD 5 million at the moment of closure of the transaction, CAD 2 million deferred to 31 December 2026 as an unconditional cash payment, the acquisition by FNX Mining Company Inc. of shares in the company Magna Mining Inc. in the amount of CAD 2 million and conditional payments in the total maximum amount of CAD 24 million. The closure of the transaction is expected by the end of the first quarter of 2025.

In light of the above, the Management Board of the Parent Entity considers that the criteria set by IFRS 5 have been met, and as at 30 September 2024 the assets of the Sudbury Basin being the subject of the sale transaction and their related liabilities, were reclassified to disposal Group. In accordance with IFRS 5.15, immediately prior to reclassification the carrying amount of the aforementioned assets and liabilities was set. Therefore, an impairment loss on property, plant and equipment and intangible assets was reversed in the amount of PLN 63 million, which was recognised in the items "Cost of sales" in the amount of PLN 59 million and "Other operating income" in the amount of PLN 4 million. In these carrying amounts they were recognised in assets held for sale and liabilities associated with them, as they were lower than their fair value less cost to sell.

The individual assets reclassified to assets held for sale and liabilities associated with them are presented in the segment KGHM INTERNATIONAL LTD.

The value of the assets reclassified as held for sale and liabilities associated with them have been presented together with continued activities in the consolidated statement of profit or loss, the consolidated statement of cash flows and in the explanatory notes to these statements, as they represent neither a material part of the activities nor an element of the broader plan of disposal of a material part of the activities (IFRS 5.32 a and b).

Main groups of selected assets and liabilities of Sudbury Basin classified to disposal Group

| | As at 30 September 2024 |
|--|----------------------------|
| ASSETS | |
| Mining and metallurgical property, plant and equipment | 75 |
| Mining and metallurgical intangible assets | 16 |
| Mining and metallurgical property, plant and equipment and intangible assets | 91 |
| Non-current assets | 91 |
| Inventories | 21 |
| Current assets | 21 |
| TOTAL ASSETS HELD FOR SALE (DISPOSAL GROUP) | 112 |
| LIABILITIES | |
| Provisions for decommissioning costs of mines and other technological facilities | 39 |
| Other liabilities – liabilities due to Franco Nevada streaming contract | 114 |
| Non-current liabilities | 153 |
| Other liabilities – liabilities due to Franco Nevada streaming contract | 25 |
| Current liabilities | 25 |
| TOTAL LIABILITIES REALTED TO DISPOSAL GROUP | 178 |

5 – Additional information to the consolidated quarterly 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 transaction amounted to PLN 215 million (PLN 141 million paid in 2023, PLN 74 million paid in the current reporting period), of which PLN 41 million was a payment for the acquisition of shares, while PLN 174 million concerned subrogation of liabilities (owner loans). As at the end of the reporting period, the final acquisition price of shares was determined to amount to PLN 31 million. The transaction's value included the working capital of companies in the amount of PLN 19 million. The total value of shares (enterprise value) for the three aforementioned companies amounted to PLN 186 million.

In accordance with the requirements of IFRS 3 *Business Combinations*, an analysis was conducted as to whether the acquired assets and liabilities meet the definition of a business and the transaction should be settled in accordance with IFRS 3 as a business combination, or whether the acquired assets do not constitute a business and the transaction should be settled as an acquisition of assets. After conducting a concentration test and further quality analysis, the Group concluded that the transaction constituted an acquisition of assets and was recognised as such in these consolidated financial statements. The acquired assets are property, plant and equipment mainly constituting expenditures incurred on the construction of photovoltaic farms (i.e. steel structures, Energy Performance Contracting costs) and land usufruct under tenancy agreements.

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

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

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

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 and a redemption date of 26 June 2031.

Moreover, on 27 June 2024 the Group redeemed 5-year bonds, issued on 27 June 2019, in the amount of PLN 400 million.

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, 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 Other information to the consolidated quarterly report

Position of the Management Board with respect to the possibility of achieving previously-published forecasts of results for 2024, in the light of results presented in this consolidated quarterly report relative to forecasted results

KGHM Polska Miedź S.A. has not published a forecast of the Company's and Group's financial results for 2024.

Shareholders holding at least 5% of the total number of votes at the General Meeting of KGHM Polska Miedź S.A. as at the date of publication of this consolidated quarterly report, changes in the ownership structure of significant blocks of shares of KGHM Polska Miedź S.A. in the period since publication of the consolidated report for the first half of 2024

As at the date of preparation of this report, according to the information held by KGHM Polska Miedź S.A., the following shareholders held at least 5% of the total number of votes at the General Meeting of KGHM Polska Miedź S.A.:

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

As far as the Company is aware, this state did not change since the publication of the consolidated report for the first half of 2024.

Ownership of KGHM Polska Miedź S.A.'s shares or of rights to them by members of the management and supervisory boards of KGHM Polska Miedź S.A., as at the date of publication of the consolidated quarterly report. Changes in ownership during the period following publication of the consolidated report for the first half of 2024

Based on information held by KGHM Polska Miedź S.A., as at the date of preparation of this report no Member of the Management Board and the Supervisory Board of the Company held shares of KGHM Polska Miedź S.A. or rights to them. The aforementioned state did not change since the publication of the consolidated report for the first half of 2024.

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

In the claim dated 26 September 2007, Plaintiffs (14 natural persons) filed a claim against KGHM Polska Miedź S.A. ("the Company") with the Regional Court in Legnica for the payment of royalties for the use by the Company of invention project no. 1/97/KGHM called „Sposób zwiększenia zdolności produkcyjnej wydziałów elektorafinacji Huty Miedzi” (Method for increasing the production capacity of the electrorefining sections of the Metallurgical Plants) for the 8th calculation period, together with interest due. The amount of the claim (principal amount) was set by the Plaintiffs in the claim in the amount of approx. PLN 42 million (principal amount without interest and court costs), interest as of 31 March 2019 amounted to approx. PLN 55 million. On 21 January 2008, in the response to the claim, KGHM Polska Miedź S.A. requested the dismissal of the claim in its entirety and filed a counter claim for the repayment of undue royalties paid for the 6th and 7th year of application of invention project no. 1/97/KGHM, together with interest due, also invoking the right of mutual set-off of claims. The amount of the claim (principal amount) in the counter claim was set by the Company in the amount of approx. PLN 25 million.

In a judgement dated 25 September 2018, the Regional Court in Legnica dismissed the counter claim and partially upheld the principal claim to the total amount of approx. PLN 24 million, and at the same time ordered the payment of interest in the amount of approx. PLN 30 million, totalling to PLN 54 million. Both parties to the proceedings appealed against this judgement.

In a judgement dated 12 June 2019, the Court of Appeal in Wrocław dismissed the appeals of both sides, altering the judgement of the court of first instance solely in the matter of the resolution of court costs from the hearings at the court of first instance and charging them to KGHM Polska Miedź S.A. The judgement is binding and was executed by KGHM on 18-19 June 2019. KGHM Polska Miedź S.A. filed a cassation appeal against the judgement of the court of second instance, i.e. with respect to the partially upheld principal claim in the amount of approx. PLN 24 million as well as with respect to the dismissed counter-claim in the amount of approx. PLN 25 million. The Plaintiffs did not file a cassation appeal.

The cassation appeal of KGHM was accepted for examination. In a judgement dated 24 November 2022 the Supreme Court overturned the disputed judgement and ordered the case to be reheard. The case is pending before the Court of Appeal in Wrocław.

The case files were forwarded to the Court of Appeal in Wrocław and registered under the new reference number I ACA 52/23. By letters dated 28 April and 4 May 2023 and additionally by a letter dated 25 May 2023, the Plaintiffs submitted a

response to the restitution request contained in the preparatory letter of KGHM Polska Miedź S.A. dated 4 May 2023, to which the declarations of the Plaintiffs on the disposal of cash obtained from the payment of receivables adjudicated by court judgements of the first and second instance were attached. By letter dated 13 June 2023, KGHM Polska Miedź S.A. requested the return of the reply to the application for restitution filed without the required order of the presiding judge or to be allowed to file a preparatory pleading as a reply to the application, which in turn was opposed by the Plaintiffs by a pleading dated 30 June 2023.

By a ruling dated 27 October 2023, the Court of Appeal in Wrocław decided to request the Supreme Court to interpret the judgement dated 24 November 2022 (file ref. III PSKP 10/22) regarding the scope of the revocation of the judgement of the Court of Appeal dated 12 June 2019 (file ref. I ACa 547/18) by indicating whether the revocation includes in paragraph II of the Court of Appeal's judgement only the ruling to the extent of dismissing the defendant's (counterclaimant's) appeal. On 17 November 2023, the lead Plaintiffs' application to reassess this order was dismissed.

On 4 January 2024 the case files were forwarded to the Supreme Court and were returned on 23 February 2024. By a judgement dated 6 February 2024 the Supreme Court explained that the judgement dated 24 November 2022 of the Supreme Court in the case of III PSKP 10/22 should be interpreted as meaning that the judgement dated 12 June 2019 of the Court of Appeal in Wrocław with file ref. I ACa 205/19 was revoked in that part contested by the defendant, and to that extent the case was ordered to be reheard. By a ruling dated 19 March 2024, the Court of Appeal set a date for the appeal hearing at 8 May 2024, which in the hearing on this date adjourned without setting a new date due to the failure to previously inform of a change in the composition of the court hearing the case and the need for the parties to take current stances, including in particular as regards the Company's application for restitution, in preparatory letters (subsequently submitted, respectively, in May and June 2024). By a letter dated 14 May 2024, the Plaintiffs requested an impartiality and independence test for one of the new members of the adjudicating panel, which request was dismissed by order dated 4 June 2024. The appeal hearing was scheduled for 6 November 2024.

In accordance with the Company's position, the Plaintiffs' claim should be dismissed in its entirety and the counter claim is justified. The Company in this regard paid the authors of the project royalties for a longer period of application of the project than anticipated in the initial contract entered into by the parties on advancing the invention project, based on an annex to the contract, extending the period of payment of royalties, whose validity is questioned by the Company. Moreover, the Company is questioning the rationalisation nature of the solutions, as well as whether they were in fact used in their entirety, and also their completeness and suitability for use in the form supplied by the Plaintiffs as well as the means of calculating the economic effects of this solution, which were the basis for paying the royalties. The argumentation of KGHM Polska Miedź S.A. is additionally supported by the wording of the judgement of the Supreme Court dated 24 November 2022, which indicates the lack of cause to enter into an annex enabling the payment of additional remuneration to the Plaintiffs.

Information on single or multiple transactions entered into with related entities by KGHM Polska Miedź S.A. or a subsidiary thereof, if they were entered into under other than arm's length conditions

During the period from 1 January 2024 to 30 September 2024, neither KGHM Polska Miedź S.A. nor subsidiaries thereof entered into transactions with related entities under other than arm's length conditions.

Information on guarantees or sureties on bank and other loans granted by KGHM Polska Miedź S.A. or its subsidiaries – jointly to a single entity or a subsidiary thereof, if the total amount of existing guarantees or sureties is significant

In the third quarter of 2024, KGHM Polska Miedź S.A. and its subsidiaries did not grant sureties on bank and other loans and did not issue guarantees - jointly to a single entity or a subsidiary thereof - for which the total value of the existing sureties or guarantees is significant.

Other information which in the opinion of KGHM Polska Miedź S.A. is significant for the assessment of its employment, assets, financial position and financial result and any changes thereto, and information which is significant for assessing the ability to pay its liabilities

On 3 September 2024, the Management Board of KGHM Polska Miedź S.A. and trade unions being a party to the Collective Labour Agreement for the Employees of KGHM Polska Miedź S.A. signed an agreement under which they concerted that:

- 1) an additional 10% of upward employee categorisation will be launched as of 1 October 2024,
- 2) a one-off bonus of PLN 2.000 per employee will be paid on 25 September 2024.

Factors which, in the opinion of KGHM Polska Miedź S.A., will impact the results of the Group over at least the following quarter

The most significant factors affecting the results achieved by the KGHM Polska Miedź S.A. Group, through the Parent Entity, including in particular over the following quarter, may be:

- a) the ongoing war in Ukraine and tightening of economic sanctions and their potential impact on interruptions in the supply chain and the availability of materials and components, fuels and energy on international markets,
- b) an escalation of the conflict in the Middle East and its potential impact on the destabilisation of global economies, among other due to a price increases, a decrease in supply or disruptions in oil supplies,
- c) volatility of crude oil prices related to supply fluctuations resulting from the extension of the period of restrictions on crude oil production by some OPEC (Organization of the Petroleum Exporting Countries) countries, with a simultaneous increase in production by non-OPEC countries,
- d) the varied growth rates of world economies compared to forecasts (mainly China and the USA),
- e) the effects of the slowdown in the German economy and their impact on the sales structure,
- f) volatility in copper and silver prices on the metals markets,
- g) volatility in the USD/PLN exchange rate,
- h) volatility in electrolytic copper production costs, including in particular due to the minerals extraction tax, changes in the price of consumed copper-bearing materials and volatility in prices of energy carriers and electricity,
- i) the effects of the implemented hedging policy,
- j) the effects of phasing out anti-inflation shields, manifested by an increase in prices of materials and services, wage pressure,
- k) the effects of geopolitical tensions in the form of a potential increase in import prices,
- l) changes in the monetary policy of central banks and changes in interest rates, and
- m) the general uncertainty on financial markets, among others in connection with the US presidential elections scheduled for 5 November 2024.

The most significant factors affecting the results of the KGHM Polska Miedź S.A. Group, through the KGHM INTERNATIONAL LTD. Group, including in particular in the following quarter, may be:

- a) similarly as in the case of the Parent Entity, the ongoing war in Ukraine and the escalation of the conflict in the Middle East and the potential impact of these factors on business continuity disruptions or business restrictions,
- b) volatility of crude oil prices related to supply fluctuations resulting from the extension of the period of restrictions on crude oil production by some OPEC countries, with a simultaneous increase in production by non-OPEC countries,
- c) the varied growth rates of world economies compared to forecasts (mainly China and the USA),
- d) volatility in the level of mining and the level of metal recovery,
- e) volatility in copper, silver and gold prices,
- f) volatility in the CLP/USD and USD/PLN exchange rates,
- g) volatility in mined copper production costs,
- h) an increase in prices of materials and services, wage pressure,
- i) the effects of geopolitical tensions in the form of a potential increase in import prices, and
- j) the general uncertainty on financial markets, among others in connection with the US presidential elections scheduled for 5 November 2024.

The above may affect the results of the Group in subsequent quarters. However, it is not possible to present the estimated value of the potential impact of current conditions on the results of the Group. To date, there has not yet been recorded a substantial negative impact of the above factors on the continuity of production of the core business, on sales or on the continuity of the supply chain for materials and services.

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

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

Key risk categories

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

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

To assess the impact of the above-mentioned risk categories on the 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 third quarter of 2024 increased by 29.9% compared to prices at the end of 2023 and rose by 6.0% compared to prices at the end of the first half of 2024 and at the close of trading on 30 September 2024 amounted to PLN 159.35. During the same periods the WIG index increased by 6.1% and decreased by 6.0%, and the WIG20 index decreased by 0.8% and 9.3%. As a result of a change in share prices, the Company's capitalisation increased from PLN 30.07 billion at the end of the first half of 2024 to PLN 31.87 billion at the end of the third quarter 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 third quarter of 2024 amounted to 9 210 USD/t, and was above the budget. The average price of copper in the third quarter of 2024 increased by 1.3% compared to the average price of copper in the first half of 2024, while compared to the average price of copper in the entire 2023, it increased by 8.6%.

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

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

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

The geopolitical situation associated with the direct aggression of Russia on Ukraine and the implemented system of sanctions 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 after the first three quarters of 2024. Increased logistical difficulty of shipments, Houthi attacks on ships on civilian shipping in the Red Sea and the tense geopolitical situation in the Middle East continued to cause disruptions in the availability of copper in Europe and the supply chain disruptions of this commodity. In the third quarter of 2024, there was still a gradual increase in the number of cathodes in exchange warehouses, mainly in warehouses located in Asia. During the holiday season (July-August 2024), the decline in customers' demand for cathodes in Europe deepened, which was influenced by the slowdown in the economies of some countries in Europe, first and foremost in Germany, where significant processors of copper cathodes are located. At the same time, the situation associated with the war in Ukraine is not a significant factor in shaping the demand for copper semi-finished products (ETP wire rod and OFE wire). In this product market, the good economic situation is mainly driven by significant investments related to the energy transformation in Europe.

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

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 international 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

Convening of an Extraordinary General Meeting of KGHM Polska Miedź S.A.

On 12 November 2024, KGHM Polska Miedź S.A. due to the request of Shareholders representing at least 1/20 of the share capital, convened an Extraordinary General Meeting of KGHM Polska Miedź S.A. for 8 January 2025.

Part 2 - Quarterly financial information of KGHM Polska Miedź S.A.

SEPARATE STATEMENT OF PROFIT OR LOSS

| | | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|--------|---|---|--|---|--|
| Note 1 | Revenues from contracts with customers | 7 185 | 22 261 | 6 960 | 22 470 |
| Note 2 | Cost of sales | (6 260) | (19 003) | (6 182) | (19 595) |
| | Gross profit | 925 | 3 258 | 778 | 2 875 |
| Note 2 | Selling costs and administrative expenses | (392) | (1 054) | (332) | (988) |
| | Profit on sales | 533 | 2 204 | 446 | 1 887 |
| Note 3 | Other operating income, including: | 193 | 1 078 | 1 017 | 1 768 |
| | interest income calculated using the effective interest rate method | 102 | 306 | 103 | 278 |
| | fair value gains on financial assets measured at fair value through profit or loss | 27 | 108 | 319 | 893 |
| | gain due to reversal of impairment losses on financial instruments measured at amortised cost | - | 17 | 6 | 94 |
| Note 3 | Other operating costs, including: | (804) | (1 111) | (328) | (890) |
| | impairment losses on financial instruments measured at amortised cost | (24) | (22) | (1) | (8) |
| Note 4 | Finance income | 133 | 147 | - | 138 |
| Note 4 | Finance costs | (76) | (321) | (298) | (263) |
| | (Loss)/Profit before income tax | (21) | 1 997 | 837 | 2 640 |
| | Income tax expense | (106) | (793) | (307) | (903) |
| | (LOSS)/PROFIT FOR THE PERIOD | (127) | 1 204 | 530 | 1 737 |
| | Weighted average number of ordinary shares (in million) | 200 | 200 | 200 | 200 |
| | Basic and diluted earnings per share (in PLN) | (0.64) | 6.02 | 2.65 | 8.69 |

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|--|---|--|---|
| (Loss)/Profit for the period | (127) | 1 204 | 530 | 1 737 |
| Measurement of hedging instruments net of the tax effect | (74) | (338) | (283) | 232 |
| Other comprehensive income, which will be reclassified to profit or loss | (74) | (338) | (283) | 232 |
| Measurement of equity financial instruments at fair value through other comprehensive income, net of the tax effect | (89) | (57) | 124 | 226 |
| Actuarial (losses)/gains net of the tax effect | (34) | 135 | (50) | (119) |
| Other comprehensive income, which will not be reclassified to profit or loss | (123) | 78 | 74 | 107 |
| Total other comprehensive net income | (197) | (260) | (209) | 339 |
| TOTAL COMPREHENSIVE INCOME | (324) | 944 | 321 | 2 076 |

SEPARATE STATEMENT OF CASH FLOWS

| | from 1 January 2024 to 30 September 2024 | from 1 January 2023 to 30 September 2023 |
|--|---|---|
| Cash flow from operating activities | | |
| Profit before income tax | 1 997 | 2 640 |
| Depreciation/amortisation recognised in profit or loss | 1 140 | 1 210 |
| Interest on investment activities | (242) | (218) |
| Other interests | 181 | 112 |
| Dividend income | (10) | - |
| Fair value gains on financial assets measured at fair value through profit or loss | (81) | (892) |
| Impairment losses on non-current assets | 24 | 6 |
| Reversal of impairment losses on non-current assets | (17) | (93) |
| Exchange differences, of which: | 110 | (9) |
| from investing activities and cash | 183 | 42 |
| from financing activities | (73) | (51) |
| Change in provisions for decommissioning of mines, employee benefits liabilities and other provisions | 329 | 336 |
| Change in other receivables and liabilities other than working capital | (281) | (337) |
| Change in assets and liabilities due to derivatives | 230 | 729 |
| Reclassification of other comprehensive income to profit or loss due to the realisation of hedging derivatives | (470) | (167) |
| Other adjustments | 55 | 131 |
| Exclusions of income and costs, total | 968 | 808 |
| Income tax paid, of which: | (153) | (1 329) |
| payments of income tax | (765) | (1 329) |
| refunds of income tax | 612 | - |
| Note 5 Change in working capital, including: | (700) | 1 406 |
| change in trade payables within the reverse factoring mechanism | (197) | 1 967 |
| Net cash generated from/(used in) operating activities | 2 112 | 3 525 |
| Cash flow from investing activities | | |
| Expenditures on mining and metallurgical assets, including: | (2 518) | (2 157) |
| paid capitalised interest on borrowings | (150) | (158) |
| proceeds from the settlement of an instrument hedging the bond interest rate | 31 | 40 |
| Expenditures on other property, plant and equipment and intangible assets | (28) | (20) |
| Advances granted on property, plant and equipment and intangible assets | (14) | (120) |
| Expenditures on financial assets designated for decommissioning of mines and other technological facilities | (39) | (36) |
| Expenditures on purchase of shares | (75) | (206) |
| Expenditures on the acquisition of subsidiaries | (74) | - |
| Advances granted for the purchase of financial assets | - | (141) |
| Expenditures due to loans granted (principal) | (208) | (472) |
| Proceeds from repayment of loans granted | 156 | 101 |
| Interest received on loans granted | 40 | 6 |
| Other | 9 | 2 |
| Net cash generated from/(used in) investing activities | (2 751) | (3 043) |

| Cash flow from financing activities | | |
|--|---------------|---------------|
| Proceeds from borrowings | 1 884 | 1 514 |
| Redemption of debt financial instruments | (400) | - |
| Proceeds from issuance of debt financial instruments | 1 000 | - |
| Proceeds from cash pooling | 90 | 90 |
| Proceeds from derivatives related to sources of external financing | 35 | 35 |
| Expenditures on derivatives related to sources of external financing | (41) | (41) |
| Expenditures due to dividends paid to shareholders of the Company | (300) | (200) |
| Repayments of borrowings | (1 948) | (1 642) |
| Repayment of lease liabilities | (62) | (55) |
| Repayment of interest, of which: | (189) | (87) |
| trade payables within the reverse factoring mechanism | (120) | (15) |
| borrowings | (69) | (72) |
| Net cash generated from/(used in) financing activities | 69 | (386) |
| NET CASH FLOW | (570) | 96 |
| Exchange gains/(losses) on cash and cash equivalents | 3 | - |
| Cash and cash equivalents at the beginning of the period | 1 481 | 985 |
| Cash and cash equivalents at the end of the period, including | 914 | 1 081 |
| restricted cash | 9 | 16 |

SEPARATE STATEMENT OF FINANCIAL POSITION

| | As at 30 September 2024 | As at 31 December 2023 |
|---|----------------------------|---------------------------|
| ASSETS | | |
| Mining and metallurgical property, plant and equipment | 20 240 | 19 006 |
| Mining and metallurgical intangible assets | 1 228 | 1 419 |
| Mining and metallurgical property, plant and equipment and intangible assets | 21 468 | 20 425 |
| Other property, plant and equipment | 103 | 111 |
| Other intangible assets | 48 | 54 |
| Other property, plant and equipment and intangible assets | 151 | 165 |
| Investments in subsidiaries - shares | 4 909 | 4 807 |
| Loans granted, of which: | 9 872 | 9 638 |
| measured at fair value through profit or loss | 3 806 | 3 766 |
| measured at amortised cost | 6 066 | 5 872 |
| Derivatives | 230 | 233 |
| Other financial instruments measured at fair value through other comprehensive income | 732 | 803 |
| Other financial instruments measured at amortised cost | 487 | 445 |
| Financial instruments, total | 11 321 | 11 119 |
| Other non-financial assets | 100 | 265 |
| Non-current assets | 37 949 | 36 781 |
| Inventories | 7 075 | 7 506 |
| Trade receivables, including: | 1 037 | 471 |
| Trade receivables measured at fair value through profit or loss | 720 | 211 |
| Tax assets | 271 | 932 |
| Derivatives | 310 | 760 |
| Cash pooling receivables | 662 | 424 |
| Other financial assets, including: | 439 | 327 |
| Loans granted | 162 | 31 |
| Other non-financial assets | 287 | 214 |
| Cash and cash equivalents | 914 | 1 481 |
| Current assets | 10 995 | 12 115 |
| TOTAL ASSETS | 48 944 | 48 896 |
| EQUITY AND LIABILITIES | | |
| Share capital | 2 000 | 2 000 |
| Other reserves from measurement of financial instruments | (75) | 320 |
| Accumulated other comprehensive income | (786) | (921) |
| Retained earnings | 28 323 | 27 419 |
| Equity | 29 462 | 28 818 |
| Borrowings, lease and debt securities | 4 687 | 4 508 |
| Derivatives | 182 | 202 |
| Employee benefits liabilities | 2 638 | 2 821 |
| Provisions for decommissioning costs of mines and other technological facilities | 1 482 | 1 389 |
| Deferred tax liabilities | 363 | 328 |
| Other liabilities | 254 | 220 |
| Non-current liabilities | 9 606 | 9 468 |
| Borrowings, lease and debt securities | 1 114 | 833 |
| Cash pooling liabilities | 441 | 350 |
| Derivatives | 243 | 499 |
| Trade and other payables | 5 277 | 6 065 |
| Employee benefits liabilities | 1 378 | 1 315 |
| Tax liabilities | 562 | 405 |
| Provisions for liabilities and other charges | 155 | 82 |
| Other liabilities | 706 | 1 061 |
| Current liabilities | 9 876 | 10 610 |
| Non-current and current liabilities | 19 482 | 20 078 |
| TOTAL EQUITY AND LIABILITIES | 48 944 | 48 896 |

SEPARATE STATEMENT OF CHANGES IN EQUITY

| | Share capital | Other reserves from measurement of financial instruments | Accumulated other comprehensive income | Retained earnings | Total equity |
|---|---------------|--|--|-------------------|---------------|
| As at 1 January 2023 | 2 000 | (395) | (702) | 28 772 | 29 675 |
| Transactions with owners – dividend approved and paid | - | - | - | (200) | (200) |
| Profit for the period | - | - | - | 1 737 | 1 737 |
| Other comprehensive income | - | 458 | (119) | - | 339 |
| Total comprehensive income | - | 458 | (119) | 1 737 | 2 076 |
| As at 30 September 2023 | 2 000 | 63 | (821) | 30 309 | 31 551 |
| As at 1 January 2024 | 2 000 | 320 | (921) | 27 419 | 28 818 |
| Transactions with owners - dividend approved and paid | - | - | - | (300) | (300) |
| Profit for the period | - | - | - | 1 204 | 1 204 |
| Other comprehensive income | - | (395) | 135 | - | (260) |
| Total comprehensive income | - | (395) | 135 | 1 204 | 944 |
| As at 30 September 2024 | 2 000 | (75) | (786) | 28 323 | 29 462 |

Explanatory notes

Note 1 Revenues from contracts with customers – geographical breakdown reflecting the location of end customers

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|--------------------------------|--|---|--|---|
| Europe | | | | |
| Poland | 1 688 | 5 582 | 1 736 | 5 385 |
| Germany | 1 023 | 3 498 | 1 271 | 4 939 |
| Czechia | 556 | 1 762 | 579 | 1 758 |
| Italy | 549 | 1 693 | 591 | 1 602 |
| The United Kingdom | 515 | 1 321 | 330 | 861 |
| Hungary | 332 | 1 129 | 360 | 1 117 |
| Switzerland | 211 | 844 | 341 | 1 031 |
| France | 138 | 556 | 249 | 697 |
| Sweden | 169 | 495 | 2 | 2 |
| Austria | 74 | 240 | 79 | 309 |
| Slovakia | 39 | 137 | 51 | 167 |
| Bulgaria | 51 | 111 | 73 | 244 |
| Greece | 91 | 101 | - | - |
| Romania | 27 | 89 | 37 | 123 |
| Slovenia | 23 | 75 | 23 | 84 |
| Belgium | 21 | 44 | 8 | 22 |
| Estonia | 8 | 27 | 6 | 19 |
| Finland | 9 | 24 | 3 | 9 |
| Bosnia and Herzegovina | 6 | 19 | 3 | 9 |
| Spain | 6 | 14 | 2 | 6 |
| The Netherlands | 3 | 4 | 1 | 6 |
| Denmark | - | 3 | 3 | 3 |
| Lithuania | 1 | 2 | 1 | 4 |
| North and South America | | | | |
| The United States of America | 353 | 1 031 | 368 | 922 |
| Canada | 16 | 38 | 9 | 25 |
| Brazil | 6 | 6 | - | - |
| Argentina | - | 1 | - | - |
| Chile | - | - | - | 2 |
| Australia | 71 | 282 | 63 | 269 |
| Asia | | | | |
| China | 657 | 2 060 | 609 | 2 264 |
| Türkiye | 179 | 409 | 54 | 177 |
| Thailand | 111 | 174 | 86 | 245 |
| Saudi Arabia | 30 | 161 | - | - |
| South Korea | 54 | 99 | - | - |
| India | 70 | 70 | - | - |
| Singapore | 12 | 29 | - | - |
| Malesia | 1 | 21 | 1 | 52 |
| Japan | - | 2 | - | - |
| Taiwan | - | - | - | 49 |
| Vietnam | - | - | - | 2 |
| Africa | | | | |
| Morocco | 4 | 12 | - | - |
| Algeria | 22 | 37 | 21 | 65 |
| Egypt | 59 | 59 | - | 1 |
| TOTAL | 7 185 | 22 261 | 6 960 | 22 470 |

Note 2 Expenses by nature

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|--|---|--|---|
| Depreciation of property, plant and equipment and amortisation of intangible assets | 397 | 1 198 | 427 | 1 275 |
| Employee benefits expenses | 1 473 | 4 241 | 1 340 | 4 065 |
| Materials and energy, including: | 2 912 | 8 907 | 2 906 | 9 897 |
| metal-bearing materials | 1 829 | 5 690 | 1 678 | 5 797 |
| electrical and other energy | 462 | 1 380 | 573 | 1 859 |
| External services, including: | 660 | 1 970 | 659 | 1 884 |
| transport | 84 | 262 | 84 | 260 |
| repairs, maintenance and servicing | 218 | 629 | 195 | 575 |
| mine preparatory work | 163 | 519 | 202 | 548 |
| Minerals extraction tax | 914 | 2 869 | 824 | 2 797 |
| Other taxes and charges | 146 | 522 | 157 | 453 |
| Revaluation of inventories | - | 1 | 2 | 21 |
| Other costs | 20 | 91 | 26 | 99 |
| Total expenses by nature | 6 522 | 19 799 | 6 341 | 20 491 |
| Cost of merchandise and materials sold (+) | 75 | 254 | 118 | 435 |
| Change in inventories of finished goods and work in progress (+/-) | 107 | 164 | 110 | (182) |
| Cost of manufacturing products for internal use of entity (-) | (52) | (160) | (55) | (161) |
| Total costs of sales, selling costs and administrative expenses, of which: | 6 652 | 20 057 | 6 514 | 20 583 |
| Cost of sales | 6 260 | 19 003 | 6 182 | 19 595 |
| Selling costs | 40 | 131 | 41 | 128 |
| Administrative expenses | 352 | 923 | 291 | 860 |

Note 3 Other operating income and (costs)

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|--|--|---|--|---|
| Gains on derivatives, of which: | 39 | 576 | 199 | 398 |
| measurement | 12 | 82 | 165 | 329 |
| realisation | 27 | 494 | 34 | 69 |
| Exchange differences on financial assets and liabilities other than borrowings | - | - | 370 | - |
| Interest on loans granted and other financial receivables | 102 | 307 | 104 | 282 |
| Fees and charges on re-invoicing of costs of bank guarantees securing payments of liabilities | 10 | 21 | 1 | 12 |
| Reversal of impairment losses on financial instruments measured at amortised cost, including: | - | 17 | 6 | 94 |
| gains due to reversal of allowances for impairment of loans granted | - | 17 | 7 | 93 |
| Fair value gains on financial assets measured at fair value through profit or loss, including: | 27 | 108 | 319 | 893 |
| loans | - | 81 | 320 | 892 |
| Release of provisions | 4 | 6 | 2 | 9 |
| Government grants received | 3 | 4 | 1 | 14 |
| Other | 8 | 39 | 15 | 66 |
| Total other operating income | 193 | 1 078 | 1 017 | 1 768 |
| Losses on derivatives, of which: | (48) | (612) | (285) | (534) |
| measurement | (39) | (104) | (171) | (228) |
| realisation | (9) | (508) | (114) | (306) |
| Impairment losses on financial instruments measured at amortised cost | (24) | (22) | (1) | (8) |
| allowances for impairment of loans granted | (20) | (20) | - | (4) |
| Exchange differences on financial assets and liabilities other than borrowings | (375) | (204) | - | (94) |
| Fair value losses on financial assets measured at fair value through profit or loss, of which: | (280) | (91) | (13) | (96) |
| loans | (256) | - | - | - |
| trade receivables | (24) | (91) | (13) | (96) |
| Loss on disposal of property, plant and equipment and fixed assets under construction (including costs associated with disposal) | (25) | (31) | (3) | (11) |
| Financial support granted to municipalities | - | - | (4) | (7) |
| Provisions recognised | (20) | (81) | (1) | (5) |
| Donations granted | (21) | (43) | (10) | (53) |
| Compensations, fines and penalties paid and costs of litigation | (1) | (2) | - | (8) |
| Other | (10) | (25) | (11) | (74) |
| Total other operating costs | (804) | (1 111) | (328) | (890) |
| Other operating income and (costs) | (611) | (33) | 689 | 878 |

Note 4 Finance income and (costs)

| | from 1 July 2024 to 30 September 2024 | from 1 January 2024 to 30 September 2024 | from 1 July 2023 to 30 September 2023 | from 1 January 2023 to 30 September 2023 |
|---|---|--|---|--|
| Gains on derivatives - realisation | - | 74 | - | 87 |
| Exchange differences on measurement and realisation of borrowings | 133 | 73 | - | 51 |
| Total finance income | 133 | 147 | - | 138 |
| Interest on borrowings, including: | | | | |
| leases | (2) | (6) | (2) | (7) |
| Interest on trade payables within the reverse factoring mechanism | (26) | (106) | (29) | (35) |
| Fees and charges due to external financing | (6) | (19) | (7) | (20) |
| Exchange differences on measurement and realisation of borrowings | - | - | (184) | - |
| Losses on derivatives - realisation | - | (80) | - | (93) |
| Unwinding of the discount effect | (21) | (60) | (18) | (58) |
| 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 costs | (76) | (321) | (298) | (263) |
| Finance income and (costs) | 57 | (174) | (298) | (125) |

Note 5 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 September 2024 | (7 075) | (1 037) | 2 451 | 2 826 | (2 835) |
| Impact of changes in the statement of financial position | 431 | (566) | (593) | (195) | (923) |
| Depreciation/amortisation recognised in inventories | 52 | - | - | - | 52 |
| Change in payables due to the purchase of property, plant and equipment | - | - | 173 | (16) | 157 |
| Change in liabilities due to interest | - | - | - | 14 | 14 |
| Total adjustments | 52 | - | 173 | (2) | 223 |
| Change in the statement of cash flows | 483 | (566) | (420) | (197) | (700) |

* 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 September 2023 | (7 769) | (1 099) | 2 722 | 2 055 | (4 091) |
| Impact of changes in the statement of financial position | (246) | (479) | (97) | 2 055 | 1 233 |
| Depreciation/amortisation recognised in inventories | 60 | - | - | - | 60 |
| Change in payables due to the purchase of property, plant and equipment | - | - | 201 | (68) | 133 |
| Change in liabilities due to interest | - | - | - | (20) | (20) |
| Total adjustments | 60 | - | 201 | (88) | 173 |
| Change in the statement of cash flows | (186) | (479) | 104 | 1 967 | 1 406 |

* Trade payables within the reverse factoring mechanism

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD

This report was authorised for issue on 13 November 2024

Vice President
of the Management Board

Zbigniew Bryja

Vice President
of the Management Board

Mirosław Laskowski

SIGNATURE OF PERSON RESPONSIBLE FOR ACCOUNTING

Executive Director
of the Accounting Services Centre
Chief Accountant

Agnieszka Senior